



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

THE GOVERNOR

February 5, 2008

To the People of Pennsylvania:

As I begin my sixth year in office, I am proud of the progress we have made in our great commonwealth. Since 2003 we have seen improvements in virtually every area of daily life in Pennsylvania – from the education of our youngest students to the care of our elderly residents; from the preservation of our farmlands to the revival of our historic cities and small towns; from investments that help local businesses thrive to the arrival of long-awaited property tax relief for every homeowner throughout our state.

We can all feel pride in Pennsylvania's progress, but we also recognize that there is much left to do if we want to build a better commonwealth for our families.

In some ways, the challenges facing the commonwealth today are even greater than they were on my first day in office. Across the commonwealth and across our nation, many forces threaten our stability:

- Our national economy appears to be faltering, and it will require decisive and creative action at both the state and national levels to put economic growth on a firm footing again.
- The health care crisis remains unsolved, with costs that continue to spiral upward and the number of people without health insurance steadily growing.
- Record prices for oil and concerns about global warming have demonstrated that action is urgently needed to increase our use of clean and renewable energy.
- Finally, tragedies like the breaching of the New Orleans floodwalls by waters from Hurricane Katrina in 2005 and the collapse of the I-35W bridge in Minneapolis last summer have proven to all Americans that our country's physical foundations – our roadways, bridges, dams and levees – are literally crumbling, and we must take action now to make them strong again and rebuild the infrastructure that makes our economy work.

Last year, when I began my second term in office, I introduced an ambitious set of initiatives – the Agenda for Pennsylvania Progress. The budget I signed into law last July provided funding for many of the key initiatives in that agenda, including major improvements to education, health care and economic competitiveness in our commonwealth.

The \$28.3 billion budget I am proposing for the 2008-09 fiscal year carries that agenda forward even further. There is important unfinished business to address. We – my administration and the members of the General Assembly – owe it to you, the people we represent, to pass the remaining elements of my Prescription for Pennsylvania health care reform plan, including the Cover All Pennsylvanians plan that will provide needed access to health care for the state's 767,000 uninsured adults. We need to enact The Jonas Salk Legacy Fund to invest \$1 billion in medical innovation and life-saving treatments and keep Pennsylvania competitive with other leading states that are making multi-million-dollar investments in the life sciences. We must also recognize the realities of the 21st century and implement an Energy Independence

Strategy for Pennsylvania now to reduce our dependence on foreign fuels, increase our use of renewable energy sources, and make Pennsylvania a leader in the emerging clean and renewable energy industry.

In addition, we must build on the measurable successes we have achieved with \$2.4 billion in new resources directed to PreK-12 education since 2003 by closing the adequacy gap and raising student achievement levels even further. We must also keep our covenant with our most vulnerable neighbors by continuing to fund programs that support and sustain the elderly, people with disabilities, children at risk and low-income families who are striving to make better lives for themselves.

In this budget I am proposing a tax rebate for lower-income taxpayers that will increase the spending power of residents where it will do the most good and help offset the current slowdown of the economy. My Rebuilding Pennsylvania infrastructure initiative will make historic investments in our commonwealth's bridges and dams. That initiative, along with new business incentives to stimulate private capital investment, will go a long way to address the infrastructure needs of our commonwealth and create the jobs necessary for a healthy economy. All of these actions are needed to keep our economy growing in these uncertain times.

The goal of this budget is to protect and build upon the progress we have made in Pennsylvania in recent years. The challenges we face are sobering, but our potential is enormous. The economy, education, health care, energy and our infrastructure all demand serious attention and decisive action. This is no time for procrastination. If we are to escape the pain of a national recession, we must work together, with determination and decisiveness. If we do so, this can be a time of great achievement.

This year we have a chance to make fundamental changes for the better in the way we live and the way we care for and work with one another. Our actions will reverberate for years to come. This budget provides the resources that will allow us to seize the opportunities before us.

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 2008-09.

Sincerely,



Edward G. Rendell



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Commonwealth of Pennsylvania

For the Fiscal Year Beginning

July 1, 2007

Charles S. Cox

President

Jeffrey R. Egan

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, 2007. 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 2008-09 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 2008-09 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 recommended in 2008-09. 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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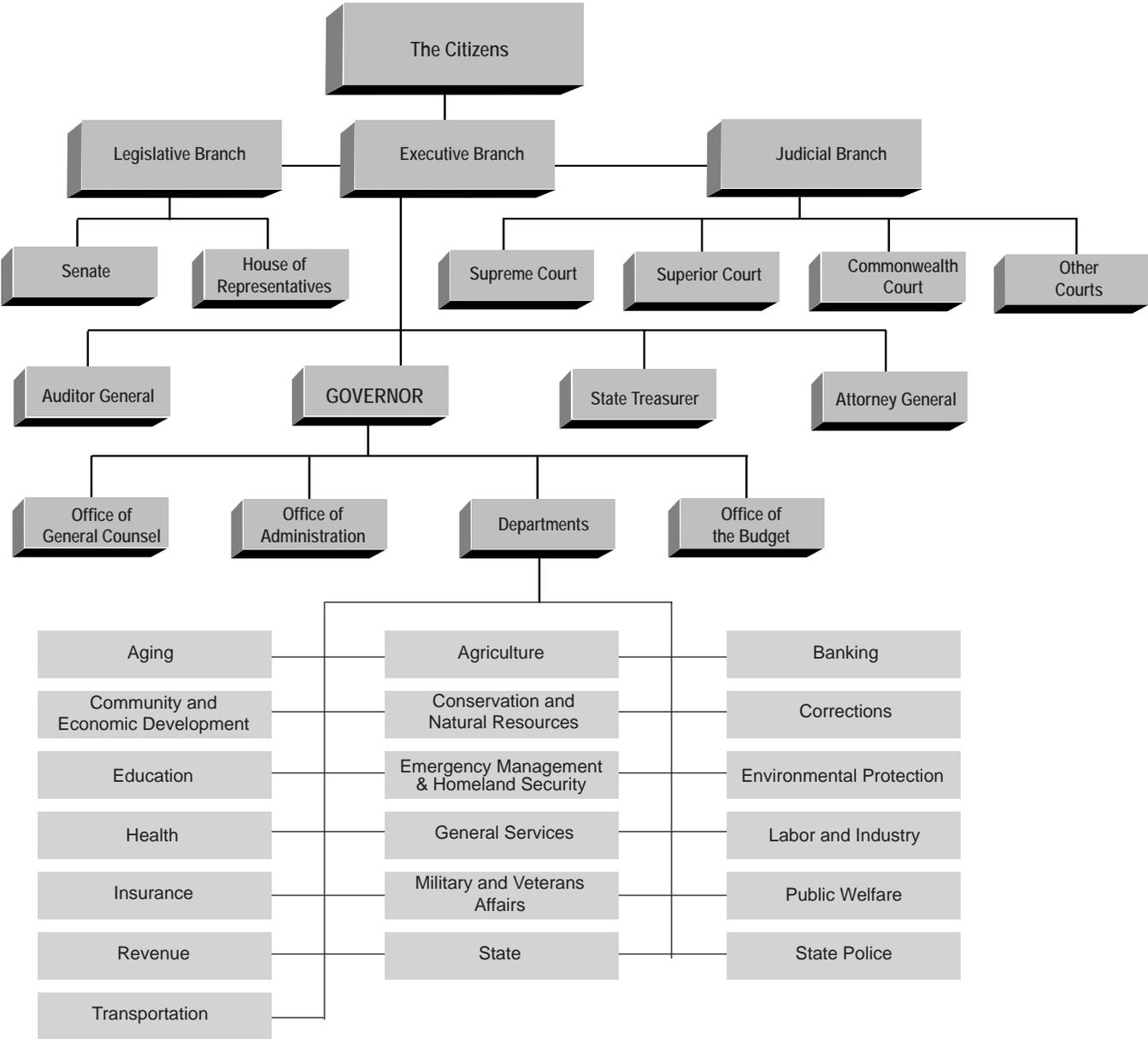
READER'S GUIDE

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
- Commonwealth Financing

BOARDS

- Claims
- Environmental Hearing
- Gaming Control
- Finance and Revenue
- Liquor Control
- Milk Marketing
- Municipal Retirement
- Pardons
- Probation and Parole
- Public School Employees' Retirement
- State Employees' Retirement
- Tax Equalization

COMMISSIONS

- Civil Service
- Crime and Delinquency
- 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 the 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 using computerized systems. 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.

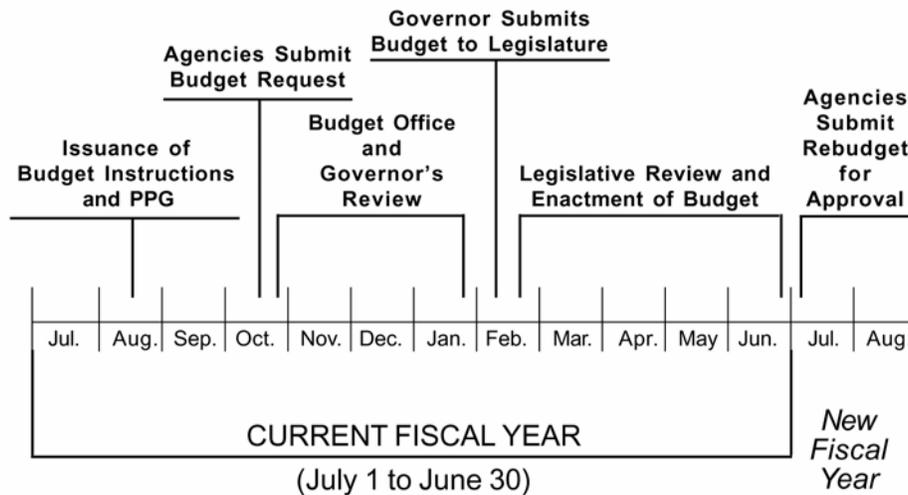
During December, the Governor apprises Legislative leaders of anticipated spending and revenue levels and major fiscal issues expected to be addressed in the upcoming budget.

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 the 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, the projections of financial data, as well as impacts and other 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 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 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.

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

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

GENERAL FUND:

General Government:

| | |
|--|--|
| General Government Operations | |
| (F) Historic Preservation..... | |
| (F) Save Our Treasures..... | |
| (F) Railroad Museum Improvement..... | |
| (F) Surface Mining Review | |
| (A) Historic Preservation Fund | |
| (R) Keystone Fund | |
| Subtotal - State Funds | |
| Subtotal - Federal Funds..... | |
| Subtotal - Augmentations | |
| Subtotal - Restricted Revenues | |
| Total - General Government..... | |

Grants and Subsidies:

| | |
|---|--|
| Museum Assistance Grants | |
| University of Pennsylvania Museum | |
| Carnegie Museum of Natural History | |
| Franklin Institute Science Museum | |
| Academy of Natural Sciences | |
| Carnegie Science Center | |
| African-American Museum in Philadelphia | |
| Whitaker Center for Science and the Arts | |
| Total - Grants and Subsidies | |

| | |
|---------------------------|--|
| STATE FUNDS | |
| FEDERAL FUNDS | |
| AUGMENTATIONS | |
| RESTRICTED REVENUES | |

GENERAL FUND TOTAL

KEYSTONE RECREATION, PARK AND CONSERVATION FUND:

Grants and Subsidies:

| | |
|--|--|
| Historic Site Development - Realty Transfer Tax (EA) | |
| Total - Grants and Subsidies | |

KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL

OTHER FUNDS:

GENERAL FUND:

| | |
|---|--|
| Historic Preservation Act of 1966 | |
|---|--|

HISTORICAL PRESERVATION FUND:

| | |
|---|--|
| Historical Preservation Fund | |
| DEPARTMENT TOTAL - ALL FUNDS | |
| GENERAL FUNDS | |
| SPECIAL FUNDS | |
| FEDERAL FUNDS | |
| AUGMENTATIONS | |
| RESTRICTED..... | |
| OTHER FUNDS..... | |
| TOTAL ALL FUNDS | |

al and Museum Commission

nd Appropriation

| | (Dollar Amounts in Thousands) | | |
|-------|-------------------------------|----------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| ..... | \$ 16,748 | \$ 18,238 | \$ 19,891 |
| ..... | 1,000 | 1,000 | 1,000 |
| ..... | 1,224 | 1,112 | 915 |
| ..... | 312 | 1,312 | 0 |
| ..... | 125 | 200 | 200 |
| ..... | 250 | 250 | 250 |
| ..... | 400 | 450 | 450 |
| ..... | \$ 16,748 | \$ 18,238 | \$ 19,891 |
| ..... | 2,661 | 3,624 | 2,115 |
| ..... | 250 | 250 | 250 |
| ..... | 400 | 450 | 450 |
| ..... | \$ 20,059 | \$ 22,562 | \$ 22,706 |
| ..... | \$ 4,930 | \$ 5,400 | \$ 4,000 |
| ..... | 181 | 181 | 181 |
| ..... | 181 | 181 | 181 |
| ..... | 547 | 547 | 547 |
| ..... | 335 | 335 | 335 |
| ..... | 181 | 181 | 181 |
| ..... | 256 | 256 | 256 |
| ..... | 100 | 100 | 100 |
| ..... | \$ 6,711 | \$ 7,181 | \$ 5,781 |
| ..... | \$ 23,459 | \$ 25,419 | \$ 25,672 |
| ..... | 2,661 | 3,624 | 2,115 |
| ..... | 250 | 250 | 250 |
| ..... | 400 | 450 | 450 |
| ..... | \$ 26,770 | \$ 29,743 | \$ 28,487 |
| ..... | 6,341 | 4,555 | 4,646 |
| ..... | \$ 6,341 | \$ 4,555 | \$ 4,646 |
| ..... | \$ 6,341 | \$ 4,555 | \$ 4,646 |
| ..... | \$ 67 | \$ 80 | \$ 80 |
| ..... | \$ 2,768 | \$ 3,245 | \$ 4,245 |
| ..... | \$ 23,459 | \$ 25,419 | \$ 25,672 |
| ..... | 6,341 | 4,555 | 4,646 |
| ..... | 2,661 | 3,624 | 2,115 |
| ..... | 250 | 250 | 250 |
| ..... | 400 | 450 | 450 |
| ..... | 2,835 | 3,325 | 4,325 |
| ..... | \$ 39,946 | \$ 37,623 | \$ 37,458 |

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 OBJECTIVE: To manage & resources through a comprehensive histor to interpret, research and preserve all are

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 in 2008-09 are identified as department Program Revision Requests (PRRs) which provide explanations and justification for the change.

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.

Program: State Historic Preservation

The State Historical 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 Measures:

| | 2006-07 | 2007-08 |
|--|---------|---------|
| Historic Preservation | | |
| Buildings maintained and conserved..... | 522 | 522 |
| Evaluations for the National Register of Historic Properties | 1,300 | 1,320 |

Evaluations for the National Register of Historic Properties pre evaluations for all properties within a qualifying district, which r

Program Recommendations:

This budg

\$ 1,100

General Government Operations

—PRR — Administrative Support for Historic Sites. To provide administrative support necessary to open the Erie Maritime Museum, and for the expansion of the Railroad Museum of Pennsylvania, and the Somerset Historical Center. See the Program Revision following this program for additional information.

—to continue current program.

Appropriation Increase

553
\$ 1,653

Appropriations within this Program:

| | 2006-07 Actual | 2007-08 Available |
|-------------------------------------|-------------------|----------------------|
| GENERAL FUND: | | |
| General Government Operations | \$ 16,748 | \$ 18,238 |



Historical and Museum Commission

Identifies the agency being presented.

and safeguard Pennsylvania's historic
 ary and museum program to educate and
 as of Pennsylvania history.

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

on

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

Program Element: Historic Preservation

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

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 archeological program to
 improve policies and procedures and provides direction to the professional
 and advocational community; and preserves and protects endangered
 historic public and private buildings, structures and landmarks through
 a nonprofit Statewide revolving fund.

Narrative — Describes program services and
 activities.

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

| | | | | |
|-------|-------|-------|-------|-------|
| 522 | 522 | 522 | 522 | 522 |
| 1,340 | 1,360 | 1,400 | 1,420 | 1,420 |

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

Previously included evaluations for all qualifying properties, plus
 resulted in duplication

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

(Dollar Amounts in Thousands)

| 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 19,891 | \$ 19,916 | \$ 20,262 | \$ 20,610 | \$ 20,973 |

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, Lottery, Milk Marketing, Motor License, Workmen's Compensation Administration, Emergency Medical Services Operating, Energy Conservation and Assistance, Hazardous Materials Response, Home Investment Trust and Ben Franklin Technology Development Authority. Budgets are also statutorily adopted for the administration of the State Employees' Retirement and Public School Employees' Retirement 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 (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 all 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. Act 41 of 2005 superseded this requirement and provided for 15 percent of the surplus to be deposited by the end of the next succeeding quarter into this fund just for the fiscal year ended June 30, 2005; a 25 percent transfer was provided for the fiscal years ending June 30, 2006 and June 30, 2007; a 25 percent transfer is also included in this budget. 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. In accrual accounting, the encumbrance is the amount set aside from the appropriation's balance. It is treated as a debit against the appropriation in the same manner as a disbursement of cash.

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 tax anticipation notes interest and sales tax refunds.

Expenditure: An accounting entry which is booked to recognize a liability of the commonwealth, not yet disbursed.

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, 2006 to September 30, 2007 would be FFY 2007.

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, 2007 to June 30, 2008 would be Fiscal Year 2007.

- *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 upon 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 |
| MAGLOCLN | 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 |
| NPDES | National Pollutant Discharge Elimination System |
| 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, 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 is assisted by economic forecasts provided by two main sources of forecast data: 1) Global Insight, Inc. of Waltham, 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 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.

Recent Trends

Despite the U.S. involvement in Iraq, a recession in the housing sector and the effects of soaring energy prices, the national economy continued to expand in 2007, but at a slower pace. In 2007, the three main pillars of the U.S. economy continued to be business investment, consumer spending and exports. Demand for goods and services remained relatively solid, job growth slowed but still continued, household wealth and incomes rose, and real gross domestic product posted a gain of 2.2 percent for the year.

The moderate economic growth of 2007 built upon the expansion that started in 2001. Since that time, the U.S. economy has managed to grow at an average annual rate of 2.6 percent, with similar growth expected in the coming year. The economy grew at an average annual rate of 2.7 percent from 1998 through 2007. Chart 1 displays actual growth in real GDP from 2000 to 2006 and projected growth for the 2007-2012 period.

Chart 1
REAL GROSS DOMESTIC PRODUCT
Annual Growth

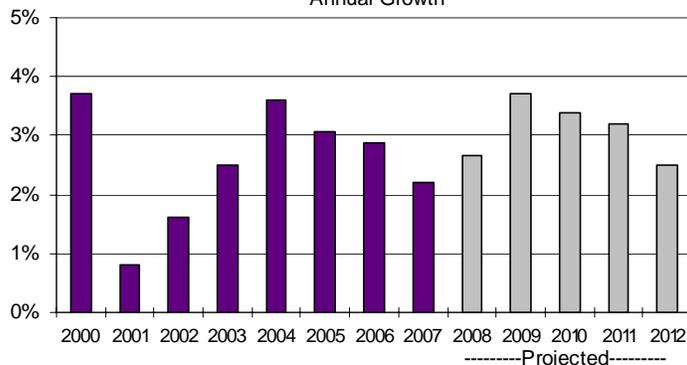
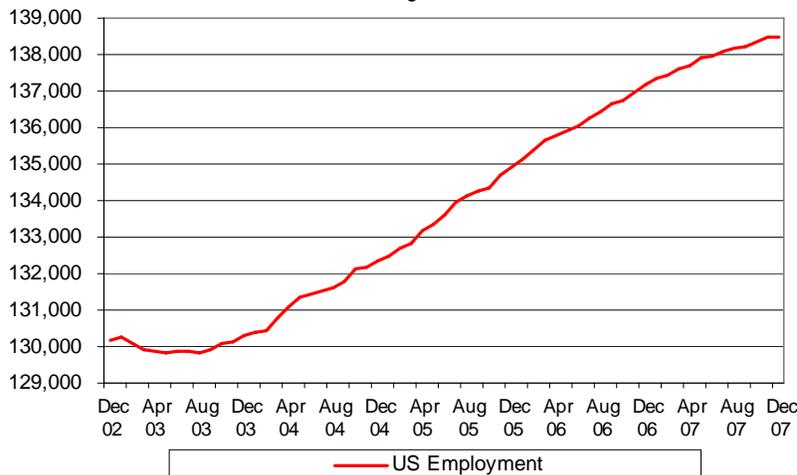


Chart 2
US EMPLOYMENT
Non-Agricultural



The first two years of the current economic expansion (2002-2003) were characterized by unabated job losses: More than 3 million jobs were lost despite a moderately growing national economy. Positive overall job growth in the broader economy returned in 2004 and has continued through 2007. Job growth in 2004 added approximately 2 million jobs, and employment levels

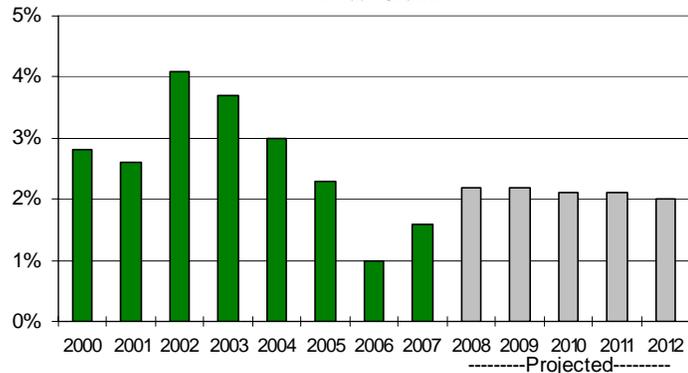
grew even faster, as approximately 2.6 million and 2.3 million jobs were added in 2005 and 2006, respectively. But job growth slowed significantly in 2007, with only approximately 1.3 million jobs added in the past year. Chart 2 indicates that the U.S. economy has generated significant growth in employment since January 2004, with at least 8.2 million jobs created.

The U.S. unemployment rate has risen in 2007 and currently stands at 5.0 percent through December 2007. The rise in the unemployment rate has occurred over the past year, as growth in employment has slowed from around 1.7 percent in 2006 to just over 1.0 percent in 2007.

Although the national economy continued to expand through 2007, less growth came from productivity gains. Productivity gains from 2001 to 2006 have driven the business sector side of the current economic expansion, with a 3.1 percent average annual rate of growth. This surge has exceeded any productivity growth since the 1960s.

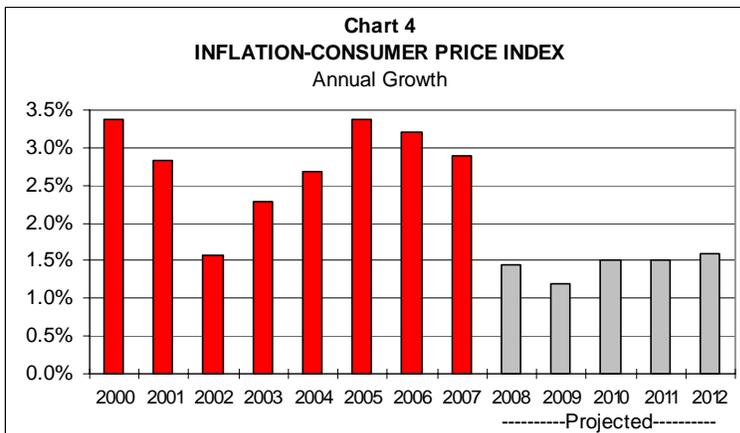
Since peaking in 2002, the growth in productivity has slowed significantly, as shown in Chart 3. By 2006, productivity growth had slowed to only 1.0 percent before growing modestly in 2007. The slower rate of growth in productivity has led to lower real GDP growth.

Chart 3
PRODUCTIVITY GAINS
Annual Growth



Gains in productivity allowed businesses to accommodate moderately rising costs of labor, commodities and energy prices, as well as rising benefits expenses –especially health care costs. Solid demand from consumers and a weak dollar have enabled firms to pass along a portion of their increased costs, but strong competition from China and India have constrained the pricing power of U.S. corporations. The gains in productivity through 2005 have helped to hold inflation relatively in check. But recently output gains have slowed significantly, and payrolls have been expanding for more than three years, which has resulted in upward pressure on wages and prices.

After dropping to 1.6 percent annual growth in 2002, inflation had been building over the past several years. A seemingly endless rise in energy costs, rising labor costs, increases in health care costs and a weak dollar combined to push inflation to a seasonally adjusted annual rate of 3.4 percent in 2005, as shown in Chart 4. More recently, preliminary data from the U.S.



Labor Department indicates that for all of 2007, the seasonally adjusted average annual rate of inflation was 2.9 percent. When measured on a year-over-year basis through December 2007, inflation rose dramatically to 4.1 percent, its highest level since 1990. This spike in inflation is attributable to soaring energy costs rippling through the broader economy.

A highly accommodating Federal Reserve Board drove down short-term interest rates

(through the federal funds rate) to a low of 1 percent following the 2001 recession in an attempt to stimulate growth. After accounting for inflation, true interest rates had actually been in negative territory. As the expansion gained traction in 2004 through 2006 and with the re-emergence of inflation attributed to strong demand and rising energy costs, the Federal Reserve began to raise interest rates. From June 2004 through December 2006, the Federal Reserve implemented a total of seventeen 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 have led the Federal Reserve to restart its interest rate cuts in an attempt to keep the broader U.S. economy out of recession.

Current Conditions

The slowdown in the housing market has turned into a recession in that sector, one that is beginning to ripple through the broader economy in the form of lower growth in jobs, wages and income, and consumer expenditures. The acceleration of the housing slump has been substantial since 2006. It is estimated that the housing recession sliced 1.2 percent from overall economic growth in the latter part of 2006 and early 2007. New housing starts plunged 13 percent in 2006. 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, 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.

Problems related to 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 led to a housing boom, continued 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 “sub-prime” mortgages), based on the assumption that home values would continue to rise. Sub-prime mortgages were peddled extensively in high-growth areas such as California, Arizona, Nevada, Florida and Texas. Invariably, the sub-prime 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 2007.

During the housing boom, mortgage brokers and originators sold the initial prime and sub-prime mortgages en masse, to Wall Street investment banks via new financial structures that purported to reduce risk to the investor and provide a virtual “guaranteed” return as long as the housing boom continued. The new financial vehicles included items such as “asset-backed securities” (ABS) and “structured investment vehicles” (SIVs), among other variants.

These new financial instruments sought to diversify the risks associated with sub-prime mortgages. A significant advantage of asset-backed securities is that they brought together a pool of financial assets that otherwise could not easily be traded in their existing form. By pooling a large portfolio of these assets, underwriters were able to convert sub-prime mortgages into instruments offered and sold freely in the capital markets with little presumed bankruptcy risk. Their presumed insulation from bankruptcy allowed the investor to take on the credit risk of the asset without taking on the specific corporate credit risk of the originator. The pooling of these securities into instruments with different risk/return profiles facilitated the marketing of the bonds to investors with different risk appetites and investing time horizons.

Asset-backed securities enabled the originators of the loans to enjoy most of the benefits of lending money without bearing the risks typically involved. They offered originators the following advantages:

- Selling the financial assets to the investment pools reduced their risk-weighted assets and thereby freed up their capital, enabling them to originate still more loans.
- Asset-backed securities lowered their risk. In a worst-case scenario – one where the pool of assets performs very badly – the owner of the ABS would be forced to pay the price of bankruptcy rather than the loan originator.
- The originators earn fees from originating the loans, as well as from servicing the assets throughout their life.

The financial institutions that originated the loans would sell a pool of such assets to a third party, which insulated investors from the credit risk of the originating financial institution. The third party would then issue bonds secured by the cash flows of asset-backed securities. The bonds that were sold typically received a credit rating higher than that which otherwise could have been secured by the originator of the mortgage. Bond insurers and credit rating agencies were quick to provide “AAA” credit ratings and enhancements to these new financial instruments. Asset-backed securities and bonds were then sold to large institutional investors such as governments, pension funds, mutual funds and other investment banks.

As the economy – in particular, the housing market – slowed and sub-prime mortgages began resetting at higher rates, defaults and foreclosures soared nationally. The once-attractive asset-backed securities and 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 housing slump, as they have been forced to write down billions of dollars in losses on the values of these asset-backed housing securities. Recently Citibank and Merrill Lynch announced fourth quarter 2007 losses of \$10 billion and \$9.8 billion, respectively, and write-downs of \$18.1 billion and \$11.5 billion each. These losses and write-downs are directly related to the housing slump. In response to mounting losses associated with housing, financial institutions have significantly tightened their lending standards and access to credit has dried up significantly for all but the most prime consumer and business borrowers.

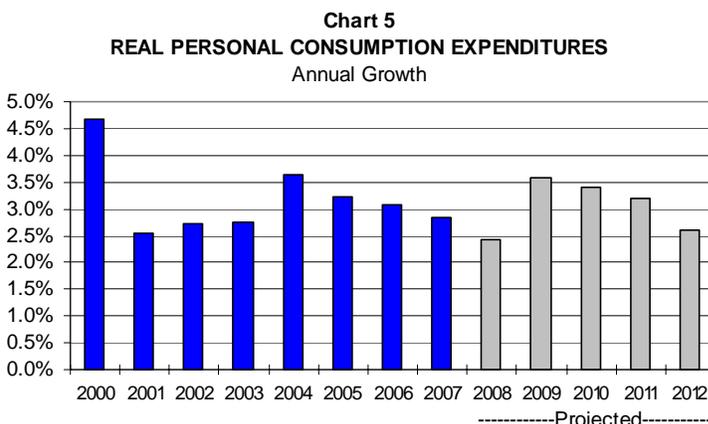
Bond insurance firms have also been hard hit by the housing slump and its effects on the capital markets. Bond insurers provided much of the credit enhancement that permitted the sales of housing and sub-prime mortgage asset-backed securities to traditional investors. As sub-prime mortgage holders began to default and similar investment vehicles started to lose value, bond insurers were caught with insufficient capital reserves to pay off policy and bond holders. Credit rating agencies have since been downgrading bond insurers. The U.S. Treasury, New York State and major U.S. investment banks are all under intense pressure to provide as much as \$15 billion in capital investments and other relief to support the struggling bond insurers such as MBIA and Ambac. There is widespread concern that rating agency downgrades to bond insurers could damage already battered investor confidence and lead to larger write-downs by banks. Downgrades to the bond insurers would lower the value of billions of dollars in non-housing related corporate and municipal bonds insured by these same entities, extending the adverse financial impacts of the housing recession to the broader financial markets.

The slowing economy and the housing recession have led to aggressive action on the part of central banks around the globe. In 2007, 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 tens of billion of dollars and euros into the world financial markets to ease liquidity constraints.

On January 22, 2008, in a surprise move, 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 reductions are the largest single interest rate cut since 1984 and came ahead of the regularly scheduled meeting of the Federal Open Markets Committee scheduled for January 29th. The surprise rate cut is the first monetary policy action taken by the FOMC between scheduled meetings since September 17, 2001. Finally, in cutting interest rates on January 22nd, the Federal Reserve indicated that further reductions could be announced at the January 29th meeting. While timely, the dual rate cuts are illustrative of growing concerns that the U.S. economy may be tipping toward a recession.

Beyond the effects of the housing downturn, the economy continued to add jobs in 2007, albeit at a slower growth rate of 1.0 percent, down from 1.7 percent in 2006, as approximately 1.3 million new jobs were added in 2007. That brought the total number of new jobs to more than 8.2 million in the last four years. Although still expanding, job gains have slowed significantly in 2007, down to an average of 152,000 per month versus 207,000 per month in 2006. December job growth was particularly weak, with only an estimated 18,000 new jobs created nationally. As result, the U.S. unemployment figure has been rising as of late and hit 5.0 percent in December 2007, up from 4.7 percent in November and 4.4 percent in October. However, the job growth figures so far do not appear recessionary. During the 1990-91 and 2001 recessions, monthly payroll losses exceeded 335,000 and 374,000, respectively, in each of the first three months of those recessions. While slowing, the national economy continues to create more jobs than it loses. However, further slowing in payrolls seems likely as current weakness in the housing and manufacturing sectors continues. Job growth in the service sector has been offsetting losses in housing and manufacturing, with nearly four out of every five jobs in the private sector now concentrated in the service fields.

Generally tight labor markets and a shortage of skilled workers have resulted in upward pressure on wages and higher labor costs. These factors, combined with a continued slowdown in productivity, have raised per-unit labor costs substantially since 2006. Data from the U.S. Labor Department indicates that per-unit labor costs rose 3.2 percent in 2007. That followed an increase of 5 percent in 2006, which was the largest increase since 2000. Additionally, according to the Bureau of Labor Statistics, productivity advanced just 1.4 percent on a year-over-year basis in 2007, well below the 50-year average of 2.1 percent.



Tight labor markets helped nominal personal incomes grow significantly for the fifth straight year in 2007, up 6.2 percent. That followed an increase of 6.6 percent in 2006. This strong rate of annual growth was the second highest since 2000 and was approximately 3.3 percentage points ahead of the rate of inflation (2.9 percent) for all of 2007. Nominal incomes have demonstrated continued solid growth since 2004. These gains in personal incomes were the

result of job growth over the past four years. Fueled by personal income growth, rising employment and strong household wealth, nominal personal consumption grew at a rate of 4.9 percent in 2007. That increase was down slightly from 6.0 percent growth in 2006, 6.4 percent in 2005 and 6.5 percent in 2004. Chart 5 shows the annual average growth in real personal

consumption expenditures for the period 2000 through 2006, after adjusting for the effects of inflation, with forecasts for 2007 to 2011.

As wages and consumption grow and productivity declines, the result is often upward pressure on prices, and inflation becomes harder to control. While wages and income were rising substantially in 2006 and 2007, the rate of inflation growth was moderate at 2.9 percent during 2007. The slowdown in inflation was concentrated in the area of core inflation, which excludes food and energy costs. Such costs have risen dramatically in 2007 as energy prices rose 17.4 percent and food prices rose 4.9 percent, both the largest such increases since 1990. Gasoline prices rose 29.6 percent, and crude oil has hovered around historic inflation-adjusted highs of \$100 per barrel.

The U.S. dollar continued its multi-year decline in value during 2007. Since 2002, the dollar has lost 24 percent of its value, as measured against other major currencies. While significant, the decline in the dollar can be seen as a somewhat overdue correction from its lofty heights during the 1990s, when the dollar appreciated 72 percent in value. The lower dollar has aided U.S. exports, in particular manufacturing exports, and the current trade deficit has declined from its recent record levels. In 2007, the trade deficit was approximately 5.3 percent of GDP versus 6.8 percent of GDP in 2005. The strength in exports and the declining trade deficit have nearly offset the negative effects of the housing recession. Net exports are estimated to have added at least 1.5 percentage points to real GDP in the third quarter of 2007, and exports are expected to have added at least 1.0 percentage points to real GDP in the fourth quarter of 2007.

The Forecast

Since peaking in 2004, growth in the national economy has been slowing. Real GDP grew at a modest 2.2 percent in 2007, the lowest level of growth since 2002. After several quarters of sub-par economic growth in late 2007 and early 2008, the economy is expected to grow moderately in later 2008 and beyond, according to a combination of data from both Global Insight and Moody's Economy.com economic forecasts. The economy experienced broad-based growth during the middle part of the decade, as evidenced by the 3.9 percent annual growth in real GDP during 2004, 3.2 percent growth in 2005 and 2.9 percent in 2006. In 2007 the economy slowed further, rocked by the housing slump, credit crunch and high energy prices. The effect of these negative forces is expected to be brief, however, particularly if current plans for economic stimulus have their intended effect.

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

| Indicator | 2006 | 2007 | 2008p | 2009p |
|-------------------------------|------|------|-------|-------|
| Nominal GDP | 6.1 | 4.8 | 3.5 | 4.5 |
| Real GDP | 2.9 | 2.2 | 2.7 | 3.7 |
| Real Personal Consumption | 3.1 | 2.8 | 2.4 | 3.6 |
| Corporate Profits (After Tax) | 13.9 | 3.7 | -3.1 | 0.5 |
| Unemployment Rate (Rate) | 4.6 | 4.6 | 4.9 | 4.5 |
| CPI | 3.2 | 2.9 | 1.4 | 1.1 |
| Federal Funds (Rate) | 5.0 | 5.0 | 4.3 | 4.4 |

*Assumptions in this chart, as well as other assumptions, are incorporated in the 2008-09 fiscal year revenue estimates.

p=projected

Annual growth in real GDP is projected to rise to 2.7 percent in 2008 – and by only 1.8 percent in the first quarter of 2008 – with greater levels of growth expected in late 2008 and in 2009. A combination of data from both forecasting sources is highlighted in Table 1. This table presents actual data for 2006 and forecasts for the 2007-2009 period for several national economic indicators. As noted, both real and nominal GDP growth have slowed significantly but remained positive. The current forecast anticipates that, because of the U.S. economy's underlying strength and the expected stimulative actions by the Federal Reserve, Congress and the Executive Branch, growth will remain positive – though weak – in the early part of 2008 and then become stronger in the latter part of 2008 and into 2009.

The biggest uncertainty regarding the growth of the U.S. economy is the extent to which the housing recession and the corresponding credit crunch will or will not expand into other areas of the economy. Declines in the housing sector are expected to continue to shave approximately a full 1.0 percent off of real GDP in 2007 and the first two quarters of 2008, before stabilizing later in 2008. The drop-off in housing experienced since 2005 (down 50 percent) is expected to continue in early 2008.

Declining housing prices will likely impact the wealth of households adversely and could lead to lower consumer spending in 2008, as shown in Chart 5. While consumers have maintained spending levels during the expansion, it is likely that such spending will slow as wealth derived from appreciating home values evaporates and tighter lending practices slow consumer access to cheap cash. In 2008, it is likely that the job market will have a greater influence on household spending decisions, as more wealth will be derived from income gains than from real estate appreciation. Global Insight and Moody's Economy.com generally agree that, while exports will provide a boost to the economy, a slowing housing sector, along with a slowing of consumer spending levels, will ensure that any continuation of the expansion will be more subdued than the U.S. has experienced recently.

Job growth is expected to decline significantly to approximately 97,000 jobs per month during 2008, before rebounding to approximately 143,000 jobs per month in 2009. Slow job growth is expected to push the national unemployment rate to around 5.1 percent in 2008 and 2009.

The gains in employment from 2004 to 2007 have boosted both personal income and consumption. A decline in the growth of new jobs will provide relief for tight labor markets. As a result, upward pressure on wages and salaries is expected to be moderate in the near term. Gains in real personal income are forecast to remain steady, as shown in Chart 9. Despite projected growth in real personal income, consumer spending is expected to slow in 2008, as shown in Chart 5.

Inflationary pressures will continue in 2008, as wages and salaries grow moderately and energy prices remain elevated. Overall, inflation is projected to rise by just 1.4 percent in 2008, the lowest level this decade. Intense global competition will continue as a constraint on prices in the U.S., although the continuing decline in the value of the dollar will put upward pressure on the price of imports. With moderate core inflation and a slowing economy, forecasters predict that the Federal Reserve will continue to reduce interest rates in 2008, with at least three additional quarter-point reductions to the federal funds rate. Additional reductions to the discount rate are also projected to continue, which will add liquidity to financial markets in the face of the current credit crunch.

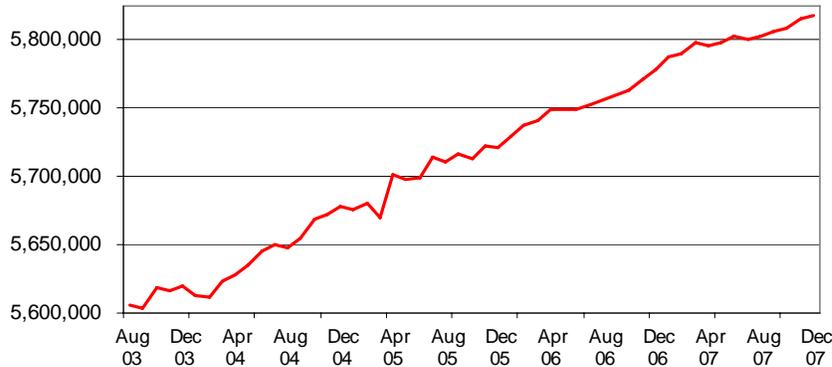
Business investment has been a strong driver of growth, generally in the form of higher capital spending from 2004 to 2007. Capital investment in new equipment, particularly information technology equipment, is expected to continue in 2008, although at a reduced rate, as businesses react to a slowing economy, lower corporate profits and tighter credit standards.

Pennsylvania Outlook

Improvement in the commonwealth's economic performance is largely dependent upon continued job growth.

Pennsylvania's labor market, specifically the non-agricultural sectors, started to grow significantly in mid-2003. Both Pennsylvania and the national economy experienced year-over-year job losses earlier in the expansion period (2002-2003), but starting in January 2004 both the commonwealth and the national economy began to experience significant job creation. Despite this increased job creation, the state unemployment rate began to rise in 2004. Unemployment in Pennsylvania reached a height of 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. Growth in the state labor force then was greater than the national average.

Chart 6
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. Pennsylvania's unemployment rate has now been equal to or below the national average for 50 of the past 60 months.

Pennsylvania's 2007 projected job growth of 0.8 percent, while less than the projected national average of 1.0 percent, was still better than the surrounding states of New Jersey, Delaware and Ohio. Pennsylvania's job growth in 2007 exceeded New Jersey's for only the second time since 1992. The combination of modest but steady job growth and slow population growth continues to suppress the commonwealth's unemployment rate. After reaching recent lows of 3.8 percent in March 2007, unemployment has inched up in the commonwealth to 4.7 percent in December 2007. Pennsylvania ranked 26th in the U.S. during 2007 in terms of its unemployment rate, was below the national average and had the third lowest unemployment rate of the 10 largest states in the nation, trailing only Texas and Florida. Employment growth in the commonwealth during 2007 resulted in a 33rd place ranking among the 50 states – an improvement on Pennsylvania's typical ranking of 40th or below in employment growth in prior years.

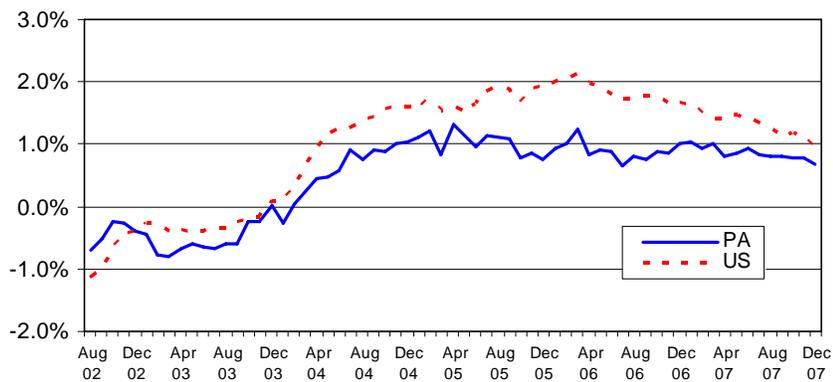
The Pennsylvania economy has generated nearly 200,000 new jobs in the past five years. By December 2007, total non-farm jobs reached a record high of more than 5.817 million, as shown in Chart 6. Since December 2006, approximately 39,200 jobs have been created in Pennsylvania. An estimated 27,000 jobs were in the education, health care and service sectors, with another 16,000 jobs created in professional and business services. The trade and transportation sector and the leisure and hospitality sector also added more than 8,000 and 4,000 jobs respectively over the last year, while construction added 1,200 jobs.

Housing construction slowed in Pennsylvania in 2007, down from a high of 45,000 new units in 2005. Further, while home prices have been falling nationally, home prices in Pennsylvania simply slowed in their rate of growth during 2007. Prices grew 4.1 percent through the third quarter of 2007, good for 21st in the nation in this category.

The significant historic presence of manufacturing in the commonwealth economy and the continuing loss of jobs in this important sector have been partially restraining growth in the overall Pennsylvania economy. Manufacturing in the commonwealth continued to lose jobs at an estimated rate of nearly 1,000 per month – or 12,000 during 2007. Since 2000, more than 248,000 manufacturing jobs have been lost and manufacturing as a percent of the work force is down from 16.3 percent in 2000 to 11.4 percent in 2007. This loss in manufacturing employment also reflects a continued shift away from cyclical, recession-prone durable-goods manufacturing jobs to a greater emphasis on non-cyclical, non-durable goods manufacturing such as pharmaceuticals and chemicals. This shift should help further insulate the Pennsylvania economy from the worst impact of future economic downturns.

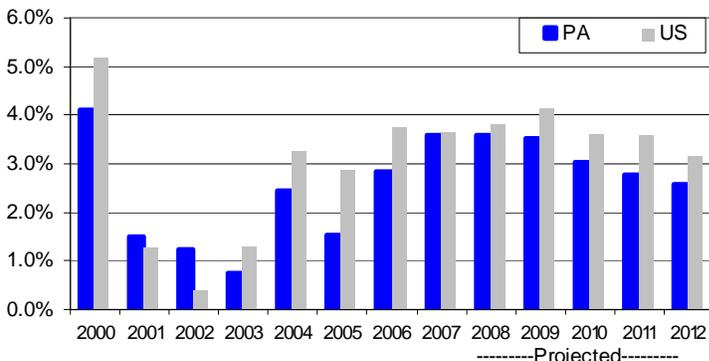
While job growth in the commonwealth has been back on an expansionary track since mid-2003, this growth has still lagged behind the U.S. average for year-over-year job growth, as shown in Chart 7. On average, annual year-over-year job growth has trailed the national average by around one-half of a percentage point per month. Demographics and employment

Chart 7
EMPLOYMENT GROWTH
Non-Agricultural
Year-Over-Year



patterns plaguing the Northeast and Midwest portions of the U.S. are largely to blame for this divergence. Job growth in Pennsylvania is forecast to continue to lag behind the national average, but it should remain consistent with – and possibly better than – the rest of the Northeast and Mid-Atlantic states. Further, as the national economy slowed in 2007, growth in U.S. employment slowed to a rate nearly consistent with that of Pennsylvania. The diversity of the commonwealth's economy and its strengths in education, life sciences and health care will likely offset its aging and declining industries.

Chart 8
PA AND US REAL PERSONAL INCOME
Annual Growth



Annual employment growth in Pennsylvania is forecast at around 0.4 percent in 2008, while longer-term job growth through 2012 is forecast to be 0.6 percent. Further, the state's unemployment rate is projected to remain moderate at 4.6 percent from 2008 through 2010, or just below the national average. Pennsylvania employment sectors experiencing significant job growth since 2000 include leisure and

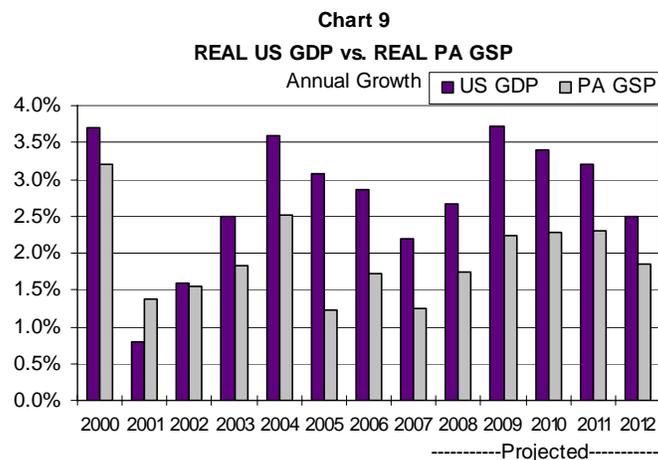
hospitality, the business and professional services sectors, education and the health care industry. The service sector has added more than 640,000 new jobs since 2000. This employment sector is

also increasing as a percent of total of employment, up from 32.9 percent in 2000 to 44 percent through 2007.

Pennsylvania employment levels also demonstrate continued strength in life sciences and pharmaceutical-related jobs. Since 1990, health and social services workers make up a larger share of payrolls. This trend is helped by a continuing shift in demographics within Pennsylvania towards an increasingly aged population. The commonwealth is now ranked in the top 10 states for health care workers per capita, and third nationally in health and social service workers as a percent of the workforce.

Despite an initially slow recovery and continued job losses through 2003, the commonwealth's growth in real personal income outperformed the national average in 2001 and 2002, and it closely trailed growth nationally in 2003. Chart 8 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 real personal income within Pennsylvania exceeded the national average during the 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. However, personal income growth in Pennsylvania has remained strong and positive. In fact, the commonwealth narrowed the gap with the U.S. average in terms of annual percent growth in real personal income in 2006, and Pennsylvania exceeded the national average in 2007. This performance is the result of both a strengthening state economy and a tight state labor market.



Economic forecasts, however, show a re-emergence of the gap in annual growth in real personal income between the state and the U.S. for 2009 through 2012. Continued weakness in the state's old-line manufacturing and transportation industries, particularly aviation, continues to threaten to constrain state economic growth. However, growth in health care, business services and tourism employment, along with recent above-average overall job growth in Pennsylvania during 2004 through 2006, are projected to result in moderate growth of real personal income during calendar years 2008 and 2009, with more modest growth forecast for the period of 2010 through 2012.

The short-term outlook for Pennsylvania's economy remains heavily dependent on trends in the national economy. Economic growth in Pennsylvania has a high correlation with growth in the U.S. economy, as illustrated in Chart 9. As with trends in real personal income, Pennsylvania's gross state product also lags behind the rate of growth in U.S. gross domestic product. From a peak divergence in 2005, the commonwealth's rate of growth in gross state product has steadily gained on the rate of growth in U.S. gross domestic product and the gap is forecast to become smaller through 2012.

Over the long term, Pennsylvania's economy continues to diversify significantly, and this should enable the state to better cope with cyclical downturns. Because of the state's large elderly population and relatively modest overall population growth, Pennsylvania's economy is likely to

expand at a moderate rate. Demographically, Pennsylvania will continue to experience slow growth in population due to low birthrate, low foreign immigration and net emigration to other states. From 1995-2000, the commonwealth lost more than 30,000 young, college-educated people to employment opportunities elsewhere. More recently, census figures show that Pennsylvania's population grew by more than 30,000 residents in 2005 and 2006.

Thanks to enhanced economic development efforts, an improving business climate (with business costs now roughly equal to the national average) and a strong pattern of positive job creation, Pennsylvania's economy is poised for growth in the near term. Export growth has been the key to the resurgence of the commonwealth's economy: The commonwealth was ninth in the U.S. in 2005 in the area of exports to foreign countries. Pennsylvania's year-over-year growth of 20 percent from 2004 export levels was double the national rate. Pennsylvania is also succeeding in attracting high-value-added industries such as electronics, pharmaceuticals and computer services. This continued diversification of the state's economy, combined with improvements in the business climate, is projected to support a moderate economic expansion, even as the relatively large non-working elderly population and substantial aging infrastructure present continuing challenges to economic expansion in Pennsylvania.

SUMMARY OF MAJOR OPERATING FUNDS

The total 2008-09 operating budget for the commonwealth is \$61.3 billion. It includes more than \$28.3 billion in the General Fund, nearly \$2.9 billion in the Motor License Fund, \$18 billion in Federal funds and \$12 billion in fees and other special fund revenues.

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 on investments, and the escheats or "unclaimed property" program.

Recent Revenue Trends: For the five fiscal years ending with 2006-07, total General Fund revenue grew by 28.9 percent, an annual rate of 6.5 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, the realty transfer tax, the gross receipts tax and corporate taxes. All had five-year total increases greater than 44 percent. Revenue from some tax sources declined over the period. Receipts from the cigarette tax fell by an average annual amount of 1.5 percent. Non-tax revenue sources during this period decreased by 6.4 percent overall or an average of 1.6 percent annually. Decreased liquor store profits transfer 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 9.6 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. Personal income tax receipts through December 2007 are 5.4 percent over 2006-07 collections through the same period. For fiscal year 2008-09, personal income tax receipts are anticipated to rise 5.2 percent above the Revised 2007-08 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 3.4 percent annual growth. Sales and use tax receipts through December 2007 are 0.5 percent above 2006-07 levels. The sales and use tax growth rates for 2007-08 are impacted by the transfer of 4.4 percent of sales and use tax revenues to the new Public Transportation Trust

Fund. This annual transfer began in 2007-08 and is in accordance with Act 44 of 2007. For 2008-09, the expectation for slower consumer spending is expected to produce a growth rate of 3.4 percent above the Revised 2007-08 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 a total of 52.3 percent, as corporate profits rebounded starting in 2003-04. As a result of the significant growth experienced in 2003-07 the average annual decline in corporate receipts experienced during the past five year period ending June 30, 2004 (2.5 percent) was reversed and the average annual growth in corporate tax receipts was 11.1 percent for the five year period ending June 30, 2007. Current fiscal year-to-date corporate tax receipts are 0.5 percent below 2006-07 levels through December 2007. Corporate tax receipts for all of 2007-08 are projected to increase by 0.6 percent over 2006-07 actual receipts. Modest projected economic growth and rising output costs are expected to lead to a slight decrease of 0.1 percent in the corporate net income tax receipts for 2008-09. Additionally, the effects of the continued rate reduction for the capital stock and franchise tax will likely result in a decline of 22.5 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 2008-09 is \$28.34 billion, an increase of \$1.13 billion or 4.2 percent. 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 Funding subsidy, which provides commonwealth aid to local school districts. This budget proposes more than \$5.24 billion for the Basic Education Funding subsidy in 2008-09, an increase of nearly 6 percent. Other significant increases for basic education include a \$12.6 million increase, more than 16 percent, for Pre-K Counts; a \$16.7 million increase, to \$47 million for Teacher Professional Development; and a \$12 million increase, to \$185 million, for expansion of Early Intervention services. Pennsylvania is a national leader in state funding for libraries; the state subsidy for public libraries increases to an

all-time high of \$77.3 million. In total, funding for basic education increased by more than \$465 million, to \$9.8 billion.

Higher Education: Higher education in Pennsylvania is provided through 271 degree-granting institutions, which include the fourteen universities of the State System of Higher Education, four State-related universities, community colleges and various other independent institutions. The budget proposes nearly \$2.1 billion for higher education institutions and students. This includes more than \$398 million for student financial aid.

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 2008-09, the total public health and human services expenditures from all sources is \$26.3 billion; the amount from the General Fund will be \$10.7 billion, which is an increase of \$638 million or 6.3 percent.

The largest component of the public health and welfare expenditures is the Medical Assistance (MA) Program. In the last ten years, the program grew at an annual rate of 12.6 percent. Caseload continues to grow due to the demographics of the state, but at a slower rate than in recent years. Technological advances in medicine and general medical inflation, including increases in pharmaceutical prices, result in an increase in the projected state MA match requirement for 2008-09. In an effort to continue to contain costs and operate efficiently, while maintaining the necessary services, this budget continues 2007-08 cost containment initiatives and proposes additional revenue and cost containment strategies. The combined effect of these efforts results in a slight increase in total funding from \$15.1 billion in 2007-08 to \$15.2 billion in the proposed 2008-09 budget. State funds are anticipated to increase from \$5.22 billion in 2007-08 to \$5.68 billion in 2008-09.

Income maintenance, including cash assistance payments and child care services for families in transition to independence and self-sufficiency, totaled \$2.58 billion from all sources for 2007-08. The 2008-09 budget proposes total resources of \$2.64 billion. The commonwealth's General Fund share is increased from \$1.1 billion to \$1.2 billion. The budget provides a total of \$790 million for childcare services. This represents an increase of 100 percent since 2000-01.

The 2008-09 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 2008, that will be reduced to 3,060, a reduction of 40 percent. Over that period, the community budgets will have grown by \$709 million in total funds, an increase of 41.3 percent.

State Correctional Institutions: The 2008-09 budget proposed for the state correctional institutions is \$1.67 billion. From 2004-05 to 2008-09, total costs have grown from \$1.37 billion to nearly \$1.7 billion. This is due to the continuing rise in the inmate population in the state correctional institutions, which has grown from 41,582 inmates in 2004-05 to an estimated 48,731 inmates in 2008-09.

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 55 percent of total Motor License Fund revenues in 2006-07. Revenue from liquid fuels taxes has increased only slightly over the past five fiscal years. For the five-year period ending with 2006-07, liquid fuels tax revenues increased at an average annual rate of 0.4 percent. Current fiscal year-to-date liquid fuels receipts are 10.8 percent above 2006-07 levels through December 2007. For 2007-08, an increase of 0.6 percent is projected, and the budget for 2008-09 projects an increase in liquid fuels tax receipts of 0.5 percent.

License and fee revenues represent the other major sources of revenue for the Motor License Fund. Annual growth of receipts from these sources has also increased slowly. For the five-year period ending with 2006-07, license and fee revenues increased at an annual average of 1.2 percent. For 2007-08, an increase of 1.8 percent is projected, and for 2008-09 an increase of 1.0 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 calls for the Turnpike Commission to provide \$450 million, increasing to \$500 million in 2008-09.

The Budget for 2008-09 recommends \$6.7 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.

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 2008-09, \$247.6 million is provided for the PENNCARE appropriation. For additional details, see the Department of Aging presentation in Section C.

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 2008-09 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 proposes reducing the percentage received by PACE in the Department of Aging from 8 percent to 4 percent to provide additional resources of 2 percent for the Health Venture Account and 2 percent for Biotechnology Commercialization in the Department of Community and Economic Development. 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, Community and Economic Development, 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.

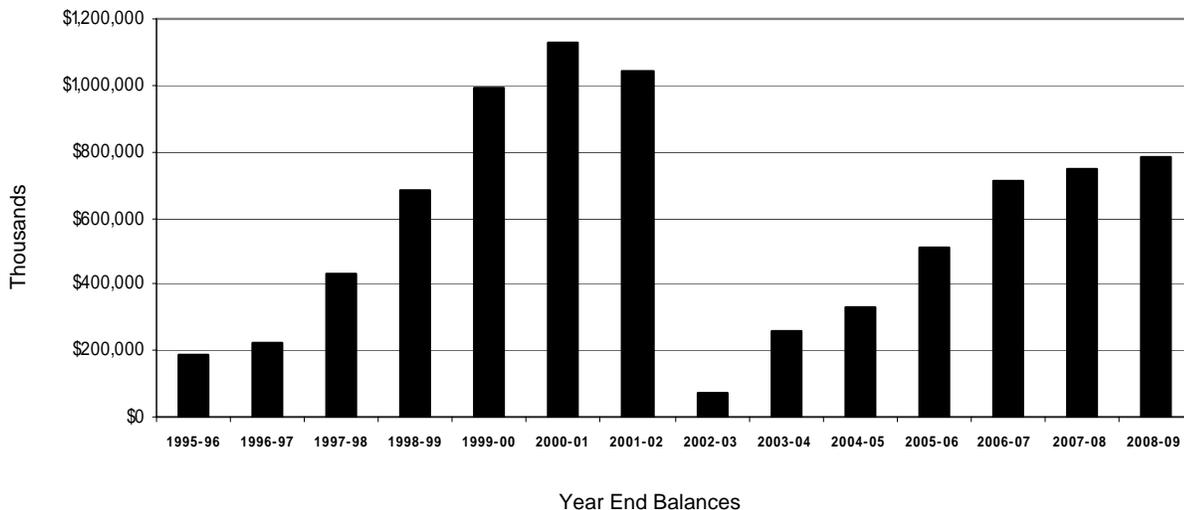
The Budget Stabilization Reserve Fund is to receive an annual transfer of 25 percent of the General Fund's fiscal year ending balance. The transfer requirement is reduced to 10 percent of the General Fund's ending balance if the balance of the Budget Stabilization Reserve Fund equals or exceeds 6 percent 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. As shown on the graph below, the fund balance had been built up substantially during the latter part of the 1990's. 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% statutory minimum and increased the balance in the Fund to over \$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.

This budget proposes a transfer from the Budget Stabilization Reserve Fund to the General Fund of \$130 million in 2007-08. The transfer will support the \$130 million Protecting Our Progress Tax Rebates for qualifying taxpayers. The Fund will be replenished as this budget continues the statutory 25 percent year-end transfer to the Fund of \$133.3 million from 2007-08 and \$.7 million from 2008-09.

Rainy Day Fund

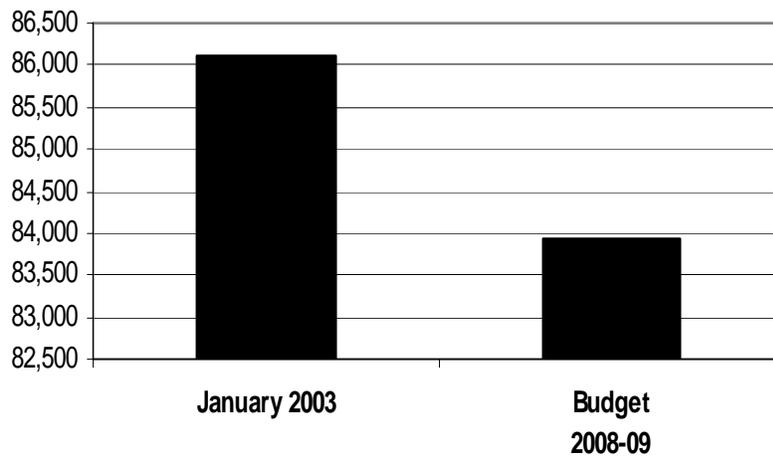


Complement

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, without layoffs or furloughs. In 2008-09 it is projected that additional complement reductions will be achieved through this same approach. 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 83,770 – a reduction of 2,355 positions. This budget proposes an additional reduction in the commonwealth's current authorized FTE salaried complement level in 2008-09 of 357 positions. Additions to several agency complements in support of new initiatives will ensure the successful implementation of the Governor's plan for 2008-09, while retaining a net reduction of 2,221 positions since the Administration took office.

Authorized Complement



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 2008, the number of filled salary positions was 78,252. This represents a reduction of 3,405 filled positions, or a reduction of more than 4 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 2006-07 actual year, 2007-08 available year, 2008-09 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)

| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Beginning Balance ^a | \$ 514,086 | \$ 530,914 | \$ 400,007 | \$ 2,095 | \$ 0 | \$ 0 | \$ 0 |
| Revenues..... | \$ 27,449,336 | \$ 28,188,100 | \$ 29,034,600 | \$ 30,631,900 | \$ 31,789,740 | \$ 32,940,252 | \$ 34,126,101 |
| Adjustments ^b | <u>-957,441</u> | <u>-990,000</u> | <u>-1,095,000</u> | <u>-1,150,000</u> | <u>-1,200,000</u> | <u>-1,250,000</u> | <u>-1,300,000</u> |
| Funds Available..... | \$ 27,005,981 | \$ 27,729,014 | \$ 28,339,607 | \$ 29,483,995 | \$ 30,589,740 | \$ 31,690,252 | \$ 32,826,101 |
| Expenditures..... | <u>-26,298,095</u> | <u>-27,195,671</u> | <u>-28,336,813</u> | <u>-29,453,088</u> | <u>-30,505,844</u> | <u>-31,581,274</u> | <u>-32,699,045</u> |
| Closing Balance..... | \$ 707,886 | \$ 533,343 | \$ 2,794 | \$ 30,907 | \$ 83,896 | \$ 108,978 | \$ 127,056 |
| Less Transfer to Budget Stabilization Reserve Fund..... | <u>-176,972</u> | <u>-133,336</u> | <u>-699</u> | <u>-7,727</u> | <u>-20,974</u> | <u>-27,244</u> | <u>-31,764</u> |
| Ending Balance ^a | <u>\$ 530,914</u> | <u>\$ 400,007</u> | <u>\$ 2,095</u> | <u>\$ 23,180</u> | <u>\$ 62,922</u> | <u>\$ 81,734</u> | <u>\$ 95,292</u> |

^aEnding balance not carried forward after 2008-09.

^bIncludes net revenue accruals, refunds, lapses and adjustments to beginning balances.

Seven Year Financial Statements By Fund

Motor License Fund^a

| | (Dollar Amounts in Thousands) | | | | | | |
|------------------------|-------------------------------|------------------|------------------|-----------------|-----------------|-----------------|------------------|
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| Beginning Balance..... | \$ 283,719 | \$ 96,632 | \$ 97,557 | \$ 17,287 | \$ 2,287 | \$ 5,770 | \$ 4,529 |
| Receipts..... | 2,366,908 | 2,796,770 | 2,805,750 | 2,824,340 | 2,854,410 | 2,891,630 | 2,922,400 |
| Funds Available..... | \$ 2,650,627 | \$ 2,893,402 | \$ 2,903,307 | \$ 2,841,627 | \$ 2,856,697 | \$ 2,897,400 | \$ 2,926,929 |
| Less Expenditures..... | -2,553,995 | -2,795,845 | -2,886,020 | -2,839,340 | -2,850,927 | -2,892,871 | -2,914,733 |
| Ending Balance..... | <u>\$ 96,632</u> | <u>\$ 97,557</u> | <u>\$ 17,287</u> | <u>\$ 2,287</u> | <u>\$ 5,770</u> | <u>\$ 4,529</u> | <u>\$ 12,196</u> |

Banking Department Fund

| | (Dollar Amounts in Thousands) | | | | | | |
|------------------------|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| Beginning Balance..... | \$ 28,648 | \$ 30,461 | \$ 30,354 | \$ 29,249 | \$ 28,329 | \$ 27,636 | \$ 27,143 |
| Receipts..... | 19,817 | 18,658 | 18,889 | 19,074 | 19,301 | 19,501 | 19,825 |
| Funds Available..... | \$ 48,465 | \$ 49,119 | \$ 49,243 | \$ 48,323 | \$ 47,630 | \$ 47,137 | \$ 46,968 |
| Less Expenditures..... | -18,004 | -18,765 | -19,994 | -19,994 | -19,994 | -19,994 | -19,994 |
| Ending Balance..... | <u>\$ 30,461</u> | <u>\$ 30,354</u> | <u>\$ 29,249</u> | <u>\$ 28,329</u> | <u>\$ 27,636</u> | <u>\$ 27,143</u> | <u>\$ 26,974</u> |

Boat Fund

| | (Dollar Amounts in Thousands) | | | | | | |
|------------------------|-------------------------------|------------------|------------------|-----------------|-----------------|-----------------|----------------|
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| Beginning Balance..... | \$ 18,814 | \$ 18,876 | \$ 15,665 | \$ 12,608 | \$ 9,604 | \$ 6,604 | \$ 3,604 |
| Receipts..... | 16,122 | 15,244 | 14,394 | 14,336 | 14,340 | 14,340 | 14,393 |
| Funds Available..... | \$ 34,936 | \$ 34,120 | \$ 30,059 | \$ 26,944 | \$ 23,944 | \$ 20,944 | \$ 17,997 |
| Less Expenditures..... | -16,060 | -18,455 | -17,451 | -17,340 | -17,340 | -17,340 | -17,340 |
| Ending Balance..... | <u>\$ 18,876</u> | <u>\$ 15,665</u> | <u>\$ 12,608</u> | <u>\$ 9,604</u> | <u>\$ 6,604</u> | <u>\$ 3,604</u> | <u>\$ 657</u> |

^a Excludes restricted revenue.

Overview and Summaries

Environmental Stewardship Fund^a

| | (Dollar Amounts in Thousands) | | | | | | |
|------------------------|-------------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| Beginning Balance..... | \$ 120 | \$ 951 | \$ 6,188 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Receipts..... | 86,307 | 80,200 | 80,500 | 80,500 | 80,500 | 80,500 | 80,500 |
| Funds Available..... | \$ 86,427 | \$ 81,151 | \$ 86,688 | \$ 80,500 | \$ 80,500 | \$ 80,500 | \$ 80,500 |
| Less Expenditures..... | -85,476 | -74,963 | -86,688 | -80,500 | -80,500 | -80,500 | -80,500 |
| Ending Balance..... | <u>\$ 951</u> | <u>\$ 6,188</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

Farm Products Show Fund

| | (Dollar Amounts in Thousands) | | | | | | |
|------------------------|-------------------------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| Beginning Balance..... | \$ 662 | \$ 1,083 | \$ 304 | \$ 2 | \$ 450 | \$ 898 | \$ 1,346 |
| Receipts..... | 9,649 | 8,881 | 9,135 | 9,885 | 9,885 | 9,885 | 9,885 |
| Funds Available..... | \$ 10,311 | \$ 9,964 | \$ 9,439 | \$ 9,887 | \$ 10,335 | \$ 10,783 | \$ 11,231 |
| Less Expenditures..... | -9,228 | -9,660 | -9,437 | -9,437 | -9,437 | -9,437 | -9,437 |
| Ending Balance..... | <u>\$ 1,083</u> | <u>\$ 304</u> | <u>\$ 2</u> | <u>\$ 450</u> | <u>\$ 898</u> | <u>\$ 1,346</u> | <u>\$ 1,794</u> |

Fish Fund

| | (Dollar Amounts in Thousands) | | | | | | |
|------------------------|-------------------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| Beginning Balance..... | \$ 20,748 | \$ 24,400 | \$ 22,213 | \$ 18,761 | \$ 14,602 | \$ 10,443 | \$ 6,234 |
| Receipts..... | 38,561 | 38,228 | 36,174 | 34,667 | 34,667 | 34,617 | 34,617 |
| Funds Available..... | \$ 59,309 | \$ 62,628 | \$ 58,387 | \$ 53,428 | \$ 49,269 | \$ 45,060 | \$ 40,851 |
| Less Expenditures..... | -34,909 | -40,415 | -39,626 | -38,826 | -38,826 | -38,826 | -38,826 |
| Ending Balance..... | <u>\$ 24,400</u> | <u>\$ 22,213</u> | <u>\$ 18,761</u> | <u>\$ 14,602</u> | <u>\$ 10,443</u> | <u>\$ 6,234</u> | <u>\$ 2,025</u> |

^a Excludes restricted revenue.

Overview and Summaries

Game Fund

| | (Dollar Amounts in Thousands) | | | | | | |
|------------------------|-------------------------------|------------------|------------------|-----------------|------------------|------------------|------------------|
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| Beginning Balance..... | \$ 31,497 | \$ 36,346 | \$ 30,314 | \$ 15,004 | \$ 1,205 | \$ -2,946 | \$ -5,897 |
| Receipts..... | 71,283 | 66,517 | 58,535 | 59,572 | 61,514 | 62,714 | 63,326 |
| Funds Available..... | \$ 102,780 | \$ 102,863 | \$ 88,849 | \$ 74,576 | \$ 62,719 | \$ 59,768 | \$ 57,429 |
| Less Expenditures..... | -66,434 | -72,549 | -73,845 | -73,371 | -65,665 | -65,665 | -65,665 |
| Ending Balance..... | <u>\$ 36,346</u> | <u>\$ 30,314</u> | <u>\$ 15,004</u> | <u>\$ 1,205</u> | <u>\$ -2,946</u> | <u>\$ -5,897</u> | <u>\$ -8,236</u> |

Keystone Recreation, Park and Conservation Fund

| | (Dollar Amounts in Thousands) | | | | | | |
|------------------------|-------------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| Beginning Balance..... | \$ 89,519 | \$ 7,756 | \$ 3,744 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Receipts..... | 22,172 | 78,737 | 85,071 | 92,324 | 97,018 | 100,971 | 104,730 |
| Funds Available..... | \$ 111,691 | \$ 86,493 | \$ 88,815 | \$ 92,324 | \$ 97,018 | \$ 100,971 | \$ 104,730 |
| Less Expenditures..... | -103,935 | -82,749 | -88,815 | -92,324 | -97,018 | -100,971 | -104,730 |
| Ending Balance..... | <u>\$ 7,756</u> | <u>\$ 3,744</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

Lottery Fund

| | (Dollar Amounts in Thousands) | | | | | | |
|------------------------------------|-------------------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| Beginning Balance..... | \$ 339,012 | \$ 476,515 | \$ 301,066 | \$ 34,685 | \$ 58,799 | \$ 79,721 | \$ 70,767 |
| Add Reserve From Prior Year..... | 100,000 | 100,000 | 100,000 | 0 | 0 | 0 | 0 |
| Receipts..... | 1,580,556 | 1,473,281 | 1,393,909 | 1,738,926 | 1,787,790 | 1,789,612 | 1,808,159 |
| Funds Available..... | \$ 2,019,568 | \$ 2,049,796 | \$ 1,794,975 | \$ 1,773,611 | \$ 1,846,589 | \$ 1,869,333 | \$ 1,878,926 |
| Less Expenditures..... | -1,443,053 | -1,648,730 | -1,760,290 | -1,714,812 | -1,766,868 | -1,798,566 | -1,826,167 |
| Less Reserve for Current Year..... | -100,000 | -100,000 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance..... | <u>\$ 476,515</u> | <u>\$ 301,066</u> | <u>\$ 34,685</u> | <u>\$ 58,799</u> | <u>\$ 79,721</u> | <u>\$ 70,767</u> | <u>\$ 52,759</u> |

Racing Fund

(Dollar Amounts in Thousands)

| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|------------------------|-----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Beginning Balance..... | \$ 1,965 | \$ 1,678 | \$ 80 | \$ 1,125 | \$ 1,125 | \$ 1,125 | \$ 1,125 |
| Receipts..... | 17,195 | 18,787 | 18,787 | 18,787 | 18,787 | 18,787 | 18,787 |
| Funds Available..... | \$ 19,160 | \$ 20,465 | \$ 18,867 | \$ 19,912 | \$ 19,912 | \$ 19,912 | \$ 19,912 |
| Less Expenditures..... | -17,482 | -20,385 | -17,742 | -18,787 | -18,787 | -18,787 | -18,787 |
| Ending Balance..... | <u>\$ 1,678</u> | <u>\$ 80</u> | <u>\$ 1,125</u> | <u>\$ 1,125</u> | <u>\$ 1,125</u> | <u>\$ 1,125</u> | <u>\$ 1,125</u> |

Tobacco Settlement Fund

(Dollar Amounts in Thousands)

| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Beginning Balance..... | \$ 397,435 | \$ 376,984 | \$ 396,935 | \$ 409,057 | \$ 388,606 | \$ 368,344 | \$ 348,281 |
| Receipts..... | 366,683 | 433,979 | 474,170 | 473,205 | 482,442 | 491,886 | 501,540 |
| Funds Available..... | \$ 764,118 | \$ 810,963 | \$ 871,105 | \$ 882,262 | \$ 871,048 | \$ 860,230 | \$ 849,821 |
| Less Expenditures..... | -387,134 | -414,028 | -462,048 | -493,656 | -502,704 | -511,949 | -521,401 |
| Ending Balance..... | <u>\$ 376,984</u> | <u>\$ 396,935</u> | <u>\$ 409,057</u> | <u>\$ 388,606</u> | <u>\$ 368,344</u> | <u>\$ 348,281</u> | <u>\$ 328,420</u> |

Overview and Summaries

Seven Year Department Summary by Fund

The following is a summary by department of 2006-07 actual expenditures, the 2007-08 amounts available, the 2008-09 amounts budgeted and future year estimates for the General Fund and selected Special Funds.

| | (Dollar Amounts in Thousands) | | | | | | |
|--|-------------------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
| Governor's Office | | | | | | | |
| General Fund..... | \$ 7,359 | \$ 7,559 | \$ 7,899 | \$ 7,899 | \$ 7,899 | \$ 7,899 | \$ 7,899 |
| Executive Offices | | | | | | | |
| General Fund..... | \$ 238,848 | \$ 260,747 | \$ 274,786 | \$ 274,408 | \$ 274,420 | \$ 274,534 | \$ 274,448 |
| Motor License Fund..... | 21,616 | 27,468 | 23,033 | 23,033 | 23,033 | 23,033 | 23,033 |
| Tobacco Settlement Fund..... | 31,592 | 28,154 | 29,751 | 30,721 | 31,405 | 32,105 | 32,820 |
| Department Total | \$ 292,056 | \$ 316,369 | \$ 327,570 | \$ 328,162 | \$ 328,858 | \$ 329,672 | \$ 330,301 |
| Lieutenant Governor | | | | | | | |
| General Fund..... | \$ 1,388 | \$ 1,523 | \$ 1,614 | \$ 1,614 | \$ 1,614 | \$ 1,614 | \$ 1,614 |
| Attorney General | | | | | | | |
| General Fund..... | \$ 95,955 | \$ 93,836 | \$ 95,662 | \$ 95,662 | \$ 95,662 | \$ 95,662 | \$ 95,662 |
| Auditor General | | | | | | | |
| General Fund..... | \$ 53,779 | \$ 54,018 | \$ 54,833 | \$ 54,833 | \$ 54,833 | \$ 54,833 | \$ 54,833 |
| Treasury | | | | | | | |
| General Fund..... | \$ 900,000 | \$ 923,405 | \$ 958,779 | \$ 1,011,247 | \$ 1,098,202 | \$ 1,169,536 | \$ 1,188,743 |
| Lottery Fund..... | 24 | 50 | 50 | 50 | 50 | 50 | 50 |
| Racing Fund..... | 3 | 10 | 10 | 10 | 10 | 10 | 10 |
| Environmental Stewardship Fund..... | 0 | 26,987 | 29,294 | 33,269 | 41,393 | 48,303 | 48,296 |
| Motor License Fund..... | 35,113 | 37,030 | 37,182 | 36,717 | 35,804 | 34,935 | 28,665 |
| Game Fund..... | 1 | 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..... | 0 | 5 | 5 | 5 | 5 | 5 | 5 |
| Boat Fund..... | 0 | 5 | 5 | 5 | 5 | 5 | 5 |
| Tobacco Settlement Fund..... | 0 | 5 | 5 | 5 | 5 | 5 | 5 |
| Keystone Recreation, Park and Conservation Fund..... | 0 | 5 | 5 | 5 | 5 | 5 | 5 |
| Department Total | \$ 935,141 | \$ 987,517 | \$ 1,025,350 | \$ 1,081,328 | \$ 1,175,494 | \$ 1,252,869 | \$ 1,265,799 |
| Aging | | | | | | | |
| General Fund..... | \$ 19,950 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 |
| Lottery Fund..... | 443,651 | 552,068 | 593,207 | 620,430 | 639,430 | 660,430 | 683,430 |
| Tobacco Settlement Fund..... | 45,701 | 35,371 | 40,644 | 41,969 | 42,905 | 43,860 | 44,837 |
| Department Total | \$ 509,302 | \$ 587,689 | \$ 634,101 | \$ 662,649 | \$ 682,585 | \$ 704,540 | \$ 728,517 |
| Agriculture | | | | | | | |
| General Fund..... | \$ 85,399 | \$ 81,206 | \$ 82,476 | \$ 82,476 | \$ 82,476 | \$ 82,476 | \$ 82,476 |
| Racing Fund..... | 17,275 | 20,136 | 17,491 | 18,536 | 18,536 | 18,536 | 18,536 |
| Environmental Stewardship Fund..... | 8,210 | 7,100 | 8,494 | 6,990 | 5,788 | 4,765 | 4,766 |
| Motor License Fund..... | 0 | 2,785 | 3,089 | 2,874 | 2,874 | 2,874 | 2,874 |
| Farm Products Show Fund..... | 6,228 | 6,655 | 6,432 | 6,432 | 6,432 | 6,432 | 6,432 |
| Department Total | \$ 117,112 | \$ 117,882 | \$ 117,982 | \$ 117,308 | \$ 116,106 | \$ 115,083 | \$ 115,084 |
| Banking | | | | | | | |
| Banking Department Fund..... | \$ 18,004 | \$ 18,760 | \$ 19,989 | \$ 19,989 | \$ 19,989 | \$ 19,989 | \$ 19,989 |
| Civil Service Commission | | | | | | | |
| General Fund..... | \$ 1 | \$ 1 | \$ 1 | \$ 1 | \$ 1 | \$ 1 | \$ 1 |

Overview and Summaries

Seven Year Department Summary by Fund

| | (Dollar Amounts in Thousands) | | | | | | |
|--|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
| Community and Economic Development | | | | | | | |
| General Fund..... | \$ 673,663 | \$ 643,290 | \$ 507,215 | \$ 512,586 | \$ 512,591 | \$ 512,588 | \$ 512,591 |
| Tobacco Settlement Fund..... | 3,000 | 17,077 | 17,876 | 18,360 | 18,702 | 19,052 | 19,410 |
| Department Total | \$ 676,663 | \$ 660,367 | \$ 525,091 | \$ 530,946 | \$ 531,293 | \$ 531,640 | \$ 532,001 |
| Conservation and Natural Resources | | | | | | | |
| General Fund..... | \$ 104,499 | \$ 116,736 | \$ 116,114 | \$ 113,714 | \$ 113,714 | \$ 113,714 | \$ 113,714 |
| Environmental Stewardship Fund..... | 13,370 | 11,563 | 13,833 | 11,383 | 9,425 | 7,759 | 7,761 |
| Motor License Fund..... | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Keystone Recreation, Park and Conservation Fund..... | 67,665 | 53,249 | 57,727 | 60,008 | 63,058 | 65,627 | 68,071 |
| Department Total | \$ 186,534 | \$ 182,548 | \$ 188,674 | \$ 186,105 | \$ 187,197 | \$ 188,100 | \$ 190,546 |
| Corrections | | | | | | | |
| General Fund..... | \$ 1,420,259 | \$ 1,600,181 | \$ 1,668,811 | \$ 1,694,509 | \$ 1,708,743 | \$ 1,726,203 | \$ 1,744,255 |
| Education | | | | | | | |
| General Fund..... | \$ 10,461,041 | \$ 11,073,499 | \$ 11,537,477 | \$ 11,882,232 | \$ 12,408,540 | \$ 12,924,284 | \$ 13,498,284 |
| Motor License Fund..... | 1,230 | 1,230 | 1,230 | 1,230 | 1,230 | 1,230 | 1,230 |
| Keystone Recreation, Park and Conservation Fund..... | 22,737 | 18,845 | 19,538 | 20,310 | 21,343 | 22,213 | 23,040 |
| Department Total | \$ 10,485,008 | \$ 11,093,574 | \$ 11,558,245 | \$ 11,903,772 | \$ 12,431,113 | \$ 12,947,727 | \$ 13,522,554 |
| Emergency Management and Homeland Security | | | | | | | |
| General Fund..... | \$ 34,026 | \$ 30,776 | \$ 21,828 | \$ 21,078 | \$ 20,128 | \$ 19,378 | \$ 19,378 |
| Environmental Protection | | | | | | | |
| General Fund..... | \$ 206,050 | \$ 222,463 | \$ 207,156 | \$ 207,156 | \$ 207,156 | \$ 207,156 | \$ 207,156 |
| Environmental Stewardship Fund..... | 50,748 | 17,943 | 21,465 | 17,664 | 14,626 | 12,042 | 12,045 |
| Motor License Fund..... | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| Department Total | \$ 260,798 | \$ 244,406 | \$ 232,621 | \$ 228,820 | \$ 225,782 | \$ 223,198 | \$ 223,201 |
| Fish and Boat Commission | | | | | | | |
| General Fund..... | \$ 16 | \$ 16 | \$ 17 | \$ 17 | \$ 17 | \$ 17 | \$ 17 |
| Fish Fund..... | 27,504 | 29,748 | 31,121 | 31,121 | 31,121 | 31,121 | 31,121 |
| Boat Fund..... | 12,955 | 14,189 | 13,775 | 13,775 | 13,775 | 13,775 | 13,775 |
| Department Total | \$ 40,475 | \$ 43,953 | \$ 44,913 | \$ 44,913 | \$ 44,913 | \$ 44,913 | \$ 44,913 |
| Game Commission | | | | | | | |
| Game Fund..... | \$ 53,432 | \$ 58,258 | \$ 62,980 | \$ 60,980 | \$ 53,274 | \$ 53,274 | \$ 53,274 |
| General Services | | | | | | | |
| General Fund..... | \$ 116,081 | \$ 120,515 | \$ 127,590 | \$ 128,622 | \$ 128,931 | \$ 128,932 | \$ 129,271 |
| Motor License Fund..... | 20,227 | 20,246 | 20,254 | 20,254 | 20,254 | 20,254 | 20,254 |
| Department Total | \$ 136,308 | \$ 140,761 | \$ 147,844 | \$ 148,876 | \$ 149,185 | \$ 149,186 | \$ 149,525 |

Overview and Summaries

Seven Year Department Summary by Fund

| | (Dollar Amounts in Thousands) | | | | | | |
|--|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
| Health | | | | | | | |
| General Fund..... | \$ 282,399 | \$ 294,498 | \$ 269,384 | \$ 269,560 | \$ 269,810 | \$ 269,810 | \$ 269,810 |
| Tobacco Settlement Fund..... | 94,143 | 98,539 | 104,127 | 107,523 | 109,918 | 112,366 | 114,870 |
| Department Total | \$ 376,542 | \$ 393,037 | \$ 373,511 | \$ 377,083 | \$ 379,728 | \$ 382,176 | \$ 384,680 |
| Higher Education Assistance Agency | | | | | | | |
| General Fund..... | \$ 451,647 | \$ 451,968 | \$ 463,554 | \$ 463,554 | \$ 463,554 | \$ 463,554 | \$ 463,554 |
| Historical and Museum Commission | | | | | | | |
| General Fund..... | \$ 36,929 | \$ 33,865 | \$ 32,963 | \$ 32,963 | \$ 32,963 | \$ 32,963 | \$ 32,963 |
| Keystone Recreation, Park and Conservation Fund..... | 13,533 | 10,650 | 11,545 | 12,001 | 12,612 | 13,126 | 13,614 |
| Department Total | \$ 50,462 | \$ 44,515 | \$ 44,508 | \$ 44,964 | \$ 45,575 | \$ 46,089 | \$ 46,577 |
| Infrastructure Investment Authority | | | | | | | |
| General Fund..... | \$ 0 | \$ 0 | \$ 2,200 | \$ 4,400 | \$ 0 | \$ 0 | \$ 0 |
| Environmental Stewardship Fund..... | 13,148 | 11,370 | 13,602 | 11,194 | 9,268 | 7,631 | 7,632 |
| Department Total | \$ 13,148 | \$ 11,370 | \$ 15,802 | \$ 15,594 | \$ 9,268 | \$ 7,631 | \$ 7,632 |
| Insurance | | | | | | | |
| General Fund..... | \$ 81,630 | \$ 99,158 | \$ 125,272 | \$ 135,096 | \$ 145,260 | \$ 156,267 | \$ 173,187 |
| Tobacco Settlement Fund..... | 61,597 | 60,208 | 49,462 | 71,772 | 69,547 | 67,045 | 64,252 |
| Department Total | \$ 143,227 | \$ 159,366 | \$ 174,734 | \$ 206,868 | \$ 214,807 | \$ 223,312 | \$ 237,439 |
| Labor and Industry | | | | | | | |
| General Fund..... | \$ 137,723 | \$ 120,275 | \$ 114,527 | \$ 114,527 | \$ 114,527 | \$ 114,527 | \$ 114,527 |
| Military and Veterans Affairs | | | | | | | |
| General Fund..... | \$ 126,320 | \$ 136,193 | \$ 132,668 | \$ 126,568 | \$ 126,568 | \$ 126,568 | \$ 126,568 |
| Probation and Parole | | | | | | | |
| General Fund..... | \$ 97,610 | \$ 109,632 | \$ 117,195 | \$ 120,342 | \$ 120,342 | \$ 120,342 | \$ 120,342 |
| Public Television Network | | | | | | | |
| General Fund..... | \$ 13,951 | \$ 13,498 | \$ 11,772 | \$ 11,587 | \$ 11,587 | \$ 11,587 | \$ 11,587 |
| Public Welfare | | | | | | | |
| General Fund..... | \$ 9,304,407 | \$ 9,668,395 | \$ 10,336,452 | \$ 11,006,983 | \$ 11,425,155 | \$ 11,883,896 | \$ 12,371,331 |
| Lottery Fund..... | 248,771 | 248,771 | 248,771 | 124,386 | 124,386 | 124,386 | 124,386 |
| Tobacco Settlement Fund..... | 157,568 | 190,331 | 220,183 | 223,306 | 230,222 | 237,516 | 245,207 |
| Department Total | \$ 9,710,746 | \$ 10,107,497 | \$ 10,805,406 | \$ 11,354,675 | \$ 11,779,763 | \$ 12,245,798 | \$ 12,740,924 |
| Revenue | | | | | | | |
| General Fund..... | \$ 179,261 | \$ 194,491 | \$ 204,963 | \$ 216,579 | \$ 218,276 | \$ 220,058 | \$ 221,929 |
| Lottery Fund..... | 609,015 | 693,921 | 758,252 | 809,936 | 842,992 | 853,690 | 858,291 |
| Racing Fund..... | 204 | 239 | 241 | 241 | 241 | 241 | 241 |
| Motor License Fund..... | 25,908 | 26,602 | 26,611 | 26,611 | 26,611 | 26,611 | 26,611 |
| Department Total | \$ 814,388 | \$ 915,253 | \$ 990,067 | \$ 1,053,367 | \$ 1,088,120 | \$ 1,100,600 | \$ 1,107,072 |
| Securities Commission | | | | | | | |
| General Fund..... | \$ 2,321 | \$ 2,354 | \$ 2,323 | \$ 2,323 | \$ 2,323 | \$ 2,323 | \$ 2,323 |

Overview and Summaries

Seven Year Department Summary by Fund

| | (Dollar Amounts in Thousands) | | | | | | |
|---|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
| State | | | | | | | |
| General Fund..... | \$ 12,055 | \$ 20,571 | \$ 14,317 | \$ 13,587 | \$ 13,587 | \$ 13,587 | \$ 13,617 |
| State Employees' Retirement System | | | | | | | |
| General Fund..... | \$ 4 | \$ 4 | \$ 4 | \$ 4 | \$ 4 | \$ 4 | \$ 4 |
| State Police | | | | | | | |
| General Fund..... | \$ 189,676 | \$ 183,043 | \$ 186,994 | \$ 186,994 | \$ 186,994 | \$ 186,994 | \$ 186,994 |
| Motor License Fund..... | 512,353 | 499,183 | 510,794 | 510,794 | 510,794 | 510,794 | 510,794 |
| Department Total | \$ 702,029 | \$ 682,226 | \$ 697,788 | \$ 697,788 | \$ 697,788 | \$ 697,788 | \$ 697,788 |
| Tax Equalization Board | | | | | | | |
| General Fund..... | \$ 1,338 | \$ 1,519 | \$ 1,519 | \$ 1,519 | \$ 1,519 | \$ 1,519 | \$ 1,519 |
| Transportation | | | | | | | |
| General Fund..... | \$ 334,351 | \$ 13,862 | \$ 13,736 | \$ 13,736 | \$ 13,736 | \$ 13,736 | \$ 13,736 |
| Lottery Fund..... | 141,592 | 76,900 | 77,850 | 77,850 | 77,850 | 77,850 | 77,850 |
| Motor License Fund..... | 1,932,548 | 2,183,501 | 2,258,827 | 2,212,827 | 2,225,327 | 2,268,140 | 2,296,272 |
| Department Total | \$ 2,408,491 | \$ 2,274,263 | \$ 2,350,413 | \$ 2,304,413 | \$ 2,316,913 | \$ 2,359,726 | \$ 2,387,858 |
| Legislature | | | | | | | |
| General Fund..... | \$ 341,516 | \$ 333,600 | \$ 334,759 | \$ 334,759 | \$ 334,759 | \$ 334,759 | \$ 334,759 |
| Judiciary | | | | | | | |
| General Fund..... | \$ 286,643 | \$ 298,724 | \$ 309,703 | \$ 309,703 | \$ 309,703 | \$ 309,703 | \$ 309,703 |
| COMMONWEALTH TOTALS: | | | | | | | |
| General Fund | \$ 26,298,095 | \$ 27,205,671 | \$ 28,336,813 | \$ 29,453,088 | \$ 30,505,844 | \$ 31,581,274 | \$ 32,699,045 |
| Lottery Fund | 1,443,053 | 1,571,710 | 1,678,130 | 1,632,652 | 1,684,708 | 1,716,406 | 1,744,007 |
| Racing Fund | 17,482 | 20,385 | 17,742 | 18,787 | 18,787 | 18,787 | 18,787 |
| Motor License Fund | 2,553,995 | 2,803,045 | 2,886,020 | 2,839,340 | 2,850,927 | 2,892,871 | 2,914,733 |
| Game Fund | 53,433 | 58,263 | 62,985 | 60,985 | 53,279 | 53,279 | 53,279 |
| Fish Fund | 27,504 | 29,753 | 31,126 | 31,126 | 31,126 | 31,126 | 31,126 |
| Banking Department Fund | 18,004 | 18,765 | 19,994 | 19,994 | 19,994 | 19,994 | 19,994 |
| Farm Products Show Fund | 6,228 | 6,660 | 6,437 | 6,437 | 6,437 | 6,437 | 6,437 |
| Boat Fund | 12,955 | 14,194 | 13,780 | 13,780 | 13,780 | 13,780 | 13,780 |
| Keystone Recreation, Park and Conservation Fund . | 103,935 | 82,749 | 88,815 | 92,324 | 97,018 | 100,971 | 104,730 |
| Tobacco Settlement Fund..... | 393,601 | 429,685 | 462,048 | 493,656 | 502,704 | 511,949 | 521,401 |
| Environmental Stewardship Fund..... | 85,476 | 74,963 | 86,688 | 80,500 | 80,500 | 80,500 | 80,500 |
| GRAND TOTAL | \$ 31,013,761 | \$ 32,315,843 | \$ 33,690,578 | \$ 34,742,669 | \$ 35,865,104 | \$ 37,027,374 | \$ 38,207,819 |

General and Special Funds

This table shows a summary by Commonwealth Programs of 2006-07 expenditures, the 2007-08 amounts available, the 2008-09 amounts budgeted and future year estimates as presented in the Governor's 2008-09 Executive Budget for the General Fund and selected Special Funds.

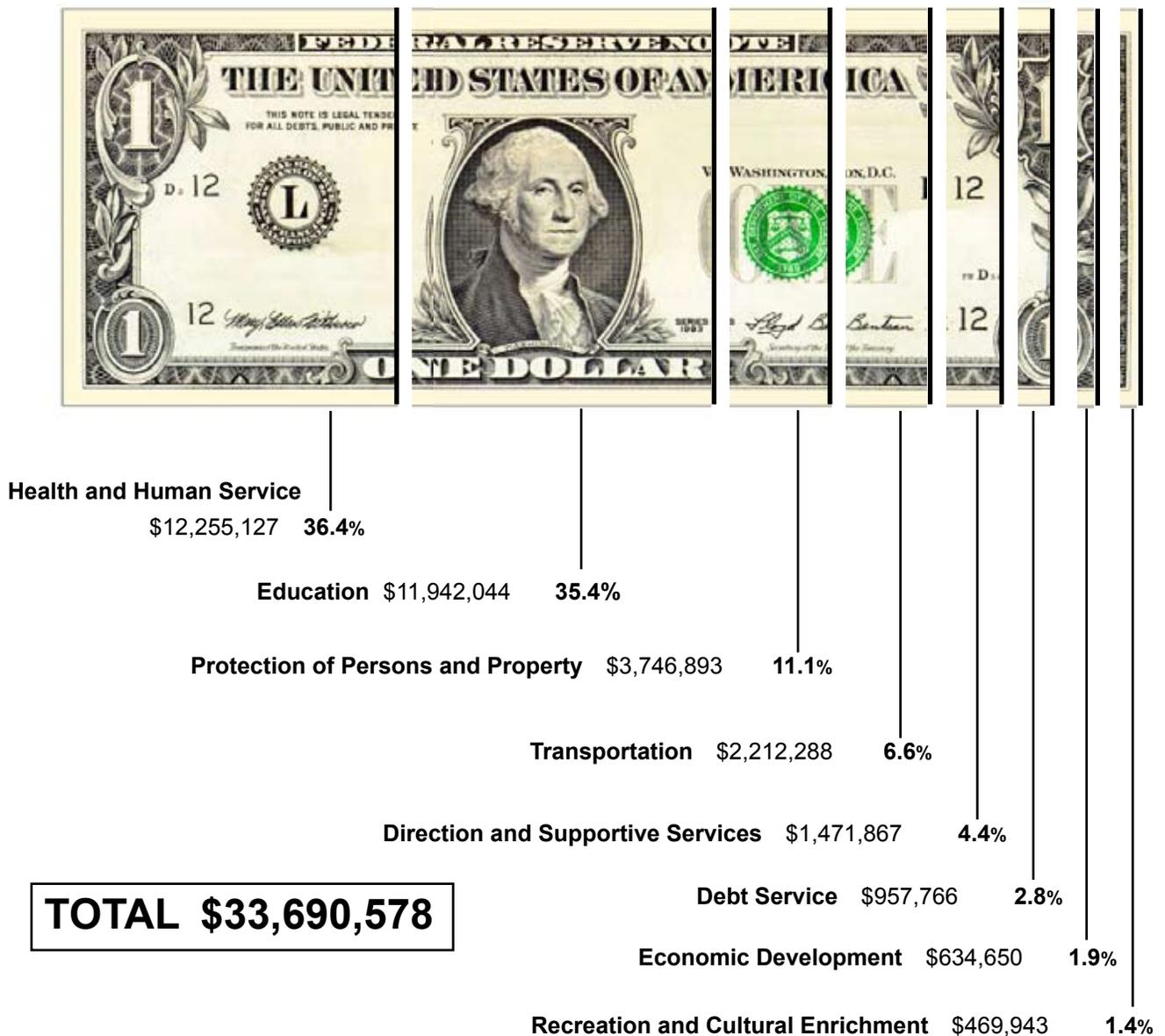
Seven Year Commonwealth Program Summary

| Commonwealth Program | (Dollar amounts in Thousands) | | | | | | |
|---|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
| Direction and Supportive Services..... | \$ 1,452,305 | \$ 1,441,144 | \$ 1,471,867 | \$ 1,502,375 | \$ 1,524,436 | \$ 1,531,549 | \$ 1,540,918 |
| Protection of Persons and Property..... | 3,447,256 | 3,648,086 | 3,746,893 | 3,801,917 | 3,818,900 | 3,840,508 | 3,872,721 |
| Education..... | 10,857,459 | 11,467,961 | 11,942,044 | 12,288,367 | 12,816,505 | 13,333,994 | 13,909,757 |
| Health and Human Services..... | 10,845,387 | 11,477,326 | 12,255,127 | 12,861,216 | 13,320,885 | 13,815,723 | 14,333,530 |
| Economic Development..... | 809,539 | 772,832 | 634,650 | 640,976 | 635,709 | 635,168 | 636,315 |
| Transportation..... | 2,270,602 | 2,129,105 | 2,212,288 | 2,166,288 | 2,178,788 | 2,221,601 | 2,249,733 |
| Recreation and Cultural Enrichment..... | 459,790 | 457,466 | 469,943 | 465,786 | 459,971 | 461,546 | 464,630 |
| Debt Service..... | 871,423 | 921,923 | 957,766 | 1,015,744 | 1,109,910 | 1,187,285 | 1,200,215 |
| GENERAL FUND AND SPECIAL | | | | | | | |
| FUNDS TOTAL..... | \$ 31,013,761 | \$ 32,315,843 | \$ 33,690,578 | \$ 34,742,669 | \$ 35,865,104 | \$ 37,027,374 | \$ 38,207,819 |

Distribution of the Commonwealth Dollar

GENERAL FUND AND SPECIAL FUNDS

2008-09 Fiscal Year
(Dollar Amounts in Thousands)



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 2006-07 expenditures, the 2007-08 amounts available, the 2008-09 amounts budgeted and future year estimates as presented in the Governor's 2008-09 Executive Budget for the General Fund.

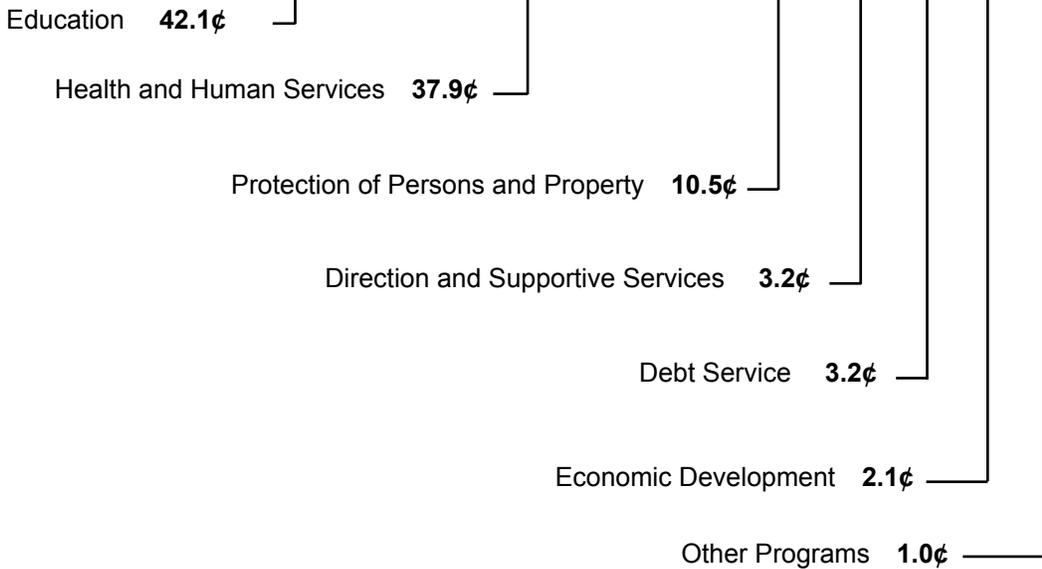
Seven Year Commonwealth Program Summary

| | (Dollar amounts in Thousands) | | | | | | |
|--|-------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
| Commonwealth Program | | | | | | | |
| Direction and Supportive Services..... | \$ 851,796 | \$ 882,564 | \$ 908,810 | \$ 917,464 | \$ 917,785 | \$ 917,900 | \$ 918,153 |
| Protection of Persons and Property.... | 2,632,582 | 2,867,788 | 2,969,056 | 3,006,245 | 3,029,693 | 3,057,410 | 3,092,412 |
| Education..... | 10,837,656 | 11,451,163 | 11,924,828 | 12,270,520 | 12,797,813 | 13,314,590 | 13,889,676 |
| Health and Human Services..... | 9,735,153 | 10,101,346 | 10,739,695 | 11,404,302 | 11,822,724 | 12,281,465 | 12,768,900 |
| Economic Development..... | 793,391 | 744,385 | 603,172 | 611,422 | 607,739 | 608,485 | 609,273 |
| Transportation..... | 332,721 | 12,232 | 12,232 | 12,232 | 12,232 | 12,232 | 12,232 |
| Recreation and Cultural Enrichment... | 266,167 | 275,532 | 274,410 | 271,825 | 271,825 | 271,825 | 271,825 |
| Debt Service..... | 848,629 | 870,661 | 904,610 | 959,078 | 1,046,033 | 1,117,367 | 1,136,574 |
| GENERAL FUND TOTAL..... | <u>\$ 26,298,095</u> | <u>\$ 27,205,671</u> | <u>\$ 28,336,813</u> | <u>\$ 29,453,088</u> | <u>\$ 30,505,844</u> | <u>\$ 31,581,274</u> | <u>\$ 32,699,045</u> |

Distribution of the Commonwealth Dollar

GENERAL FUND

2008-09 Fiscal Year



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 2007-08 amounts available and the 2008-09 amounts budgeted and the percent each program represents of the General Fund total as presented in the 2008-09 Governor's Executive Budget.

Program Summary

(Dollar Amounts in Thousands)

| | 2007-08 | | 2008-09 | |
|---|----------------------|---------------|----------------------|---------------|
| Commonwealth Program | | | | |
| Direction and Supportive Services..... | \$ 882,564 | 3.2% | \$ 908,810 | 3.2% |
| Protection of Persons and Property..... | 2,867,788 | 10.6% | 2,969,056 | 10.5% |
| Education..... | 11,451,163 | 42.1% | 11,924,828 | 42.1% |
| Health and Human Services..... | 10,101,346 | 37.1% | 10,739,695 | 37.9% |
| Economic Development..... | 744,385 | 2.8% | 603,172 | 2.1% |
| Other Programs..... | 287,764 | 1.0% | 286,642 | 1.0% |
| Debt Service..... | 870,661 | 3.2% | 904,610 | 3.2% |
| GENERAL FUND TOTAL..... | \$ 27,205,671 | 100.0% | \$ 28,336,813 | 100.0% |

GENERAL FUND

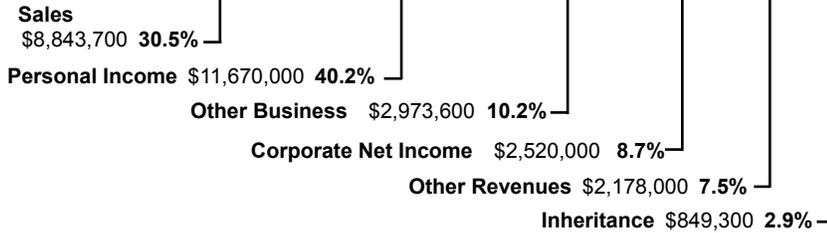
2008-09 Fiscal Year



Income

(Dollar Amounts in Thousands)

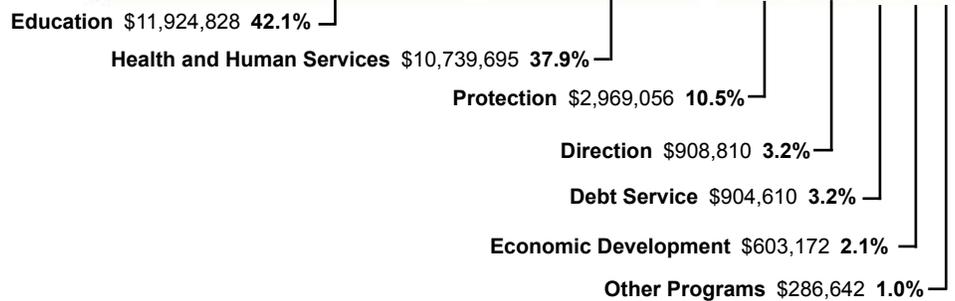
| | |
|------------------------|--------------|
| TOTAL INCOME | \$29,034,600 |
| Refunds | -1,095,000 |
| Beginning Balance..... | 400,007 |
| <hr/> | |
| TOTAL | \$28,339,607 |



Outgo

(Dollar Amounts in Thousands)

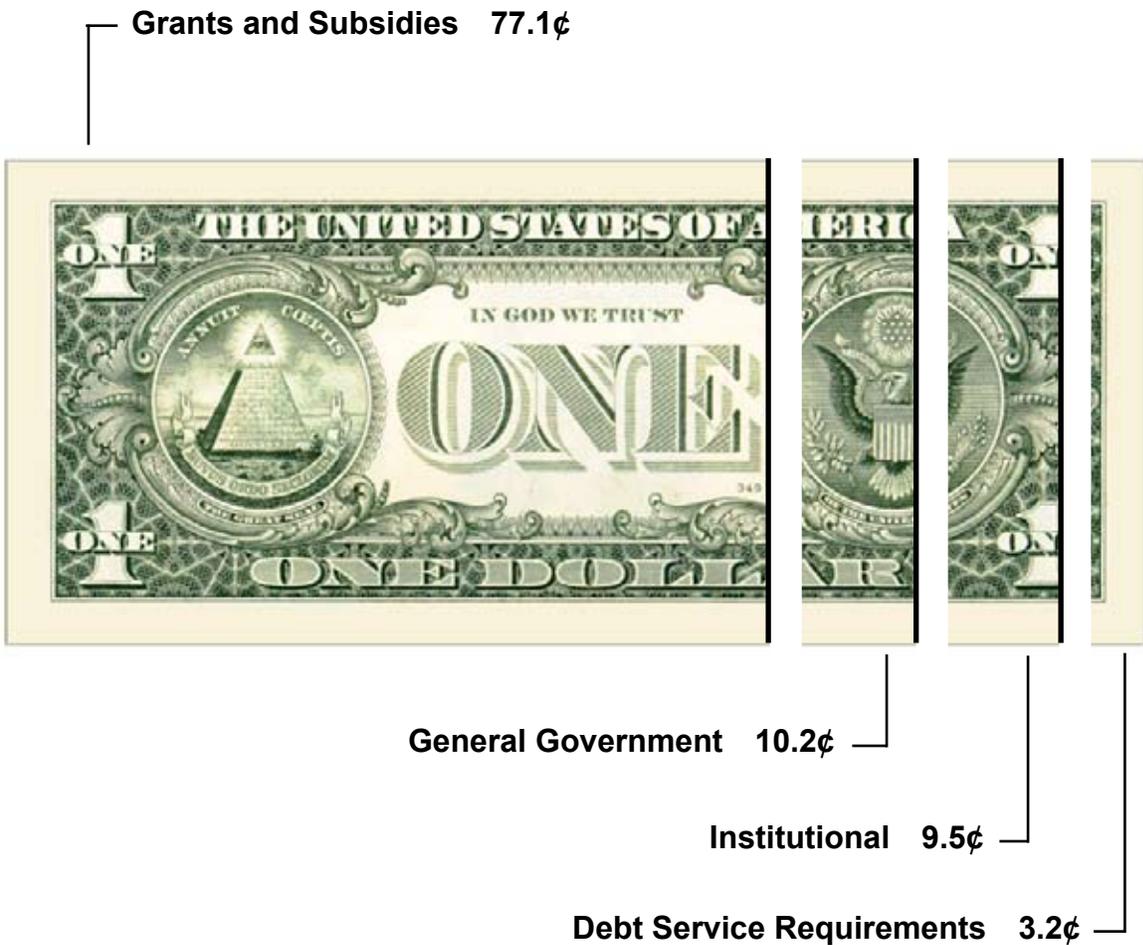
| | |
|--------------------------|---------------|
| TOTAL OUTGO | \$ 28,336,813 |
| Budget Stabilization | |
| Reserve Fund | 699 |
| Plus Ending Surplus | 2,095 |
| <hr/> | |
| TOTAL | \$ 28,339,607 |



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

2008-09 Fiscal Year



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.



2008-09 FISCAL AND PROGRAM POLICY DIRECTION AND BUDGET THEMES

The 2008-09 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: Protecting Our Progress; Making Government Work Smarter; Pennsylvania's Tax Structure Works for Pennsylvania's Businesses and Residents; Building Pennsylvania's Competitive Edge; Rebuilding Pennsylvania; Prescription for Pennsylvania; Education – Investing in Our Children, Preparing for the Future; Caring for All Pennsylvanians; and Making Pennsylvania Safer. Theme topics may 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.

2008-09 Fiscal and Program Policy Direction

This section presents the fiscal and program policies that guided the development of the 2008-09 Governor's Executive Budget. The commonwealth faces significant financial challenges in the current fiscal year, and these challenges are expected to continue in 2008-09. Two key budget development policy documents were issued by the Governor's Budget Office in August and September 2007 to assist agencies develop their 2008-09 budget requests – the annual budget instructions and a special budget policy guidance memorandum.

The 2008-09 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 2008-09 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 2008-09 budget requests building upon the administrative spending constraints and operational efficiencies initiated during the past five budget planning cycles and make every possible effort to eliminate nonessential spending and deliver essential services at reduced cost.

Special budget policy guidance was provided to agencies in September 2007 as part of the budget planning process. The September guidance noted that the commonwealth must continue to be cautious and conservative in making projections regarding revenue growth and cost inflation. While our state and national economies have strengthened over the past few years with relatively little resulting inflationary growth, the latest projections called for more moderate economic growth and a significant risk of higher inflation in 2007-08 and particularly in 2008-09. In the best case, growth in state revenues would be slower but would continue to be positive, while the costs borne for external goods and services would grow only moderately.

Even so, it appeared likely that commonwealth revenue growth would continue to be significantly outpaced by growth in state health care costs, including annuitant health care costs, and in the cost of serving vulnerable state populations such as low-income seniors, displaced workers, people with mental and physical disabilities, abused and neglected children, and former welfare recipients seeking to enter the labor force. Moreover, physical and behavioral health care costs, the largest single component of state social service spending, were expected to continue to grow at rates that are multiples of our annual state revenue growth. Cost and utilization increases in the Medical Assistance program would continue to place severe strains on the commonwealth's General Fund budget even after the extensive and successful redesign of state Medical Assistance programs undertaken over the past three years. The guidance noted that even with moderate economic growth, increases in Medical Assistance program costs would limit program growth in most program areas. But, because Pennsylvania cannot have a positive future without continued significant investments in education and economic development, the 2008-09 budget would include the Governor's education and economic development priorities.

Other issues expected to significantly impact the state budget in 2008-09 and beyond included growing state pension liabilities, increasing state correctional institution offender populations and an aging Pennsylvania population that will require more costly services.

The budget instructions and September guidance 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. Agencies were to request additional funding in their operating and administrative appropriations only at levels necessary to fund the cost of 2008-09 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 -- 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 2008-09 budget guidance. In addition,

agencies were to strengthen the multi-year planning component of budget requests to realistically reflect future year consequences of actions proposed in their 2008-09 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.

The September guidance stated that every agency that intended to include a new funding proposal in its 2008-09 budget request must first submit a preliminary summary identifying the problem the proposal intends to address, the positive outcomes expected, the estimated resources required or savings expected and an implementation plan. The implementation plan should identify milestones, necessary legislation or regulation changes, tasks and performance indicators showing how program outcomes would be measured and evaluated. 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 had been authorized in advance; or was accompanied by an "efficiency" proposal resulting in an offsetting reduction in agency expenditures. Agencies were required to request and receive advance authorization for any "spending increase" proposal that was not offset by an "efficiency" proposal. 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 September guidance also recognized that in order to implement cost saving projects, agencies must often invest up front in order to realize subsequent savings. To pursue efficiency improvements that required up-front expenditures in technology, training or other expenses, agencies were directed to work with the Office of Management and Productivity to access Commonwealth Productivity Bank funds that would be loaned to agencies to implement productivity-enhancing projects. Agencies would then repay loans out of savings realized from implementing efficiency projects.

The 2008-09 budget planning process continued the Rendell Administration's efforts to emphasize performance measurement goal-setting as the core component of budget planning. Agencies were to continue 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 budget instructions provided detailed direction on the continued development and submission of program performance measurements 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. All program measures were to be based on realistic, achievable results. The Program Performance Measurement submission is the foundation for a more comprehensive Performance Reporting, Monitoring and Accountability process that the Office of Budget and the Office of Administration is implementing to monitor agency performance and hold agencies accountable for program results throughout the fiscal year. Agency results-based plans and program performance data will be considered as decisions are made about statewide spending priorities and resource allocation between various agency budgets.

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 2008-09 Budget in Brief, a separate booklet, for summary information on the 2008-09 Governor's Executive Budget, including recommended program changes and funding levels in pursuit of the administration's mission and goals for the commonwealth.

Protecting Our Progress

Since 2003, Pennsylvania's economy has been gaining strength. Much of this progress can be attributed to the Economic Stimulus program adopted by the Pennsylvania General Assembly on a bipartisan basis in 2003 and 2004. Pennsylvania's Economic Stimulus program has invested more than \$2.6 billion in 2,500 Pennsylvania business development projects, which in turn have attracted \$2.1 billion in new private capital to build businesses across the state. In addition, commonwealth agencies have assisted more than 78,000 businesses through other programs and initiatives, provided more than \$2 billion in investment to help retain or expand business operations, and attracted \$19 billion in new private capital to the state. As a result, more than 400,000 jobs have been saved and just as many new jobs are being created. Because the commonwealth made aggressive and strategic investments to get the state economy moving after the 2001-2002 recession, Pennsylvania residents are now working in record numbers. Today there are 182,000 more jobs than there were five years ago, and unemployment has remained below national levels. Pennsylvania's jobless rate has been equal to or below the national average for 50 of the past 60 months.

These impressive employment gains have been accompanied by significant business tax cuts. Since 2003, business taxes have been reduced by a cumulative total of \$2.5 billion. More than \$1.2 billion of these reductions are recurring cuts that will be augmented by additional tax reductions. In addition, homeowners will benefit from \$850 million in property tax relief in 2008-09.

Pennsylvania's momentum has been impressive, but now it may be at risk of being undermined by national economic forces. Experts are painting a troubling picture of the U.S. economy over the next several months. To ensure that our commonwealth is as insulated as possible from the current turbulence in national economic conditions, Governor Rendell is proposing a short-term stimulus package – **Protecting Our Progress** – that will offer immediate fiscal relief to struggling working families and infuse much-needed capital into public-works projects and local business development. **Protecting Our Progress** will help ensure that, whatever happens nationally this year, Pennsylvanians will have a better chance to keep working and businesses will have a better chance to keep growing and expanding their operations in the commonwealth.

The Governor is proposing that Pennsylvania mirror the economic-stimulus strategy recently proposed by President Bush and agreed to by the leadership of the U.S. House of Representatives. The Governor is calling for immediate passage of a one-time rebate of up to \$400 per household that would go to more than 475,000 of the commonwealth's lower-income working families. Targeted fiscal relief of this type will help the economy in two ways. First, these families are the ones hardest hit by recent increases in fuel, medical care and food bills. Focusing on these families will help keep their credit sound and their families more stable. Second, because these families have limited resources, they are likely to spend these funds in the consumer sectors of the economy. Thus, targeting state relief to these families means that state funds will be highly likely to directly stimulate the economy.

In addition to providing an immediate economic-stimulus rebate to lower-income working families, the Governor's **Protecting Our Progress** plan will also infuse critically needed capital into the business sector. This part of the plan includes the following provisions:

- Prompt enactment of a Redevelopment Capital Assistance Bill to put Pennsylvanians to work on the more than \$500 million of shovel-ready projects (supported by \$250 million in RACP funds and \$250 million in required matching funds) and fund a pipeline of \$1 billion in additional projects in various stages of planning and development (supported by \$500 million in RACP funding and \$500 million in matching funds);
- Enactment of the Energy Independence Strategy that will put \$850 million to work employing Pennsylvanians in a promising economic sector, assist Pennsylvania companies and citizens to lower their energy bills and shift the nation's reliance off of fossil fuels;
- Prompt enactment of The Jonas Salk Legacy Fund to provide for implementation of bricks-and-mortar expansion projects in the commonwealth's strategically important health sciences research centers;
- Expansion of the Job Creation Tax Credit from \$1,000 to \$3,000 per employee during the first year of employment;

- Reduction of the interest rate on commonwealth loans offered through the Department of Community and Economic Development's Small Business First, Machinery and Equipment Loan and Industrial Development programs;
- A total of \$100 million in additional funding for the successful Business In Our Sites program to enable shovel-ready site development projects to proceed across the commonwealth;
- Extend the Keystone Opportunity Zone program to encourage the development of underutilized land and buildings, creating business districts to revitalize the economy, spur job creation and improve the quality of life in Keystone Opportunity Zone areas.
- A \$10 million increase in funding for the Infrastructure Development program, to provide the urgently needed infrastructure upgrades to help businesses ready to expand; and
- An investment of nearly \$250 million through the Governor's Rebuilding Pennsylvania infrastructure initiative to put Pennsylvanians to work building and repairing bridges, rail freight lines, small airports, high-hazard dams and flood-related projects.

The initiatives recommended in the **Protecting Our Progress** plan are intended to ensure that the state's economy continues to expand – or, at the very least, does not decline – even if the U.S. economy continues to worsen.

In addition to providing for immediate action to protect the economic gains Pennsylvania has made over the last five years, this budget also contains proposals that decisively address two long-term economic challenges that have been facing the commonwealth for many years – health care and education.

Pennsylvania's economy, like the national economy, is suffering in part due to the absence of any serious national effort to address the ever-rising cost of health care and the increasing lack of access to health insurance. Pennsylvania can be a leader in demonstrating that state governments can take action to solve these long-standing national problems. A recent Insurance Department survey found that 767,000 Pennsylvania adults are without health insurance, and working Pennsylvanians are continuing to lose access to employer-based health care. Without national or state action to address the health care crisis, Pennsylvanians will continue to pay too much for health care, more Pennsylvanians will become sicker, and those Pennsylvania employers who do offer health care coverage will become less and less competitive. In his **Prescription for Pennsylvania** initiative, Governor Rendell has proposed a comprehensive program of reforms to:

- ensure access to affordable, quality health care for all Pennsylvanians;
- improve the quality of care available to all Pennsylvanians;
- institute insurance reforms to help businesses afford to continue offering health care to their employees; and
- begin to eliminate more than \$7.6 billion in unnecessary costs in the health care sector.

In the area of education, recent progress in student achievement has been promising in Pennsylvania, with increases in proficiency in every grade and subject area – and for all ethnic and economic groups of students. But there are still legions of students who are unable to perform at grade level. The commonwealth's educational improvement plan calls for every student to achieve proficiency in reading and math by 2014. To make this happen, reforms to teaching practices must continue and accelerate. This budget expands early childhood education and continues the rollout of the recently-initiated state high school reforms that are already showing significant impact. But to meet the 100 percent proficiency challenge, the commonwealth must also put in place the necessary funds to enable the targeted interventions that will be required for every child to achieve.

To determine the level of resources needed to enable public schools to meet the demanding goals being set for them, the General Assembly last year directed the State Board of Education to conduct an "adequacy study," wherein national experts used real data to determine what it should cost to provide a high-quality education to every student in the commonwealth. That study revealed that 471 of Pennsylvania's school districts do not have sufficient resources to do what is necessary to ensure that every child will graduate with at least 12th grade skills. The study projected a gap of more than \$4 billion between current funding and what is needed to achieve adequacy. The responsibility to close this gap is shared between local school districts and the commonwealth. This budget proposes a six-year, phased-in strategy to enable the commonwealth to meet its share of the adequacy gap: \$2 billion. The budget also assumes that new resources provided to close the adequacy gap will be targeted to educational programs that are proven to be effective in boosting student achievement. To achieve this result, a

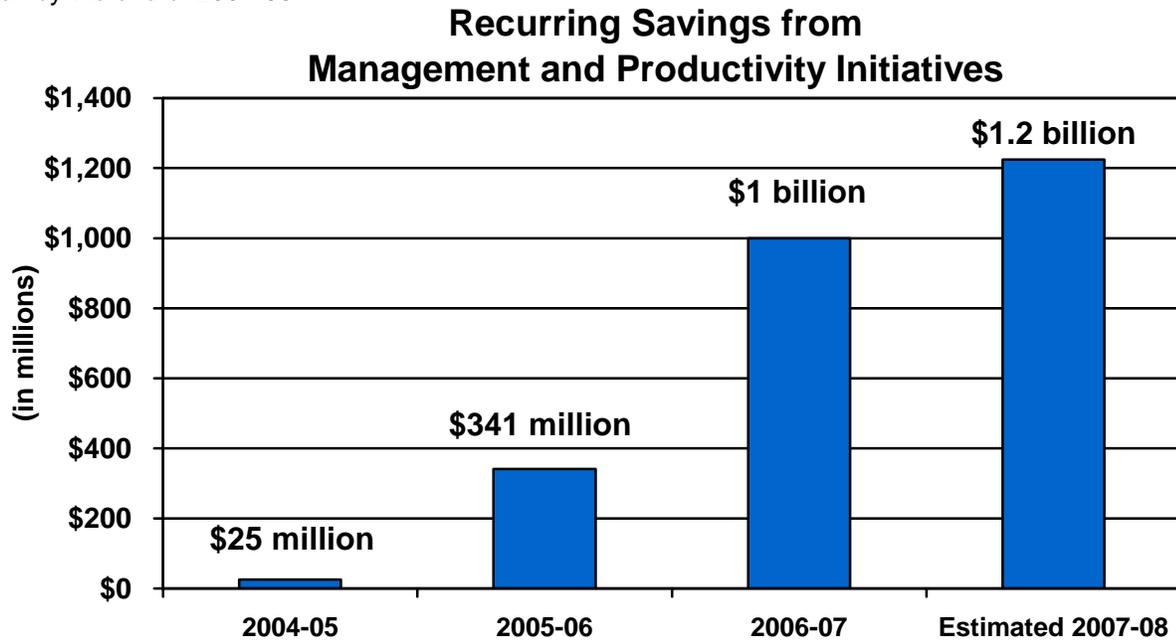
school funding formula will be utilized to distribute these additional state funds that will count every child and adjust the amount of funding for each district based on the real needs of students, the challenges of district size, and the economic region of the state where the schools are located.

In the past five years, Pennsylvania has made measurable progress in many areas – education, the environment, public safety and economic development. This budget continues that momentum. Record job counts and economic expansion are the most obvious proofs that the policies begun in 2003 were on target and must continue. Pennsylvanians are also seeing other kinds of visible improvements in their communities – more open spaces protected from development; new, welcoming streetscapes in historic small towns; expanded home-based services for the elderly; expanded pre-school opportunities for more and more children; investments that help build local businesses; historic property tax relief for homeowners; greater access to public information; and faster and better services provided by government agencies.

This budget proposes the actions necessary to **Protect Our Progress**, and it also recommends funding for the initiatives we need to address the long-term challenges Pennsylvanians must successfully meet in order to build prosperous communities we can pass on to our children.

Making Government Work Smarter

One of Governor Rendell's highest priorities has been to significantly improve the quality of state services provided to Pennsylvania's residents while restraining the growth of administrative spending by state government. This approach allows the commonwealth to invest more resources in programs that directly benefit our citizens. Governor Rendell began his efforts to run state government more efficiently and effectively immediately upon taking office in 2003. During his first term, Governor Rendell made good on his pledge to cut the cost of government by achieving annual recurring savings of \$1 billion. Building on this milestone, the Governor has instructed commonwealth agencies and the Governor's Office of Management and Productivity to save an additional \$500 million annually over the next four years and achieve \$1.5 billion in annual recurring savings by end of his second term. The administration is well on its way to reaching that goal with annual recurring savings projected to be \$1.2 billion by the end of 2007-08.



Governor Rendell's management and productivity initiatives are producing improved government services at lower cost, to the benefit of all Pennsylvanians. Improvements in technology have made it easier and less expensive for Pennsylvanians to access services like renewing their driver's licenses and vehicle registrations and filing their taxes. The commonwealth has expanded its use of the Internet to more efficiently and accurately detect and prevent fraud and abuse. All of these efforts improve the quality of life in Pennsylvania by enabling the commonwealth to focus more of the state's resources where they are needed most – implementing programs that benefit Pennsylvanians.

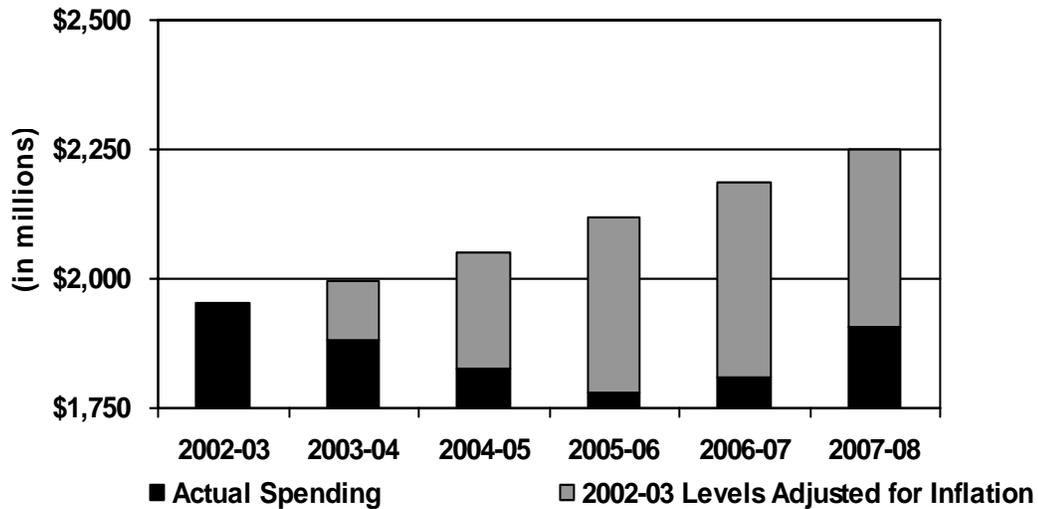
Reducing administrative spending in state government means cutting costs on items like utilities and insurance that are necessary to run the government but do not directly contribute to services received by Pennsylvania citizens. In addition, program operating costs are continually assessed to find ways that better quality services can be delivered at lower cost. The administration also considers ways in which technology can be used to make procurement more efficient and thereby secure more cost-effective contracts for the purchase of goods and services. Finally, the administration is committed to maximizing revenues by improving the methods used to collect money owed to the commonwealth. From large enterprise-wide savings initiatives to smaller agency-specific projects, Governor Rendell is committed to reducing administrative costs in every way possible.

Significant Continued Reductions in Administrative Spending

By implementing common-sense initiatives designed to generate savings across the commonwealth – including eliminating unused phone lines, consolidating warehouses, reducing the size of the motor vehicle fleet and managing the employee complement – commonwealth agencies are spending 2.3 percent less on administrative

costs in 2007-08 than they did in 2002-03. Had administrative spending increased at the rate of inflation, taxpayers would have paid \$342 million more this year operating state government.

Inflation-Adjusted Administrative Spending versus Actual Spending



The decrease in spending achieved by the administration is especially significant compared to the increase in administrative spending by many other states during the same time. In 2007, the Governor's Budget Office conducted a survey of all 50 states on administrative spending between 2002-03 and 2007-08. Of the 23 states that responded to the survey, the average change was a 28.5 percent increase in absolute dollars. During this same time period, Pennsylvania administrative spending decreased more than in all but two other states.

Below are just a few examples of efforts the administration has recently undertaken to achieve additional cost savings:

- The Department of General Services (DGS) continues to improve upon its Strategic Sourcing Initiative through the next generation of new and renewed materials and services contracts. DGS continues to stress an improved approach to negotiating contracts that includes gathering detailed costing information and negotiating costs with suppliers so the commonwealth pays appropriate prices for the goods and services it purchases. This initiative has saved the commonwealth more than \$216 million to date.
- Since January 2003, the total number of filled salaried positions in the commonwealth workforce has been reduced through attrition by more than 3,500. The Rendell administration's successful efforts to reduce the number of commonwealth employees through attrition are now saving Pennsylvania taxpayers \$200 million a year in salary and benefit costs.
- The Philadelphia State Office Building will be sold this year for \$25.2 million. The building was constructed in 1958, and substantial capital investment would have been required to keep the building running efficiently. Commonwealth offices currently located in the building will lease space in nearby buildings. This initiative will save Pennsylvania taxpayers more than \$30 million over the next 20 years.
- The recent creation of a commonwealth travel office is expected to generate \$1 million in annual recurring savings through the negotiation of preferred vendor pricing contracts with hotel, airline and automobile rental vendors.
- Recent changes to the Retired Employees Health Program are expected to result in savings of \$92 million annually, beginning in 2008-09, while continuing to provide one of the most comprehensive public employee retiree health and prescription benefit programs in the nation.

- Using privately-owned fiber to link major office locations within metropolitan areas is now a standard information technology practice for large organizations. Currently, the commonwealth leases data circuits and a portion of maintenance services from a telecommunications provider. The construction of a Capitol Fiber Campus in the Harrisburg metropolitan area will reduce current spending on data circuits by approximately \$3 million annually when completed in the beginning of 2008-09.

Ongoing Reductions in Operational Costs

In addition to reducing the administrative cost of operating state government, Governor Rendell is committed to decreasing the operational costs associated with delivering state services and programs, emphasizing savings opportunities that recur annually. The following examples are only a small sample of the cost-control initiatives the administration has implemented to achieve recurring cost savings:

- Competitive bidding and renegotiation of vendor contracts for health care products and services purchased through the Pennsylvania Employees Benefit Trust Fund have resulted in annual cost savings of more than \$68 million.
- The Pennsylvania Department of Transportation is saving \$47 million a year through construction oversight savings, the Maintenance and Cost Effectiveness program and a variety of other initiatives aimed at reducing costs for supplies and streamlining processes.
- The Pennsylvania Department of Labor and Industry will reduce the cost of the State Workers' Insurance Fund by more than \$7 million per year by negotiating contracts with preferred panel providers. The preferred panel is similar to a select group of "in-network" providers who agree to charge lower fees.
- At the Department of Public Welfare, implementation of a preferred-drug list and renegotiation of pharmacy reimbursement agreements will save \$82 million in pharmaceutical costs in 2007-08.

Taking Advantage of Technology

Increased use of technology has transformed outdated and inefficient processes across the commonwealth into modern, constituent-friendly services. In addition, technology improvements have helped the commonwealth save millions of dollars on printing, postage and labor that were required by outdated, paper-based processes. Some examples include:

- The Justice Network (JNET) provides increased accessibility to records for state and local government agencies, with a user base now including many state agencies and all 67 counties. The increase in efficiency attributable to this system is nearly \$5 million a year.
- The Department of Environmental Protection has established a Drinking Water Electronic Laboratory Reporting System in which suppliers and labs submit water testing results electronically. This system has produced \$400,000 in recurring savings.
- The Office of Administration's Enterprise Architecture initiative resulted in cost avoidance of \$10 million during 2007-08 by negotiating a lower price for commonwealth agency purchases.

There are public benefits to be realized from technology beyond saving taxpayer money. For instance, technology improvements have reduced wait times for driver's license customers. The Department of Transportation now serves 99 percent of its customers within 30 minutes, an improvement welcomed by anyone who has had to renew a driver's license.

In addition, the Office of Information Technology is re-evaluating how the commonwealth purchases technology infrastructure and will provide state agencies with technology support services this year that will decrease costs in the agencies. While still in an early stage of development, these efforts could drive down technology costs by tens of millions of dollars over the next three years.

Generating New Revenues

In addition to controlling the cost of government, Governor Rendell's administration has also focused on increasing state revenues. During the next three years, the efforts noted below will be expanded upon, and more agencies will be encouraged to develop new and innovative ways to generate additional revenues.

- **Use Tax Revenues**

The Pennsylvania Department of Revenue has initiated a Use Tax Compliance program by educating taxpayers and tax preparers about Pennsylvania's Use Tax. The number of Pennsylvania residents and businesses who purchase equipment and supplies from out-of-state vendors continues to steadily increase. In many instances, out-of-state vendors do not collect Pennsylvania Sales Tax. When this occurs, the purchaser must report and pay Use Tax to the commonwealth. Although the Use Tax is imposed on both individuals and businesses, this effort is currently focused on collecting Use Tax from businesses, which generally owe much larger amounts and have an audit trail of taxable purchases. The Use Tax Compliance program will include several new phases over the next year, which will include: educating taxpayers; directly contacting businesses; providing assistance in the process of self-disclosing Use Tax obligations; and conducting Use Tax field audits. This effort is expected to generate \$27 million in new revenue.

- **Liquor Sales Revenues**

In 2006-07 the Pennsylvania Liquor Control Board began an agency-wide re-engineering and cost-containment program that led to a 7.2 percent increase in sales from 2005-06 and a record \$487 million in tax revenues and transfers for the General Fund. The board's cost-containment program has resulted in \$7 million in annual recurring savings. New efforts in the agency's marketing, licensing and alcohol education programs have recently begun as part of a new initiative, "PLCB 75," which coincides with the agency's 75th anniversary in 2008. This initiative is focused on new business and management programs to lower costs even further and increase returns to Pennsylvania taxpayers.

The Rendell administration is on track to achieve \$1.2 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 that resources are directed to programs that can better serve Pennsylvanians and improve our quality of life.

Pennsylvania's Tax Structure Works for Pennsylvania's Businesses and Residents

Over the last five years, the commonwealth has enacted cumulative tax relief of \$2.9 billion – including more than \$2.5 billion in cumulative business tax cuts and \$429 million in savings for Pennsylvania families. With one of the lowest personal income tax rates in the nation – paid both by residents and by Pennsylvania's many S corporations, LLCs and other "pass-through" businesses – Pennsylvania has been able to attract businesses and provide state services at a relatively low cost to the taxpayer. The 2008-09 budget proposes additional savings for Pennsylvania businesses that will bring cumulative business tax cuts since 2003 to \$4 billion. Proposed tax cuts for businesses and families in the 2008-09 budget include:

- The continued phase-out of the Capital Stock and Franchise Tax, saving businesses \$1.1 billion in 2008-09.
- Historic property tax relief for homeowners – more than \$850 million, including an average property tax cut of approximately \$185 for every homeowner.
- A \$200 rebate for each adult in low-income working families with children.

Protecting Our Progress

Pennsylvania's economy has been strengthened by Governor Rendell's forward-thinking economic agenda. But despite the fundamental soundness of the commonwealth's economy, there is growing concern that the current weakness in the national economy could have an adverse impact on Pennsylvania, slowing down or reversing the progress of the past several years. Concern about the national economy has led the federal government to take steps to implement a federal-level economic stimulus program. Governor Rendell proposes to augment the federal stimulus plan in Pennsylvania to lessen the odds that a recession will adversely affect the economic progress Pennsylvania has experienced over the last five years.

Many elements of the Governor's Protecting Our Progress plan are described in the sections of this overview that focus on Building Pennsylvania's Competitive Edge and Rebuilding Pennsylvania. But equally crucial to the Governor's plan is state action to provide immediate financial relief for Pennsylvania's working families most likely to be adversely affected by the current economic slowdown.

Short-term economic downturns are felt first and most painfully by lower-income working families. Putting money in the hands of those who need the most immediate help is therefore an essential component of any effective economic stimulus plan. At the heart of the Governor's plan is a proposed rebate for all Pennsylvania families who file their 2007 Personal Income Tax return using the State Tax Forgiveness Credit. The Governor is proposing that these families receive a rebate on their taxes of \$200 for each individual filer and \$400 for each couple (to qualify, filers must have at least one dependent). This rebate plan will provide immediate financial relief to those who need it most. Under the plan, a single parent with eligibility income of up to \$18,250 in 2007 would qualify for a \$200 rebate. This change will be effective for the 2007 tax year and will put nearly \$130 million into the hands of hard-working Pennsylvanians this spring. These rebates would be delivered to taxpayers less than 60 days after legislative authorization of the rebate.

For more information on the other components of the Governor's plan for Protecting Our Progress, please see the Building Pennsylvania's Competitive Edge and Rebuilding Pennsylvania sections of this Overview.

Business Taxes Have Dropped – and Continue to Go Down

A 2007 study by the financial services firm Ernst & Young, in conjunction with the Council on State Taxation, revealed 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.

Cumulative business tax cuts since 2003 include:

- Phasing out the Capital Stock and Franchise Tax, saving businesses \$1.7 billion. Businesses will receive an additional \$1.1 billion in Capital Stock and Franchise Tax savings in 2008-09;

- Expanding the cap on Net Operating Losses and increasing the sales factor for Corporate Net Income Tax apportionment, saving businesses \$145 million;
- Expanding Research and Development Tax Credits, saving businesses \$80 million. An additional \$40 million will be saved in 2008-09;
- Creating the Keystone Innovation Zone Tax Credits, saving businesses \$31 million. An additional \$25 million will be saved in 2008-09; and
- Introducing the Film Production Tax Credit, saving businesses \$75 million annually.

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:

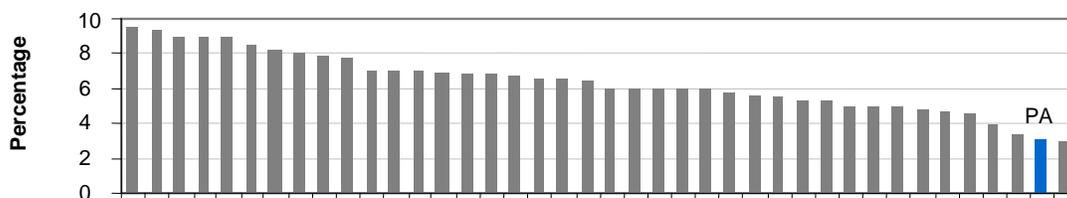
- The non-partisan, business-funded Tax Foundation rates the commonwealth's business tax climate as more favorable than that of four of our neighboring states – New York, New Jersey, Ohio and West Virginia – and Pennsylvania's 2008 ranking is near the middle of the pack nationally, at 27th best out of 50 states. With the continued phase-out of the Capital Stock and Franchise Tax, Pennsylvania stands to advance in future Tax Foundation rankings.
- In 2006, 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 Delaware, New Jersey, New York, Maryland and West Virginia.
- In 2006, Pennsylvania ranked 33rd in total state taxes as a percent of personal income – better than the national average and better than West Virginia, Delaware, New York and Ohio.

The commonwealth's low income tax rate puts many businesses in a strong competitive position. More than half of Pennsylvania businesses – especially small businesses – are pass-through entities. Under Pennsylvania law, these businesses pay the same income tax rate as workers, instead of the higher Corporate Net Income Tax. 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. Pennsylvania's job-creating businesses and its workers are winners under the existing rate – which ensures a low tax burden for businesses.

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

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."

State Income Tax Rates



40 States That Levy a Personal Income Tax, Ranked Highest to Lowest

Delivering Property Tax Relief

The 2008-09 budget marks the beginning of historic property tax relief for all Pennsylvania homeowners. The Taxpayer Relief Act of 2006 uses the revenue from expanding gaming to fund property tax cuts in two ways:

- **To provide the quickest relief to the senior citizens who have the most urgent need.** The annual expansion of the state's Property Tax/Rent Rebate program began in 2007, increasing the rebate total by nearly \$115 million in the first year alone.
- **To reduce property taxes for all Pennsylvania homeowners.** This broad-based property tax relief will begin in 2008-09. Pennsylvanians will receive a total of nearly \$1 billion a year in property tax relief by 2011.

Estimated Property Tax Relief

| Type of Tax Relief | Amount of Tax Relief in 2008-09 | Amount of Tax Relief in 2009-10 | Amount of Tax Relief in 2010-11 |
|--|---------------------------------|---------------------------------|---------------------------------|
| Property tax relief for all homeowners from gaming revenue (wage tax relief in Philadelphia) | \$671.5 million | \$674.7 million | \$754.5 million |
| Enhanced property tax rebates of up to \$650 for senior citizens earning up to \$35,000 a year | \$133.8 million | \$157.9 million | \$169.8 million |
| Higher rebates for senior citizens with a high tax burden or those living in cities with a high tax burden | \$48.5 million | \$55.3 million | \$55.5 million |
| TOTAL | \$853.8 million | \$887.9 million | \$979.8 million |

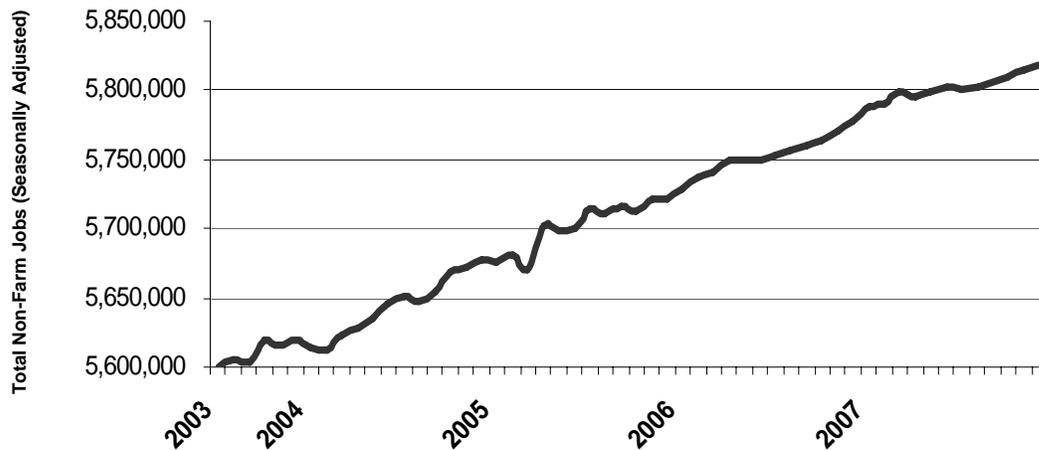
While most Pennsylvanians will see lower property tax bills, Philadelphia's share of funding for broad-based tax relief will be used to reduce the city's wage tax instead of its property tax, since the wage tax is a greater barrier to economic growth in Philadelphia. In 2008-09, the Philadelphia wage tax is projected to drop below 4 percent for city residents, largely the result of state-funded tax relief. In addition, senior citizens in Philadelphia will continue to receive property tax rebates. The Taxpayer Relief Act also allows Scranton to use a portion of its tax relief funds to cut that school district's wage tax, which is the highest of all Pennsylvania school districts.

Pennsylvania's favorable business and tax climate, along with forthcoming property tax reductions that are the direct result of the successful implementation of expanded legalized gaming, put the commonwealth in an even better position to attract and retain jobs. Moreover, the Governor's plan for Protecting Our Progress ensures that the economic gains Pennsylvania has made over the last five years will weather current short-term, national economic challenges. Please see the Making Pennsylvania More Competitive and Rebuilding Pennsylvania sections of this overview for additional information on the Protecting Our Progress plan.

Building Pennsylvania's Competitive Edge

Through strategic investments in job growth, coordinated economic and community development initiatives, and targeted business tax cuts, Pennsylvania's economy has become stronger in the past five years. The commonwealth is consistently reaching new records for job creation. Per capita income is on the rise – with income growth in Pennsylvania outpacing that of our major industrial competitors. Communities where Pennsylvanians live and work are more vibrant because of renewed investment in downtowns and older residential neighborhoods. In recent weeks, however, there has been growing concern about the short-term challenges the national economy faces. Governor Rendell believes now is the time for a proactive statewide initiative to protect the progress we have made, so our commonwealth can maintain and build upon the economic gains Pennsylvania has realized in the past five years.

Pennsylvania Job Growth Reaches New High
Total Non-Farm Jobs, July 2003 to December 2007



Protecting Our Progress

The Governor's plan to protect Pennsylvania's progress includes a number of dynamic changes to the commonwealth's economic development programs designed to help Pennsylvania weather short-term economic challenges. Key economic development components of the plan include:

- **Immediately pass the Redevelopment Capital Assistance (RACP) Bill to allow more than \$1.5 billion in projects ready for development to proceed.** A \$750 million increase in the RACP authorization will leverage at least an additional \$750 million of additional investment under RACP's 1-for-1 matching rule. There are many development projects across the state that are ready to begin immediately if this funding is made available. Projects awaiting RACP funding include:
 - Expanding health care facilities at St. Clair Hospital in Allegheny County;
 - Improving the Chester Waterfront in Delaware County, including infrastructure enhancements, environmental remediation, exhibition space and multipurpose recreational and sports facilities;
 - Developing and constructing a business park in the city of Hermitage in Mercer County; and
 - Developing the Bucknell University-Bull Run Gateway neighborhood development project in Union County.
- **Increase the Commonwealth Financing Authority's bonding capacity by \$100 million to continue the Business in Our Sites program.** The Business in Our Sites Program provides loans and grants for the acquisition and development of sites for future use by businesses. This program was extremely successful when it began in 2004, and the initial funding that was provided by the General Assembly has been disbursed by the CFA. Yet there is a significant backlog of demand for Business in Our Sites funds. Increasing the bonding capacity of the CFA and enabling it to go to market while rates are low will have a significant impact on the economy by enabling the CFA to fund construction-related projects that are ready

Overview: Economic Development

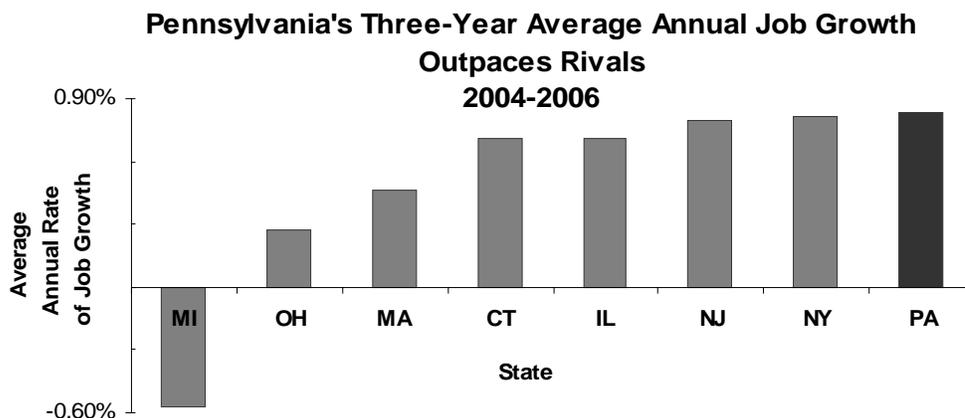
to begin right now. It will also provide permanent jobs in the commonwealth for years to come. Based on the average funding levels for Business in Our Sites projects approved to date, an additional 20 projects could be funded, leveraging at least \$270 million in private investment.

- **Expand the Job Creation Tax Credit from \$1,000 to \$3,000 per employee hired.** The Job Creation Tax Credit program is a powerful economic development tool for the Department of Community and Economic Development and the Governor's Action Team in their efforts to attract new business facilities to Pennsylvania and assist existing Pennsylvania companies with expansion of their in-state operations. The Job Creation Tax Credit program offers tax credits based on the number of new jobs a company creates. The company may then apply those credits against its Pennsylvania tax liability. By awarding \$3,000 per job created, Pennsylvania will provide additional capital to growing companies, encourage the creation of new jobs and free up cash for reinvestment into additional growth.
- **Expand funding for bricks-and-mortar projects in Pennsylvania's health sciences research centers through The Jonas Salk Legacy Fund.** More than \$500 million in state funds, along with leveraged private dollars, will be used to accelerate medical research in Pennsylvania (The Jonas Salk Legacy Fund is described in greater detail later in this section).
- **Increase business investment options by \$10 million by increasing the Infrastructure Development Program.** The Infrastructure Development program provides grants and loans to assist private companies or developers with infrastructure improvements needed for a business to locate or expand at a specific site. An additional \$10 million will enable the commonwealth to assist at least 20 additional projects, which will leverage an additional \$250 million in private capital.
- **Make capital investment more affordable for businesses by lowering interest rates on the primary Department of Community and Economic Development lending programs for businesses.** By lowering the interest rate to 4.5 percent for the commonwealth's three most popular business lending programs – the Machinery and Equipment Loan Fund, the Pennsylvania Industrial Development Authority and the Small Business First Fund – Pennsylvania will stimulate business investment that otherwise would not occur and make planned investment more affordable. Lower interest rates will also encourage businesses to grow and expand, thereby creating opportunities for new jobs. The 2008-09 budget recommends merging the Machinery and Equipment Loan Fund into the Industrial Development Fund. This consolidation will provide a larger pool of funds to address the needs of companies and will eliminate the need for two sets of program guidelines, applications and loan documents.

Please see the sections of this overview on **Pennsylvania's Tax Structure** and **Rebuilding Pennsylvania** for more information about additional components of Governor Rendell's plan to protect Pennsylvania's progress

Pennsylvania Outperforms Its Rivals

Despite concern over the dangers posed by the short-term national economic outlook, Pennsylvania is in a good position to successfully weather future economic events because strategic investments in economic growth over the past five years have enabled the commonwealth to outperform competitor states. From 2004 to 2006, Pennsylvania's three-year average annual job growth rate was higher than surrounding and competitor states like Ohio, New York, Illinois, Michigan, Massachusetts, Connecticut and New Jersey.



Overview: Economic Development

Pennsylvania's unemployment rate continues to compare favorably with unemployment rates across the rest of the country. The state unemployment rate has now been below the national rate for 11 consecutive months. Other leading indicators reinforce the fact that Pennsylvania's economy has made strong gains:

- Per capita personal income has increased by more than \$5,500, or 18.3 percent, since 2003;
- Exports are up by two-thirds – a \$10.5 billion jump – from 2002 to 2006;
- The commonwealth's gross domestic product has risen to \$510 billion, up 21 percent since 2002; and
- Venture capital investment increased by a substantial 70 percent between 2002 and 2006, to \$778 million.

Pennsylvania's dramatic economic improvement did not occur by accident. Forward-looking, business-friendly state policies and a dynamic public-sector partnership with private-sector business managers and entrepreneurs have contributed to our record gains. Governor Rendell believes the choice is clear: Now is the time to build on our success and protect Pennsylvania's progress.

Building on the Success of the Governor's Economic Stimulus Program

Since it was approved by the General Assembly in 2004, Pennsylvania's \$2.8 billion economic stimulus program has invested \$2.6 billion (to date) and created new opportunities for economic success across the commonwealth. More than 2,500 projects have already been funded with Stimulus Program resources – and have helped Pennsylvania businesses to create a projected 250,000 new jobs. The rapid pace of investment through the Economic Stimulus Program has had a significant impact on Pennsylvania's economy. The 2008-09 budget provides additional funding for several critical components of the Economic Stimulus Program. These include:

Economic and Community Development Infrastructure:

- **Infrastructure Facilities Improvement Program.** Every \$10 million of funding for this program creates approximately 20,000 new jobs, but the current pipeline of eligible projects is far greater than the supply of available resources. Without new funds, the program – which provides multi-year grants for debt service to pay the costs of infrastructure and facilities improvements – will be unable to assist any new projects. The Governor's 2008-09 budget includes an \$8 million increase for this program.

Business, Capital and Financial Assistance:

- **Keystone Innovation Zones.** The KIZ program provides technical support to early-stage companies located in strategic growth areas that are adjacent to Pennsylvania institutions of higher learning. To date, the commonwealth has created 26 Keystone Innovation Zones. By providing additional resources, another four to six zones can be created to spur investment and development in new growth areas. The Governor's 2008-09 budget includes a \$4 million increase for this program.
- **Tourist Promotion Assistance, Regional Marketing Initiative and Marketing to Attract Business.** These programs support local and regional tourism marketing efforts. Pooling these resources will lead to more effective and efficient operations. This shift in resources could produce an additional 1 percent to 2 percent growth in total tourism-related spending, which would represent more than \$15 million in new tax revenue each year. The Governor's 2008-09 budget includes a \$4 million net increase in the regional marketing program.

The budget also continues the successful "**Creativity in Focus**" film tax credit program at \$75 million in 2008-09. Creativity in Focus was established to promote the film industry in Pennsylvania – creating new jobs, promoting tourism and enhancing the commonwealth's economy. Film and television production companies can receive a tax credit if they agree to spend at least 60 percent of their total production cost in Pennsylvania. And the tax credit benefits all regions of the commonwealth. In 2007-08, the film tax credit has spurred economic activity in the urban hubs of Philadelphia and Pittsburgh and in the Lehigh Valley and Adams, Berks and McKean counties.

International Trade/World Trade PA

The success of the Governor's Economic Stimulus Program has spurred increased business activity for Pennsylvania throughout the global economy, and the commonwealth's World Trade PA program has responded by operating international offices and programs that help Pennsylvania businesses thrive in the world marketplace.

Overview: Economic Development

Pennsylvania trade and investment offices that are located in the Czech Republic, Saudi Arabia, Vietnam, Japan, China, India, Spain and Scandinavia are paying dividends. Further expansion of the overseas network this fiscal year includes: Qatar, Russia, Spain, the Netherlands, Israel and Italy. A total of \$3.25 million has been set aside for direct business assistance to Pennsylvania exporters, including \$1 million for Market Access Grants and \$2.25 million for low-interest export financing. A total of \$850,000 has been budgeted for an international media campaign, including \$250,000 for targeted “lead generation” efforts in Western Europe, the primary source of foreign direct investment in Pennsylvania. In addition, \$3 million has been budgeted for the new Pennsylvania Global Alumni program that will offer grants to Pennsylvania universities and colleges to give the commonwealth direct access to the more than 100,000 Pennsylvania alumni living overseas, with the purpose of bringing more trade and investment to the state.

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 its consumption. More than \$120.6 million in state funds and another \$297 million in federal dollars have been spent on energy programs since 2003. 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, the commonwealth has proven that investment in renewable energy is a powerful economic development strategy as well as a major step on the road towards energy independence.

It is time to expand Pennsylvania’s leadership in this vital emerging sector of the global economy. Introduced in February 2007, the Governor’s **Energy Independence Strategy** will help consumers manage energy costs, move Pennsylvania toward energy independence and stimulate the state’s economy. It will also place Pennsylvania in the top tier of states taking steps to lower consumer energy costs and significantly expand alternative fuel, clean energy and conservation measures.

The PennSecurity Fuels Initiative

The PennSecurity Fuels Initiative will foster 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 a percentage of ethanol or biodiesel. This initiative will require that 1 billion gallons of home-grown biofuels be produced and consumed in Pennsylvania by 2017 – 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. By the end of 2007, Pennsylvania businesses expected to have the annual capacity to produce approximately 60 million gallons of biodiesel fuel. More capacity will come on line in the near future.

The Energy Independence Fund

The \$850 million Energy Independence Fund will support a broad array of activities, including early-stage financing and project financing, along with new incentives for energy conservation and solar energy. The Clean Energy Greenhouse (\$56 million) will help Pennsylvania translate its wealth of clean energy research and development into products that reach the marketplace. The commonwealth will help grow renewable energy businesses through research funding to develop ideas into companies, incubator support services, an entrepreneur-in-residence program and additional funding for companies to prepare them for first-round venture financing.

Venture capital turns clean energy concepts into viable employers – but early-stage venture capital for energy projects is still scarce in Pennsylvania. The Clean Energy Venture Capital program (\$50 million) will provide resources for existing and new venture capital firms based in Pennsylvania and those firms elsewhere that invest in our companies. As a result, the commonwealth will make critical investments of \$500,000 to \$2 million that will sustain the development of emerging companies.

Governor Rendell re-established the Pennsylvania Energy Development Authority in 2004. With \$350 million in new resources through this initiative, PEDAA will be able to offer low-interest Clean Energy Loans and Clean Energy Grants to stimulate the development of innovative clean energy projects and companies.

The Energy Site Preparation program (\$150 million) will stimulate the development of highly efficient, advanced energy business sites for clean energy companies and other businesses by offering grants and low-interest

Overview: Economic Development

financing to prepare the infrastructure. As a result, businesses, local governments and economic development organizations will be able to undertake clean energy projects.

The Air Conditioner/Refrigerator (AC/R) Swap program (\$44 million) will provide rebates to Pennsylvania retailers so residential and small business customers can replace inefficient room air conditioners and refrigerators with new, high-efficiency units at a lower cost. This swap will reduce the demand for electricity at peak times, which will help lower electricity prices for Pennsylvania residents and businesses.

The Pennsylvania Sunshine program (\$200 million) will provide incentives to expand the solar market in Pennsylvania by investing in both supply and demand. The program will fund production grants for solar panels or cells manufactured and deployed in Pennsylvania and rebates to Pennsylvania residential and small business customers who use solar systems with capacity of up to 20 kilowatts.

To fund these essential investments in Pennsylvania's economy and energy security, the Pennsylvania Energy Development Authority will issue \$850 million in bonds. To support the cost of the bonds, the administration has proposed a Systems Benefit Charge of 1/20th cent per kilowatt-hour of electricity consumption – a cost of \$0.45 per month for the average household – and has also stated its willingness to explore other funding options.

The Jonas Salk Legacy Fund: Accelerating Medical Research to Create Jobs and Save Lives

Health care and higher education are two of the strongest components of Pennsylvania's economy. These two sectors account for more than one in every three of Pennsylvania's service-sector jobs. The Brookings Institution concluded in its 2003 "Back to Prosperity" report that health care and education "give the state traction in two critical growth industries." In 2006, Governor Rendell proposed the creation of **The Jonas Salk Legacy Fund** to build on these strengths by investing \$500 million in medical innovation and life-saving treatments – at no expense to the state's taxpayers. By leveraging additional private dollars, The Jonas Salk Legacy Fund will draw world-class researchers to Pennsylvania by funding the expansion of bioscience laboratories and incubators and by helping colleges, universities and academic medical centers nurture entrepreneurship in the life sciences. It will solidify Pennsylvania's status as an international center for the biosciences and lead to projected employment of more than 12,000 people.

The 2008-09 budget provides funding of approximately \$500 million through The Jonas Salk Legacy Fund for biosciences research, as well as additional resources for biotechnology commercialization and investment capital. Fully funded by a portion of Pennsylvania's Tobacco Settlement Fund revenues, the investments made possible by The Jonas Salk Legacy Fund will solidify Pennsylvania's position in the life sciences future. The fund will allow the commonwealth to dramatically accelerate the pace of new investment in the bio-medical sector without raising taxes.

The Jonas Salk Legacy Fund will support two major types of investments:

- **Starter Kits** will provide grants to renovate, furnish and equip research facilities – including the acquisition of equipment and advanced instrumentation – to assist in attracting highly rated research faculty to Pennsylvania. These Starter Kits are modest but flexible grants that create an incentive for world-class researchers to relocate to the commonwealth's leading colleges, universities and academic medical centers by providing them with the necessary instrumentation and facilities to further grow the life sciences industry in Pennsylvania.
- **Bricks and Mortar Grant Financing** - Facility infrastructure awards will cover expansion, renovation or construction of biomedical research facilities, including wet, dry and special-function laboratories.

The 2008-09 budget proposes to augment and complement the investments made through The Jonas Salk Legacy Fund by redirecting 4 percent of the tobacco revenue currently used to support the PACE program to provide additional resources for biotechnology commercialization through the Life Science Greenhouses (2 percent) and for additional funding for the Health Venture Account to be used for investment in life-sciences-focused venture capital funds (2 percent). These changes can be made with no negative impact on the financial viability of the PACE program because of the changes made to the design of PACE in 2006-07 to complement the federal Medicare prescription drug program.

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- **Increased Support for Biotechnology Commercialization in Pennsylvania**

The Life Science Greenhouse funds will be shared equally among the three Life Sciences Greenhouses in Eastern, Central and Western Pennsylvania. The LSGs were created to address the critical phase of the life sciences continuum, which occurs between university research and company formation. These regional biotechnology centers are an efficient and effective mechanism for investments in early stage life sciences companies. Companies funded and assisted through LSGs have a greater ability to successfully commercialize technologies and produce high-paying technology jobs for Pennsylvanians. The LSGs also have the ability to attract private investors to exponentially leverage the investment of the commonwealth.

- **Increased Funding for Health Venture Investments in Pennsylvania**

The Health Venture Account will provide additional capital for investments in private venture firms that extend financial resources to early stage start-ups and emerging life sciences companies in Pennsylvania. Four private venture firms have been selected by the Tobacco Settlement Investment Board to manage and leverage an initial appropriation of \$60 million. These investments are creating a pool of available capital at a rate of three to one to the invested Health Venture funds, providing the opportunity to turn Pennsylvania-based research and development into viable Pennsylvania companies offering high-wage jobs. This proposal also reinvests the returns of the Health Venture Account back into the program in order to sustain investment well into the future.

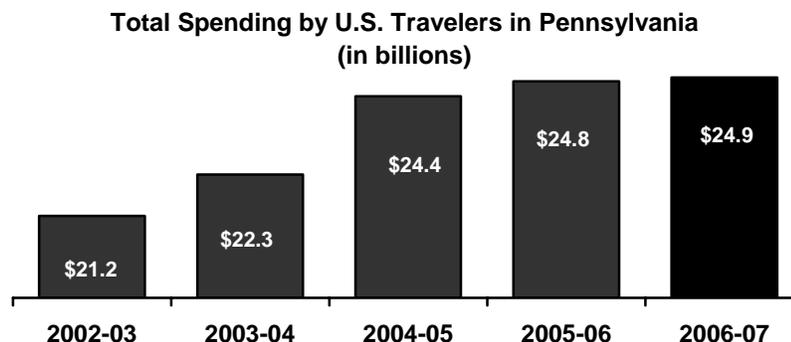
Together, these proposals address the continuum of investments needed to build life sciences companies in Pennsylvania and directly support the kinds of medical innovations and breakthroughs that can save lives.

Building a Stronger Pennsylvania

The Governor's 2008-09 budget calls for the enactment of Governor Rendell's **Prescription for Pennsylvania** health care reform agenda. The state's health care system is in crisis, with soaring costs putting pressure on businesses and families and with thousands of people lacking insurance or with limited access to care. Successfully reforming our health care system will not only resolve these and other problems but will also strengthen the commonwealth's ability to attract and retain new businesses. **Prescription for Pennsylvania** will increase access to affordable health care for all adults in Pennsylvania, expand the availability of health care, improve the quality of care and help bring health care costs under control for employers and employees. In addition, by making it possible for uninsured adults to purchase affordable health insurance, **Prescription for Pennsylvania** will ratchet down the 6.5 percent of health insurance premiums that currently cover the cost of caring for the uninsured. Please see the Prescription for Pennsylvania Theme for additional information on this initiative.

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 U.S. spending nearly \$25 billion each year in Pennsylvania – an increase of 17.5 percent since 2002-03, and with international visitors contributing an additional \$2 billion per year.



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

Overview: Economic Development

Spending by tourists on a variety of travel-related goods and services supports 600,000 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 \$2.5 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 two 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 3.9 million people between 2004 and 2006, an 11.4 percent increase. This increase in visitors has helped fuel demand for hotel rooms in the region, up 5.3 percent since 2003, and has also helped to drive up the state's hotel tax revenues by \$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 2007. Since 2002, the community of Ridgway has seen 30 historic homes improved, 20 new businesses started and retained and hotel tax receipts rise by 20 percent. Dark-sky destination Cherry Springs State Park has seen attendance increase by 36 percent in the past year. 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. The Great Allegheny Passage, completed in 2006, is part of a trail system that extends from McKeesport to Washington, D.C. The Great Allegheny Passage receives an estimated 350,000 visitors per year who contribute an estimated \$7 million to the economies of trail towns located along its span. Administration investments continue to support trail town revitalization, and in 2008 a 19-mile addition will connect the trail to Pittsburgh, timed for the city's 250th anniversary celebration.
- 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 was estimated to have a direct tourism impact of \$1.28 million on the local economy in 2007.

Growing Greener II Continues to Improve Our Environment

Governor Rendell has championed an agenda for Pennsylvania's future that is based on a belief that the commonwealth can achieve tremendous economic growth and also create a cleaner environment through strategic investments that preserve our natural resources, our farms and our open spaces, thereby revitalizing our communities and improving our quality of life. To implement this vision and address some of Pennsylvania's most critical environmental concerns, Governor Rendell proposed the Growing Greener II plan. This plan was enacted by the General Assembly and approved by the state's voters in 2005. The \$625 million, six-year Growing Greener II program is providing:

- \$230 million to the Department of Environmental Protection to clean up rivers and streams, take on serious environmental problems at abandoned mines and contaminated industrial sites, and finance the development and deployment of advanced energy projects;
- \$217.5 million to the Department of Conservation and Natural Resources to preserve natural areas and open spaces, improve state parks and enhance local recreational needs;
- \$80 million to the Pennsylvania Department of Agriculture to protect working farms;
- \$50 million to the Department of Community and Economic Development to revitalize communities through investments in housing and mixed-use redevelopment projects;
- \$27.5 million to the Pennsylvania Fish and Boat Commission to repair fish hatcheries and aging dams; and
- \$20 million to the Pennsylvania Game Commission for habitat-related facility upgrades and repairs.

Overview: Economic Development

Now in its third year, Growing Greener II is on track to reach the halfway mark of the authorized \$625 million. Since the program began, more than 600 environmental improvement and land conservation projects have been announced. Projects include \$57 million for 133 community park, recreation, state park and state forest improvement projects; \$33 million for 55 projects that will preserve more than 22,000 acres of open space; and \$42 million for 38 abandoned mine reclamation, acid mine drainage abatement and innovative treatment of deep mine discharge projects. Statewide, \$80 million will be used to purchase agricultural conservation easements through Pennsylvania's farmland preservation program, which has become a model for the nation. More than \$57 million in Growing Greener II funding has been spent so far to preserve 20,827 acres on 193 farms.

In the Growing Greener II program, counties are authorized to spend \$90 million on local priorities based on their unique needs. Sixty counties have applied for more than \$60 million for projects, including: stream bank stabilizations, water and sewer infrastructure improvements, local park and playground improvements, and the cleanup of acid mine drainage. The bulk of the county projects fall under program categories within the Department of Environmental Protection (\$33 million) and the Department of Conservation and Natural Resources (\$21 million).

Gaining Momentum

Pennsylvania is gaining economic momentum and drawing increased international attention because of the wise investments made under the Governor's Economic Stimulus Program and the commonwealth's other economic development initiatives. Record levels of business activity – including an 18.2 percent increase in exports from 2005 to 2006, significant advances in job growth and unprecedented visitation and traveler spending – reflect this momentum. Governor Rendell has developed a plan to build upon this success through proactive investments in several key business sectors that will have an even greater impact on Pennsylvania's economy and enable it to weather short-term, national economic challenges. There is little disagreement among experts that health care, medical research and energy will play an integral role in Pennsylvania's future. The decisions made today about how Pennsylvania invests in these crucial industries will define Pennsylvania's economy and our quality of life for generations to come.

Rebuilding Pennsylvania

When the I-35W bridge in Minneapolis collapsed last summer and 13 people lost their lives, Americans saw a stark example of the fragile state of our nation's infrastructure. Unfortunately, every state in the nation has bridges and other infrastructure suffering from structural deficiencies, and no state has sufficient resources to address all of the repair needs. The Governor's Rebuilding Pennsylvania infrastructure initiative proposes nearly \$250 million in new funding in 2008-09 to begin addressing overdue repairs to dangerous bridges and dams in our commonwealth, as well as investing in necessary improvements to economically critical aviation and rail freight facilities. In addition to repairing our commonwealth's aging infrastructure, this initiative will help Pennsylvania's economy at a time when concerns are growing about a possible national economic downturn.

The Governor's Rebuilding Pennsylvania infrastructure initiative is a critical component of the Governor's Protecting Our Progress plan, a set of initiatives that are intended to enable the commonwealth to weather a possible short-term economic slowdown. For more information on **Protecting Our Progress**, please see the other sections of this overview, including Protecting Our Progress, Building Pennsylvania's Competitive Edge and Pennsylvania's Tax Structure.

Ramping Up Repair – 1,000 Rebuilt Bridges by 2010-11

- Over the last five years, Governor Rendell's administration has spent \$3.8 billion to repair or rebuild 1,381 Pennsylvania bridges. Achieving this level of bridge repair is a first for the commonwealth. But in spite of this historically high level of completed bridge repair projects, more than 5,900 of Pennsylvania's state-owned bridges more than 8 feet long remain structurally deficient. Many of these bridges are in need of urgent repair. Governor Rendell proposes to expedite the repair of these bridges by strategically using the funds available to the commonwealth for road and bridge construction. This fast-track approach will ensure that 1,000 additional bridges are under construction by 2010.

The 2008-09 budget proposes to add \$200 million a year in new capital funding for bridge repair each year for the next 10 years. In addition, the Governor proposes to direct a larger portion of current bridge funding to address the most critical bridges. As a result, \$15.5 billion will be targeted to bridge repairs over the next 10 years, financed with existing resources. In addition to targeting funds to the bridges most in need of repair, the Governor has directed the Pennsylvania Department of Transportation to use more accelerated approaches in contracting for bridge repair. Included among the contracting changes are:

- Maximum use of design-build contracting;
- Grouping contracts by similar bridge type and by geographic area to maximize contractor competition, contractor capability and construction efficiency;
- Jump-starting increased bridge construction lettings by initially emphasizing rehabilitation projects that require the least lead time;
- Initiating an expanded program of design and environmental work on longer lead time replacement projects;
- Maximizing the contract production capabilities of the Department of Transportation's District Offices through streamlined design, utility and right-of-way procedures;
- Use of "Smart Transportation" principles to ensure that designs are efficient, cost-effective and fit within the community; and
- Use of 100-year design life for all replacement projects.

Safety First – Pennsylvania's Dam Repair Program

The world watched in horror as Hurricane Katrina caused levees to break and flood the city of New Orleans in August 2005. The commonwealth is taking this lesson to heart and is embarking on an initiative to ensure that the

24 state-owned, unsafe, high-hazard dams are repaired by 2010. Seven of these dams are already in the design or construction bidding stages, leaving a balance of 17 dams that must be repaired to protect Pennsylvania residents and businesses. The Governor's 2008-09 budget provides \$12 million in capital funds to repair these dams. A total of \$37 million in capital funds will be directed to remediating state-owned dams over the next two years.

While one of the unsafe dams is the responsibility of the Department of Military and Veterans Affairs, the other dams are managed by the Fish and Boat Commission. The commonwealth has traditionally not used General Fund resources to construct or repair Fish and Boat Commission facilities. However, given the potential risk to downstream communities, the commonwealth must step forward to ensure public safety.

Commonwealth dams are not the only unsafe, high-hazard dams in the state. Another 21 unsafe, high-hazard dams are owned by local governments. The Governor's 2008-09 budget proposes to assist local governments in the repair of these dams by launching a matching grant program wherein the state provides up to 30 percent of the cost of repairs. The commonwealth will provide a total of \$6.6 million for the new grant program, to be managed by the Pennsylvania Infrastructure Investment Authority.

Protecting Homeowners – Pennsylvania's Flood Prevention Program

Flooding has been a consistent problem in Pennsylvania because of the state's 54,000 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 Governor's 2008-09 budget proposes more than \$100 million through 2010 to make flood-prone communities safe. These new funds will come from two sources. The first is a recurring \$3 million increase in the flood mitigation program managed by the Department of Environmental Protection. The second is an annual increase in capital funds that will provide \$13 million in new flood projects in 2008-09, growing to \$58 million in 2010-11. The budget also proposes that a dedicated fund be created to collect a surcharge on property insurance premiums for structures located in flood plains. The funds collected will cover the debt service costs associated with these flood projects.

The Governor's 2008-09 budget includes \$1.3 million for the Department of Environmental Protection and \$200,000 for the Pennsylvania Department of Emergency Management and Homeland Security to provide increased administrative support for the expanded flood mitigation programs. In addition, \$2.4 million is proposed for the Department of Conservation and Natural Resources for flood mapping activities to update floodplain maps.

On Track – Pennsylvania's Rail Freight Economic Development Program

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. Given the rising cost of oil, more companies are turning to rail to move their raw materials and finished products more economically. The Governor's 2008-09 budget proposes to add \$30 million in capital capacity for rail freight expansion over the next three years, enabling the allocation for these capital projects to grow from \$20 million to \$30 million annually.

In 2007, 36 applications were received from private and public entities for approximately \$90 million in state funds available for various rail projects, including timber and track rehabilitation, replacement and construction – more than four times the state budget available to fund rail projects. The commonwealth was able to award only 12 grants totaling \$20 million during 2007-08. Those projects, when completed, will ensure safety in operations, provide efficient and more reliable service to businesses along the rail lines, create economic development opportunities in the commonwealth and help limit the number of long-haul trucks on our highways. Pennsylvania needs to continue investing in existing and new projects that assist in the development of the state's rail freight infrastructure.

Job Creation Takes Off – Pennsylvania's Aviation Economic Development Program

Increasingly, the economic potential of Pennsylvania's small to medium-sized cities is being held back by a lack of passenger and freight airport capacity. Where local and regional airports can demonstrate that specific economic development objectives can be met by a facility expansion, the Governor proposes to make resources available to respond to these critical needs. While the commonwealth successfully used the limited funding available over the past five years, additional funding is needed for 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. This approach is exemplified by the construction of hangar facilities to allow a maintenance facility expansion at the Lancaster Regional Airport, the expansion of an aircraft hangar at the Arnold Palmer Regional Airport in Westmoreland County, the enlargement of the terminal at the Wilkes-Barre International Airport and the construction of an air traffic control tower at University Park Airport — the busiest commercial airport in the U.S. currently without a control tower. Pennsylvania's aviation industry generates more than \$12.6 billion (based on a 2002 study) in activity annually and creates more than 288,000 jobs. The Governor's 2008-09 budget proposes targeted resources to address medium/small-city/regional airport expansion by providing \$15 million in new capital funding over the next three years.

Pennsylvania Infrastructure Bank

The Pennsylvania Infrastructure Bank is a low-interest loan program managed by PennDOT, which provides low-cost financing for highway, bridge, aviation, rail freight and public transportation projects. Since inception, the Infrastructure Bank has approved 127 loans worth \$72.3 million to municipalities and local authorities, among other recipients. These loans have leveraged an additional \$242.1 million of federal, state, local and private funds. As part of the Rebuilding Pennsylvania infrastructure initiative, the spending authority for the Infrastructure Bank will be increased from \$17 million to \$30 million in 2007-08 and continue at the \$30 million level in 2008-09.

Rebuilding Pennsylvania's Infrastructure

As the tragedies in Minneapolis and New Orleans illustrated, the safety and security of people and property require the proper management and maintenance of our critical public infrastructure. As the nation's bridges, dams, airports, railways and roads continue to age and the cost to maintain or replace these systems skyrockets, deciding how to preserve our public works infrastructure becomes ever more challenging. Complacency, however, is not an option. The Governor's Rebuilding Pennsylvania infrastructure initiative represents a proactive approach that will result in dramatic improvements to the commonwealth's bridges, dams, airports and railways. It will also bring substantial economic benefits to the commonwealth as concerns about the national economy are growing.

Rebuilding Pennsylvania's Infrastructure: Funding Summary (in millions)

| | 2008-09 | 2009-10 | 2010-11 |
|---|----------------|----------------|----------------|
| <u>New Capital Funds</u> | | | |
| Bridge Repairs | \$200.0 | \$200.0 | \$200.0 |
| State-owned Dam Repairs | \$12.0 | \$25.0 | \$0 |
| New Flood Projects | \$13.0 | \$20.0 | \$58.0 |
| New Aviation Projects | \$5.0 | \$5.0 | \$5.0 |
| New Rail Freight Projects | \$10.0 | \$10.0 | \$10.0 |
| Total—New Capital Funds | \$240.0 | \$260.0 | \$273.0 |
| <u>New General Fund Expenditures</u> | | | |
| Treasury Debt Service | \$0 | \$2.5 | \$5.3 |
| PENNVEST Local Dam Repairs | \$2.2 | \$4.4 | \$0 |
| Environmental Protection Flood Control Projects | \$3.0 | \$3.0 | \$3.0 |
| Conservation and Natural Resources Infrastructure Mapping | \$2.4 | \$0 | \$0 |
| Emergency Management and Homeland Security New Flood Mitigation Positions | \$0.2 | \$0.2 | \$0.2 |
| Environmental Protection New Flood/Dam Positions | \$1.3 | \$1.3 | \$1.3 |
| Total—General Fund | \$9.1 | \$11.4 | \$9.8 |
| <u>New Motor License Fund Expenditures*</u> | | | |
| New Bridge Repair Debt Service | \$1.8 | \$16.7 | \$32.6 |
| <u>Flood Remediation Fund Expenditures</u> | | | |
| New Flood Projects Debt Service | \$0 | \$1.2 | \$3.3 |
| Total—All Funds | \$250.9 | \$289.3 | \$318.7 |

*In addition, the Governor's Rebuilding Pennsylvania infrastructure initiative includes an increase to the spending authority for the Pennsylvania Infrastructure Bank from \$17 million to \$30 million in 2007-08. Continuation of the \$30 million appropriation level is proposed for 2008-09.

Prescription for Pennsylvania

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

Approximately 767,000 adults in Pennsylvania lack health insurance. The uninsured pay a terrible price for their inability to afford health care, including being subject to more frequent and more severe illnesses. Pennsylvanians who have insurance also pay a price: An estimated 6.5 percent of insurance premiums paid by businesses and individuals go just to cover the cost of health care for the uninsured. As a result, every Pennsylvanian is paying for the commonwealth's inadequate health care system.

In January 2007, Governor Rendell proposed the **Prescription for Pennsylvania**. The plan has three major components:

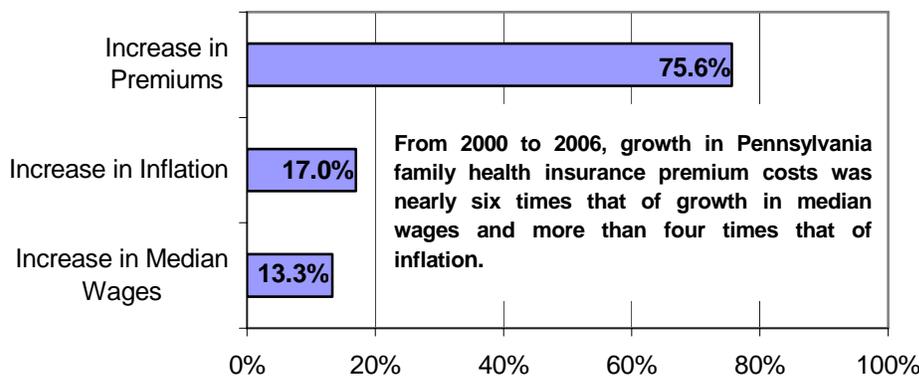
- Guaranteeing affordable health care to Pennsylvania businesses and individuals;
- Expanding access to the right kind of care, at the right time and place, and for the right cost; and
- Improving the quality of care that Pennsylvanians receive.

Prescription for Pennsylvania will lower the cost of health care for all Pennsylvanians, including employers, while improving the quality of the health care our residents receive. By driving down the cost of health care for businesses, we can help more families get coverage while ensuring that businesses are not forced to drop health care coverage for their employees.

Several components of the **Prescription for Pennsylvania** have already been successfully implemented. But the commonwealth has failed to adopt many of the most crucial elements. As a result of these delays in addressing health care affordability, access and quality, Pennsylvania businesses, consumers and taxpayers are losing millions of dollars every day – and billions of dollars a year.

The delay is particularly harmful for Pennsylvania's businesses. Paying for health care for employees and their families is extraordinarily challenging for Pennsylvania's employers. Pennsylvania spends 11 percent more per person on health care than the U.S. average, and our health care costs are increasing twice as fast as average wages. Given the rate of growth in health care costs, it is perhaps not surprising that nearly half of Pennsylvania's small businesses do not offer health insurance to their employees.

Growth in Family Health Insurance Premiums



In addition, the total number of employers providing health insurance is going down. Between 2000-01 and 2005-06, more workers in Pennsylvania lost employer-provided health insurance than workers in any other state in the nation except California. If the remaining key components of the **Prescription for Pennsylvania** are not enacted, even more working Pennsylvanians are likely to lose coverage.

Other states – which compete with Pennsylvania for jobs and residents – continue to make headway in addressing the challenges of health care reform:

- Three states – Massachusetts, Vermont and Maine – have passed legislation to make affordable health care available to all or nearly all of their residents.

- Eleven other states have proposed comprehensive health care reform initiatives.

Prescription for Pennsylvania has been hailed nationally for its comprehensive and pragmatic approach. It 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

The commonwealth is making progress in implementing the **Prescription for Pennsylvania**. Over the last year, the state has made strides in reducing health care costs and improving the quality of care – including steps that will reduce health-care-associated infections, expand access to health care professionals, and provide new tools to address chronic diseases:

- **In 2007 Pennsylvania adopted the most comprehensive plan in the nation for eliminating health-care-associated infections.**

Each year, Pennsylvanians contract more than 20,000 cases of health-care-associated infections – infections that are contracted in a health care setting. These avoidable infections contributed to nearly 2,500 deaths, increased the average hospital stay by more than 16 days and resulted in \$3.5 billion in hospital charges. Eliminating these infections saves lives and money.

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. In addition, health care facilities that reduce infections by at least 10 percent and meet other quality benchmarks will receive performance payments from the commonwealth. This budget recommends \$4.6 million for health-care-associated infection-reduction initiatives in 2008-09.

- **Pennsylvania is ensuring that licensed health care providers – including nurses, midwives, physicians' assistants and dental hygienists – can practice to the fullest extent of their training.**

Pennsylvania has consistently lagged behind other states in fully utilizing health care providers who are not physicians. For example, Pennsylvania was the only state in the nation that failed to allow nurse midwives to prescribe medicine when necessary. In addition, because dental hygienists were not allowed to take on greater responsibilities, Pennsylvanians in underserved rural areas were denied access to care. Enabling medical professionals to perform all of the duties they are trained and qualified for improves patients' access to care and drives down the cost of care.

In July 2007, Governor Rendell signed several bills into law that expand the ability of the following medical professionals to serve Pennsylvanians:

- physicians' assistants
 - certified registered nurse practitioners
 - clinical nurse specialists
 - nurse midwives
 - dental hygienists
- **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. As a result, in 2005 \$1.7 billion in hospital charges for patients age 64 and younger could have been avoided with effective chronic-disease management, which will both cut costs and improve quality of life.

The **Prescription for Pennsylvania** aggressively addresses prevention, detection and treatment of chronic diseases. The Chronic Care Management, Reimbursement and Cost Containment Commission was created by an Executive Order in May 2007 to improve the delivery of health care to Pennsylvanians with chronic diseases. The commission is responsible for developing the process to effectively manage chronic diseases across the state. It will design the informational, technological and reimbursement infrastructure needed to support implementation of a strategy to improve quality outcomes and cost-effective treatments for patients with chronic diseases. This budget recommends \$2.2 million for chronic care management in 2008-09. In addition, this budget includes \$5 million to develop and begin implementation of a statewide information technology system that will enable health care providers to better coordinate patient care.

- **Pennsylvania is eliminating disparities in health care.**

Racial and ethnic minorities tend to receive lower-quality health care than others, even when insurance status, income, age and severity of condition are comparable. In May 2007, Governor Rendell signed an Executive Order creating the commonwealth's Office of Health Equity. The office is responsible for raising public awareness about health disparities and working across government and private-sector lines to eliminate them. This budget recommends \$500,000 for health equity strategies in 2008-09.

- **Pennsylvania is expanding access to health care services.**

The commonwealth's 2007-08 budget includes \$2.9 million to increase access to primary health care in underserved areas, including new community health centers and mobile health clinics. This budget recommends an additional \$1.9 million to further increase access to primary medical and dental care, including a new nurse loan-repayment program, an enhanced primary care practitioner loan-repayment program and an expanded community challenge grant program, for a total of \$4.8 million in 2008-09.

The budget also includes \$11.3 million to provide prescription drug coverage to approximately 43,000 low-income adults who qualify for Medical Assistance but who are not currently eligible for pharmaceutical benefits. When fully implemented, the change will mean that all Medical Assistance recipients will have prescription drug coverage comparable to that planned for the Cover All Pennsylvanians program for the uninsured. The alignment of these drug benefits will be done in conjunction with the implementation of Cover All Pennsylvanians.

Also recommended in this budget is \$100,000 to assess opportunities for increasing the availability of hospice and palliative care services through state health care programs and private health care insurance products.

- **Pennsylvania is improving nutrition in our schools.**

Research shows that children will perform better in school and reduce their risk for obesity and related illnesses if they have a healthy lifestyle. At least 55 percent of Pennsylvania's school districts have agreed to adopt high state standards for the food served in school cafeterias and vending machines. Participating schools are eligible for \$6 million in state-funded incentives in 2007-08, the first year of the initiative. This budget recommends \$6.2 million to continue this initiative in 2008-09.

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

- **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 166,969 in January 2008. Enrollment is expected to grow to new highs of 185,764 in 2008-09 and 215,823 by 2011-12.

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 (\$62,000 for a family of four). Family premiums range, on average, between \$41 and \$65 per month per child.
- Offers at-cost coverage for children in families whose income exceeds 300 percent of the federal poverty level (on average, \$163 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 133,000 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 407,575 in 2008-09 – an increase of 49 percent over the last five years.

Pennsylvania's Medical Malpractice Reforms Are Working

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 five 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:

- The number of practicing physicians has remained stable, meaning there is not an exodus of doctors from Pennsylvania.
- 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 and 45 percent. Just a few years later, in 2006 and 2007, both held their rates steady, with no increases. And for 2008, those two largest insurers decreased their rates.
- There is now also renewed interest in underwriting in the Pennsylvania market. Since April of 2002, 57 new entities are writing medical malpractice insurance in the state.
- 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 (Mcare) fund. For the fourth consecutive year, the total dollar amount of medical malpractice claims paid by the Mcare fund is down. In fact, in 2007 Mcare paid half as much in claims as in 2003. The total value of the claims paid out in 2007 was the lowest of any year since 1994.

- The number of statewide medical malpractice claims was 38 percent lower in 2006 than the base period of 2000 to 2002 before medical malpractice reforms were implemented.

One of the successful reforms that led to this stunning turn-around was the creation in 2003 of the Mcare Abatement program. Through a 25-cent-per-pack cigarette tax which is paid into the state's Health Care Provider Retention Account, the commonwealth has 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. Eligible specialists in high-risk medical fields and other high-need providers receive a full 100 percent abatement of their Mcare assessments. All other eligible health care providers receive a 50 percent abatement.

Since 2003, health care providers have received nearly \$1 billion in Mcare payment relief as a result of the abatement program. Thanks to Governor Rendell's efforts to support the abatement program and other medical malpractice cost containment reforms, the commonwealth continues to offer a supportive climate for retaining and attracting quality health care providers for Pennsylvania's outstanding medical facilities.

Unfinished Business: Filling the Prescription for Pennsylvania

Hundreds of thousands of uninsured Pennsylvania adults wake up each morning with the very real fear that a sudden 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.

- **“Cover All Pennsylvanians” will provide affordable basic health insurance for small businesses and 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. The plan to Cover All Pennsylvanians is the solution to these problems.

Health coverage under Cover All Pennsylvanians will be offered through private insurance companies. Employers can participate if they have not offered health care coverage to their employees for at least six months, if they have 50 or fewer employees and if, on average, these employees earn less than the state average wage. All uninsured adults in Pennsylvania – no matter what their employment status or income level – will be able to purchase affordable health insurance through this program. In addition, a family of four that earns up to \$62,000 a year will receive help from the state in paying part of its premiums.

The total cost for Cover All Pennsylvanians is projected to be \$479.5 million in 2008-09. In his 2007-08 budget, Governor Rendell proposed the establishment of a Fair Share Assessment to help fund the initiative. In an effort to reach a compromise on the assessment concept, the 2008-09 budget replaces the assessment with alternative funding streams. In the revised Cover All Pennsylvanians funding plan, state funding for Cover All Pennsylvanians would come from the following sources:

- Existing state funds used to support the more limited adultBasic program, which would be folded into Cover All Pennsylvanians;
- A small increase in the cigarette tax and a new tax on other tobacco products, including smokeless tobacco (Pennsylvania is the only state in the nation that does not tax other tobacco products);
- Gradual redirection of state-provided uncompensated care payments to health care institutions as the number of patients requiring uncompensated care declines, beginning in 2009-10; and
- Use of available balances from the state's Health Care Provider Retention Account, after funding has been provided for the commonwealth's Mcare-related obligations, beginning in 2011-12.

Cover All Pennsylvanians will also be funded with federal Medicaid matching funds, employer contributions and enrollee premiums. The chart at the end of this overview provides a summary of expected costs and funding sources over the next several years. The revenue sources for Cover All Pennsylvanians are sustainable and their use for this program does not negatively impact any funding needed for existing state programs.

Cover All Pennsylvanians will begin providing health care coverage on a phased in basis in July 2008, assuming timely passage of state legislation and approval by the federal government for the use of federal matching funds to help cover individuals with incomes no greater than 300 percent of the federal poverty level who are currently not eligible for Medical Assistance. While the majority of the uninsured will enroll in the subsidized component of Cover All Pennsylvanians, including those transferring from the existing adultBasic program, some will be eligible for the commonwealth's existing Medical Assistance program. Others will purchase health care coverage through Cover All Pennsylvanians at the same affordable premium rate that the commonwealth pays.

In addition to Cover All Pennsylvanians, the commonwealth needs to enact other important elements of **Prescription for Pennsylvania:**

- **Protecting public health by banning smoking in public places.** Prescription for Pennsylvania includes an indoor smoking ban that will make workplaces, restaurants and bars smoke-free.
- **Protecting 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.
- **Providing more appropriate sites for the treatment of health conditions that do not need emergency room care.** Pennsylvanians are the highest users of emergency rooms in the nation, and our rate of increase is growing twice as fast as the U.S. average. In 2007, half of emergency room visits were estimated to be for conditions that did not require immediate treatment. By redirecting these visits to more appropriate sites, the potential cost savings could be as much as \$232 million. The **Prescription for Pennsylvania** calls for requiring hospitals to immediately screen and redirect patients who go to emergency rooms but do not need emergency care to more appropriate health care settings within the hospital.

Continuing the Commitment to Successful Medical Malpractice Reform and Assuring Access to Health Insurance for All Pennsylvanians

The reforms that have been implemented since 2002 have begun to yield substantial improvements in Pennsylvania's medical malpractice climate. More insurance companies are writing medical malpractice policies in Pennsylvania, the number of malpractice cases has dropped sharply and Mcare claim payments in 2007 were half of what they were in 2003. As a result of this dramatic improvement in the medical malpractice market, the Health Care Provider Retention Account currently has a \$400 million balance.

The Mcare abatement program was introduced to reduce physicians' malpractice expenses in order to ensure access to quality health care for all Pennsylvanians. The positive impact of recent malpractice reforms enables the commonwealth to consider other ways to ensure access to quality health care for Pennsylvanians.

Based on these circumstances, the commonwealth is prepared to take two important steps to support the continuing improvement in the medical malpractice climate and to further improve health care access for Pennsylvania residents:

- At the end of December 2007, legislative authorization to continue the Mcare abatement program expired. Governor Rendell supports the renewal of the program. Moreover, instead of extending the Mcare abatement by just one year at a time, as has been the practice of the General Assembly since the program's creation, Governor Rendell advocates greater predictability for health care providers through the enactment of a multi-year abatement renewal. Doctors, midwives and other beneficiaries deserve the security of knowing that this important assistance will continue.
- Governor Rendell also supports the enactment of legislation to implement Cover All Pennsylvanians in tandem with a renewal of the Mcare abatement, using unspent balances in the Health Care Provider Retention Account not needed for the abatement program to help fund Cover All Pennsylvanians.

Overview: Health Care

Because it will bring about improvements in health care affordability, accessibility and quality, **Prescription for Pennsylvania** is a sound, realistic approach to building a better health care system for Pennsylvania's business and families – increasing the well-being of Pennsylvanians and the economic competitiveness of the commonwealth. As a result of the dramatic improvements in the medical malpractice insurance market since 2002 the commonwealth can support a multi-year Mcare abatement to continue to assure access to care for Pennsylvanians by keeping physicians practicing in the state. Implementation of the remaining elements of the **Prescription for Pennsylvania**, including **Cover All Pennsylvanians**, 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.

Cover All Pennsylvanians

State Receipts and Disbursements

| | (Dollar Amounts in Thousands) | | | | |
|---|-------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2008-09 Estimated | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
| Cash Balance, Beginning | \$ 0 | \$ 76,669 | \$ 67,452 | \$ 34,225 | \$ 10,001 |
| Receipts: | | | | | |
| Cigarette Tax..... | \$ 66,100 | \$ 64,900 | \$ 63,700 | \$ 62,500 | \$ 61,400 |
| Other Tobacco Products Tax..... | 48,000 | 50,500 | 53,400 | 56,500 | 59,700 |
| Transfer from General Fund..... | 0 | 8,494 | 15,681 | 18,294 | 18,947 |
| Transfer from Tobacco Fund..... | 49,462 | 76,764 | 78,969 | 78,282 | 76,149 |
| Transfer from Community Health Reinvestment..... | 121,912 | 84,823 | 88,216 | 91,745 | 95,415 |
| Transfer from Health Care Provider Retention..... | 0 | 0 | 0 | 25,831 | 72,478 |
| Total State Revenues | 285,474 | 285,481 | 299,966 | 333,152 | 384,089 |
| Total Funds Available | \$ 285,474 | \$ 362,150 | \$ 367,418 | \$ 367,377 | \$ 394,090 |
| Disbursements: | | | | | |
| Insurance | | | | | |
| Administration..... | \$ 20,745 | \$ 7,568 | \$ 7,510 | \$ 8,206 | \$ 8,006 |
| Program Costs (CAP)..... | 154,612 | 261,500 | 296,424 | 318,334 | 343,387 |
| Labor and Industry | | | | | |
| Administration..... | 2,902 | 1,013 | 548 | 561 | 574 |
| Public Welfare | | | | | |
| Administration..... | 22,168 | 8,539 | 8,909 | 9,094 | 9,296 |
| Program Costs (Medical Assistance)..... | 8,378 | 16,078 | 19,802 | 21,181 | 22,826 |
| Total State Spending..... | -208,805 | -294,698 | -333,193 | -357,376 | -384,089 |
| Cash Balance, Ending | \$ 76,669 | \$ 67,452 | \$ 34,225 | \$ 10,001 | \$ 10,001 |

Total Program Cost

| | (Dollar Amounts in Thousands) | | | | |
|--|-------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2008-09 Estimated | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
| Total State Spending..... | \$ 208,805 | \$ 294,698 | \$ 333,193 | \$ 357,376 | \$ 384,089 |
| Employer Share..... | 2,033 | 4,738 | 8,066 | 9,253 | 10,717 |
| Enrollee Share..... | 77,462 | 184,628 | 221,493 | 238,637 | 258,851 |
| Federal Funds | | | | | |
| Insurance Administration..... | 0 | 5,046 | 5,007 | 5,470 | 5,337 |
| Insurance Program..... | 181,380 | 306,608 | 347,322 | 372,942 | 402,228 |
| Labor and Industry Administration..... | 0 | 675 | 366 | 374 | 383 |
| Public Welfare Administration..... | 0 | 5,696 | 5,940 | 6,064 | 6,201 |
| Public Welfare Program..... | 9,835 | 18,874 | 23,245 | 24,864 | 26,796 |
| Subtotal Federal Funds..... | 191,215 | 336,899 | 381,880 | 409,714 | 440,945 |
| Total Program Cost..... | \$ 479,515 | \$ 820,963 | \$ 944,632 | \$ 1,014,980 | \$ 1,094,602 |

Education - Investing in Our Children, Preparing for the Future

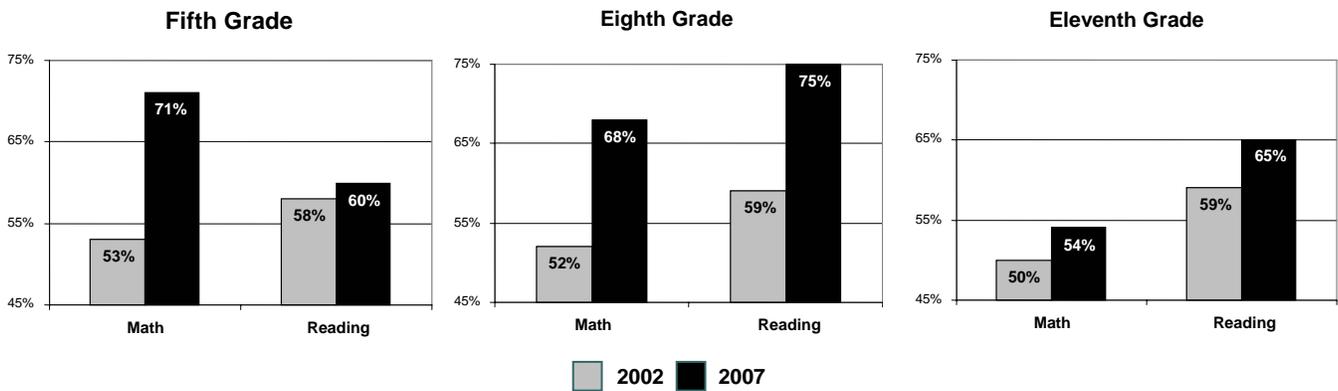
Governor Rendell has made education a top priority for Pennsylvania – championing new investment and greater accountability as critical to the commonwealth’s economic development strategy and in fulfillment of our moral imperative to ensure that today’s students have the opportunity to succeed in the competitive, high-skills knowledge economy of the future. And Pennsylvania’s investment in education is paying off with greater student achievement across the state and in every grade.

Since 2003, Governor Rendell and the Pennsylvania General Assembly have made \$2.4 billion in new educational investments in programs that have been proven to work in boosting achievement. Major statewide reforms are changing the face of public education from the first day of pre-kindergarten to the last day of high school. The commonwealth has also been making progress in ensuring that all school districts reach adequate resource levels.

As a result of these efforts, student achievement in Pennsylvania is on the rise – with improvements in elementary, middle and high schools over the last five years.

Math and Reading Achievement On The Rise, 2002 vs. 2007

Percentage of Students On Grade Level



In fact, 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.” Moreover, the commonwealth ranked 10th in the nation in education performance and policy on the 2008 Quality Counts report. In that report, Pennsylvania earned an overall “B-” grade, which was exceeded by only three other states.

Pennsylvania is making important progress in preparing the next generation of leaders, entrepreneurs and innovators – and we cannot afford to lose momentum now. Looking to the future, Pennsylvania faces two essential challenges that it must meet in order to ensure that our students are prepared to compete in the global economy.

First, every student – regardless of family income, background or any other factor – 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. That process starts with the first day of pre-kindergarten and ends with the last day of high school.

Building a Better School Funding System

Just as targeted investment in proven educational strategies is imperative to increasing student achievement, so is a school funding formula that ensures adequate resources in every Pennsylvania community. In July 2006, the General Assembly passed bipartisan legislation directing the State Board of Education to conduct a “costing-out study” to determine the level of funding needed in each school district in order to help all students meet the state’s academic standards. Released in November 2007, this report provided, for the first time ever, a Pennsylvania-specific per-pupil dollar target for achieving adequate funding levels in each of the commonwealth’s school districts.

The study – ***Costing Out the Resources Needed to Meet Pennsylvania’s Public Education Goals*** – concluded that 30 of Pennsylvania’s 501 school districts are spending a total of \$188.8 million more than the amount necessary to adequately fund their schools, while 471 school districts, which educate 92 percent of the commonwealth’s students, are spending less than the amount shown to be necessary. The study concluded that Pennsylvania is short-changing adequate funding of its students’ education by an average of \$2,414 per pupil – ranging from \$15 per student in Potter County’s Galeton School District to \$6,437 per student in Berks County’s Reading School District.

The legislature’s costing-out study reinforces the importance of having a school funding formula that bases resource decisions on what research shows it takes to provide a quality education. The **2008-09 basic education subsidy includes a \$291.3 million (6 percent) increase** to demonstrate the commonwealth is serious about providing adequate resources using a real funding formula. The following chart summarizes how the 2008-09 basic education subsidy will be distributed to school districts.

2008-09 Basic Education Subsidy Proposal

The school district’s **2006-07 funding (or adequacy) target** is calculated using the formula recommended by the legislature’s costing-out study:

- \$8,355 per student in **base funding** (which represents the \$8,003 per student base funding amount included in the study for 2005-06, increased by the statewide school inflation index);
- **additional funding** for every student who is **low-income** or an **English-language learner**; and
- **adjustments** based on each school district’s **size** and the **cost of living** in its region of the state.

The **adequacy target** is then compared to the school district’s **actual spending** in 2006-07.

The resulting **gap** between the adequacy target and the district’s actual spending is then adjusted to reflect each school district’s **tax burden** and the **level of local wealth**, resulting in a **state funding goal**.

The 2008-2009 school year begins the multi-year process of phasing in the resulting state funding adequacy goal for each school district.

Continuing to boost achievement so all children receive the high-quality education they deserve – and our economy demands – will require an ongoing commitment to adequate resources and to high levels of accountability to ensure that every taxpayer dollar is spent most wisely on behalf of the commonwealth’s students.

A number of states that have pursued similar strategies for reaching adequacy goals have enacted accountability provisions that target the new resources provided to make sure they are spent on educational programs that are proven to be effective in boosting student achievement. For example, New York school districts that are academically challenged and that receive a significant funding increase are required to receive state approval for their spending plans as part of a “Contract for Excellence,” and then must invest the majority of the new funds they receive in smaller class size, increasing instructional time for students, teacher and principal quality initiatives, middle school and high school restructuring, and early childhood education. This budget anticipates that Pennsylvania will take a similar approach.

Early Childhood Education: The Foundation for Student Success

Study after study proves what tens of thousands of Pennsylvania parents already know to be true: Quality pre-kindergarten gives children the early skills that are building blocks for future achievement. Providing commonwealth resources for early childhood education is a sound educational and financial investment. A report published two

years ago found that every dollar invested in Pennsylvania pre-kindergarten results in \$1.68 of benefits for taxpayers. Another recent study found that investing in pre-kindergarten has long-term returns that are as profitable as traditional economic development strategies.

Since 2003, Pennsylvania has gone from being one of only nine states in the nation that failed to fund pre-kindergarten to its status today as a national leader in expanding high-quality early childhood education. In 2007-08, the commonwealth invested \$130 million to provide pre-kindergarten education for nearly 21,000 young children through three hallmark initiatives. In 2008-09, the commonwealth will provide:

- **\$87.6 million for Pennsylvania Pre-K Counts**, a \$12.6 million (17 percent) increase. School districts, Head Start programs and other community providers with proven track records of success are eligible to apply for these resources. Children from every part of the commonwealth will 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. It will serve 12,000 children in 2008-09.
- **\$275 million for the Accountability Block Grant**, maintaining the 2007-08 funding level. This initiative funds pre-kindergarten, full-day kindergarten, elementary school class-size reduction and other proven educational programs. An estimated \$15 million will be invested in pre-kindergarten during the 2008-09 school year.
- **\$40 million for the Head Start Supplemental Assistance program**, maintaining the 2007-08 funding level. For the last four years, Pennsylvania has supplemented federal Head Start funding so the successful program can reach more families. The 2008-09 funding will make it possible to enroll 5,620 three- and four-year-olds.

In addition, this budget provides more than \$185 million, a \$12 million (7 percent) increase for the Department of Education's Early Intervention program that serves children from ages 3 through 5 who have a disability or developmental delay. Please see the narrative on *Expanding the Availability of Quality Early Childhood Services* in the **Caring for All Pennsylvanians** section of this overview for additional information on Early Intervention funding.

The commonwealth's commitment to early childhood education as an economic development and education strategy is strengthened through the leadership of the Office of Child Development and Early Learning, a joint office sponsored by the departments of Education and Public Welfare that enables more efficient coordination of the commonwealth's efforts to deliver effective, streamlined early childhood services to Pennsylvania's families.

Preparing Our Future Innovators

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 2008-09 budget provides an additional \$1.5 million to help 6,500 more students in 15 new school districts become active science explorers.

Making the High School Diploma Count

Right now, nearly 40 percent of 11th graders cannot read or do math at their grade level, and an even larger percentage leave high school without completing the courses necessary to enter college or succeed at work. Yet far too often, these students still receive a diploma and are sent off without any real chance of succeeding.

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.

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:

- **Creating Classrooms for the Future:** The 2008-09 budget includes \$90 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. This budget adds to the 358 high schools that are already building Classrooms for the Future. An independent evaluation of the program's first year points to the value of this initiative:

- Teachers spent significantly less time simply lecturing and more time working with small groups of students and interacting with individual students.
 - Teachers increasingly engaged students in activities requiring higher-order thinking.
 - There were significant increases in the use of project-based or problem-based learning.
 - There was significant change in the nature of assignments given to students, shifting away from worksheets and toward “real-world, hands-on products.”
 - Students spent significantly less time “off task” (doing things other than what the teacher had intended) and showed a higher level of engagement in the classroom.
 - Teachers’ attitudes changed, reflecting increased value for technologies in the learning process, increases in effort and hours, and increased levels of preparation to teach their subjects well.
 - Ninety percent of teachers reported that they were working harder than they were in past years, and approximately the same number (86 percent) reported that they are also working longer.
 - Interviewees reported that teachers had a renewed enthusiasm for teaching.
- Helping More High School Students Earn College Credit: Pennsylvania high school students are earning nearly 20,000 college credits this year as a result of the commonwealth’s \$10 million investment in Dual Enrollment. The 2008-09 budget provides a \$2 million (20 percent) increase to this program to increase the number of college courses that high school students are taking. A portion of the funding will be 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.
 - Resources To Help Every Student Succeed: 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 2008-09 budget will offer school districts:
 - Flexibility in maximizing current resources aimed at helping struggling students. The budget continues \$66 million in Educational Assistance Program funding for 175 school districts and Area Career and Technical Centers. For the first time, school districts will have additional local control over how best to invest these resources to address students’ academic needs – including through tutoring, creating a longer school day or school year, implementation of a new rigorous curriculum or expanded course offerings, and intensive teacher training.
 - New resources from the state Department of Education:
 - A voluntary curriculum for high school English, math, science and social studies courses;
 - Strategies for identifying students who need help and ways to effectively boost their academic skills; and
 - Improved teacher training.

Caring for All Pennsylvanians

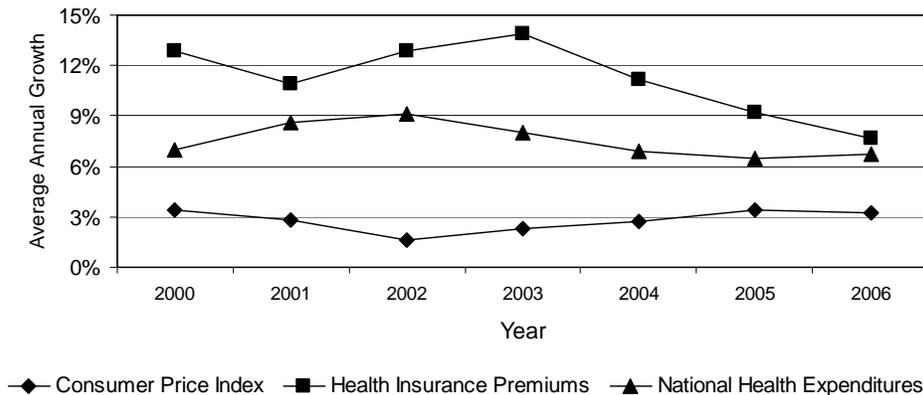
Protecting Pennsylvania's Most Vulnerable Citizens

Economic uncertainty, rising health care costs, and unfavorable federal policies are challenges that continue to face the commonwealth as it seeks to meet its responsibilities to its most vulnerable citizens. In spite of these challenges, the commonwealth is maintaining its commitment to ensure that all Pennsylvanians – including children, the elderly, people with disabilities and low-income families – have access to health care and other critical services.

In providing social safety net services to the commonwealth's most vulnerable citizens, Pennsylvania faces two significant challenges:

- Health care costs are rising at more than twice the rate of inflation.** According to the Centers for Medicare and Medicaid Services, national spending on health care grew between 6.5 percent and 9.1 percent from 2000 to 2006. Over the same time period, health insurance premiums rose even more quickly, with annual increases ranging from 7.7 percent to 13.9 percent. The vast majority of the social services provided by state agencies like the departments of Aging, Insurance and Public Welfare are related to health care. Rapidly growing costs for health care make it increasingly difficult for the departments of Aging, Insurance and Public Welfare to maintain service levels while holding down expenditures to manageable levels. That is why these agencies are constantly seeking to improve program management and change the way services are delivered to maintain coverage levels within the limits of available resources.

Health Care Costs Continue to Grow at Twice the Rate of Inflation



- The federal government is shifting more financial responsibility to the states.** The federal government is increasingly transferring more and more financial responsibility to the states to provide for the needs of children and families. In light of rising health care costs and the growing demand for services, it would be reasonable to assume that federal funding would be increasing to help the states meet their shared federal-state responsibilities. Unfortunately, the opposite is the case. For example, the commonwealth projects at least \$109 million less in federal funding for nursing homes in 2008-09. The reduction is due to just a single federal change – the phase-out of the Intergovernmental Transfer funds. From 2002-03 through 2007-08, Pennsylvania has lost about \$622 million in annual federal Intergovernmental Transfer funds. The loss of another \$109 million means Pennsylvania now has to pay \$731 million more in state funds to support its nursing homes.

The combination of rapidly escalating health care costs and the failure of the federal government to help states cope with these rising costs complicates Pennsylvania's efforts to operate its core safety net programs in a manner that can meet the needs that confront the commonwealth. Despite these challenges, the 2008-09 budget maintains the three core commitments Governor Rendell set forth three years ago:

- No one currently receiving services in Pennsylvania will lose eligibility;

Overview: Human Services

- Children will not experience any reduction in services; and
- Pennsylvania will provide services for the growing number of vulnerable individuals and families who require our assistance.

This budget proposes reforms in the oversight and provision of services in several major programs in order to generate savings and allow for modest increases from last year's budget in critical programs. These targeted program expansions are necessary to build upon major system reforms already under way. These changes will also tailor services to better meet the needs and preferences of Pennsylvanians.

To meet these continued commitments, the 2008-09 budget provides an increase of \$668.1 million in General Fund resources to expand programs for Pennsylvanians in need, representing a 6.9 percent increase from the previous year. This additional funding will provide a broad array of health and human services to more than 3 million Pennsylvania residents in 2008-09.

| The Commonwealth Provides Vital Services to Children, Seniors and Other Pennsylvanians in Need | | |
|---|-------------------------------|-------------------------------|
| Program | People Served 2007-08* | People Served 2008-09* |
| Medical Assistance – Health Care for Low-Income Elderly, Disabled, Children, Adults and Chronically Ill Adults | 1,915,240 | 1,949,270 |
| PACE Plus Medicare – Rx Assistance for Older Pennsylvanians | 383,305 | 407,575 |
| Protection for Children at Risk due to Abuse, Neglect and Delinquency | 283,502 | 286,801 |
| Cash Assistance (TANF, General Assistance and State Blind Pension) | 228,400 | 226,690 |
| Child Care for Low-Income Families | 232,025 | 234,633 |
| Children's Health Insurance Program | 174,531 | 185,764 |
| Community Mental Retardation and Autism Services | 50,016 | 52,162 |
| *Some people may receive services in more than one category. | | |

In 2008-09, the commonwealth will once again make changes to operate its social safety net programs more efficiently. For example, cost-containment measures instituted as part of the last three state budgets have resulted in systemic and fundamental improvements in Pennsylvania's Medical Assistance program that are expected to save \$374 million in 2008-09. This budget builds upon those successes, proposing initiatives to improve Medical Assistance efficiency and oversight, strengthen provider and consumer incentives, better meet the preferences of Pennsylvanians and enable additional investments in quality programs that support Pennsylvania's children, adults and families in need.

Medical Assistance: Improving Health Care Services While Controlling Costs

Medical Assistance is by far the largest health care program in the commonwealth. In 2008-09, the Medical Assistance program will provide health care and long-term care services to more than 1.9 million Pennsylvanians. The program's impact is far-reaching: It is a health insurance program for low-income adults and children and a comprehensive source of medical and long-term living coverage for seniors and people with disabilities. Nearly half (46 percent) of Medical Assistance recipients are children, followed by people with disabilities (20 percent) and the

elderly (14 percent). The number of people in these categories is increasing, while the number of low-income adults receiving Medical Assistance services has declined over the past three years.

Children, Older People and People with Disabilities Account for the Growth in the Medical Assistance Program

| Average Monthly Enrollees | 2005-06 Actual | 2006-07 Actual | Difference |
|--|----------------|----------------|------------|
| Children | 812,199 | 843,141 | 30,942 |
| Older People (over age 64) | 243,991 | 257,564 | 13,573 |
| People with Disabilities | 376,548 | 384,853 | 8,305 |
| Chronically Ill Adults | 101,019 | 101,019 | 0 |
| Parents of Covered Children and Other Adults | 300,012 | 296,658 | -3,354 |

The Medical Assistance program has a comprehensive set of management and administrative controls to ensure that tax dollars spent in the program are used effectively and efficiently. Many of these controls are similar to those found in most commercial and employer-based insurance programs. During the Rendell administration, the Department of Public Welfare has implemented a number of successful initiatives to contain costs, offer more appropriate provider incentives and improve the quality of care, including major changes to managed care contracts and to hospital, pharmacy and nursing home payment structures. The 2008-09 budget proposes an additional \$178 million in initiatives designed to reduce the growth in Medical Assistance health care costs while at the same time enhancing the quality of care provided to Medical Assistance recipients. Key elements of this package include improving managed care, refining pharmacy oversight, and expanding fraud and abuse prevention so targeted payment and benefit improvements can be accomplished.

Through a recently awarded Medicaid Transformation grant, the department will implement a new system to identify persons with chronic disease early, enroll them in case management services and help them avoid unnecessary hospital care. In addition, community nurses stationed in high-volume Medical Assistance practices and hospitals will enhance care management for Medical Assistance consumers. These enhancements will result in \$4.5 million in state savings while improving patient outcomes.

The department will make changes in pharmacy utilization management to ensure quality and value. Specific initiatives include implementing new prior-authorization requirements related to early refills and expanding clinical prior authorization to ensure appropriate use of selected prescription drugs, thus improving patient health and safety. Pennsylvania will save \$11.9 million from this initiative.

Proposals to enact a state False Claims Act are before the legislature and, if enacted, will generate savings of approximately \$3.3 million in state funds. Additional initiatives aimed at preventing fraud and abuse will save \$6.4 million in 2008-09.

The savings gained from improving the efficiency of the commonwealth's Medical Assistance program make possible other much-needed investments in other parts of the program. To ensure that eligible children and families continue to have access to quality care, the department plans to provide selected increases in reimbursements for shift nursing care and home health services, as well as targeted increases for dental and primary care providers. The estimated cost of these fee increases is \$10.2 million.

The budget also includes \$11.3 million to provide prescription drug coverage to approximately 43,000 low-income adults who qualify for the Medical Assistance program but who are not currently eligible for pharmaceutical benefits. When fully implemented, the change will mean that all Medical Assistance recipients will have prescription drug coverage. The alignment of these drug benefits will be done in conjunction with the implementation of Cover All Pennsylvanians.

Improving Managed Care: HealthChoices Plus

The Department of Public Welfare will refine and improve the commonwealth's managed care products and introduce new models of managed health care to support the Governor's Prescription for Pennsylvania initiative. Specifically, the department will implement a new service delivery model known as "HealthChoices Plus" in 16

counties in the western area of the state not currently served by the HealthChoices program. Under this model, managed care organizations will operate side by side with the department's ACCESS Plus enhanced primary care case management program. With the introduction of HealthChoices Plus, Medical Assistance consumers in these counties will have more health care choices, which will create new incentives for managed care companies to improve the quality and efficiency of their services.

In addition, the department will introduce a new managed care model in the Southeast and Lehigh/Capital zones of the commonwealth. As part of the procurement process, the department will challenge bidders to introduce innovative approaches to support the goals of **Prescription for Pennsylvania**, such as addressing inappropriate emergency room utilization and avoidable hospitalizations, encouraging the use of electronic medical records, promoting health care equity and improving chronic care management and wellness programs for Medical Assistance consumers.

Under these new models, the department will also assume responsibility for managing the pharmacy benefit. By managing the pharmacy benefit, the department will simplify prescribing, dispensing and claims submission for providers, while still maintaining consumer access to quality health care. In addition, the department will become eligible to receive federal drug rebates, resulting in substantial savings of taxpayer dollars.

Over the last several years, the commonwealth has taken a leadership role in implementing pay-for-performance contracts to promote better health outcomes in the Medical Assistance program. New managed care contracts that create stronger incentives for keeping consumers healthier also generate long-term benefits to the Medical Assistance program. Pay-for-performance contracts reward prevention programs and strategies to address chronic disease management. Because of its initial success and the promise of greater improvements in member health outcomes, the amount of revenue that can be earned from the pay-for-performance program was increased from 0.5 percent in 2006-07 to 2.5 percent in 2007-08 contracts. Similar pay-for-performance outcome measures have been incorporated into ACCESS Plus, the commonwealth's enhanced primary care case management program for Medical Assistance participants. Provider incentives, including a quality improvement incentive program for hospitals, have been implemented to improve health care outcomes for Medical Assistance consumers. The 2008-09 budget includes \$41.2 million to support the pay-for-performance program for managed care organizations and providers.

Reforming the Long-Term Living System

Pennsylvania, with the third oldest population of any state, is experiencing demographic changes that many other states will not experience for another 10 to 15 years. One out of 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 under the age of 60 need some level of long-term living support. Younger persons with disabilities often have different medical and support needs than older Pennsylvanians. To meet the needs of these different groups, the commonwealth has made a significant investment in home and community-based services, greatly expanding the number of people who can be served in their homes.

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

- Consumers should have more 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 both institutional and home and community-based services are accessible and available, with the goal of achieving a balance of 50 percent institutional care to 50 percent home and community-based care over the next four years.
- State and federal funds should be prudently managed and leveraged, and individual assets should be used to ensure that the commonwealth can meet the future needs of Pennsylvania's aging population and help people with disabilities maintain their independence and dignity.

To accomplish these goals, the commonwealth has changed the structure and oversight of its long-term living programs. The Governor's Long Term Living Council, created in 2005, establishes broad strategy and oversees the efforts to achieve the commonwealth's goals for reforming the long-term living system. In 2007, the Council created the Office of Long Term Living to unify and coordinate activities in the departments of Aging and Public Welfare related to long-term care services. This office spans both departments and is responsible for administering existing programs and creating new options to improve the independence and quality of life for the commonwealth's aging and disability communities.

This budget includes \$29.2 million in state funds to invest in community-based infrastructure that expands long-term living options. Collectively, these initiatives represent a strategic and focused effort to create a balanced system that uses resources efficiently, offers consumers choice as to where they receive long-term living services and ensures high-quality care in the most clinically appropriate and most cost-effective setting.

Expanding Community-Based Long-Term Living Options

This budget provides funding to increase the number and types of long-term living options available to seniors and persons with disabilities. These initiatives include incentives to increase the availability of adult day care services, improve access to housing in the community for people who reside in institutions, and expand the number of people who can be served in community-based long-term living programs.

The availability of adult day care enables caregivers to continue to provide support for their loved ones in their homes, thus delaying or preventing the need for institutional care. Adult day care is hard to find in the commonwealth. At least 15 counties have no adult day care at all. This budget provides \$3.1 million to increase adult day care capacity.

In 2007-08, the commonwealth began a pilot program in Philadelphia to create transitional housing to help people who live in institutions move back to the community. This budget provides \$2 million in state funds to expand the tenant-based rental assistance pilot to at least 10 additional counties.

This budget provides an increase of \$12.2 million in state funds for programs that serve people with physical disabilities. This increase will serve 1,169 additional people in 2008-09. This budget also includes \$10.2 million for the home and community-based services program to serve 2,100 additional older persons in 2008-09. These program expansions include 107 younger people with disabilities and 376 elderly people who reside in institutions who will return to the community through the Money Follows the Person program.

This budget provides \$1.3 million in administrative resources to begin licensing, certifying and inspecting assisted living residences, a new residential long-term living option created in 2007.

The commonwealth currently pays for nursing facility services through a case-mix payment system implemented in 1996. This rate-setting system needs to be updated to create appropriate incentives for nursing facilities to control costs and rehabilitate and discharge those residents who can move back into the community. This budget provides \$150,000 in state funds to begin developing a new payment system for nursing facility services. In addition, \$150,000 in state funds is provided to develop standard rate-setting for home and community-based programs.

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. In 2008-09, quality child care services will be provided to an additional 2,600 children on a monthly basis - initiatives that the commonwealth was able to implement in 2007-08 based on existing resources and the Governor's commitment to additional funding in this budget. The 2008-09 budget includes an increase of \$4.8 million to maintain Keystone STARS quality early learning experiences for more than 170,000 children and assures that nearly 235,000 low-income working families, Temporary Assistance for Needy Families (TANF) recipients, and former TANF families who are now fully employed will continue to have monthly access to quality school-readiness services through the child care system.

The Nurse Family Partnership program is a proven approach to supporting first-time, at-risk parents and promoting their children's healthy development. This budget includes an increase of \$1 million to expand the number of families participating in the Nurse Family Partnership program. As a result, 240 additional families will receive services in 2008-09, bringing the total number of families served to 4,287.

Infants, toddlers and preschoolers who are experiencing developmental delays participate in the Early Intervention program, which will serve nearly 3,000 additional children in 2008-09. 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.

In order to better guide public resources and track outcomes for children participating in the Office of Child Development and Early Learning's programs, this budget includes \$4 million for the Early Learning Network, an integrated information technology system that captures assessment data. This data will help the commonwealth understand individual achievements, outcomes and school readiness so resources and finances can be directed towards the highest-quality services for young children.

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 2008-09 budget, the state is earmarking more than \$15 million to expand the use of evidence-based in-home services, including proven approaches that focus on the whole family, not just the child.

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 2008-09, the number of children receiving in-home services is projected to increase by nearly 4,000. During the same period, the number of children in community residential programs will decrease by 2.0 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 2008-09 budget includes an increase of \$11.5 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 \$108.9 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 best child support enforcement programs in the nation, with nearly \$1.5 billion collected and distributed annually on behalf of approximately 660,000 children statewide. The federal government ranked Pennsylvania number one in its collections rate on its National Performance Indicators. The department collects nearly \$7 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 \$3.4 million.

Expanding Services for Individuals with Special Needs

The 2008-09 budget continues to support independence for people with mental retardation and mental health disabilities. The proposed budget includes sufficient funding to continue to support the discharge of individuals from Mayview State Hospital in Allegheny County, which is scheduled to close on December 31, 2008. This budget also recommends an additional \$4.4 million to provide home and community-based services to 91 people currently residing in state mental hospitals, 29 of whom will receive services through the Money Follows the Person initiative. These funds will also support services for people diverted from long-term institutional settings.

Last year Governor Rendell successfully launched a major initiative to reduce the number of people with mental retardation on the waiting list for state services. The 2008-09 budget builds on that foundation by providing an additional \$28.3 million for community mental retardation services. This budget will provide home and community-based services for 1,818 additional individuals, including 750 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 and to improve the quality and consistency of services across the system. As part of the Money Follows the Person initiative, the 2008-09 budget also recommends \$1.1 million to move 30 people currently living in state mental retardation centers into intermediate care facilities and another \$1.1 million to provide home and community-based start-up funding for 30 additional people currently living in state mental retardation centers to move into the community in 2009-10.

The budget also recommends \$7.6 million to provide services for 400 additional adults living with autism. Half of these individuals will be served through an innovative, pre-paid inpatient health plan, and the other half will be enrolled in a new Medicaid home and community-based autism waiver program.

Preserving the Safety Net

This budget reaffirms the commonwealth's commitment to preserve the safety net for Pennsylvania's most vulnerable citizens and ensures that children, the elderly, people with disabilities and low-income families will have access to health care and other critical services. These investments are made possible in significant part due to the cumulative impact of Medical Assistance efficiency initiatives instituted during the Rendell administration, which have freed up resources for an array of health and human services so Pennsylvania can better meet its responsibilities to children, adults and families in need.

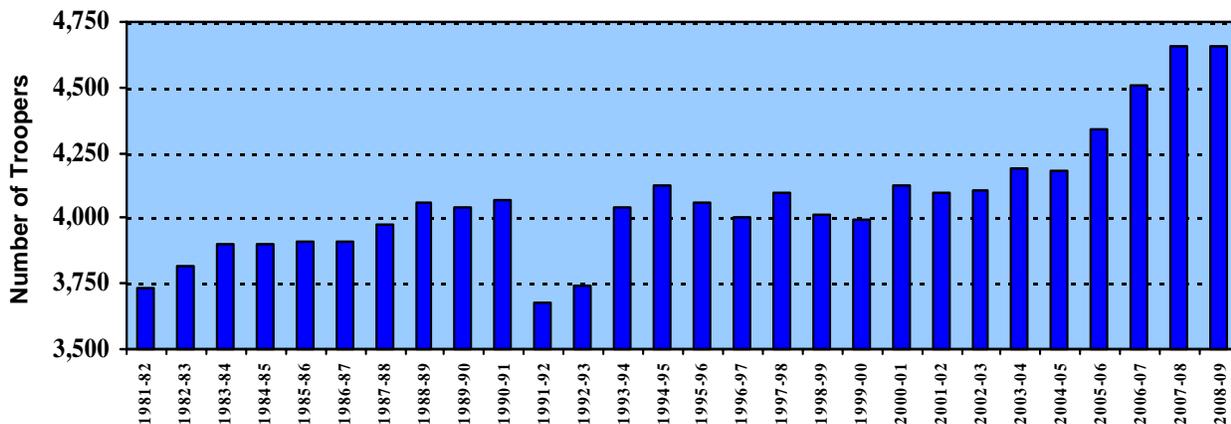
Making Pennsylvania Safer

Pennsylvania continues to take a comprehensive and proactive approach to creating stronger communities by making Pennsylvania safer. This budget funds the highest number of state police troopers in Pennsylvania's history and doubles the funding provided to cities and municipalities across the commonwealth struggling to contain gun violence so they can hire additional police officers. The budget also provides Pennsylvania with the tools necessary to ensure effective emergency preparedness. Finally, this budget highlights the need for prompt enactment of comprehensive crime and recidivism reduction legislation because this legislation will make our neighborhoods safer.

A Record Number of State Police Troopers and More Local Police Officers To Fight Crime in Pennsylvania's Communities

Governor Rendell recognizes that Pennsylvania's State Police and our local police play the most critical role in keeping Pennsylvanians and their neighborhoods and communities safe. Under Governor Rendell's leadership, the number of state troopers has reached its highest level ever. Including this summer's cadet class, the number of troopers will reach nearly 4,660 by June 2008.

Filled Trooper Positions



In 2006, Governor Rendell launched the Police on Patrol program, which provided \$10 million annually in funding for 18 cities and municipalities to hire nearly 200 additional police officers. Recognizing that local police are integral to protecting Pennsylvanians, this budget contains funding for cities and municipalities sufficient to pay for 400 police officers, by doubling the current funding for the program to \$20 million. Ten million dollars will fund the third year of the current Police on Patrol program; the additional \$10 million will be made available to current program participants and other Pennsylvania cities and municipalities that are affected by rising gun violence so they can hire another 200 police officers to fight crime. With this budget, there will be more law enforcement personnel on the job in Pennsylvania to keep communities safe, patrol the commonwealth's interstates, investigate firearm-related violence and drug crimes, and ensure that sex offenders comply with their registration requirements under Pennsylvania's Megan's Law.

Legislation to Reduce the Recidivism Rate, Reduce Crime and Reduce the Size of the Prison Population Must be Enacted This Year

Pennsylvania's prisons are 5,000 inmates over the point at which they operate most efficiently and there is little space for additional inmates in existing facilities. From December 1999 to December 2007, the number of people incarcerated in Pennsylvania prisons increased by 28 percent, from approximately 36,000 to more than 46,000. In just one year – from December 2006 to December 2007, the state prison population rose by 1,663 inmates or nearly 4 percent. Current projections indicate the state prison population will grow to more than 52,000 offenders by 2010 if no changes are made to the state's sentencing and offender management policies. Admissions for less serious

Overview: Public Safety

offenders have increased at twice the rate of admissions for violent offenders over the last seven years. Today fully 36 percent of Pennsylvania's prison beds are filled with relatively less-serious offenders. In light of this projected increase in the inmate population, three to four new prisons will have to be built over the next few years unless the projected growth in the state's prison population can be reduced. Each new prison will cost about \$200 million to build and another \$50 million to operate each year. In total, as much as \$800 million in taxpayer dollars could be required just to build prisons to incarcerate additional offenders.

A lower recidivism rate means fewer ex-offenders committing new crimes and returning to prison. That means less crime, safer neighborhoods, fewer victims and fewer people incarcerated in Pennsylvania prisons. Currently, the recidivism rate in Pennsylvania is about 46 percent, which means that half of all inmates return to prison within three years of their release. Reducing victimization and recidivism can be achieved by the enactment of comprehensive legislation currently pending before the General Assembly – House Bills 4, 5, 6 and 7. This legislative package will reduce the victimization and recidivism rates by:

- providing increased offender access to crime-reducing drug treatment programs;
- providing incentives to less-violent offenders to complete programs that provide them with the tools they need to live crime-free in society;
- enhancing the Board of Probation and Parole's ability to focus more on offenders during their critical first year on parole and on offenders whose ability to remain crime-free will be improved by continued focused supervision; and
- authorizing the Pennsylvania Commission on Sentencing to recommend necessary changes to the legislation and develop guidelines for those offenders who violate parole, probation or intermediate punishment.

The Department of Corrections estimates that, if it is enacted this year, this public safety legislation will result in 753 fewer inmates in Pennsylvania prisons by 2010 and 605 fewer by 2013. Enacting this legislation will mean financial savings of \$2.6 million in 2008-09 to the department's budget and an additional savings of \$19 million over the next four years. Another provision of this legislative package would require that most offenders whose minimum sentence is between two and five years be sentenced to the state Department of Corrections. Currently, a judge has the option of sentencing such offenders to either state or county prison. Were only this provision to pass, the cost to the commonwealth would be \$4.5 million through 2012. To achieve anticipated savings, passage of the entire legislative package is required.

This proposed legislation will also produce financial savings for the Pennsylvania Board of Probation and Parole. The legislation is expected to result in savings of more than \$13 million to the board's budget over five years. This budget recommends a \$2.4 million increase for the Pennsylvania Board of Probation and Parole to enhance its case-processing capabilities and maintain a favorable agent-to-parolee ratio in anticipation of the enactment of this legislation.

The 2008-09 budget assumes the enactment of House Bills 4, 5, 6 and 7 in 2008 and the realization of the resulting savings in fiscal year 2008-09 and subsequent years.

Projected Impact of Proposed Legislation if Enacted

| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|--------------|--------------|--------------|--------------|--------------|
| Reduction in Offender Population (in number of inmates) | -371 | -753 | -732 | -571 | -605 |
| Savings to Department of Corrections | -\$2,600,000 | -\$4,320,000 | -\$5,100,000 | -\$4,900,000 | -\$4,700,000 |
| Change in Number of Offenders on Parole | 145 | 1,044 | -3 | -111 | 267 |
| Savings to Parole Board | \$0 | -\$155,000 | -\$2,100,000 | -\$5,000,000 | -\$6,000,000 |

While House Bills 4, 5, 6 and 7 can reduce the growth of Pennsylvania's offender population over a multi-year period, recent increases that have already occurred in the offender population necessitate immediate action to create more prison capacity. The capital project itemization act pending now before the General Assembly includes authorizations for four new prisons and four new housing units on existing state correctional institution sites. It is critical that the capital project itemization act is passed promptly so that the process for designing, constructing and installing these new prisons and new housing units can begin right away. That way, capacity will be available when it is needed.

This budget also provides \$11.2 million for an additional 1,000 community corrections beds. These beds offer a less costly alternative to prison incarceration and improve offenders' chances of both successfully transitioning back to their communities and staying out of prison thereafter. In addition, this budget recommends \$3.6 million to cover operating costs for three new prison housing units at existing institutions that will expand the Department of Corrections' inmate capacity by 690 additional beds.

Improving the Commonwealth's Emergency Preparedness Response and Capabilities

An ongoing priority for the administration has been an all-hazards emergency preparedness response strategy, comprised of the three essential components of prevention, protection and response. A winter storm on Valentine's Day 2007 served as a catalyst for state officials to aggressively review and improve the commonwealth's emergency response capabilities. The subsequent analysis provided a comprehensive blueprint to restructure emergency preparedness operations within the commonwealth.

This restructuring includes:

- Merging the Pennsylvania Emergency Management Agency and the Office of Homeland Security 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 a strategic plan.
- Requiring the Department of Emergency Management and Homeland Security to coordinate all emergency management and response efforts across all state agencies.
- Developing a more aggressive and fiscally responsible model for distributing federal and state money.
- Developing partnerships with local governments, the private sector and the federal government.
- Launching a Citizen Preparedness Campaign to establish Pennsylvania as a leader in making private business and individual citizens partners with government in preparing for and responding to disasters.
- Pursuing an update to the Pennsylvania Emergency Management Services Code. These statutory provisions must be amended to reflect lessons learned from the attacks of September 11, 2001, and Hurricane Katrina in 2005.
- Institutionalizing the National Incident Management System (NIMS), which was developed so that responders from different jurisdictions and disciplines can work together to better respond to natural disasters and emergencies, including acts of terrorism.

This budget provides for an additional 20 positions for the Department of Emergency Management and Homeland Security as part of the implementation of this blueprint. Six additional positions that were previously located in the Office of Homeland Security will transition from the Executive Offices to the department. These new personnel will work to implement the recommendations contained in a report commissioned by the Governor that was prepared by James L. Witt and Associates. Moreover, 10 additional positions will be filled in the current year to increase management oversight of homeland security programs. The reorganized department will be capable of quicker responses and able to provide increased assistance to the residents of the commonwealth during times of threat. This budget recommends \$308,000 in 2007-08 funding to begin this transition immediately.

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. The commonwealth's efforts on this subject are focused on three main activities:

- Preparing state employees and establishing necessary continuity of operations plans;
- Ensuring that the commonwealth's health care, emergency management and other response partners are prepared by developing more robust plans to address the issues of vaccine and antiviral distribution, hospital surge capacity, local health assessments, workforce planning and citizen education; and
- Working with key industry partners to ensure that critical industry functions are sustained if a pandemic should occur.

The 2008-09 budget includes \$5.6 million in state funds to procure antiviral medicine and allow the commonwealth to meet federal guidelines on antiviral medicine as part of the national pandemic preparedness strategy. These efforts will buttress the recent successes of the administration's pandemic and public health preparedness efforts that have resulted in Pennsylvania being recognized as one of only seven states to receive a perfect 10 score in the 2007 *Trust for America's Health* "Ready or Not?" report.

The commonwealth's preparedness efforts continue to benefit from the creation of the Office for Continuity of Government within the Office of Administration, which ensures that commonwealth agencies, despite disruption caused by natural or man-made disaster, are prepared to continue essential business functions and expedite a return to normal operations. The office provides coordination to all commonwealth agencies ensuring that when a disaster of any kind affects commonwealth facilities or state employees, specific procedures will be implemented to assure the continued delivery of essential services.

Public safety is integral to a high quality of life. 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 2007-08 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 2008-09 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 2006-07 expenditures, 2007-08 available and 2008-09 amounts budgeted as presented in the 2008-09 Governor's Executive Budget.

(Dollar Amounts in Thousands)

| | 2006-07 Actual Block | 2007-08 Available Block | 2008-09 Recommended Block |
|--|----------------------------|-------------------------------|---------------------------------|
| Community Services..... | \$ 29,402 | \$ 29,402 | \$ 29,402 |
| Innovative Education Program Strategies..... | 5,156 | 4,213 | 4,213 |
| Maternal and Child Health..... | 39,012 | 35,113 | 33,900 |
| Preventive Health and Health Services..... | 6,221 | 6,075 | 6,452 |
| Substance Abuse..... | 67,605 | 67,853 | 68,972 |
| Workforce Investment..... | 256,300 | 256,300 | 256,300 |
| Child Care and Development Fund..... | 358,993 | 345,730 | 340,614 |
| Low Income Home Energy Assistance..... | 176,713 | 191,184 | 191,184 |
| Mental Health Services..... | 15,591 | 15,568 | 15,430 |
| Social Services..... | 113,855 | 114,465 | 108,425 |
| Temporary Assistance to Needy Families..... | 539,335 | 533,098 | 532,060 |
| Anti-Drug Abuse..... | 57,264 | 61,616 | 65,674 |
| TOTAL..... | \$ 1,665,447 | \$ 1,660,617 | \$ 1,652,626 |

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 | 2006-07 Actual Block | 2007-08 Available Block | 2008-09 Recommended Block |
|--|----------------------------|-------------------------------|---------------------------------|
| Community and Economic Development: | | | |
| CSBG — Administration..... | \$ 1,402 | \$ 1,402 | \$ 1,402 |
| Community Services Block Grant..... | 28,000 | 28,000 | 28,000 |
| TOTAL..... | \$ 29,402 | \$ 29,402 | \$ 29,402 |

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 | 2006-07 Actual Block | 2007-08 Available Block | 2008-09 Recommended Block |
|--|----------------------------|-------------------------------|---------------------------------|
| Education: | | | |
| ESEA Title V — Administration/State..... | \$ 930 ^a | \$ 779 ^a | \$ 779 ^a |
| School Districts: | | | |
| ESEA Title V — School Districts..... | \$ 4,226 | \$ 3,434 | \$ 3,434 |
| TOTAL..... | \$ 5,156 | \$ 4,213 | \$ 4,213 |

^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 | 2006-07 Actual Block | 2007-08 Available Block | 2008-09 Recommended Block |
|--|----------------------------|-------------------------------|---------------------------------|
| Health: | | | |
| MCHSBG — Administration and Operation..... | \$ 17,344 | \$ 17,171 | \$ 15,958 |
| MCHSBG — Program Services..... | 21,668 | 17,942 | 17,942 |
| Subtotal..... | \$ 39,012 | \$ 35,113 | \$ 33,900 |
| Public Welfare: | | | |
| MCHSBG — Program Service Family Court..... | \$ 100 ^a | \$ 42 ^a | \$ 0 |
| TOTAL..... | \$ 39,012 | \$ 35,113 | \$ 33,900 |

^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. Rape Prevention and Education funding was removed from the Preventive Health and Health Services block grant by the Federal Violence Against Women Act of 2000 and is appropriated separately; the sex offender portion of the Rape Crisis program remains in the block grant.

(Dollar Amounts in Thousands)

| Department / Appropriation | 2006-07 Actual Block | 2007-08 Available Block | 2008-09 Recommended Block |
|--|----------------------------|-------------------------------|---------------------------------|
| Health: | | | |
| PHHSBG — Administration and Operation..... | \$ 2,780 | \$ 2,748 | \$ 2,779 |
| PHHSBG — Block Program Services..... | 2,990 | 3,177 | 3,523 |
| Subtotal..... | <u>\$ 5,770</u> | <u>\$ 5,925</u> | <u>\$ 6,302</u> |
| Public Welfare: | | | |
| PHHSBG — Domestic Violence..... | \$ 150 | \$ 150 | \$ 150 |
| PHHSBG — Rape Crisis | 301 | 0 | 0 |
| Subtotal..... | <u>\$ 451</u> | <u>\$ 150</u> | <u>\$ 150</u> |
| TOTAL..... | <u><u>\$ 6,221</u></u> | <u><u>\$ 6,075</u></u> | <u><u>\$ 6,452</u></u> |

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 | 2006-07 Actual Block | 2007-08 Available Block | 2008-09 Recommended Block |
|--|----------------------------|-------------------------------|---------------------------------|
| Corrections: | | | |
| SABG — Drug and Alcohol Programs..... | \$ 2,100 | \$ 2,100 | \$ 2,100 |
| Health: | | | |
| SABG — Administration and Operation..... | \$ 7,126 | \$ 7,051 | \$ 7,848 |
| SABG — Drug and Alcohol Services..... | 56,396 | 56,719 | 57,041 |
| Subtotal..... | \$ 63,522 | \$ 63,770 | \$ 64,889 |
| Public Welfare: | | | |
| SABG — Homeless Services..... | \$ 1,983 | \$ 1,983 | \$ 1,983 |
| TOTAL..... | \$ 67,605 | \$ 67,853 | \$ 68,972 |

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.

| Department / Appropriation | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|-------------------------------|---------------------------------|
| | 2006-07 Actual Block | 2007-08 Available Block | 2008-09 Recommended Block |
| Executive Offices: | | | |
| <i>Office of the Budget</i> | | | |
| WIA — Program Accountability..... | \$ 400 | \$ 400 | \$ 400 |
| 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..... | \$ 256,300 | \$ 256,300 | \$ 256,300 |

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 | 2006-07 Actual Block | 2007-08 Available Block | 2008-09 Recommended Block |
|---|----------------------------|-------------------------------|---------------------------------|
| Executive Offices: | | | |
| <i>Office of Inspector General</i> | | | |
| CCDFBG — Subsidized Day Care Fraud..... | \$ 350 | \$ 1,000 | \$ 1,000 |
| Public Welfare: | | | |
| CCDFBG — Administration..... | \$ 13,480 | \$ 13,532 | \$ 13,480 |
| CCDFBG — Cash Grants..... | 150,521 | 5,064 | 0 |
| CCDFBG — Family Centers | 461 | 461 | 461 |
| CCDFBG — Child Care | 190,316 | 192,465 | 190,316 |
| CCDFBG — School Age..... | 1,260 | 1,260 | 1,260 |
| CCDFBG — Child Care Assistance..... | 0 | 129,343 | 131,492 |
| CCDFBG — Nurse Family Partnership..... | 2,605 | 2,605 | 2,605 |
| Subtotal..... | \$ 358,643 | \$ 344,730 | \$ 339,614 |
| TOTAL..... | \$ 358,993 | \$ 345,730 | \$ 340,614 |

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 \$707,000 in supplemental funding from the Energy Conservation and Assistance Fund in 2006-07, \$244,000 in 2007-08 and expects to receive \$292,000 in 2008-09.

(Dollar Amounts in Thousands)

| Department / Appropriation | 2006-07 Actual Block | 2007-08 Available Block | 2008-09 Recommended Block |
|---|----------------------------|-------------------------------|---------------------------------|
| Community and Economic Development: | | | |
| LIHEABG — Administration..... | \$ 535 | \$ 535 | \$ 535 |
| LIHEABG — Weatherization Program..... | 18,037 | 24,000 | 24,000 |
| LIHEABG — Weatherization Program (EA)..... | 10,000 ^a | 0 | 0 |
| Subtotal..... | <u>\$ 28,572</u> | <u>\$ 24,535</u> | <u>\$ 24,535</u> |
| Public Welfare: | | | |
| LIHEABG — Administration..... | \$ 12,005 | \$ 13,965 | \$ 13,965 |
| LIHEABG — Low-Income Families and Individuals..... | <u>146,136</u> | <u>152,684</u> | <u>152,684</u> |
| Subtotal..... | <u>\$ 158,141</u> | <u>\$ 166,649</u> | <u>\$ 166,649</u> |
| TOTAL..... | <u><u>\$ 176,713</u></u> | <u><u>\$ 191,184</u></u> | <u><u>\$ 191,184</u></u> |

^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 | 2006-07 Actual Block | 2007-08 Available Block | 2008-09 Recommended Block |
|--------------------------------------|----------------------------|-------------------------------|---------------------------------|
| Public Welfare: | | | |
| MHSBG — Administration..... | \$ 173 | \$ 183 | \$ 174 |
| MHSBG — Community Mental Health..... | 15,418 | 15,385 | 15,256 |
| TOTAL..... | \$ 15,591 | \$ 15,568 | \$ 15,430 |

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 | 2006-07 Actual Block | 2007-08 Available Block | 2008-09 Recommended Block |
|--|----------------------------|-------------------------------|---------------------------------|
| Public Welfare: | | | |
| SSBG — Administration..... | \$ 2,864 | \$ 3,641 | \$ 3,641 |
| SSBG — County Assistance | 4,926 | 6,262 | 6,262 |
| SSBG — Basic Institutional Program..... | 10,000 | 10,000 | 10,000 |
| SSBG — Community Mental Health | 14,808 | 10,366 | 10,366 |
| SSBG — Community Mental Retardation..... | 7,500 | 7,500 | 6,500 |
| SSBG — Early Intervention..... | 1,727 | 2,195 | 0 |
| SSBG — Child Welfare..... | 9,456 | 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 | 2,721 | 2,721 |
| SSBG — Family Planning..... | 3,845 | 3,845 | 1,000 |
| SSBG — Legal Services..... | 5,049 | 5,049 | 5,049 |
| SSBG — Homeless Services..... | 4,183 | 4,183 | 4,183 |
| SSBG — Services to Persons with Disabilities..... | 94 | 0 | 0 |
| Subtotal..... | \$ 103,855 | \$ 104,465 | \$ 98,425 |
| Community and Economic Development: | | | |
| Enterprise Communities — SSBG..... | \$ 10,000 ^a | \$ 10,000 ^a | \$ 10,000 ^a |

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 utilized 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 | 2006-07 Actual Block | 2007-08 Available Block | 2008-09 Recommended Block |
|--|----------------------------|-------------------------------|---------------------------------|
| Executive Offices: | | | |
| <i>Office of Inspector General</i> | | | |
| TANFBG — Program Accountability..... | \$ 1,500 | \$ 1,500 | \$ 1,500 |
| Education: | | | |
| TANFBG — Teenage Parenting Education | \$ 12,255 | \$ 0 | \$ 0 |
| TANFBG — Teenage Parenting Ed. (EA)..... | 0 | 12,255 ^a | 12,255 ^a |
| Subtotal..... | \$ 12,255 | \$ 12,255 | \$ 12,255 |
| 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..... | 9,035 | 9,327 | 9,327 |
| TANFBG — Statewide..... | 542 | 2,150 | 1,911 |
| TANFBG — County Assistance..... | 44,190 | 44,190 | 44,190 |
| TANFBG — New Directions..... | 138,058 | 137,189 | 137,189 |
| TANFBG — Child Care Assistance..... | 0 | 28,464 | 28,464 |
| TANFBG — Cash Grants..... | 241,670 | 218,193 | 217,394 |
| 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 | 2,000 |
| TANFBG — Nurse Family Partnership..... | 1,222 | 1,222 | 1,222 |
| Subtotal..... | \$ 510,580 | \$ 516,598 | \$ 515,560 |
| GRAND TOTAL ALL PROGRAMS..... | <u>\$ 539,335</u> | <u>\$ 533,098^b</u> | <u>\$ 532,060^b</u> |

^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 | 2006-07 Actual Block | 2007-08 Available Block | 2008-09 Recommended Block |
|---|----------------------------|-------------------------------|---------------------------------|
| DRUG CONTROL AND SYSTEM IMPROVEMENT FORMULA GRANT PROGRAM (DCSI) | | | |
| Executive Offices: | | | |
| <i>Commonwealth Technology Services</i> | | | |
| JAG — Electronic Reporting..... | \$ 0 | \$ 191 ^a | \$ 200 ^a |
| DCSI — Electronic Reporting..... | 769 ^a | 0 | 0 |
| Subtotal — Commonwealth Technology Services..... | \$ 769 | \$ 191 | \$ 200 |
| <i>Commission on Crime and Delinquency</i> | | | |
| DCSI — Administration..... | \$ 1,883 | \$ 604 | \$ 0 |
| DCSI — Program Grants..... | 23,764 | 20,000 | 18,000 |
| DCSI — Criminal History Records..... | 10 | 10 | 10 |
| Justice Assistance Grants..... | 9,180 | 23,000 | 30,000 |
| Justice Assistance Grants — Administration..... | 0 | 1,154 | 1,391 |
| Subtotal — Commission on Crime and Delinquency..... | \$ 34,837 | \$ 44,768 | \$ 49,401 |
| Subtotal — Executive Offices..... | \$ 35,606 | \$ 44,959 | \$ 49,601 |
| Corrections: | | | |
| DCSI — Hispanic Therapeutic Community..... | \$ 200 ^a | \$ 50 ^a | \$ 0 |
| JAG — Cognitive Behavior Therapy..... | 0 | 80 ^a | 80 ^a |
| Subtotal..... | \$ 200 | \$ 130 | \$ 80 |

Overview and Summaries

Anti-Drug Abuse (continued)

| Department / Appropriation | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|-------------------------------|---------------------------------|
| | 2006-07 Actual Block | 2007-08 Available Block | 2008-09 Recommended Block |
| Public Welfare: | | | |
| DCSI — Gender Specific Training..... | \$ 150 ^a | \$ 82 ^a | \$ 31 ^a |
| State Police: | | | |
| DCSI — Triggerlock..... | \$ 454 ^a | \$ 0 | \$ 0 |
| DCSI — Palm Readers..... | 500 ^a | 0 | 0 |
| Subtotal..... | \$ 954 | \$ 0 | \$ 0 |
| Legislature: | | | |
| <i>Commission on Sentencing</i> | | | |
| DCSI — JNET Information Technology..... | \$ 105 ^a | \$ 0 | \$ 0 |
| DCSI — Research and Data Management..... | 712 ^a | 1,308 ^a | 1,270 ^a |
| Subtotal..... | \$ 817 | \$ 1,308 | \$ 1,270 |
| TOTAL..... | \$ 34,837 | \$ 44,768 | \$ 49,401 |
| SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES (DFSC) | | | |
| Executive Offices: | | | |
| <i>Commission on Crime and Delinquency</i> | | | |
| DFSC — Special Programs..... | \$ 4,545 | \$ 4,500 | \$ 4,500 |
| Education: | | | |
| DFSC — Administration..... | \$ 1,092 | \$ 750 | \$ 830 |
| DFSC — School Districts..... | 15,000 | 10,076 | 10,076 |
| Subtotal..... | \$ 16,092 | \$ 10,826 | \$ 10,906 |
| Health: | | | |
| DFSC — Special Programs for Student Assistance..... | \$ 1,125 ^a | \$ 1,125 ^a | \$ 1,125 ^a |
| Public Welfare: | | | |
| DFSC — Special Program — Juvenile Aftercare | \$ 1,225 | \$ 955 | \$ 300 |
| DFSC — Aftercare Support..... | 100 ^a | 150 ^a | 100 ^a |
| DFSC — Domestic Violence..... | 424 | 425 | 425 |
| DFSC — Special Programs for Rape Crisis..... | 141 | 142 | 142 |
| Subtotal..... | \$ 1,890 | \$ 1,672 | \$ 967 |
| TOTAL..... | \$ 22,427 | \$ 16,848 | \$ 16,273 |
| GRAND TOTAL ALL PROGRAMS..... | \$ 57,264 | \$ 61,616 | \$ 65,674 |

^a Subgrants not added to total to avoid double counting.

Overview and Summaries

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) | |
|---|-------------------------------|---------------------|
| | 2007-08 Estimate | 2008-09 Estimate |
| Governor's Office..... | \$808 | \$826 |
| Executive Offices..... | 245 | 252 |
| Lt. Governor's Office..... | 61 | 61 |
| Aging..... | 299 | 308 |
| Agriculture..... | 1,082 | 1,114 |
| Banking..... | 392 | 404 |
| Civil Service Commission..... | 58 | 59 |
| Community and Economic Development..... | 408 | 420 |
| Conservation and Natural Resources..... | 352 | 363 |
| Corrections..... | 225 | 232 |
| Education..... | 576 | 537 |
| Emergency Management and Homeland Security..... | 161 | 162 |
| Environmental Protection..... | 2,423 | 2,496 |
| Fish and Boat Commission..... | 237 | 244 |
| Game Commission..... | 243 | 250 |
| General Services..... | 98 | 101 |
| Health..... | 781 | 599 |
| Historical and Museum Commission..... | 145 | 149 |
| Insurance..... | 348 | 358 |
| Labor and Industry..... | 485 | 500 |
| Liquor Control Board..... | 266 | 274 |
| Military and Veterans Affairs..... | 335 | 281 |
| Milk Marketing Board..... | 60 | 62 |
| Probation and Parole Board..... | 75 | 75 |
| Public Utility Commission..... | 228 | 233 |
| Public Welfare..... | 446 | 459 |
| Revenue..... | 436 | 449 |
| Securities Commission..... | 55 | 57 |
| State..... | 393 | 405 |
| State Police..... | 266 | 274 |
| Transportation..... | 2,357 | 2,428 |
| TOTAL | <u>\$14,344</u> | <u>\$14,431</u> |

The commonwealth also spends funds in these areas:

---- *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 2008-09. These expenditures are expected to generate approximately \$3.03 billion in lottery revenues during 2008-09.

---- *Economic development* - A total of \$31.2 million is budgeted in the General Fund to promote tourism and economic development. This will contribute to an estimated \$27.3 billion in 2008-09 travel revenues to Pennsylvania and supports the state's aggressive effort to preserve and create jobs.



COMMONWEALTH PROGRAM BUDGET

This section summarizes the 2008-09 fiscal year 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.

Program Budget Summary

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| BEGINNING BALANCES | | | | | | | |
| General Fund | \$ 514,086 | \$ 530,914 | \$ 400,007 | \$ 2,095 | \$ 0 | \$ 0 | \$ 0 |
| Adjustment to Beginning Balance..... | \$ 8,075 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Adjusted Beginning Balance..... | <u>\$ 522,161</u> | <u>\$ 530,914</u> | <u>\$ 400,007</u> | <u>\$ 2,095</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Special Funds (a)..... | <u>\$ 1,312,139</u> | <u>\$ 1,171,682</u> | <u>\$ 1,004,420</u> | <u>\$ 537,778</u> | <u>\$ 505,007</u> | <u>\$ 497,595</u> | <u>\$ 457,132</u> |
| REVENUES | | | | | | | |
| General Fund: | | | | | | | |
| Corporation Taxes..... | \$ 5,476,294 | \$ 5,509,500 | \$ 5,493,600 | \$ 5,614,900 | \$ 5,513,700 | \$ 5,333,700 | \$ 5,410,900 |
| Personal Income Tax..... | 9,634,016 | 9,612,000 | 9,897,000 | 10,432,800 | 10,932,000 | 11,417,100 | 11,856,400 |
| Sales and Use Taxes..... | 8,590,769 | 8,556,000 | 8,843,700 | 9,384,000 | 9,884,300 | 10,369,600 | 10,807,100 |
| All Other Revenues/Taxes..... | 3,748,257 | 4,510,600 | 4,800,300 | 5,200,200 | 5,459,740 | 5,819,852 | 6,051,701 |
| Less Refunds..... | -1,050,000 | -1,070,000 | -1,095,000 | -1,150,000 | -1,200,000 | -1,250,000 | -1,300,000 |
| Total General Fund..... | \$ 26,399,336 | \$ 27,118,100 | \$ 27,939,600 | \$ 29,481,900 | \$ 30,589,740 | \$ 31,690,252 | \$ 32,826,101 |
| Special Funds..... | 4,395,785 | 4,900,625 | 4,969,283 | 5,338,970 | 5,434,008 | 5,487,797 | 5,551,516 |
| Federal Funds..... | 17,490,215 | 18,165,993 | 18,043,573 | 18,377,875 | 18,864,467 | 19,397,624 | 19,979,703 |
| Other Funds..... | 7,520,331 | 8,643,462 | 9,565,172 | 9,535,686 | 9,674,669 | 9,746,101 | 9,920,905 |
| Total Revenues and Balances..... | <u>\$ 57,639,967</u> | <u>\$ 60,530,776</u> | <u>\$ 61,922,055</u> | <u>\$ 63,274,304</u> | <u>\$ 65,067,891</u> | <u>\$ 66,819,369</u> | <u>\$ 68,735,357</u> |
| PROGRAM EXPENDITURES | | | | | | | |
| Direction and Supportive | | | | | | | |
| Services..... | \$ 1,721,856 | \$ 1,701,477 | \$ 1,710,635 | \$ 1,742,967 | \$ 1,765,032 | \$ 1,772,147 | \$ 1,781,518 |
| Protection of Persons and | | | | | | | |
| Property..... | 7,436,514 | 7,832,944 | 8,393,736 | 8,617,459 | 8,682,055 | 8,732,989 | 8,846,876 |
| Education..... | 12,946,546 | 13,636,569 | 14,807,846 | 15,157,369 | 15,765,307 | 16,328,496 | 16,966,659 |
| Health and Human Services..... | 24,596,301 | 25,768,153 | 26,294,127 | 27,061,734 | 28,007,470 | 29,018,891 | 30,100,052 |
| Economic Development..... | 2,638,757 | 2,708,008 | 2,378,516 | 2,363,269 | 2,340,371 | 2,320,182 | 2,321,351 |
| Transportation and | | | | | | | |
| Communications..... | 5,102,204 | 5,787,950 | 5,974,396 | 5,995,036 | 6,038,719 | 6,115,761 | 6,178,738 |
| Recreation and Cultural Enrichment.. | 691,538 | 750,284 | 766,431 | 677,122 | 654,398 | 640,122 | 643,266 |
| Debt Service..... | 890,591 | 939,913 | 973,636 | 1,041,274 | 1,150,888 | 1,242,511 | 1,269,967 |
| Less General Fund Lapses..... | -84,484 | -90,000 | 0 | 0 | 0 | 0 | 0 |
| Less Special Fund Lapses..... | -161,542 | -92,248 | 0 | 0 | 0 | 0 | 0 |
| Total Operating Expenditures..... | \$ 55,778,281 | \$ 58,943,050 | \$ 61,299,323 | \$ 62,656,230 | \$ 64,404,240 | \$ 66,171,099 | \$ 68,108,427 |
| Adjustment to Expenditures..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Federal Fiscal Relief Funds..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer to Budget Stabilization | | | | | | | |
| Reserve Fund..... | -176,972 | -133,336 | -699 | -7,727 | -20,974 | -27,244 | -31,764 |
| ENDING BALANCES | | | | | | | |
| General Fund..... | <u>\$ 530,914</u> | <u>\$ 400,007</u> | <u>\$ 2,095</u> | <u>\$ 23,180</u> | <u>\$ 62,922</u> | <u>\$ 81,734</u> | <u>\$ 95,292</u> |
| Special Funds (b)..... | <u>\$ 1,171,682</u> | <u>\$ 990,020</u> | <u>\$ 537,778</u> | <u>\$ 505,007</u> | <u>\$ 497,595</u> | <u>\$ 457,132</u> | <u>\$ 417,714</u> |

(a) Includes Lottery Fund reserve.

Program Budget Summary

Seven Year Summary of Commonwealth Programs

The following is a summary for the seven Commonwealth Programs of 2006-07 actual expenditures, 2007-08 amounts available, 2008-09 amounts budgeted and future year estimates for all the operating funds and capital bond authorizations as presented in the 2008-09 Governor's Executive Budget. A breakdown of each Commonwealth Program by Category and Subcategory is shown on subsequent pages.

| | (Dollar Amounts in Thousands) | | | | | | |
|---|-------------------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
| Direction and Supportive Services | | | | | | | |
| General Fund..... | \$ 851,796 | \$ 882,564 | \$ 908,810 | \$ 917,464 | \$ 917,785 | \$ 917,900 | \$ 918,153 |
| Special Funds..... | 600,509 | 558,580 | 563,057 | 584,911 | 606,651 | 613,649 | 622,765 |
| Federal Funds..... | 18,005 | 51,048 | 16,883 | 16,883 | 16,883 | 16,883 | 16,883 |
| Other Funds..... | <u>251,546</u> | <u>209,285</u> | <u>221,885</u> | <u>223,709</u> | <u>223,713</u> | <u>223,715</u> | <u>223,717</u> |
| Total Operating..... | \$ 1,721,856 | \$ 1,701,477 | \$ 1,710,635 | \$ 1,742,967 | \$ 1,765,032 | \$ 1,772,147 | \$ 1,781,518 |
| Protection of Persons and Property | | | | | | | |
| General Fund..... | \$ 2,632,582 | \$ 2,867,788 | \$ 2,969,056 | \$ 3,006,245 | \$ 3,029,693 | \$ 3,057,410 | \$ 3,092,412 |
| Special Funds..... | 814,674 | 780,298 | 777,837 | 795,672 | 789,207 | 783,098 | 780,309 |
| Federal Funds..... | 1,133,027 | 1,139,078 | 1,153,174 | 1,136,319 | 1,140,763 | 1,157,838 | 1,181,058 |
| Other Funds..... | <u>2,856,231</u> | <u>3,045,780</u> | <u>3,493,669</u> | <u>3,679,223</u> | <u>3,722,392</u> | <u>3,734,643</u> | <u>3,793,097</u> |
| Total Operating..... | \$ 7,436,514 | \$ 7,832,944 | \$ 8,393,736 | \$ 8,617,459 | \$ 8,682,055 | \$ 8,732,989 | \$ 8,846,876 |
| Education | | | | | | | |
| General Fund..... | \$ 10,837,656 | \$ 11,451,163 | \$ 11,924,828 | \$ 12,270,520 | \$ 12,797,813 | \$ 13,314,590 | \$ 13,889,676 |
| Special Funds..... | 19,803 | 16,798 | 17,216 | 17,847 | 18,692 | 19,404 | 20,081 |
| Federal Funds..... | 1,848,122 | 1,928,020 | 1,976,179 | 1,976,179 | 1,976,179 | 1,976,179 | 1,976,179 |
| Other Funds..... | <u>240,965</u> | <u>240,588</u> | <u>889,623</u> | <u>892,823</u> | <u>972,623</u> | <u>1,018,323</u> | <u>1,080,723</u> |
| Total Operating..... | \$ 12,946,546 | \$ 13,636,569 | \$ 14,807,846 | \$ 15,157,369 | \$ 15,765,307 | \$ 16,328,496 | \$ 16,966,659 |
| Health and Human Services | | | | | | | |
| General Fund..... | \$ 9,735,153 | \$ 10,101,346 | \$ 10,739,695 | \$ 11,404,302 | \$ 11,822,724 | \$ 12,281,465 | \$ 12,768,900 |
| Special Funds..... | 1,110,234 | 1,375,980 | 1,515,432 | 1,456,914 | 1,498,161 | 1,534,258 | 1,564,630 |
| Federal Funds..... | 12,103,158 | 12,554,970 | 12,491,893 | 12,866,265 | 13,348,413 | 13,864,555 | 14,423,354 |
| Other Funds..... | <u>1,647,756</u> | <u>1,735,857</u> | <u>1,547,107</u> | <u>1,334,253</u> | <u>1,338,172</u> | <u>1,338,613</u> | <u>1,343,168</u> |
| Total Operating..... | \$ 24,596,301 | \$ 25,768,153 | \$ 26,294,127 | \$ 27,061,734 | \$ 28,007,470 | \$ 29,018,891 | \$ 30,100,052 |
| Economic Development | | | | | | | |
| General Fund..... | \$ 793,391 | \$ 744,385 | \$ 603,172 | \$ 611,422 | \$ 607,739 | \$ 608,485 | \$ 609,273 |
| Special Funds..... | 16,148 | 28,447 | 31,478 | 29,554 | 27,970 | 26,683 | 27,042 |
| Federal Funds..... | 941,955 | 889,918 | 802,392 | 811,609 | 811,609 | 811,609 | 811,609 |
| Other Funds..... | <u>887,263</u> | <u>1,045,258</u> | <u>941,474</u> | <u>910,684</u> | <u>893,053</u> | <u>873,405</u> | <u>873,427</u> |
| Total Operating..... | \$ 2,638,757 | \$ 2,708,008 | \$ 2,378,516 | \$ 2,363,269 | \$ 2,340,371 | \$ 2,320,182 | \$ 2,321,351 |

Program Budget Summary

Seven Year Summary of Commonwealth Programs

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Transportation | | | | | | | |
| General Fund..... | \$ 332,721 | \$ 12,232 | \$ 12,232 | \$ 12,232 | \$ 12,232 | \$ 12,232 | \$ 12,232 |
| Special Funds..... | 1,937,881 | 2,116,873 | 2,200,056 | 2,154,056 | 2,166,556 | 2,209,369 | 2,237,501 |
| Federal Funds..... | 1,369,223 | 1,492,515 | 1,509,086 | 1,503,086 | 1,503,086 | 1,503,086 | 1,503,086 |
| Other Funds..... | <u>1,462,379</u> | <u>2,166,330</u> | <u>2,253,022</u> | <u>2,325,662</u> | <u>2,356,845</u> | <u>2,391,074</u> | <u>2,425,919</u> |
| Total Operating..... | \$ 5,102,204 | \$ 5,787,950 | \$ 5,974,396 | \$ 5,995,036 | \$ 6,038,719 | \$ 6,115,761 | \$ 6,178,738 |
| Recreation and Cultural Enrichment | | | | | | | |
| General Fund..... | \$ 266,167 | \$ 275,532 | \$ 274,410 | \$ 271,825 | \$ 271,825 | \$ 271,825 | \$ 271,825 |
| Special Funds..... | 193,623 | 181,934 | 195,533 | 193,961 | 188,146 | 189,721 | 192,805 |
| Federal Funds..... | 76,725 | 110,444 | 93,966 | 67,534 | 67,534 | 67,474 | 67,534 |
| Other Funds..... | <u>155,023</u> | <u>182,374</u> | <u>202,522</u> | <u>143,802</u> | <u>126,893</u> | <u>111,102</u> | <u>111,102</u> |
| Total Operating..... | \$ 691,538 | \$ 750,284 | \$ 766,431 | \$ 677,122 | \$ 654,398 | \$ 640,122 | \$ 643,266 |
| Debt Service | | | | | | | |
| General Fund..... | \$ 848,629 | \$ 870,661 | \$ 904,610 | \$ 959,078 | \$ 1,046,033 | \$ 1,117,367 | \$ 1,136,574 |
| Special Funds..... | 22,794 | 51,262 | 53,156 | 56,666 | 63,877 | 69,918 | 63,641 |
| Federal Funds..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Funds..... | <u>19,168</u> | <u>17,990</u> | <u>15,870</u> | <u>25,530</u> | <u>40,978</u> | <u>55,226</u> | <u>69,752</u> |
| Total Operating..... | \$ 890,591 | \$ 939,913 | \$ 973,636 | \$ 1,041,274 | \$ 1,150,888 | \$ 1,242,511 | \$ 1,269,967 |
| Capital Bond Authorizations..... | \$ 0 | \$ 0 | \$ 802,385 | \$ 727,000 | \$ 749,771 | \$ 725,747 | \$ 683,810 |
| Program Total..... | \$ 890,591 | \$ 939,913 | \$ 1,776,021 | \$ 1,768,274 | \$ 1,900,659 | \$ 1,968,258 | \$ 1,953,777 |
| COMMONWEALTH TOTALS | | | | | | | |
| General Fund..... | \$ 26,298,095 | \$ 27,205,671 | \$ 28,336,813 | \$ 29,453,088 | \$ 30,505,844 | \$ 31,581,274 | \$ 32,699,045 |
| Special Funds..... | 4,715,666 | 5,110,172 | 5,353,765 | 5,289,581 | 5,359,260 | 5,446,100 | 5,508,774 |
| Federal Funds..... | 17,490,215 | 18,165,993 | 18,043,573 | 18,377,875 | 18,864,467 | 19,397,624 | 19,979,703 |
| Other Funds..... | <u>7,520,331</u> | <u>8,643,462</u> | <u>9,565,172</u> | <u>9,535,686</u> | <u>9,674,669</u> | <u>9,746,101</u> | <u>9,920,905</u> |
| Total Operating..... | \$ 56,024,307 | \$ 59,125,298 | \$ 61,299,323 | \$ 62,656,230 | \$ 64,404,240 | \$ 66,171,099 | \$ 68,108,427 |
| Capital Bond Authorizations..... | \$ 0 | \$ 0 | \$ 802,385 | \$ 727,000 | \$ 749,771 | \$ 725,747 | \$ 683,810 |
| Program Total..... | <u>\$ 56,024,307</u> | <u>\$ 59,125,298</u> | <u>\$ 62,101,708</u> | <u>\$ 63,383,230</u> | <u>\$ 65,154,011</u> | <u>\$ 66,896,846</u> | <u>\$ 68,792,237</u> |

Program Budget Summary

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)

| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>Actual</u> | <u>Available</u> | <u>Budget</u> | <u>Estimated</u> | <u>Estimated</u> | <u>Estimated</u> | <u>Estimated</u> |
| Administrative and Support Services..... | \$ 193,971 | \$ 215,700 | \$ 217,606 | \$ 218,198 | \$ 218,894 | \$ 219,708 | \$ 220,337 |
| Executive Direction..... | 190,390 | 211,344 | 212,543 | 213,135 | 213,831 | 214,645 | 215,274 |
| Personnel Selection..... | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| State Retirement System..... | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Legal Services..... | 3,576 | 4,351 | 5,058 | 5,058 | 5,058 | 5,058 | 5,058 |
| Fiscal Management..... | \$ 779,479 | \$ 750,034 | \$ 770,531 | \$ 799,415 | \$ 820,471 | \$ 826,769 | \$ 835,170 |
| Revenue Collection and Administration..... | 663,013 | 631,471 | 649,241 | 680,125 | 701,181 | 707,479 | 715,880 |
| Disbursement..... | 62,687 | 64,545 | 66,457 | 64,457 | 64,457 | 64,457 | 64,457 |
| Auditing..... | 53,779 | 54,018 | 54,833 | 54,833 | 54,833 | 54,833 | 54,833 |
| Physical Facilities and Commodities Management..... | \$ 136,308 | \$ 140,761 | \$ 147,844 | \$ 148,876 | \$ 149,185 | \$ 149,186 | \$ 149,525 |
| Facility, Property and Commodity Management..... | 136,308 | 140,761 | 147,844 | 148,876 | 149,185 | 149,186 | 149,525 |
| Legislative Processes..... | \$ 341,516 | \$ 333,600 | \$ 334,759 | \$ 334,759 | \$ 334,759 | \$ 334,759 | \$ 334,759 |
| Legislature..... | 341,516 | 333,600 | 334,759 | 334,759 | 334,759 | 334,759 | 334,759 |
| Interstate Relations..... | \$ 1,031 | \$ 1,049 | \$ 1,127 | \$ 1,127 | \$ 1,127 | \$ 1,127 | \$ 1,127 |
| Interstate Relations..... | 1,031 | 1,049 | 1,127 | 1,127 | 1,127 | 1,127 | 1,127 |
| PROGRAM TOTAL..... | \$ 1,452,305 | \$ 1,441,144 | \$ 1,471,867 | \$ 1,502,375 | \$ 1,524,436 | \$ 1,531,549 | \$ 1,540,918 |

Program Budget Summary

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 Building Pennsylvania's Competitive Edge and the Making Pennsylvania Safer themes in the Overview and Summaries section highlight 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, Department of Emergency Management 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)

| | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Actual | Available | Budget | Estimated | Estimated | Estimated | Estimated |
| General Administration and Support..... | \$ 64,147 | \$ 76,767 | \$ 89,356 | \$ 89,356 | \$ 89,356 | \$ 89,356 | \$ 89,356 |
| Criminal and Juvenile Justice Planning..... | 44,008 | 55,876 | 67,321 | 67,321 | 67,321 | 67,321 | 67,321 |
| Environmental Support Services..... | 20,139 | 20,891 | 22,035 | 22,035 | 22,035 | 22,035 | 22,035 |
| Public Protection and Law Enforcement..... | \$ 935,873 | \$ 921,220 | \$ 931,575 | \$ 931,575 | \$ 931,575 | \$ 931,575 | \$ 931,575 |
| State Police..... | 702,029 | 682,226 | 697,788 | 697,788 | 697,788 | 697,788 | 697,788 |
| Attorney General..... | 95,955 | 93,836 | 95,662 | 95,662 | 95,662 | 95,662 | 95,662 |
| Highway Safety Administration and Licensing..... | 137,889 | 145,158 | 138,125 | 138,125 | 138,125 | 138,125 | 138,125 |
| Control and Reduction of Crime..... | \$ 1,517,869 | \$ 1,709,813 | \$ 1,786,006 | \$ 1,814,851 | \$ 1,829,085 | \$ 1,846,545 | \$ 1,864,597 |
| Institutionalization of Offenders..... | 1,420,259 | 1,600,181 | 1,668,811 | 1,694,509 | 1,708,743 | 1,726,203 | 1,744,255 |
| Reintegration of Adult Offenders..... | 97,610 | 109,632 | 117,195 | 120,342 | 120,342 | 120,342 | 120,342 |
| Juvenile Crime Prevention..... | \$ 34,629 | \$ 25,311 | \$ 22,255 | \$ 22,255 | \$ 22,255 | \$ 22,255 | \$ 22,255 |
| Reintegration of Juvenile Delinquents..... | 34,629 | 25,311 | 22,255 | 22,255 | 22,255 | 22,255 | 22,255 |
| Adjudication of Defendants..... | \$ 286,643 | \$ 298,724 | \$ 309,703 | \$ 309,703 | \$ 309,703 | \$ 309,703 | \$ 309,703 |
| State Judicial System..... | 286,643 | 298,724 | 309,703 | 309,703 | 309,703 | 309,703 | 309,703 |
| Public Order and Community Safety..... | \$ 53,072 | \$ 49,369 | \$ 41,651 | \$ 40,901 | \$ 39,951 | \$ 39,201 | \$ 39,201 |
| Emergency Management..... | 30,990 | 28,085 | 19,117 | 18,367 | 17,417 | 16,667 | 16,667 |
| State Military Readiness..... | 22,082 | 21,284 | 22,534 | 22,534 | 22,534 | 22,534 | 22,534 |
| Protection From Natural Hazards and Disasters..... | \$ 240,659 | \$ 223,515 | \$ 210,586 | \$ 206,785 | \$ 203,747 | \$ 201,163 | \$ 201,166 |
| Environmental Protection and Management..... | 240,659 | 223,515 | 210,586 | 206,785 | 203,747 | 201,163 | 201,166 |
| Consumer Protection..... | \$ 270,969 | \$ 298,683 | \$ 309,345 | \$ 340,075 | \$ 346,812 | \$ 354,294 | \$ 368,452 |
| Consumer Protection..... | 12,055 | 20,571 | 14,317 | 13,587 | 13,587 | 13,587 | 13,617 |
| Financial Institution Regulation..... | 18,004 | 18,760 | 19,989 | 19,989 | 19,989 | 19,989 | 19,989 |
| Securities Industry Regulation..... | 2,321 | 2,354 | 2,323 | 2,323 | 2,323 | 2,323 | 2,323 |

Program Budget Summary

Protection of Persons and Property (continued) Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

| | <u>2006-07</u> <u>Actual</u> | <u>2007-08</u> <u>Available</u> | <u>2008-09</u> <u>Budget</u> | <u>2009-10</u> <u>Estimated</u> | <u>2010-11</u> <u>Estimated</u> | <u>2011-12</u> <u>Estimated</u> | <u>2012-13</u> <u>Estimated</u> |
|--|---------------------------------|------------------------------------|---------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Insurance Industry Regulation..... | 143,227 | 159,366 | 174,734 | 206,868 | 214,807 | 223,312 | 237,439 |
| Horse Racing Regulation..... | 17,030 | 19,884 | 17,239 | 18,284 | 18,284 | 18,284 | 18,284 |
| Protection and Development of Agricultural Industries..... | 78,332 | 77,748 | 80,743 | 79,024 | 77,822 | 76,799 | 76,800 |
| Community and Occupational Safety and Stability..... \$ | 31,630 \$ | 32,635 \$ | 33,581 \$ | 33,581 \$ | 33,581 \$ | 33,581 \$ | 33,581 |
| Community and Occupational Safety and Stability..... | 28,594 | 29,944 | 30,870 | 30,870 | 30,870 | 30,870 | 30,870 |
| Fire Prevention and Safety..... | 3,036 | 2,691 | 2,711 | 2,711 | 2,711 | 2,711 | 2,711 |
| Prevention & Elimination of Discriminatory Practices \$ | 11,765 \$ | 12,049 \$ | 12,835 \$ | 12,835 \$ | 12,835 \$ | 12,835 \$ | 12,835 |
| Prevention & Elimination of Discriminatory Practices..... | 11,765 | 12,049 | 12,835 | 12,835 | 12,835 | 12,835 | 12,835 |
| PROGRAM TOTAL..... | \$ 3,447,256 | \$ 3,648,086 | \$ 3,746,893 | \$ 3,801,917 | \$ 3,818,900 | \$ 3,840,508 | \$ 3,872,721 |

Program Budget Summary

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)

| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>Actual</u> | <u>Available</u> | <u>Budget</u> | <u>Estimated</u> | <u>Estimated</u> | <u>Estimated</u> | <u>Estimated</u> |
| Educational Support Services | \$ 31,852 | \$ 34,701 | \$ 36,478 | \$ 36,478 | \$ 36,478 | \$ 36,478 | \$ 36,478 |
| Education Support Services..... | 31,852 | 34,701 | 36,478 | 36,478 | 36,478 | 36,478 | 36,478 |
| Basic Education | \$ 8,792,494 | \$ 9,361,669 | \$ 9,830,033 | \$ 10,189,998 | \$ 10,717,291 | \$ 11,234,068 | \$ 11,809,154 |
| PreK-12 Education..... | 8,774,527 | 9,342,595 | 9,811,282 | 10,170,310 | 10,696,618 | 11,212,362 | 11,786,362 |
| Public Utility Realty Payments..... | 17,967 | 19,074 | 18,751 | 19,688 | 20,673 | 21,706 | 22,792 |
| Higher Education | \$ 2,033,113 | \$ 2,071,591 | \$ 2,075,533 | \$ 2,061,891 | \$ 2,062,736 | \$ 2,063,448 | \$ 2,064,125 |
| Higher Education..... | 1,581,466 | 1,619,623 | 1,611,979 | 1,598,337 | 1,599,182 | 1,599,894 | 1,600,571 |
| Financial Assistance to Students..... | 410,255 | 407,505 | 419,091 | 419,091 | 419,091 | 419,091 | 419,091 |
| Financial Assistance to Institutions..... | 41,392 | 44,463 | 44,463 | 44,463 | 44,463 | 44,463 | 44,463 |
| PROGRAM TOTAL | \$ 10,857,459 | \$ 11,467,961 | \$ 11,942,044 | \$ 12,288,367 | \$ 12,816,505 | \$ 13,333,994 | \$ 13,909,757 |

Program Budget Summary

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 Caring for All Pennsylvanians and the Building Pennsylvania's Competitive Edge themes in the Overview and Summaries section highlight 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, 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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| Human Services Support..... | \$ 113,807 | \$ 123,903 | \$ 129,431 | \$ 129,308 | \$ 129,183 | \$ 129,183 | \$ 129,183 |
| Human Services Support..... | 113,807 | 123,903 | 129,431 | 129,308 | 129,183 | 129,183 | 129,183 |
| Social Development of Individuals..... | \$ 1,330,639 | \$ 1,652,098 | \$ 1,756,416 | \$ 1,829,236 | \$ 1,908,759 | \$ 1,993,848 | \$ 2,084,894 |
| Human Services..... | 1,114,155 | 1,172,181 | 1,225,480 | 1,299,800 | 1,379,323 | 1,464,412 | 1,555,458 |
| Child Development..... | 216,484 | 479,917 | 530,936 | 529,436 | 529,436 | 529,436 | 529,436 |
| Support of Older Pennsylvanians..... | \$ 629,702 | \$ 838,589 | \$ 942,601 | \$ 1,001,949 | \$ 1,033,885 | \$ 1,060,240 | \$ 1,080,417 |
| Community Services for Older Pennsylvanians..... | 278,404 | 295,211 | 306,226 | 314,289 | 314,882 | 315,488 | 316,107 |
| Homeowners and Renters Assistance..... | 120,400 | 250,900 | 308,500 | 339,300 | 351,300 | 355,700 | 351,900 |
| Pharmaceutical Assistance..... | 230,898 | 292,478 | 327,875 | 348,360 | 367,703 | 389,052 | 412,410 |
| Income Maintenance..... | \$ 978,514 | \$ 795,846 | \$ 818,908 | \$ 853,976 | \$ 852,790 | \$ 852,617 | \$ 852,433 |
| Income Maintenance..... | 965,018 | 779,110 | 802,684 | 833,852 | 832,666 | 832,493 | 832,309 |
| Workers Compensation and Assistance..... | 2,409 | 3,044 | 3,475 | 3,475 | 3,475 | 3,475 | 3,475 |
| Military Compensation and Assistance..... | 11,087 | 13,692 | 12,749 | 16,649 | 16,649 | 16,649 | 16,649 |
| Physical Health Treatment..... | \$ 6,042,720 | \$ 6,177,007 | \$ 6,640,145 | \$ 7,052,472 | \$ 7,408,361 | \$ 7,791,687 | \$ 8,198,455 |
| Medical Assistance..... | 4,395,156 | 4,362,843 | 4,626,400 | 4,961,148 | 5,269,398 | 5,598,152 | 5,950,952 |
| Long Term Living..... | 1,156,121 | 1,299,660 | 1,522,849 | 1,606,856 | 1,651,850 | 1,703,974 | 1,755,438 |
| Health Treatment Services..... | 20,089 | 18,893 | 15,703 | 15,629 | 15,629 | 15,629 | 15,629 |
| Health Support Services..... | 46,102 | 52,063 | 55,839 | 55,839 | 55,839 | 55,839 | 55,839 |
| Health Research..... | 110,769 | 98,414 | 81,727 | 84,031 | 85,656 | 87,317 | 89,016 |
| Emergency Food Assistance..... | 21,750 | 20,250 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| Prevention and Treatment of Drug and Alcohol Abuse..... | 41,623 | 42,602 | 42,602 | 42,602 | 42,602 | 42,602 | 42,602 |
| Preventive Health..... | 157,959 | 181,065 | 177,640 | 178,982 | 180,002 | 180,789 | 181,594 |
| Veterans Homes and School..... | 93,151 | 101,217 | 97,385 | 87,385 | 87,385 | 87,385 | 87,385 |
| Mental Health..... | \$ 732,936 | \$ 774,459 | \$ 781,896 | \$ 778,780 | \$ 776,197 | \$ 776,102 | \$ 776,102 |
| Mental Health..... | 732,936 | 774,459 | 781,896 | 778,780 | 776,197 | 776,102 | 776,102 |

Program Budget Summary

Health and Human Services (continued) Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

| | <u>2006-07</u> <u>Actual</u> | <u>2007-08</u> <u>Available</u> | <u>2008-09</u> <u>Budget</u> | <u>2009-10</u> <u>Estimated</u> | <u>2010-11</u> <u>Estimated</u> | <u>2011-12</u> <u>Estimated</u> | <u>2012-13</u> <u>Estimated</u> |
|---------------------------|---------------------------------|------------------------------------|---------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Mental Retardation..... | \$ 1,017,069 | \$ 1,115,424 | \$ 1,185,730 | \$ 1,215,495 | \$ 1,211,710 | \$ 1,212,046 | \$ 1,212,046 |
| Mental Retardation..... | 1,017,069 | 1,115,424 | 1,185,730 | 1,215,495 | 1,211,710 | 1,212,046 | 1,212,046 |
| PROGRAM TOTAL..... | \$ 10,845,387 | \$ 11,477,326 | \$ 12,255,127 | \$ 12,861,216 | \$ 13,320,885 | \$ 13,815,723 | \$ 14,333,530 |

Program Budget Summary

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 Building Pennsylvania's Competitive Edge 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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| Economic Development Support Services..... \$ | 138,692 | 142,271 | 118,321 | 118,321 | 118,321 | 118,321 | 118,321 |
| Economic Development Support Services..... | 138,692 | 142,271 | 118,321 | 118,321 | 118,321 | 118,321 | 118,321 |
| Commonwealth Economic Development..... \$ | 317,003 | 307,945 | 314,438 | 320,085 | 314,106 | 312,816 | 313,178 |
| Business and Job Development..... | 222,712 | 212,087 | 217,298 | 222,911 | 223,087 | 223,259 | 223,441 |
| Technology Development..... | 81,143 | 84,488 | 81,338 | 81,580 | 81,751 | 81,926 | 82,105 |
| Environmental Infrastructure..... | 13,148 | 11,370 | 15,802 | 15,594 | 9,268 | 7,631 | 7,632 |
| Workforce Investment..... \$ | 106,720 | 87,287 | 80,182 | 80,182 | 80,182 | 80,182 | 80,182 |
| Workforce Development..... | 59,387 | 39,954 | 28,799 | 28,799 | 28,799 | 28,799 | 28,799 |
| Vocational Rehabilitation..... | 47,333 | 47,333 | 51,383 | 51,383 | 51,383 | 51,383 | 51,383 |
| Community Development..... \$ | 247,124 | 235,329 | 121,709 | 122,388 | 123,100 | 123,849 | 124,634 |
| Community Development..... | 234,116 | 221,521 | 108,134 | 108,134 | 108,134 | 108,134 | 108,134 |
| Public Utility Realty Payments..... | 13,008 | 13,808 | 13,575 | 14,254 | 14,966 | 15,715 | 16,500 |
| PROGRAM TOTAL..... \$ | 809,539 | 772,832 | 634,650 | 640,976 | 635,709 | 635,168 | 636,315 |

Program Budget Summary

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 Rebuilding Pennsylvania 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.

The 2007-08 Available amount for the Intermodal Transportation subcategory shown in the following table reflects the transfer of program funding to the Public Transportation Trust Fund.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

| | <u>2006-07</u> <u>Actual</u> | <u>2007-08</u> <u>Available</u> | <u>2008-09</u> <u>Budget</u> | <u>2009-10</u> <u>Estimated</u> | <u>2010-11</u> <u>Estimated</u> | <u>2011-12</u> <u>Estimated</u> | <u>2012-13</u> <u>Estimated</u> |
|---|---------------------------------|------------------------------------|---------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Transportation Systems and Services..... | \$ 2,270,602 | \$ 2,129,105 | \$ 2,212,288 | \$ 2,166,288 | \$ 2,178,788 | \$ 2,221,601 | \$ 2,249,733 |
| Transportation Support Services..... | 57,430 | 58,131 | 58,627 | 58,627 | 58,627 | 58,627 | 58,627 |
| Highways and Bridges..... | 1,531,215 | 1,736,344 | 1,818,081 | 1,772,081 | 1,784,581 | 1,827,394 | 1,855,526 |
| Local Highway and Bridge Assistance..... | 209,576 | 245,751 | 245,751 | 245,751 | 245,751 | 245,751 | 245,751 |
| Intermodal Transportation..... | 472,381 | 88,879 | 89,829 | 89,829 | 89,829 | 89,829 | 89,829 |
| PROGRAM TOTAL..... | \$ 2,270,602 | \$ 2,129,105 | \$ 2,212,288 | \$ 2,166,288 | \$ 2,178,788 | \$ 2,221,601 | \$ 2,249,733 |

Program Budget Summary

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 Building Pennsylvania's Competitive Edge 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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| Recreation | \$ 280,441 | \$ 284,759 | \$ 296,567 | \$ 291,998 | \$ 285,384 | \$ 286,287 | \$ 288,733 |
| Parks and Forests Management..... | 186,534 | 182,548 | 188,674 | 186,105 | 187,197 | 188,100 | 190,546 |
| Recreational Fishing and Boating..... | 40,475 | 43,953 | 44,913 | 44,913 | 44,913 | 44,913 | 44,913 |
| Wildlife Management..... | 53,432 | 58,258 | 62,980 | 60,980 | 53,274 | 53,274 | 53,274 |
| Cultural Enrichment | \$ 179,349 | \$ 172,707 | \$ 173,376 | \$ 173,788 | \$ 174,587 | \$ 175,259 | \$ 175,897 |
| State Historical Preservation..... | 24,065 | 25,260 | 26,384 | 26,384 | 26,384 | 26,384 | 26,384 |
| Local Museum Assistance..... | 26,397 | 19,255 | 18,124 | 18,580 | 19,191 | 19,705 | 20,193 |
| Development of Artists and Audiences..... | 16,435 | 16,520 | 17,071 | 17,071 | 17,071 | 17,071 | 17,071 |
| State Library Services..... | 98,501 | 98,174 | 100,025 | 100,166 | 100,354 | 100,512 | 100,662 |
| Public Television Services..... | 13,951 | 13,498 | 11,772 | 11,587 | 11,587 | 11,587 | 11,587 |
| PROGRAM TOTAL | \$ 459,790 | \$ 457,466 | \$ 469,943 | \$ 465,786 | \$ 459,971 | \$ 461,546 | \$ 464,630 |

Program Budget Summary

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 referendums 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)

| | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---------------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| | Actual | Available | Budget | Estimated | Estimated | Estimated | Estimated |
| Debt Service..... | \$ 871,423 | \$ 921,923 | \$ 957,766 | \$ 1,015,744 | \$ 1,109,910 | \$ 1,187,285 | \$ 1,200,215 |
| Debt Service..... | 871,423 | 921,923 | 957,766 | 1,015,744 | 1,109,910 | 1,187,285 | 1,200,215 |
| PROGRAM TOTAL..... | \$ 871,423 | \$ 921,923 | \$ 957,766 | \$ 1,015,744 | \$ 1,109,910 | \$ 1,187,285 | \$ 1,200,215 |



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 2006 07 actual year, 2007-08 available year and 2008-09 budget year. The financial statement excludes augmentations and Federal funds that are detailed in subsequent tables.

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Beginning Balance | \$ 514,086 | \$ 530,914 | \$ 400,007 |
| Adjustment to Beginning Balance..... | 8,075 | 0 | 0 |
| Adjusted Beginning Balance..... | \$ 522,161 | \$ 530,914 | \$ 400,007 |
| Revenue: | | | |
| Revenue Receipts..... | \$ 27,449,336 | \$ 28,188,100 | \$ 28,994,600 |
| Proposed Revenue Changes..... | 0 | 0 | 40,000 |
| Transfer from Budget Stabilization Reserve Fund | 0 | 130,000 | 0 |
| Protecting Our Progress Tax Rebates..... | 0 | -130,000 | 0 |
| Less Refunds..... | -1,050,000 | -1,070,000 | -1,095,000 |
| Total Revenue..... | \$ 26,399,336 | \$ 27,118,100 | \$ 27,939,600 |
| Prior Year Lapses..... | 84,484 | 80,000 | 0 |
| Funds Available..... | \$ 27,005,981 | \$ 27,729,014 | \$ 28,339,607 |
| Expenditures: | | | |
| Appropriations..... | \$ 26,298,095 | \$ 27,174,966 | \$ 28,336,813 |
| Supplemental Appropriations..... | 0 | 30,705 | 0 |
| Less Current Year Lapses..... | 0 | -10,000 | 0 |
| Total Expenditures..... | \$ 26,298,095 | \$ 27,195,671 | \$ 28,336,813 |
| Preliminary Balance..... | \$ 707,886 | \$ 533,343 | \$ 2,794 |
| Less Transfer to Budget Stabilization Reserve Fund | -176,972 | -133,336 | -699 |
| Ending Balance | <u>\$ 530,914</u> | <u>\$ 400,007</u> | <u>\$ 2,095</u> |

NOTES ON FINANCIAL STATEMENT
(Dollar Amounts in Thousands)

PROPOSED TAX AND REVENUE MODIFICATIONS

| <i>Non-Tax Revenue:</i> | 2007-08 Estimated |
|---|------------------------------|
| Budget Stabilization Reserve Fund..... | \$ 130,000 |
| A transfer to the General Fund is proposed. | |
| <i>Tax Refunds:</i> | |
| Protecting Our Progress Tax Rebates..... | \$ -130,000 |
| Taxpayers who qualify for Special Tax Provisions for Poverty in tax year 2007 and have at least one dependent will receive a one-time rebate in 2007-08. The rebate is \$200.00 for individuals and \$400.00 for couples. | |
| TOTAL PROPOSED REVENUE CHANGES IN FISCAL YEAR 2007-08 | <u>\$ 0</u> |

| <i>Tax Revenue:</i> | 2008-09 Estimated |
|--|------------------------------|
| Capital Stock and Franchise Tax Phase Out..... | \$ 40,000 |
| The tax will continue to be phased out although at a modified rate. Beginning January 1, 2009, the tax rate will be 2.49 mills and for 2010 the rate will be 1.02 mills. The tax will be completely eliminated on January 1, 2011. | |
| TOTAL PROPOSED TAX CHANGES IN FISCAL YEAR 2008-09 | <u>\$ 40,000</u> |

NOTES ON FINANCIAL STATEMENT

(Dollar Amounts in Thousands)

SUPPLEMENTAL APPROPRIATIONS

| | <u>2007-08</u> <u>Available</u> |
|--|------------------------------------|
| Education | |
| Authority Rentals and Sinking Fund Requirements..... | \$ 15,000 |
| Emergency Management and Homeland Security | |
| General Government Operations..... | \$ 308 |
| Public Welfare | |
| Mental Health Services..... | \$ 2,000 |
| Cash Grants..... | -13,000 |
| Supplemental Grants..... | -1,512 |
| Payment to Federal Government Medicare Part D..... | 33,864 |
| Medical Assistance - Capitation..... | -15,000 |
| Behavioral Health Services Transition..... | 13,000 |
| Child Care Assistance..... | -14,025 |
| Public Welfare Total | <u>\$ 5,327</u> |
| Judiciary | |
| Courts of Common Pleas..... | \$ 10,070 |
| TOTAL | <u>\$ 30,705</u> |

STATE FUNDS BY DEPARTMENT

The following is a summary, by department, of 2006-07 actual expenditures, the 2007-08 amounts available and the 2008-09 amounts budgeted as presented in the General Fund Budget.

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget |
| Governor's Office..... | \$ 7,359 | \$ 7,559 | \$ 7,899 |
| Executive Offices..... | 238,848 | 260,747 | 274,786 |
| Lieutenant Governor's Office..... | 1,388 | 1,523 | 1,614 |
| Attorney General..... | 95,955 | 93,836 | 95,662 |
| Auditor General..... | 53,779 | 54,018 | 54,833 |
| Treasury..... | 900,000 | 923,405 | 958,779 |
| Aging..... | 19,950 | 250 | 250 |
| Agriculture..... | 85,399 | 81,206 | 82,476 |
| Civil Service Commission..... | 1 | 1 | 1 |
| Community and Economic Development *..... | 673,663 | 643,290 | 507,215 |
| Conservation and Natural Resources..... | 104,499 | 116,736 | 116,114 |
| Corrections..... | 1,420,259 | 1,600,181 | 1,668,811 |
| Education**..... | 10,461,041 | 11,073,499 | 11,537,477 |
| Emergency Management and Homeland Security..... | 34,026 | 30,776 | 21,828 |
| Environmental Protection***..... | 206,050 | 222,463 | 207,156 |
| Fish and Boat Commission..... | 16 | 16 | 17 |
| General Services..... | 116,081 | 120,515 | 127,590 |
| Health..... | 282,399 | 294,498 | 269,384 |
| Higher Education Assistance Agency..... | 451,647 | 451,968 | 463,554 |
| Historical and Museum Commission..... | 36,929 | 33,865 | 32,963 |
| Infrastructure Investment Authority..... | - | - | 2,200 |
| Insurance..... | 81,630 | 99,158 | 125,272 |
| Labor and Industry..... | 137,723 | 120,275 | 114,527 |
| Military and Veterans Affairs..... | 126,320 | 136,193 | 132,668 |
| Probation and Parole Board..... | 97,610 | 109,632 | 117,195 |
| Public Television Network..... | 13,951 | 13,498 | 11,772 |
| Public Welfare..... | 9,304,407 | 9,668,395 | 10,336,452 |
| Revenue****..... | 179,261 | 194,491 | 204,963 |
| Securities Commission..... | 2,321 | 2,354 | 2,323 |
| State..... | 12,055 | 20,571 | 14,317 |
| State Employees' Retirement System..... | 4 | 4 | 4 |
| State Police..... | 189,676 | 183,043 | 186,994 |
| Tax Equalization Board..... | 1,338 | 1,519 | 1,519 |
| Transportation..... | 334,351 | 13,862 | 13,736 |
| Legislature*****..... | 341,516 | 333,600 | 334,759 |
| Judiciary..... | 286,643 | 298,724 | 309,703 |
| GRAND TOTAL..... | \$ 26,298,095 | \$ 27,205,671 | \$ 28,336,813 |

* 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 2006-07 actual expenditures, the 2007-08 amounts available and the 2008-09 amounts budgeted as presented in the General Fund Budget.

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget |
| Executive Offices..... | \$ 106,629 | \$ 171,864 | \$ 140,138 |
| Attorney General..... | 14,510 | 16,305 | 17,134 |
| Aging..... | 25,376 | 350 | 350 |
| Agriculture..... | 35,039 | 36,491 | 35,309 |
| Community and Economic Development..... | 100,750 | 98,224 | 90,432 |
| Conservation and Natural Resources..... | 47,236 | 71,423 | 62,027 |
| Corrections..... | 17,390 | 8,281 | 11,931 |
| Education..... | 1,848,433 | 1,934,134 | 1,982,216 |
| Emergency Management and Homeland Security..... | 337,432 | 284,151 | 247,495 |
| Environmental Protection*..... | 164,219 | 165,682 | 168,699 |
| General Services..... | 150 | 0 | 0 |
| Health..... | 423,695 | 448,032 | 443,673 |
| Higher Education Assistance Agency..... | 1,589 | 1,586 | 1,563 |
| Historical and Museum Commission..... | 4,411 | 3,371 | 2,088 |
| Infrastructure Investment Authority..... | 130,540 | 138,685 | 102,114 |
| Insurance..... | 182,040 | 218,123 | 251,326 |
| Labor and Industry..... | 806,000 | 752,194 | 714,401 |
| Liquor Control Board..... | 605 | 646 | 0 |
| Military and Veterans Affairs..... | 165,057 | 263,068 | 284,187 |
| Probation and Parole Board..... | 689 | 484 | 125 |
| Public Television Network..... | 254 | 254 | 0 |
| Public Utility Commission..... | 2,041 | 2,927 | 2,564 |
| Public Welfare..... | 11,283,847 | 11,709,328 | 11,630,339 |
| State..... | 101,652 | 22,503 | 21,000 |
| State Police..... | 61,536 | 37,732 | 43,622 |
| Transportation..... | 78,465 | 86,810 | 65,676 |
| Legislature..... | 1,139 | 1,308 | 1,270 |
| Judiciary..... | 1,063 | 1,570 | 1,370 |
| GRAND TOTAL..... | \$ 15,941,787 | \$ 16,475,526 | \$ 16,321,049 |

* Includes Environmental Hearing Board.

AUGMENTATIONS BY DEPARTMENT

The following is a summary of augmentations, by department, of 2006-07 actual expenditures, the 2007-08 amounts available and the 2008-09 amounts budgeted as presented in the General Fund Budget.

| | | (Dollar Amounts in Thousands) | | |
|---|---------------------|-------------------------------|-----------|-------------------|
| | 2006-07 Actual | 2007-08 Available | | 2008-09 Budget |
| Executive Offices..... | \$ 94,702 | \$ 90,256 | \$ | 93,999 |
| Attorney General*..... | 5,172 | 10,542 | | 16,247 |
| Auditor General..... | 10,135 | 9,800 | | 11,185 |
| Treasury..... | 5,950 | 8,246 | | 6,703 |
| Aging..... | 198 | - | | - |
| Agriculture..... | 4,818 | 5,719 | | 5,726 |
| Civil Service Commission..... | 15,551 | 16,172 | | 16,502 |
| Community and Economic Development*..... | 11,326 | 10,996 | | 8,377 |
| Conservation and Natural Resources..... | 61,344 | 62,862 | | 59,991 |
| Corrections..... | 21,667 | 1,768 | | 2,133 |
| Education..... | 10,029 | 9,489 | | 9,534 |
| Emergency Management and Homeland Security..... | 328 | 81 | | 81 |
| Environmental Protection* **..... | 28,021 | 29,725 | | 23,613 |
| General Services..... | 19,944 | 18,908 | | 22,120 |
| Health*..... | 5,366 | 5,822 | | 6,730 |
| Higher Education Assistance Agency..... | 59,193 | 77,450 | | 35,000 |
| Historical and Museum Commission..... | 826 | 678 | | 612 |
| Insurance*..... | 2,928 | 4,277 | | 4,407 |
| Labor and Industry*..... | 52,031 | 48,200 | | 48,217 |
| Military and Veterans Affairs..... | 32,134 | 30,597 | | 32,557 |
| Probation and Parole Board..... | 19,379 | 17,667 | | 19,284 |
| Public Utility Commission*..... | 51,431 | 51,483 | | 52,162 |
| Public Welfare..... | 1,260,751 | 1,385,765 | | 1,146,512 |
| Revenue..... | 23,070 | 27,344 | | 27,103 |
| Securities Commission..... | 6,964 | 7,473 | | 7,442 |
| State*..... | 42,139 | 48,158 | | 47,483 |
| State Police*..... | 54,238 | 55,579 | | 57,084 |
| Transportation*..... | 86,880 | 6,498 | | - |
| Judiciary*..... | 42,755 | 57,797 | | 59,696 |
| GRAND TOTAL..... | <u>\$ 2,029,270</u> | <u>\$ 2,099,352</u> | <u>\$</u> | <u>1,820,500</u> |

* Includes funds appropriated from restricted revenues.

** Includes Environmental Hearing Board.

General Fund Revenue Summary

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) | | | | | | |
|-------------------------------------|-------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
| TAX REVENUE | | | | | | | |
| Corporation Taxes | | | | | | | |
| Corporate Net Income Tax..... | \$ 2,492,482 | \$ 2,521,700 | \$ 2,520,000 | \$ 2,639,400 | \$ 2,596,900 | \$ 2,514,600 | \$ 2,437,000 |
| Capital Stock and Franchise Taxes.. | 999,954 | 890,500 | 730,000 | 545,300 | 256,200 | 0 | 0 |
| Selective Business: | | | | | | | |
| Gross Receipts Tax..... | 1,293,311 | 1,397,500 | 1,490,000 | 1,634,700 | 1,840,400 | 1,966,700 | 2,086,100 |
| Public Utility Realty Tax..... | 47,518 | 46,200 | 53,000 | 57,000 | 58,500 | 61,400 | 64,500 |
| Insurance Premiums Tax..... | 412,490 | 438,700 | 481,200 | 520,900 | 544,700 | 573,700 | 608,500 |
| Financial Institutions Tax..... | 213,645 | 195,700 | 200,000 | 197,200 | 195,600 | 194,900 | 191,400 |
| Other Selective Business Taxes.... | 16,893 | 19,200 | 19,400 | 20,400 | 21,400 | 22,400 | 23,400 |
| Total — Corporation Taxes..... | <u>\$ 5,476,294</u> | <u>\$ 5,509,500</u> | <u>\$ 5,493,600</u> | <u>\$ 5,614,900</u> | <u>\$ 5,513,700</u> | <u>\$ 5,333,700</u> | <u>\$ 5,410,900</u> |
| Consumption Taxes | | | | | | | |
| Sales and Use Tax..... | \$ 8,590,769 | \$ 8,556,000 | \$ 8,843,700 | \$ 9,384,000 | \$ 9,884,300 | \$ 10,369,600 | \$ 10,807,100 |
| Cigarette Tax..... | 778,582 | 774,700 | 759,100 | 741,700 | 727,100 | 712,800 | 698,800 |
| Malt Beverage Tax..... | 25,171 | 26,500 | 26,000 | 26,000 | 26,000 | 26,000 | 27,000 |
| Liquor Tax..... | 239,494 | 254,800 | 268,200 | 281,100 | 294,600 | 308,700 | 323,500 |
| Total — Consumption Taxes..... | <u>\$ 9,634,016</u> | <u>\$ 9,612,000</u> | <u>\$ 9,897,000</u> | <u>\$ 10,432,800</u> | <u>\$ 10,932,000</u> | <u>\$ 11,417,100</u> | <u>\$ 11,856,400</u> |
| Other Taxes | | | | | | | |
| Personal Income Tax..... | \$ 10,261,619 | \$ 11,096,500 | \$ 11,670,000 | \$ 12,504,800 | \$ 13,183,140 | \$ 13,792,052 | \$ 14,332,501 |
| Realty Transfer Tax..... | 570,994 | 426,400 | 462,300 | 513,400 | 544,000 | 567,400 | 589,700 |
| Inheritance Tax..... | 756,553 | 801,200 | 849,300 | 904,500 | 955,300 | 1,168,300 | 1,274,900 |
| Minor and Repealed Taxes..... | -15,461 | 115,700 | 8,700 | 8,800 | 8,900 | 9,000 | 9,000 |
| Total — Other Taxes..... | <u>\$ 11,573,705</u> | <u>\$ 12,439,800</u> | <u>\$ 12,990,300</u> | <u>\$ 13,931,500</u> | <u>\$ 14,691,340</u> | <u>\$ 15,536,752</u> | <u>\$ 16,206,101</u> |
| TOTAL TAX REVENUE..... | <u><u>\$ 26,684,015</u></u> | <u><u>\$ 27,561,300</u></u> | <u><u>\$ 28,380,900</u></u> | <u><u>\$ 29,979,200</u></u> | <u><u>\$ 31,137,040</u></u> | <u><u>\$ 32,287,552</u></u> | <u><u>\$ 33,473,401</u></u> |
| NONTAX REVENUE | | | | | | | |
| State Stores Fund Transfer..... | \$ 150,000 | \$ 80,000 | \$ 80,000 | \$ 80,000 | \$ 80,000 | \$ 80,000 | \$ 80,000 |
| Licenses, Fees and Miscellaneous: | | | | | | | |
| Licenses and Fees..... | 119,587 | 118,100 | 120,861 | 120,900 | 120,900 | 120,900 | 120,900 |
| Miscellaneous..... | 454,037 | 389,900 | 421,339 | 420,300 | 420,300 | 420,300 | 420,300 |
| Fines, Penalties and Interest: | | | | | | | |
| On Taxes..... | 38,287 | 27,000 | 27,500 | 27,500 | 27,500 | 27,500 | 27,500 |
| Other..... | 3,410 | 11,800 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| TOTAL NONTAX REVENUES..... | <u>\$ 765,321</u> | <u>\$ 626,800</u> | <u>\$ 653,700</u> | <u>\$ 652,700</u> | <u>\$ 652,700</u> | <u>\$ 652,700</u> | <u>\$ 652,700</u> |
| GENERAL FUND TOTAL..... | <u><u>\$ 27,449,336</u></u> | <u><u>\$ 28,188,100</u></u> | <u><u>\$ 29,034,600</u></u> | <u><u>\$ 30,631,900</u></u> | <u><u>\$ 31,789,740</u></u> | <u><u>\$ 32,940,252</u></u> | <u><u>\$ 34,126,101</u></u> |

Totals may not add due to rounding.

Adjustments to Revenue Estimate

On July 27, 2007, the Official Estimate for fiscal year 2007-08 was certified to be \$27,760,600. 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) | | |
|--|---------------------------------|-------------------|--------------------------------|
| | 2007-08 Official Estimate | Adjustments | 2007-08 Revised Estimate |
| TAX REVENUE | | | |
| Corporation Taxes | | | |
| Corporate Net Income Tax..... | \$ 2,578,400 | \$ -56,700 | \$ 2,521,700 |
| Capital Stock and Franchise Taxes..... | 796,400 | 94,100 | 890,500 |
| Selective Business: | | | |
| Gross Receipts Tax..... | 1,374,700 | 22,800 | 1,397,500 |
| Public Utility Realty Tax..... | 47,900 | -1,700 | 46,200 |
| Insurance Premiums Tax..... | 438,700 | 0 | 438,700 |
| Financial Institutions Tax..... | 189,900 | 5,800 | 195,700 |
| Other Selective Business Taxes..... | 18,400 | 800 | 19,200 |
| Total — Corporation Taxes..... | \$ 5,444,400 | \$ 65,100 | \$ 5,509,500 |
| Consumption Taxes | | | |
| Sales and Use Tax..... | \$ 8,528,900 | \$ 27,100 | \$ 8,556,000 |
| Cigarette Tax..... | 766,800 | 7,900 | 774,700 |
| Malt Beverage Tax..... | 26,000 | 500 | 26,500 |
| Liquor Tax..... | 255,900 | -1,100 | 254,800 |
| Total — Consumption Taxes..... | \$ 9,577,600 | \$ 34,400 | \$ 9,612,000 |
| Other Taxes | | | |
| Personal Income Tax..... | \$ 10,750,000 | \$ 346,500 | \$ 11,096,500 |
| Realty Transfer Tax..... | 434,600 | -8,200 | 426,400 |
| Inheritance Tax..... | 801,900 | -700 | 801,200 |
| Minor and Repealed Taxes..... | 110,500 | 5,200 | 115,700 |
| Total — Other Taxes..... | \$ 12,097,000 | \$ 342,800 | \$ 12,439,800 |
| TOTAL TAX REVENUE..... | \$ 27,119,000 | \$ 442,300 | \$ 27,561,300 |
| NONTAX REVENUE | | | |
| State Stores Fund Transfer..... | \$ 80,000 | \$ 0 | \$ 80,000 |
| Licenses Fees and Miscellaneous: | | | |
| Licenses and Fees..... | 116,400 | 1,700 | 118,100 |
| Miscellaneous..... | 414,600 | -24,700 | 389,900 |
| Fines, Penalties and Interest: | | | |
| On Taxes..... | 27,500 | -500 | 27,000 |
| Other..... | 3,100 | 8,700 | 11,800 |
| TOTAL NONTAX REVENUES..... | \$ 641,600 | \$ -14,800 | \$ 626,800 |
| GENERAL FUND TOTAL..... | \$ 27,760,600 | \$ 427,500 | \$ 28,188,100 |

General Fund Revenue Sources

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, 2008 through December 31, 2008..... | 2.89 mills (Thereafter, the rate declines by one mill per year until the tax is eliminated on January 1, 2011). |
| 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.

Proposed Change: The scheduled phase-out of the tax will be altered through a change to the rate reductions for tax years 2009 and 2010. The rate proposed for tax year 2009 is 2.49 mills, which would be effective January 1, 2009 and the proposed rate for tax year 2010, which would be effective January 1, 2010, is 1.02 mills. Following the proposed changes to the rate reductions, this tax would continue to be eliminated by January 1, 2011.

General Fund Revenue Sources

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 is 2.8 mills.

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

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.

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.

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 ($2/3\text{¢}$) 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.

Proposed Change: Taxpayers who qualify for Special Tax Provisions for Poverty in tax year 2007 and have at least one dependent will receive a one-time rebate in 2007-08. The rebate is \$200.00 for individuals and \$400.00 for couples.

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 was 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.

General Fund Revenue Sources

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.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget |
|--|-------------------|----------------------|-------------------|
| TAX REVENUE | | | |
| Corporate Net Income Tax | \$ 2,492,482 | \$ 2,521,700 | \$ 2,520,000 |
| Capital Stock and Franchise Taxes | | | |
| Capital Stock Taxes — Domestic..... | \$ 400,544 | \$ 346,800 | \$ 284,294 |
| Franchise Taxes — Foreign..... | 599,410 | 543,700 | 445,706 |
| SUBTOTAL..... | \$ 999,954 | \$ 890,500 | \$ 730,000 |
| Gross Receipts Tax | | | |
| Electric, Hydroelectric and Water Power..... | \$ 772,337 | \$ 834,600 | \$ 889,800 |
| Gas..... | 0 | 0 | 0 |
| Motor Transportation..... | 32 | 0 | 0 |
| Telephone and Telegraph..... | 515,762 | 557,300 | 594,200 |
| Transportation..... | 5,180 | 5,600 | 6,000 |
| SUBTOTAL..... | \$ 1,293,311 | \$ 1,397,500 | \$ 1,490,000 |
| Public Utility Realty Tax | \$ 47,518 | \$ 46,200 | \$ 53,000 |
| Insurance Premiums Tax | | | |
| Domestic Casualty..... | \$ 93,089 | \$ 104,600 | \$ 114,700 |
| Domestic Fire..... | 13,637 | 14,500 | 15,900 |
| Domestic Life and Previously Exempted Lines..... | 66,966 | 82,200 | 90,200 |
| Excess Insurance Brokers..... | 26,402 | 26,300 | 28,900 |
| Foreign Excess Casualty..... | 8,872 | 7,900 | 8,700 |
| Foreign Excess Fire..... | 3,796 | 4,100 | 4,500 |
| Foreign Life..... | 185,186 | 184,300 | 202,100 |
| Marine..... | 95 | 100 | 100 |
| Title Insurance..... | 7,723 | 6,700 | 7,300 |
| Unauthorized Insurance..... | 6,724 | 8,000 | 8,800 |
| SUBTOTAL..... | \$ 412,490 | \$ 438,700 | \$ 481,200 |
| Financial Institutions Taxes | | | |
| Federal Mutual Thrift Institutions..... | \$ 2,400 | \$ 5,800 | \$ 6,800 |
| National Banks..... | 137,258 | 127,000 | 127,000 |
| State Banks..... | 30,146 | 26,200 | 26,200 |
| State Mutual Thrift Institutions..... | 25,539 | 18,900 | 22,200 |
| Trust Companies..... | 18,302 | 17,800 | 17,800 |
| SUBTOTAL..... | \$ 213,645 | \$ 195,700 | \$ 200,000 |
| Other Selective Business Taxes | | | |
| Corporate Loans — Domestic..... | \$ 9,619 | \$ 12,000 | \$ 12,100 |
| Corporate Loans — Foreign..... | 7,330 | 6,900 | 7,000 |
| Miscellaneous Business Taxes..... | 363 | 300 | 300 |
| Corporation Taxes — Clearing Accounts Undistributed..... | -419 | 0 | 0 |
| SUBTOTAL..... | \$ 16,893 | \$ 19,200 | \$ 19,400 |
| Sales and Use Tax | | | |
| Motor Vehicle..... | \$ 1,168,918 | \$ 1,106,500 | \$ 1,103,700 |
| Non-Motor Vehicle..... | 7,421,851 | 7,449,500 | 7,740,000 |
| SUBTOTAL..... | \$ 8,590,769 | \$ 8,556,000 | \$ 8,843,700 |
| Cigarette Tax | \$ 778,582 | \$ 774,700 | \$ 759,100 |
| Malt Beverage Tax | \$ 25,171 | \$ 26,500 | \$ 26,000 |

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget |
|---|----------------------|----------------------|----------------------|
| Liquor Tax | \$ 239,494 | \$ 254,800 | \$ 268,200 |
| Personal Income Tax | | | |
| Non-Withholding..... | \$ 2,732,928 | \$ 3,223,100 | \$ 3,440,000 |
| Withholding..... | 7,528,691 | 7,873,400 | 8,230,000 |
| SUBTOTAL | \$ 10,261,619 | \$ 11,096,500 | \$ 11,670,000 |
| Realty Transfer Tax | \$ 570,994 | \$ 426,400 | \$ 462,300 |
| Inheritance Tax | | | |
| Nonresident Inheritance and Estate Tax..... | \$ 4,408 | \$ 5,500 | \$ 5,800 |
| Resident Inheritance and Estate Tax..... | 752,145 | 795,700 | 843,500 |
| SUBTOTAL | \$ 756,553 | \$ 801,200 | \$ 849,300 |
| Minor and Repealed Taxes | | | |
| Spirituos and Vinous Liquors Tax..... | \$ 0 | \$ 0 | \$ 0 |
| Unallocated EFT Payments..... | -24 | 0 | 0 |
| Excess Vehicle Rental Tax..... | 7,748 | 6,600 | 6,800 |
| Job Creation Tax Credit..... | -25,170 | 107,200 | 0 |
| Payments of Intergrated Taxes (KITS)..... | 438 | 400 | 400 |
| Tax on Writs, Wills and Deeds..... | 1,546 | 1,500 | 1,500 |
| Clearing of Wage Garnishment Collections..... | 1 | 0 | 0 |
| SUBTOTAL | \$ -15,461 | \$ 115,700 | \$ 8,700 |
| TOTAL TAX REVENUE | \$ 26,684,015 | \$ 27,561,300 | \$ 28,380,900 |
| NONTAX REVENUES | | | |
| State Stores Fund Transfer | \$ 150,000 | \$ 80,000 | \$ 80,000 |
| Licenses, Fees and Miscellaneous | | | |
| Governor's Offices | | | |
| MISCELLANEOUS REVENUE | | | |
| Miscellaneous..... | \$ 0 | \$ 0 | \$ 0 |
| Reimbursement for Aviation Invoices..... | 81 | 0 | 0 |
| Refunds of Expenditures Not Credited to Appropriations..... | 0 | 0 | 0 |
| SUBTOTAL | \$ 81 | \$ 0 | \$ 0 |
| Executive Offices | | | |
| LICENSES AND FEES | | | |
| Attorney Continuing Legal Education..... | \$ 0 | \$ 0 | \$ 64 |
| MISCELLANEOUS REVENUE | | | |
| Miscellaneous..... | \$ -907 | -907 | -907 |
| Interest Transferred to Employee Benefits..... | -18,492 | -18,492 | -18,492 |
| Access to Justice Account..... | -284 | -284 | -284 |
| Refunds Of Expenditures Not Credited To Appropriations..... | 144 | 144 | 144 |
| SUBTOTAL | \$ -19,539 | \$ -19,539 | \$ -19,475 |
| Lieutenant Governor's Office | | | |
| LICENSES AND FEES | | | |
| Board Of Pardons Fees..... | \$ 16 | \$ 16 | \$ 16 |
| Board Of Pardons — Filing Fees..... | 15 | 15 | 15 |
| MISCELLANEOUS REVENUE | | | |
| Miscellaneous..... | \$ * | \$ * | \$ * |
| SUBTOTAL | \$ 31 | \$ 31 | \$ 31 |

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget |
|---|-------------------|----------------------|-------------------|
| Auditor General | | | |
| LICENSES AND FEES | | | |
| Filing Fees — Board of Arbitration of Claims..... | \$ 3 | \$ 4 | \$ 4 |
| SUBTOTAL..... | \$ 3 | \$ 4 | \$ 4 |
| Attorney General | | | |
| MISCELLANEOUS REVENUE | | | |
| Assessed Civil Penalties Payments..... | \$ 130 | \$ 309 | \$ 309 |
| Miscellaneous Interest Offset for Appropriation 611..... | -215 | -108 | -108 |
| Miscellaneous..... | 2 | 4 | 4 |
| Refunds Of Expenditures Not Credited To Appropriations..... | 16 | 15 | 15 |
| SUBTOTAL..... | \$ -67 | \$ 220 | \$ 220 |
| Treasury Department | | | |
| MISCELLANEOUS REVENUE | | | |
| Allocation Of Treasury Costs..... | \$ 1,782 | \$ 0 | \$ 0 |
| Depository Adjustments..... | * | 0 | 0 |
| Dividend Income Reinvested - Long Term..... | 478 | 478 | 478 |
| Interest Transferred to Asbestos/Lead Account..... | -64 | 0 | 0 |
| Interest Transferred to Hodge Trust Fund..... | -8 | 0 | 0 |
| Interest on Average Collected Balance - WIC Program..... | 9 | 0 | 0 |
| Interest On Deposits..... | 395 | 395 | 395 |
| Interest On Securities — Liquor License Fund..... | 95 | 95 | 95 |
| Interest On Securities..... | 268,082 | 237,170 | 275,200 |
| Miscellaneous..... | 25 | 25 | 25 |
| Premium on Sale of Securities..... | * | * | * |
| Realized Gain or Loss on Sale of Investments - Long Term..... | 0 | 0 | 0 |
| Redeposit Of Checks..... | 4,452 | 0 | 0 |
| Unclaimed Property — Contra Acct Paypal Fees..... | -7 | -7 | -7 |
| Unclaimed Property — Contra Acct Other Holder Fees..... | -189 | -166 | -166 |
| Unclaimed Property — Contra Acct Fin Inst. Fees..... | -5,582 | -1,300 | -1,300 |
| Unclaimed Property — Audit Service Fees..... | 0 | -70 | -70 |
| Unclaimed Property — Claim Payments..... | -109,961 | -90,000 | -90,000 |
| Unclaimed Property — Financial Institution Deposits..... | 32,077 | 22,500 | 22,500 |
| Unclaimed Property — Other Holder Deposits..... | 164,470 | 127,500 | 147,322 |
| SUBTOTAL..... | \$ 356,054 | \$ 296,620 | \$ 354,472 |
| Department of Agriculture | | | |
| LICENSES AND FEES | | | |
| Abattoir Licenses..... | \$ 6 | \$ 6 | \$ * |
| Approved Inspectors Certificate And Registration Fees..... | 3 | 3 | 3 |
| Domestic Animal Dealers' Licenses..... | 44 | 56 | 50 |
| Eating & Drinking Licenses..... | 2,072 | 1,644 | 2,000 |
| Egg Certification Fees..... | 12 | 14 | 13 |
| Egg Opening Licenses..... | * | * | * |
| Farm Products Inspection Fees..... | 34 | 57 | 35 |
| Garbage Feeders Licenses..... | 3 | 1 | 1 |
| Ice Cream Licenses..... | 145 | 150 | 150 |
| Lab Directors' Exam Fees..... | 2 | 1 | 1 |
| Livestock Branding Fees..... | * | * | * |
| Maple Syrup Program..... | * | * | * |
| Miscellaneous Licenses And Fees..... | 13 | 12 | 13 |
| Poultry Technician Licenses..... | 3 | 4 | 4 |
| Public Weighmasters' Liquid Fuel License — State Share..... | 180 | 200 | 200 |
| Registration Fee — Food Establishment..... | 244 | 220 | 220 |
| Rendering Plant Licenses..... | 3 | 4 | 3 |
| Seed Testing And Certification Fees..... | 0 | 0 | 0 |
| Veterinarian Diagnostic Laboratory Fees..... | 392 | 401 | 405 |

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget |
|---|-------------------|----------------------|-------------------|
| Department of Agriculture (continued) | | | |
| MISCELLANEOUS REVENUE | | | |
| Refunds Of Expenditures Not Credited To Appropriations..... | \$ 8 | \$ 0 | \$ 0 |
| Sale of Surplus Products..... | 4 | 0 | 0 |
| SUBTOTAL..... | \$ 3,168 | \$ 2,773 | \$ 3,098 |
| Civil Service Commission | | | |
| MISCELLANEOUS REVENUE | | | |
| Refunds of Expend Not Credited to Appropriations..... | \$ 2 | \$ 0 | \$ 0 |
| SUBTOTAL..... | \$ 2 | \$ 0 | \$ 0 |
| Department of Community and Economic Development | | | |
| LICENSES AND FEES | | | |
| Municipal Indebtedness Fees..... | \$ 248 | \$ 280 | \$ 280 |
| MISCELLANEOUS REVENUE | | | |
| Infrastructure Developer - Loan Repayments..... | \$ 1,818 | \$ 1,500 | \$ 1,250 |
| Interest From Grantees..... | 22 | 25 | 25 |
| Housing and Redevelopment Loan Repayments..... | 219 | 220 | 210 |
| Miscellaneous..... | 926 | 926 | 976 |
| General Principal Repayments..... | 0 | 100 | 100 |
| HRA/EDS Interest Repayments..... | 0 | 95 | 90 |
| HRA/EDS Interest on Loans..... | 0 | 11 | 10 |
| ID/BID Principal Repayments..... | 0 | 185 | 200 |
| ID/BID Interest on Loans..... | 0 | 58 | 62 |
| PNHLA Prior Year In-Transit..... | 2,041 | 2,050 | 1,500 |
| Refunds of Expenditures Not Credited to Appropriations..... | 257 | 275 | 200 |
| Repayable Grant Payments..... | 201 | 225 | 230 |
| SUBTOTAL..... | \$ 5,732 | \$ 5,950 | \$ 5,133 |
| Department of Conservation and Natural Resources | | | |
| MISCELLANEOUS REVENUE | | | |
| Camp Leases..... | \$ 787 | \$ 787 | \$ 787 |
| Ground Rents..... | 16 | 16 | 16 |
| Housing Rents..... | 24 | 24 | 24 |
| Minerals Sales..... | 2 | 2 | 2 |
| Miscellaneous..... | 4 | 4 | 4 |
| Refunds Of Expenditures Not Credited To Appropriations..... | 34 | 33 | 33 |
| Rights-Of-Way..... | 1,114 | 1,113 | 2,113 |
| Sales Tax Escrow Account..... | 3 | 3 | 3 |
| Telephone Commissions..... | 0 | 0 | 0 |
| Water Leases..... | 21 | 21 | 21 |
| SUBTOTAL..... | \$ 2,005 | \$ 2,003 | \$ 3,003 |
| Department of Corrections | | | |
| MISCELLANEOUS REVENUE | | | |
| Antitrust Case Payments..... | \$ 0 | \$ 5 | \$ 5 |
| Miscellaneous..... | 31 | 100 | 100 |
| Refunds Of Expenditures Not Credited To Appropriations..... | 432 | 50 | 50 |
| Restitution Payments..... | 0 | 0 | 0 |
| Telephone Commissions..... | 6,362 | 5,500 | 5,600 |
| SUBTOTAL..... | \$ 6,825 | \$ 5,655 | \$ 5,755 |

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget |
|---|-------------------|----------------------|-------------------|
| Department of Education | | | |
| LICENSES AND FEES | | | |
| Fees For GED Transcripts..... | \$ 39 | \$ 39 | \$ 39 |
| Fees For Licensing Private Schools..... | 191 | 213 | 213 |
| PDE Fees Transcripts — Closed Private Schools..... | * | * | * |
| Private Academic School Teacher Certification Fees..... | 14 | 12 | 12 |
| Fees For Licensing Private Driver Training Schools..... | 69 | 70 | 70 |
| Secondary Education Evaluation Fees..... | -5 | 4 | 4 |
| Teacher Certification Fees..... | 1,615 | 1,580 | 1,580 |
| Fingerprint and FBI Background Check Fees..... | 0 | 320 | 320 |
| MISCELLANEOUS REVENUE | | | |
| Miscellaneous..... | 1 | 0 | 0 |
| Refunds of Expenditures Not Credited to Appropriations..... | 3 | 0 | 0 |
| SUBTOTAL..... | \$ 1,927 | \$ 2,239 | \$ 2,238 |
| Department of Emergency Management and Homeland Security | | | |
| MISCELLANEOUS REVENUE | | | |
| Refunds of Expenditures Not Credited to Appropriations..... | \$ 2,260 | \$ 0 | \$ 0 |
| SUBTOTAL..... | \$ 2,260 | \$ 0 | \$ 0 |
| Department of Environmental Protection | | | |
| LICENSES AND FEES | | | |
| Anthracite Miners' Examination and Certification Fees..... | \$ * | \$ * | \$ * |
| Bituminous Miners' Examination and Certification Fees..... | 3 | 3 | 3 |
| Bituminous Shot Firers and Machine Runners Exam A..... | 0 | 0 | 0 |
| Blasters' Examination and Licensing Fees..... | 0 | 0 | 0 |
| Dams and Encroachment Fees..... | 166 | 168 | 169 |
| Examination and Certification Fees..... | 7 | 7 | 8 |
| Explosives Storage Permit Fees..... | 97 | 98 | 75 |
| Hazardous Waste Facility Annual Permit Administration Fees..... | 43 | 43 | 43 |
| Hazardous Waste Facility Permit Application Fees..... | 4 | 4 | 52 |
| Hazardous Waste Storage-Disposal Fac-Fee..... | 33 | 33 | 81 |
| Hazardous Waste Transporter License and Fees..... | 37 | 38 | 39 |
| Infectious and Chemical Waste Transport Fees..... | 10 | 10 | 11 |
| Municipal Waste Annual Permit Administration Fees..... | 226 | 228 | 234 |
| Municipal Waste Permit Application Fees..... | 102 | 103 | 173 |
| Residual Waste Closure Administration Fees..... | 9 | 9 | 6 |
| Residual Waste Permit Administration Fees..... | 207 | 209 | 211 |
| Residual Waste Permit Application/Modification Fees..... | 53 | 54 | 81 |
| Restaurant Licenses..... | 0 | 0 | 0 |
| Sewage Enforcement+Exam Fees..... | * | * | * |
| Sewage Permit Fees..... | 364 | 368 | 392 |
| Submerged Land Fees..... | 55 | 55 | 55 |
| Tipping Fees..... | 0 | 0 | 0 |
| Various Fee Increases..... | 0 | 0 | 0 |
| Water Bacteriological Examination Fees..... | 15 | 14 | 16 |
| Water Power and Supply Permit Fees..... | 93 | 94 | 94 |
| MISCELLANEOUS REVENUE | | | |
| Ground Rentals..... | \$ 30 | \$ 31 | \$ 18 |
| Interest Income - Water Facilities..... | 0 | 0 | 0 |
| Interest on Loan Payments..... | 16 | 4 | 1 |
| Interest Payments — Mine Subsidence..... | * | * | 1 |
| Mineral Sales..... | 0 | 0 | 0 |
| Miscellaneous..... | 91 | 92 | 40 |
| Payment To Occupy Submerged Lands..... | 266 | 269 | 276 |
| Penalty Charges — Delinquent Interest..... | * | * | * |
| Refunds of Expenditures Not Credited to Appropriations..... | 121 | 122 | 45 |
| Repayment Of Loans — Water Facilities..... | 256 | 49 | 7 |
| Less than \$100..... | | | |

General Fund Revenue Detail

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget |
|---|-------------------|----------------------|-------------------|
| Department of Environmental Protection (continued) | | | |
| MISCELLANEOUS REVENUE | | | |
| Rights-of-Way..... | \$ 7 | \$ 8 | \$ 12 |
| Royalties for Recovery Of Materials — Schuylkill River..... | 110 | 111 | 130 |
| Sales Tax Escrow Account..... | 0 | 0 | 0 |
| Sales Tax — Allegheny County..... | 0 | 0 | 0 |
| Sewage Treatment And Waterworks Application Fees..... | 2 | 2 | 19 |
| Surface Subsidence Assistance Loans — Repayments..... | 4 | 4 | 7 |
| Telephone Commissions..... | 0 | 0 | 0 |
| SUBTOTAL..... | \$ 2,427 | \$ 2,230 | \$ 2,299 |
| Department of General Services | | | |
| MISCELLANEOUS REVENUE | | | |
| Allocation Of Purchasing Costs Job 7..... | \$ 3,513 | \$ 3,039 | \$ 3,115 |
| Allocation Of Purchasing Costs Job 19..... | 1 | 1 | 1 |
| Miscellaneous..... | 387 | 460 | 3 |
| Real Estate Services..... | 296 | 303 | 3 |
| Refunds of Expenditures Not Credited to Appropriations..... | 3 | 3 | 4 |
| Rental Of State Property..... | 124 | 135 | 156 |
| Replacement Of Security Access Cards..... | 4 | 0 | 0 |
| Sale Of Publications..... | 1 | 1 | 1 |
| Sale Of State Property..... | 1,411 | 14,790 | 31,287 |
| Sale Of Unserviceable Property..... | 281 | 175 | 175 |
| State Surplus Property's E-Bay Account..... | 1 | 0 | 0 |
| Reading State Office Building..... | 233 | 248 | 255 |
| Scranton State Office Building..... | 1,068 | 1,167 | 1,196 |
| Altoona State Office Building..... | 32 | 37 | 38 |
| SUBTOTAL..... | \$ 7,355 | \$ 20,359 | \$ 36,234 |
| Department of Health | | | |
| LICENSES AND FEES | | | |
| Bathing Place Program — Application Fees..... | \$ 1 | \$ 1 | \$ 1 |
| Cre Certification Fees..... | 14 | 17 | 17 |
| Hospice Licensing Fees..... | 35 | 36 | 36 |
| Immunization Service Fees..... | 13 | 17 | 17 |
| Miscellaneous Licensure Fees..... | 99 | 92 | 92 |
| Nursing Home Licenses..... | 331 | 360 | 360 |
| Pediatric Extended Care Licensing Fees..... | 7 | 4 | 4 |
| Profit Making Hospital Licenses..... | 204 | 201 | 201 |
| Organized Camps Program Fees..... | 4 | 4 | 4 |
| Registration Fees — Hearing Aid Act..... | 110 | 108 | 108 |
| Registration Fees — Drugs Devices and Cosmetics Act..... | 406 | 405 | 405 |
| Vital Statistics Fees..... | 6,540 | 6,736 | 6,938 |
| Home Care Agency Licensure Fees..... | 0 | 30 | 30 |
| Wholesale Prescription Drug Distribution Licenses..... | 67 | 65 | 65 |
| MISCELLANEOUS REVENUE | | | |
| Interest Transferred to Share Loan Program..... | -10 | -13 | -13 |
| Miscellaneous..... | 71 | 85 | 90 |
| Refunds of Expenditures Not Credited to Appropriations..... | 9 | 5 | 5 |
| SUBTOTAL..... | \$ 7,901 | \$ 8,153 | \$ 8,360 |
| Historical and Museum Commission | | | |
| MISCELLANEOUS REVENUE | | | |
| Miscellaneous..... | \$ 0 | \$ 2 | \$ 2 |
| Refunds of Expenditures Not Credited to Appropriations..... | 18 | 25 | 28 |
| SUBTOTAL..... | \$ 18 | \$ 27 | \$ 30 |

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget |
|---|-------------------|----------------------|-------------------|
| Insurance Department | | | |
| LICENSES AND FEES | | | |
| Agents' Licenses..... | \$ 24,491 | \$ 23,400 | \$ 23,400 |
| Brokers' Licenses..... | 8,758 | 6,400 | 6,400 |
| Division of Companies Certification — Certificates and Filing Fees..... | 2,194 | 2,000 | 2,000 |
| Examination Fees and Expenses..... | 2,546 | 2,700 | 2,900 |
| Market Conduct Examination Fees..... | 1,149 | 1,000 | 1,000 |
| Miscellaneous Fees..... | 375 | 327 | 327 |
| Miscellaneous Licenses..... | 0 | 0 | 0 |
| New Applicants..... | 0 | 0 | 0 |
| Physical Damage Appraiser License..... | 0 | 0 | 0 |
| Renewals..... | 0 | 0 | 0 |
| Valuation of Policies Fees..... | 3,131 | 3,400 | 3,400 |
| MISCELLANEOUS REVENUE | | | |
| Contra to Revenue Code 001780-009696-102..... | \$ -4 | \$ 0 | \$ 0 |
| Miscellaneous..... | 35 | 0 | 0 |
| Refunds of Expenditures Not Credited to Appropriations..... | 24 | 0 | 0 |
| SUBTOTAL..... | \$ 42,699 | \$ 39,227 | \$ 39,427 |
| Department of Labor and Industry | | | |
| LICENSES AND FEES | | | |
| Accessibility..... | \$ 32 | \$ 33 | \$ 33 |
| Approval of Building Plan Fees..... | 1,112 | 1,112 | 1,112 |
| Approval of Elevator Plan Fees..... | 556 | 450 | 450 |
| Bedding And Upholstery Fees..... | 816 | 700 | 700 |
| Boiler Inspection Fees..... | 4,684 | 4,300 | 4,300 |
| Boiler Plan Fees..... | 65 | 55 | 55 |
| Elevator Inspection Fees..... | 1,202 | 1,100 | 1,500 |
| Employment Agency Licenses..... | 29 | 30 | 30 |
| Employment Agents' Registration Fees..... | 3 | 4 | 4 |
| Flammable Liquids Storage Fees..... | 36 | 35 | 35 |
| Industrial Board..... | 67 | 70 | 70 |
| Liquefied Petroleum Gas Plan Fees..... | 5 | 4 | 4 |
| Liquefied Petroleum Gas Registration Fees..... | 206 | 200 | 200 |
| Stuffed Toys Manufacturers' Registration Fees..... | 68 | 65 | 65 |
| UCC Certifications..... | 116 | 100 | 100 |
| MISCELLANEOUS REVENUE | | | |
| Act 64-Contra Miscellaneous Revenue Code..... | \$ 63 | \$ 0 | \$ 0 |
| Miscellaneous..... | 1 | 0 | 0 |
| Refunds of Expenditures Not Credited to Appropriations..... | 21 | 114 | 114 |
| SUBTOTAL..... | \$ 9,083 | \$ 8,372 | \$ 8,772 |
| Department of Military and Veterans Affairs | | | |
| MISCELLANEOUS REVENUE | | | |
| Refunds of Expenditures Not Credited to Appropriations..... | \$ 6 | \$ 10 | \$ 10 |
| Telephone Commissions..... | * | 2 | 2 |
| SUBTOTAL..... | \$ 6 | \$ 12 | \$ 12 |
| Board of Probation and Parole | | | |
| MISCELLANEOUS REVENUE | | | |
| Refunds of Expenditures Not Credited to Appropriations..... | \$ 25 | \$ 0 | \$ 0 |
| SUBTOTAL..... | \$ 25 | \$ 0 | \$ 0 |
| Public Utility Commission | | | |
| MISCELLANEOUS REVENUE | | | |
| Refunds of Expenditures Not Credited to Appropriations..... | \$ 0 | \$ 0 | \$ 0 |

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget |
|---|-------------------|----------------------|-------------------|
| Department of Public Welfare | | | |
| LICENSES AND FEES | | | |
| Private Mental Hospital Licenses..... | \$ 35 | \$ 35 | \$ 35 |
| MISCELLANEOUS REVENUE | | | |
| Miscellaneous..... | \$ 4 | 0 | 0 |
| Refunds of Expenditures Not Credited to Appropriations..... | 61 | 62 | 62 |
| Telephone Commissions..... | 2 | 2 | 2 |
| SUBTOTAL..... | <u>\$ 102</u> | <u>\$ 99</u> | <u>\$ 99</u> |
| Department of Revenue | | | |
| LICENSES AND FEES | | | |
| Certification And Copy Fees..... | \$ 36 | \$ 30 | \$ 30 |
| Cigarette Permit Fees..... | 517 | 540 | 540 |
| Domestic Violence and Rape Crisis Program Fee..... | 2,164 | 2,000 | 1,900 |
| Uniform Commercial Fee Act 1992-67..... | 0 | 0 | 0 |
| MISCELLANEOUS REVENUE | | | |
| Exempt Collections Per Act 1992-67..... | \$ 16,586 | 16,800 | 17,300 |
| District Justice Costs..... | 7,630 | 7,600 | 7,600 |
| Miscellaneous..... | 135 | 20 | 20 |
| Distribution Due Absentee..... | 231 | 360 | 400 |
| Refunds of Expenditures Not Credited to Appropriations..... | 61,113 | 10 | 10 |
| SUBTOTAL..... | <u>\$ 88,412</u> | <u>\$ 27,360</u> | <u>\$ 27,800</u> |
| Securities Commission | | | |
| LICENSES AND FEES | | | |
| Associated Persons — Initial..... | \$ 86 | \$ 88 | \$ 92 |
| Associated Persons — Renewal..... | 313 | 344 | 368 |
| Associated Persons — Transfer..... | 5 | 5 | 5 |
| Brokers, Dealers Registration Fees — Initial..... | 65 | 62 | 65 |
| Brokers, Dealers Registration Fees — Renewal..... | 865 | 893 | 893 |
| Costs — Examination, Auditing, Investigation, Prosecution — Except Takeover Costs..... | * | 1 | 1 |
| Investment Advisors' Filing Fees — Initial..... | 31 | 28 | 30 |
| Investment Advisors' Filing Fees — Renewal..... | 171 | 179 | 182 |
| Investment Advisors' — Notice Filings Initial..... | 66 | 72 | 75 |
| Investment Advisors' — Notice Filings Renewal..... | 494 | 543 | 570 |
| Mutual Funds — Increase in Amount of Filing..... | 725 | 690 | 690 |
| Mutual Funds — Initial Filing..... | 468 | 450 | 450 |
| Mutual Funds — Renewal Filing..... | 3,306 | 3,500 | 3,500 |
| 506 RD Filings..... | 1,440 | 1,500 | 1,500 |
| Section 203 (D) — Increase in Amount of Filing..... | 0 | * | * |
| Section 203 (D) — Initial Filing..... | 9 | 16 | 16 |
| Section 203 (I) (O) (II) — Initial Filing..... | 0 | * | * |
| Section 203(P) — Initial Filing..... | * | * | * |
| Section 203(S) — Initial Filing..... | 3 | 7 | 7 |
| Section 203(T) — Filing..... | 3 | 14 | 14 |
| Section 205 — Security Registration and Amendment Fees..... | 37 | 50 | 50 |
| Section 206 — Increase in Amount of Filing..... | 2 | 1 | 1 |
| Section 206 — Qualification Filing — Initial..... | 116 | 160 | 160 |
| Securities Agents' Filing Fees — Initial..... | 3,379 | 4,064 | 4,389 |
| Securities Agents' Filing Fees — Renewal..... | 11,683 | 12,265 | 12,880 |
| Securities Agents' Filing Fees — Transfer..... | 490 | 300 | 309 |
| Takeover Disclosure Filing Fees + Sct Iv Rgtrn..... | 0 | 5 | 5 |
| Takeover Disclosure Filing Fees + Sct Iv Rgtrn..... | 0 | 1 | 1 |
| SUBTOTAL..... | <u>\$ 23,757</u> | <u>\$ 25,238</u> | <u>\$ 26,253</u> |

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget |
|--|-------------------|----------------------|-------------------|
| Department of State | | | |
| LICENSES AND FEES | | | |
| Charities Bureau Registration Fees..... | \$ 1,279 | \$ 1,600 | \$ 1,635 |
| Commission and Filing Fees — Bureau Of Elections..... | 884 | 950 | 980 |
| Commission and Filing Fees — Corporation Bureau..... | 23,589 | 24,224 | 24,596 |
| Commission Fees..... | 33 | 35 | 36 |
| Notary Public Commission Fees..... | 935 | 1,005 | 1,035 |
| MISCELLANEOUS REVENUE | | | |
| Prof. & Occupational Affairs Credit Card Transfers..... | -36 | 0 | 0 |
| Interest Transferred to HAVA Program..... | -3,706 | 0 | 0 |
| Refunds of Expenditures Not Credited to Appropriations..... | 3 | 0 | 0 |
| SUBTOTAL..... | \$ 22,981 | \$ 27,814 | \$ 28,282 |
| State Police | | | |
| MISCELLANEOUS REVENUE | | | |
| Act 64 - Contra Miscellaneous Revenue | \$ 0 | \$ 0 | \$ 0 |
| Miscellaneous..... | 270 | 300 | 300 |
| Reimbursement For Lost Property..... | * | 1 | 1 |
| Sales Tax Escrow Account..... | 0 | 1 | 1 |
| Refunds of Expenditures Not Credited to Appropriations..... | 141 | 150 | 150 |
| Telephone Commissions..... | 0 | 1 | 1 |
| SUBTOTAL..... | \$ 411 | \$ 453 | \$ 453 |
| Department of Transportation | | | |
| MISCELLANEOUS REVENUE | | | |
| Refunds of Expenditures Not Credited to Interest | \$ 0 | \$ 0 | \$ 0 |
| SUBTOTAL..... | \$ 0 | \$ 0 | \$ 0 |
| Other | | | |
| MISCELLANEOUS REVENUE | | | |
| Conscience Money..... | \$ 0 | \$ 0 | \$ 0 |
| Payments in Lieu of Taxes — SWIF..... | 7,944 | 8,000 | 8,000 |
| Securities Commission Transfer..... | 0 | 13,000 | 0 |
| Gaming Control Board - Miscellaneous..... | 7 | 0 | 0 |
| Public Television Network - Refunds of Expend Not Credited to Approp | 0 | 0 | 0 |
| Miscellaneous - PEBTF Transfer..... | 0 | 30,000 | 0 |
| State Ethics Commission - Lobbyist Registration..... | 0 | 0 | 0 |
| Miscellaneous - OCGPT Transfer..... | 0 | 0 | 0 |
| Supreme Court..... | 49 | 0 | 0 |
| Transfers From Special Funds..... | 1,965 | 1,700 | 1,700 |
| SUBTOTAL..... | \$ 9,965 | \$ 52,700 | \$ 9,700 |
| Total Licenses, Fees and Miscellaneous..... | \$ 573,624 | \$ 508,000 | \$ 542,200 |
| Fines, Penalties and Interest on Taxes | | | |
| Corporation Net Income Tax..... | \$ 19,226 | \$ 13,800 | \$ 14,000 |
| Interest on Excise Taxes — Corporations (Department of Revenue)..... | 17,767 | 12,000 | 12,200 |
| Penalties on Excise Taxes — Corporations..... | 1,294 | 1,200 | 1,300 |
| SUBTOTAL..... | \$ 38,287 | \$ 27,000 | \$ 27,500 |
| Other Fines and Penalties | | | |
| Executive Offices | | | |
| PA Human Relations Commission - Civil Penalties..... | \$ 0 | \$ 0 | \$ 0 |
| Department of Agriculture | | | |
| Amusement Rides and Attractions — Fines..... | \$ 3 | \$ 3 | \$ 3 |
| Egg Fines..... | 0 | 0 | 0 |
| General Food Fines..... | 2 | 2 | 2 |
| Harness Racing Fines and Penalties..... | 77 | 77 | 80 |
| Horse Racing Fines and Penalties..... | 81 | 80 | 80 |
| Marking Law Fines..... | 0 | * | 0 |
| Miscellaneous Fines..... | 2 | 2 | 2 |
| Civil Penalties — Food Establishments..... | 3 | 0 | 0 |
| * Weights & Measures Division - Fines..... | 0 | 0 | 0 |

General Fund Revenue Detail

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget |
|---|----------------------|----------------------|----------------------|
| Department of Conservation and Natural Resources | | | |
| Miscellaneous Fines..... | 1 | 1 | 1 |
| Department of Environmental Protection | | | |
| Miscellaneous Fines..... | \$ 1 | \$ 1 | \$ * |
| Ethics Commission | | | |
| Violations-Act 1978-170..... | 202 | 20 | 20 |
| Gaming Control Board | | | |
| Miscellaneous Fines and Penalties..... | 282 | 700 | 1,000 |
| Department of General Services | | | |
| Traffic Violation Fines..... | 12 | 13 | 14 |
| Department of Health | | | |
| Non-Compliance Fines And Penalties..... | 212 | 219 | 219 |
| Department of Insurance | | | |
| Miscellaneous Fines..... | 2,072 | 10,036 | 2,000 |
| Department of Labor and Industry | | | |
| Minor Labor Law Fines..... | 5 | 1 | 1 |
| Miscellaneous Fines..... | 108 | 110 | 110 |
| Public Utility Commission | | | |
| Violation Of Order Fines..... | 116 | 200 | 120 |
| Department of Revenue | | | |
| Malt Liquor Fines and Penalties..... | 9 | 10 | 10 |
| Department of State | | | |
| Penalties and Fines - Charities Bureau..... | 222 | 325 | 338 |
| SUBTOTAL..... | \$ 3,410 | \$ 11,800 | \$ 4,000 |
| Total Fines, Penalties and Interest..... | \$ 41,697 | \$ 38,800 | \$ 31,500 |
| TOTAL NONTAX REVENUES..... | \$ 765,321 | \$ 626,800 | \$ 653,700 |
| TOTAL GENERAL FUND REVENUES..... | \$ 27,449,336 | \$ 28,188,100 | \$ 29,034,600 |

* Less than \$500.

General Fund Revenue Summary

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) | | | | | |
|---------------------------------------|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2001-02 Actual | 2002-03 Actual | 2003-04 Actual | 2004-05 Actual | 2005-06 Actual | 2006-07 Actual |
| TAX REVENUE | | | | | | |
| Corporation Taxes | | | | | | |
| Corporate Net Income Tax..... | \$ 1,418,493 | \$ 1,396,561 | \$ 1,677,998 | \$ 1,921,406 | \$ 2,301,968 | \$ 2,492,482 |
| Capital Stock and Franchise Taxes.. | 913,426 | 896,329 | 984,295 | 1,025,904 | 1,080,874 | 999,954 |
| Selective Business: | | | | | | |
| Gross Receipts Tax..... | 710,597 | 846,775 | 1,012,397 | 1,125,913 | 1,150,987 | 1,293,311 |
| Public Utility Realty Tax..... | 28,850 | 50,814 | 50,272 | 41,178 | 40,209 | 47,518 |
| Insurance Premiums Tax..... | 300,554 | 330,609 | 390,768 | 410,700 | 390,371 | 412,490 |
| Financial Institutions Tax..... | 216,310 | 214,434 | 217,550 | 208,924 | 204,657 | 213,645 |
| Other Selective Business Taxes..... | 13,390 | 15,413 | 17,825 | 17,695 | 21,039 | 16,893 |
| Total — Corporation Taxes..... | \$ 3,601,620 | \$ 3,750,935 | \$ 4,351,105 | \$ 4,751,720 | \$ 5,190,105 | \$ 5,476,294 |
| Consumption Taxes | | | | | | |
| Sales and Use Tax..... | \$ 7,292,499 | \$ 7,519,561 | \$ 7,728,542 | \$ 7,999,952 | \$ 8,334,249 | \$ 8,590,769 |
| Cigarette Tax..... | 266,795 | 826,742 | 856,442 | 784,371 | 792,124 | 778,582 |
| Malt Beverage Tax..... | 26,653 | 26,726 | 26,201 | 24,904 | 26,158 | 25,171 |
| Liquor Tax..... | 170,769 | 193,181 | 195,179 | 212,501 | 223,036 | 239,494 |
| Total — Consumption Taxes..... | \$ 7,756,716 | \$ 8,566,210 | \$ 8,806,364 | \$ 9,021,728 | \$ 9,375,567 | \$ 9,634,016 |
| Other Taxes | | | | | | |
| Personal Income Tax..... | \$ 7,138,668 | \$ 7,105,885 | \$ 7,733,804 | \$ 8,746,793 | \$ 9,524,139 | \$ 10,261,619 |
| Realty Transfer Tax..... | 290,472 | 362,561 | 400,590 | 472,539 | 552,450 | 570,994 |
| Inheritance Tax..... | 779,571 | 693,782 | 747,625 | 716,148 | 745,245 | 756,553 |
| Minor and Repealed Taxes..... | 6,881 | 17,747 | 6,629 | 3,593 | -17,366 | -15,461 |
| Total — Other Taxes..... | \$ 8,215,592 | \$ 8,179,975 | \$ 8,888,648 | \$ 9,939,073 | \$ 10,804,468 | \$ 11,573,705 |
| TOTAL TAX REVENUE..... | \$ 19,573,928 | \$ 20,497,120 | \$ 22,046,117 | \$ 23,712,521 | \$ 25,370,140 | \$ 26,684,015 |
| NONTAX REVENUE | | | | | | |
| State Stores Fund Transfer..... | \$ 120,000 | \$ 155,000 | \$ 50,000 | \$ 54,900 | \$ 80,000 | \$ 150,000 |
| Licenses, Fees and Miscellaneous: | | | | | | |
| Licenses and Fees..... | 90,399 | 96,410 | 105,176 | 121,131 | 115,836 | 119,587 |
| Miscellaneous..... | 243,030 | 531,002 | 591,701 | 387,994 | 252,798 | 454,037 |
| Fines, Penalties and Interest: | | | | | | |
| On Taxes..... | 28,898 | 31,869 | 31,881 | 24,067 | 32,584 | 38,287 |
| Other..... | 3,688 | 3,050 | 3,203 | 7,927 | 2,938 | 3,410 |
| TOTAL NONTAX REVENUES..... | \$ 486,015 | \$ 817,331 | \$ 781,961 | \$ 596,019 | \$ 484,156 | \$ 765,321 |
| GENERAL FUND TOTAL..... | \$ 20,059,943 | \$ 21,314,451 | \$ 22,828,078 | \$ 24,308,540 | \$ 25,854,296 | \$ 27,449,336 |

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)

| | <u>2006-07</u> Actual | <u>2007-08</u> Available | <u>2008-09</u> Estimated |
|--------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Beginning Balance..... | \$ 283,719 | \$ 96,632 | \$ 97,557 |
| Revenue: | | | |
| Revenue Receipts..... | \$ 2,290,776 | \$ 2,757,460 | \$ 2,805,750 |
| Adjustment to Official Estimate..... | 0 | -17,590 | 0 |
| Prior Year Lapses..... | <u>76,132</u> | <u>56,900</u> | <u>0</u> |
| Funds Available | <u>\$ 2,650,627</u> | <u>\$ 2,893,402</u> | <u>\$ 2,903,307</u> |
| Expenditures: | | | |
| Appropriations..... | \$ 2,565,405 | \$ 2,803,045 | \$ 2,886,020 |
| Less Current Year Lapses..... | <u>-11,410</u> | <u>-7,200</u> | <u>0</u> |
| Estimated Expenditures..... | <u>\$ -2,553,995</u> | <u>\$ -2,795,845</u> | <u>\$ -2,886,020</u> |
| Ending Balance..... | <u><u>\$ 96,632</u></u> | <u><u>\$ 97,557</u></u> | <u><u>\$ 17,287</u></u> |

* Excludes restricted revenue.

Summary by Department

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|---------------------|-------------------|
| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
| Executive Offices | | | |
| General Government | | | |
| Office of the Budget..... | \$ 5,831 | \$ 6,005 | \$ 6,535 |
| Statewide Public Safety Radio System..... | 10,751 | 17,562 | 16,498 |
| IES Plant Maintenance..... | 5,034 | 3,901 | 0 |
| TOTAL STATE FUNDS..... | \$ 21,616 | \$ 27,468 | \$ 23,033 |
| Augmentations..... | \$ 3,533 | \$ 802 | \$ 802 |
| DEPARTMENT TOTAL..... | \$ 25,149 | \$ 28,270 | \$ 23,835 |
| Treasury Department | | | |
| General Government | | | |
| Administration of Refunding Liquid Fuel Tax..... | \$ 455 | \$ 455 | \$ 470 |
| Refunding Liquid Fuel Tax — Agricultural..... | 4,000 | 4,300 | 4,300 |
| Refunding Liquid Fuel Tax — State Share..... | 350 | 500 | 1,000 |
| Refunding Liquid Fuel Tax — Political Subdivisions..... | 3,200 | 3,200 | 3,200 |
| Refunding Liquid Fuel Tax — Volunteer Services..... | 400 | 400 | 400 |
| Refunding Liquid Fuel Tax - Snowmobiles and ATV's..... | 1,000 | 1,000 | 1,000 |
| Refunding Liquid Fuel Tax — Boat Fund..... | 2,800 | 2,800 | 2,800 |
| Replacement Checks (EA)..... | 114 | 100 | 150 |
| Subtotal..... | \$ 12,319 | \$ 12,755 | \$ 13,320 |
| Debt Service Requirements | | | |
| Capital Debt — Transportation Projects..... | \$ 11,422 | \$ 12,546 | \$ 12,099 |
| General Obligation Debt Service..... | 11,372 | 11,679 | 11,713 |
| Loan and Transfer Agent..... | 0 | 50 | 50 |
| Subtotal..... | \$ 22,794 | \$ 24,275 | \$ 23,862 |
| TOTAL STATE FUNDS | \$ 35,113 | \$ 37,030 | \$ 37,182 |
| Restricted Revenue..... | \$ 19,068 | \$ 17,960 | \$ 15,850 |
| DEPARTMENT TOTAL..... | \$ 54,181 | \$ 54,990 | \$ 53,032 |
| Department of Agriculture | | | |
| Weights and Measures..... | \$ 0 | \$ 2,785 | \$ 3,089 |
| DEPARTMENT TOTAL..... | \$ 0 | \$ 2,785 | \$ 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 | \$ 4,000 | \$ 7,000 |
| DEPARTMENT TOTAL..... | \$ 5,000 | \$ 5,000 | \$ 8,000 |
| Department of Education | | | |
| Grants and Subsidies | | | |
| Safe Driving Course..... | \$ 1,230 | \$ 1,230 | \$ 1,230 |
| DEPARTMENT TOTAL..... | \$ 1,230 | \$ 1,230 | \$ 1,230 |
| 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) | | |
|---|-------------------------------|--------------------------|--------------------------|
| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
| Department of General Services | | | |
| Tort Claims Payments..... | \$ 20,000 | \$ 20,000 | \$ 20,000 |
| Harristown Rental Charges (EA)..... | 77 | 82 | 81 |
| Harristown Utility and Municipal Charges (EA)..... | 150 | 164 | 173 |
| DEPARTMENT TOTAL..... | <u>\$ 20,227</u> | <u>\$ 20,246</u> | <u>\$ 20,254</u> |
| Department of Revenue | | | |
| General Government | | | |
| Collections — Liquid Fuels Tax..... | \$ 13,708 | \$ 14,402 | \$ 14,611 |
| Refunding Liquid Fuels Tax..... | 12,200 | 12,200 | 12,000 |
| TOTAL STATE FUNDS..... | <u>\$ 25,908</u> | <u>\$ 26,602</u> | <u>\$ 26,611</u> |
| Federal Funds..... | \$ 0 | \$ 125 | \$ 63 |
| DEPARTMENT TOTAL..... | <u>\$ 25,908</u> | <u>\$ 26,727</u> | <u>\$ 26,674</u> |
| State Police | | | |
| General Government | | | |
| General Government Operations..... | \$ 442,531 | \$ 450,581 | \$ 465,085 |
| Additional State Troopers..... | 17,161 | 0 | 0 |
| Law Enforcement Information Technology..... | 22,645 | 22,645 | 20,820 |
| Incident Information Management System..... | 9,490 | 4,818 | 2,847 |
| Municipal Police Training..... | 3,846 | 4,269 | 4,997 |
| Patrol Vehicles..... | 12,786 | 10,825 | 11,000 |
| Automated Fingerprint Identification System | 121 | 121 | 121 |
| Commercial Vehicle Inspection..... | 3,773 | 5,924 | 5,924 |
| TOTAL STATE FUNDS..... | <u>\$ 512,353</u> | <u>\$ 499,183</u> | <u>\$ 510,794</u> |
| Augmentations..... | \$ 2,266 | \$ 2,000 | \$ 2,000 |
| DEPARTMENT TOTAL..... | <u>\$ 514,619</u> | <u>\$ 501,183</u> | <u>\$ 512,794</u> |
| Department of Transportation | | | |
| General Government | | | |
| General Government Operations..... | \$ 52,998 | \$ 53,878 | \$ 54,374 |
| Welcome Centers..... | 2,845 | 2,974 | 3,091 |
| Highway Systems Technology..... | 21,100 | 22,100 | 22,100 |
| Highway and Safety Improvement..... | 150,000 | 150,000 | 150,000 |
| Security Walls Pilot Project..... | 18,000 | 5,000 | 5,000 |
| Expanded Highway and Bridge Program..... | 0 | 415,000 | 465,000 |
| Highway Capital Projects (EA)..... | 211,000 | 216,000 | 216,000 |
| Highway Maintenance..... | 770,500 | 770,500 | 809,000 |
| Secondary Roads — Maintenance & Resurfacing (EA)..... | 65,230 | 65,230 | 66,350 |
| Highway Maintenance Safety Projects..... | 15,000 | 10,000 | 10,000 |
| Smoother Roads and Priority Bridges..... | 150,000 | 12,000 | 12,000 |
| Bridge Preservation..... | 48,000 | 18,000 | 0 |
| Emergency Highway and Bridge Repairs..... | 35,000 | 5,000 | 15,000 |
| Reinvestment — Facilities..... | 16,540 | 16,540 | 16,540 |
| Homeland Security - Personal ID..... | 8,800 | 11,500 | 3,000 |
| Safety Administration and Licensing..... | 127,459 | 132,028 | 133,621 |
| Refunding Collected Monies (EA)..... | 2,500 | 4,000 | 4,000 |
| Subtotal..... | <u>\$ 1,694,972</u> | <u>\$ 1,909,750</u> | <u>\$ 1,985,076</u> |

Motor License Fund

Summary by Department (continued)

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|----------------------------|----------------------------|
| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
| Grants and Subsidies | | | |
| Local Road Maintenance and Construction Payments..... | \$ 204,576 | \$ 205,751 | \$ 205,751 |
| Municipal Roads and Bridges..... | 0 | 30,000 | 30,000 |
| Maintenance and Construction of County Bridges..... | 0 | 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..... | <u>\$ 237,576</u> | <u>\$ 273,751</u> | <u>\$ 273,751</u> |
| SUBTOTAL STATE FUNDS..... | <u>\$ 1,932,548</u> | <u>\$ 2,183,501</u> | <u>\$ 2,258,827</u> |
| Federal Funds..... | \$ 1,291,731 | \$ 1,406,676 | \$ 1,444,150 |
| Augmentations..... | 52,473 | 56,437 | 60,336 |
| Restricted Revenue..... | 937,297 | 929,103 | 935,288 |
| DEPARTMENT TOTAL..... | <u>\$ 4,214,049</u> | <u>\$ 4,575,717</u> | <u>\$ 4,698,601</u> |
| Fund Summary | | | |
| State Funds — Transportation..... | \$ 1,932,548 | \$ 2,183,501 | \$ 2,258,827 |
| State Funds — Other Departments..... | 621,447 | 619,544 | 627,193 |
| TOTAL STATE FUNDS..... | <u>\$ 2,553,995</u> | <u>\$ 2,803,045</u> | <u>\$ 2,886,020</u> |
| Motor License Fund Total—All Funds | | | |
| State Funds..... | \$ 2,553,995 | \$ 2,803,045 | \$ 2,886,020 |
| Federal Funds..... | 1,291,731 | 1,406,801 | 1,444,213 |
| Augmentations..... | 58,272 | 59,239 | 63,138 |
| Restricted Revenue..... | 960,365 | 951,063 | 958,138 |
| FUND TOTAL..... | <u>\$ 4,864,363</u> | <u>\$ 5,220,148</u> | <u>\$ 5,351,509</u> |

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Liquid Fuels Taxes..... | \$ 1,255,361 | \$ 1,263,370 | \$ 1,270,250 | \$ 1,277,550 | \$ 1,284,980 | \$ 1,292,510 | \$ 1,300,140 |
| Motor Licenses and Fees..... | 870,038 | 885,710 | 894,650 | 905,740 | 915,650 | 932,260 | 941,950 |
| Other Motor License | | | | | | | |
| Fund Revenues..... | 165,376 | 590,790 | 640,850 | 641,050 | 653,780 | 666,860 | 680,310 |
| Subtotal..... | <u>2,290,776</u> | <u>2,739,870</u> | <u>2,805,750</u> | <u>2,824,340</u> | <u>2,854,410</u> | <u>2,891,630</u> | <u>2,922,400</u> |
| TOTAL MOTOR LICENSE | | | | | | | |
| FUND REVENUES..... | <u>\$ 2,290,776</u> | <u>\$ 2,739,870</u> | <u>\$ 2,805,750</u> | <u>\$ 2,824,340</u> | <u>\$ 2,854,410</u> | <u>\$ 2,891,630</u> | <u>\$ 2,922,400</u> |
| Aviation Restricted | | | | | | | |
| Revenues..... | \$ 11,748 | \$ 11,330 | \$ 11,330 | \$ 11,330 | \$ 11,330 | \$ 11,330 | \$ 11,330 |
| Highway Bridge Improvement | | | | | | | |
| Restricted Revenues..... | \$ 118,025 | \$ 117,370 | \$ 119,780 | \$ 122,220 | \$ 124,740 | \$ 127,320 | \$ 129,950 |
| State Highway Transfer | | | | | | | |
| Restricted Revenues..... | \$ 24,360 | \$ 24,770 | \$ 24,910 | \$ 25,060 | \$ 25,200 | \$ 25,350 | \$ 25,500 |
| Oil Company Franchise Tax | | | | | | | |
| Restricted Revenues..... | \$ 446,540 | \$ 454,160 | \$ 456,770 | \$ 459,400 | \$ 462,090 | \$ 464,810 | \$ 467,570 |
| Supplemental Maintenance | | | | | | | |
| Restricted Revenues..... | \$ 312,580 | \$ 317,920 | \$ 319,740 | \$ 321,580 | \$ 323,460 | \$ 325,370 | \$ 327,300 |

Adjustments to 2007-08 Revenue Estimate

On July 27, 2007, an official estimate for the 2007-08 fiscal year of \$2,757,460 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.

| | 2007-08 Official Estimate | Adjustments | 2007-08 Revised Estimate |
|--|---------------------------------|--------------------------|--------------------------------|
| Liquid Fuels Taxes..... | \$ 1,274,050 | \$ -10,680 | \$ 1,263,370 |
| Motor Licenses and Fees..... | 889,690 | -3,980 | 885,710 |
| Other Motor License Fund Revenues..... | <u>593,720</u> | <u>-2,930</u> | <u>590,790</u> |
| TOTAL..... | <u>\$ 2,757,460</u> | <u>\$ -17,590</u> | <u>\$ 2,739,870</u> |

Revenue Sources

Liquid Fuels Taxes

| Actual | | Estimated | |
|--------------|--------------|--------------|--------------|
| 2001-02..... | \$ 1,090,488 | 2007-08..... | \$ 1,263,370 |
| 2002-03..... | 1,105,459 | 2008-09..... | 1,270,250 |
| 2003-04..... | 1,113,027 | 2009-10..... | 1,277,550 |
| 2004-05..... | 1,159,874 | 2010-11..... | 1,284,980 |
| 2005-06..... | 1,226,094 | 2011-12..... | 1,292,510 |
| 2006-07..... | 1,255,361 | 2012-13..... | 1,300,140 |

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 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 | |
|--------------|------------|--------------|------------|
| 2001-02..... | \$ 814,350 | 2007-08..... | \$ 885,710 |
| 2002-03..... | 828,821 | 2008-09..... | 894,650 |
| 2003-04..... | 843,174 | 2009-10..... | 905,740 |
| 2004-05..... | 876,897 | 2010-11..... | 915,650 |
| 2005-06..... | 877,813 | 2011-12..... | 932,260 |
| 2006-07..... | 870,038 | 2012-13..... | 941,950 |

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 | |
|--------------|-----------|--------------|------------|
| 2001-02..... | \$ 50,187 | 2007-08..... | \$ 590,790 |
| 2002-03..... | 64,487 | 2008-09..... | 640,850 |
| 2003-04..... | 129,408 | 2009-10..... | 641,050 |
| 2004-05..... | 120,101 | 2010-11..... | 653,780 |
| 2005-06..... | 161,985 | 2011-12..... | 666,860 |
| 2006-07..... | 165,376 | 2012-13..... | 680,310 |

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 and 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.

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)

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|---|---------------------|---------------------|---------------------|
| LIQUID FUELS TAXES | | | |
| Liquid Fuels Tax | | | |
| Liquid Fuels Tax..... | \$ 588,525 | \$ 588,530 | \$ 589,790 |
| Liquid Fuels Tax Interest..... | 129 | 130 | 130 |
| Liquid Fuels Tax Penalties..... | 582 | 580 | 580 |
| Subtotal..... | \$ 589,236 | \$ 589,240 | \$ 590,500 |
| Fuel Use Tax | | | |
| Fuel Use Tax..... | \$ 162,793 | \$ 163,840 | \$ 166,900 |
| Fuel Use Tax Interest..... | 0 | 0 | 0 |
| Fuel Use Tax Penalties..... | 0 | 0 | 0 |
| Subtotal..... | \$ 162,793 | \$ 163,840 | \$ 166,900 |
| Alternative Fuel Tax | | | |
| Alternative Fuel Tax..... | \$ 191 | \$ 960 | \$ 630 |
| Subtotal..... | \$ 191 | \$ 960 | \$ 630 |
| Motor Carriers Road Tax — International Fuel Tax Agreement | | | |
| Motor Carriers Road/IFTA — Fuels Tax..... | \$ 39,366 | \$ 37,690 | \$ 37,880 |
| Motor Carriers Road/IFTA— Registration Fees, Special.... | | | |
| Permit Fees and Fines..... | 1,000 | 960 | 960 |
| Subtotal..... | \$ 40,366 | \$ 38,650 | \$ 38,840 |
| Oil Company Franchise Tax..... | \$ 462,775 | \$ 470,680 | \$ 473,380 |
| TOTAL LIQUID FUELS TAXES..... | \$ 1,255,361 | \$ 1,263,370 | \$ 1,270,250 |
| MOTOR LICENSES AND FEES | | | |
| Operators' Licenses..... | \$ 57,896 | \$ 63,500 | \$ 61,410 |
| Other Fees Collected by Bureau of Motor Vehicles..... | 35,600 | 36,930 | 38,450 |
| Registration Fees Received From Other States/IRP..... | 72,034 | 75,890 | 77,470 |
| Special Hauling Permit Fees..... | 19,861 | 20,030 | 20,450 |
| Vehicle Registration and Titling..... | 684,647 | 689,360 | 696,870 |
| TOTAL MOTOR LICENSES AND FEES..... | \$ 870,038 | \$ 885,710 | \$ 894,650 |
| OTHER MOTOR LICENSE FUND REVENUES | | | |
| Fines and Penalties | | | |
| Department of Revenue | | | |
| Vehicle Code Fines..... | \$ 26,028 | \$ 24,890 | \$ 24,890 |
| Department of Transportation | | | |
| Vehicle Code Fines..... | 5,663 | 5,410 | 5,410 |
| Subtotal..... | \$ 31,691 | \$ 30,300 | \$ 30,300 |

Revenue Detail (continued)

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|---|----------------------------|----------------------------|----------------------------|
| Miscellaneous Revenues | | | |
| Treasury Department | | | |
| Interest on Deposits - Cash Advancement Accounts | \$ 44 | \$ 40 | \$ 40 |
| Interest Income Reinvested - Long Term..... | 105 | 90 | 90 |
| Interest on Securities..... | 110,480 | 89,350 | 89,350 |
| Interest on Securities - Liquid Fuels Tax Fund..... | 572 | 460 | 460 |
| Redeposit of Checks..... | 73 | 60 | 60 |
| Subtotal..... | <u>\$ 111,274</u> | <u>\$ 90,000</u> | <u>\$ 90,000</u> |
| Department of General Services | | | |
| Sale of Unserviceable Property..... | \$ 757 | \$ 540 | \$ 660 |
| Subtotal..... | <u>\$ 757</u> | <u>\$ 540</u> | <u>\$ 660</u> |
| Department of Transportation | | | |
| Fees for Reclaiming Abandoned Vehicles..... | \$ 70 | \$ 60 | \$ 60 |
| Highway Bridge Income..... | 134 | 120 | 120 |
| Highway Encroachment Permits..... | 1,094 | 1,000 | 1,010 |
| Interest Earned - Restricted Revenue..... | -1,721 ^a | -1,580 ^a | -1,580 ^a |
| Miscellaneous Revenues..... | 93 | 90 | 90 |
| Recovered Damages..... | 29 | 30 | 30 |
| Refunds of Expenditures Not Credited to | | | |
| Appropriations or Allocations..... | 173 | 160 | 160 |
| Sale of Inspection Stickers..... | 21,506 | 19,740 | 19,780 |
| Sale of Maps and Plans..... | 237 | 220 | 220 |
| Subtotal..... | <u>\$ 21,615</u> | <u>\$ 19,840</u> | <u>\$ 19,890</u> |
| Department of Revenue | | | |
| Justice Collection..... | \$ 0 | \$ 110 | \$ 0 |
| Refunds of Expenditures Not Credited to | | | |
| Appropriations or Allocations..... | 39 | 0 | 0 |
| Subtotal..... | <u>\$ 39</u> | <u>\$ 110</u> | <u>\$ 0</u> |
| Pennsylvania Turnpike | | | |
| Annual Payments..... | \$ 0 | \$ 450,000 | \$ 500,000 |
| Subtotal..... | <u>\$ 0</u> | <u>\$ 450,000</u> | <u>\$ 500,000</u> |
| TOTAL OTHER MOTOR LICENSE FUND REVENUES..... | <u><u>\$ 165,376</u></u> | <u><u>\$ 590,790</u></u> | <u><u>\$ 640,850</u></u> |
| SUB-TOTAL MOTOR LICENSE FUND REVENUES..... | <u><u>\$ 2,290,776</u></u> | <u><u>\$ 2,739,870</u></u> | <u><u>\$ 2,805,750</u></u> |
| TOTAL MOTOR LICENSE FUND REVENUES..... | <u><u>\$ 2,290,776</u></u> | <u><u>\$ 2,739,870</u></u> | <u><u>\$ 2,805,750</u></u> |

^a Amounts transferred to restricted revenue account.

Restricted Revenues Not Included in Department Total

Aviation Revenues

| Actual | Estimated |
|------------------------|------------------------|
| 2001-02..... \$ 12,929 | 2007-08..... \$ 11,330 |
| 2002-03..... 10,316 | 2008-09..... 11,330 |
| 2003-04..... 11,543 | 2009-10..... 11,330 |
| 2004-05..... 11,158 | 2010-11..... 11,330 |
| 2005-06..... 10,574 | 2011-12..... 11,330 |
| 2006-07..... 11,748 | 2012-13..... 11,330 |

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, 2008, is 4.1 cents per gallon on aviation gasoline and 1.8 cents per gallon on jet fuel. Aviation restricted revenues are not included in Motor License Fund revenue totals.

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|-------------------------------------|-------------------|---------------------|-------------------|
| AVIATION REVENUES | | | |
| Aviation Liquid Fuels Tax..... | \$ 10,028 | \$ 10,330 | \$ 10,330 |
| Interest..... | 1,720 | 1,000 | 1,000 |
| TOTAL AVIATION REVENUES..... | \$ 11,748 | \$ 11,330 | \$ 11,330 |

Highway Bridge Improvement Revenues

| Actual | Estimated |
|------------------------|-------------------------|
| 2001-02..... \$ 83,345 | 2007-08..... \$ 117,370 |
| 2002-03..... 84,989 | 2008-09..... 119,780 |
| 2003-04..... 85,135 | 2009-10..... 122,220 |
| 2004-05..... 96,956 | 2010-11..... 124,740 |
| 2005-06..... 115,339 | 2011-12..... 127,320 |
| 2006-07..... 118,025 | 2012-13..... 129,950 |

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.

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|---|-------------------|---------------------|-------------------|
| HIGHWAY BRIDGE IMPROVEMENT REVENUES | | | |
| Registration Fee Portion-PA-Based Motor Vehicles..... | \$ 19,993 | \$ 18,280 | \$ 18,840 |
| Temporary Permit Fees..... | 294 | 280 | 290 |
| Oil Company Franchise Tax..... | 97,738 | 98,810 | 100,650 |
| TOTAL HIGHWAY BRIDGE REVENUES..... | \$ 118,025 | \$ 117,370 | \$ 119,780 |

Restricted Revenues Not Included in Department Total (continued)

State Highway Transfer Revenues

| Actual | Estimated |
|------------------------|------------------------|
| 2001-02..... \$ 17,754 | 2007-08..... \$ 24,770 |
| 2002-03..... 18,059 | 2008-09..... 24,910 |
| 2003-04..... 18,009 | 2009-10..... 25,060 |
| 2004-05..... 20,068 | 2010-11..... 25,200 |
| 2005-06..... 23,433 | 2011-12..... 25,350 |
| 2006-07..... 24,360 | 2012-13..... 25,500 |

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 |
|-------------------------|-------------------------|
| 2001-02..... \$ 325,486 | 2007-08..... \$ 454,160 |
| 2002-03..... 331,089 | 2008-09..... 456,770 |
| 2003-04..... 330,161 | 2009-10..... 459,400 |
| 2004-05..... 367,952 | 2010-11..... 462,090 |
| 2005-06..... 429,607 | 2011-12..... 464,810 |
| 2006-07..... 446,540 | 2012-13..... 467,570 |

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 |
|-------------------------|-------------------------|
| 2001-02..... \$ 227,840 | 2007-08..... \$ 317,920 |
| 2002-03..... 231,757 | 2008-09..... 319,740 |
| 2003-04..... 231,113 | 2009-10..... 321,580 |
| 2004-05..... 257,541 | 2010-11..... 323,460 |
| 2005-06..... 300,728 | 2011-12..... 325,370 |
| 2006-07..... 312,580 | 2012-13..... 327,300 |

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.

Banking Department Fund

Financial Statement

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------|-------------------|----------------------|----------------------|
| Beginning Balance | \$ 28,648 | \$ 30,461 | \$ 30,354 |
| Receipts: | | | |
| Revenue Estimate..... | \$ 18,609 | \$ 18,658 | \$ 18,889 |
| Prior Year Lapses..... | 1,208 | 0 | 0 |
| Total Receipts..... | <u>\$ 19,817</u> | <u>\$ 18,658</u> | <u>\$ 18,889</u> |
| Funds Available | \$ 48,465 | \$ 49,119 | \$ 49,243 |
| Expenditures: | | | |
| Appropriated..... | \$ 18,004 | \$ 18,765 | \$ 19,994 |
| Estimated Expenditures..... | -18,004 | -18,765 | -19,994 |
| Ending Balance | <u>\$ 30,461</u> | <u>\$ 30,354</u> | <u>\$ 29,249</u> |

Summary by Department

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|------------------------------------|-------------------|---------------------|-------------------|
| Treasury Department | | | |
| General Government | | | |
| Replacement Checks..... | \$ 0 | \$ 5 | \$ 5 |
| Banking Department | | | |
| General Government | | | |
| General Government Operations..... | \$ 18,004 | \$ 18,760 | \$ 19,989 |
| FUND TOTAL | <u>\$ 18,004</u> | <u>\$ 18,765</u> | <u>\$ 19,994</u> |

Banking Department Fund

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| Licenses and Fees..... | \$ 15,843 | \$ 15,639 | \$ 15,870 | \$ 16,055 | \$ 16,282 | \$ 16,482 | \$ 16,806 |
| Fines and Penalties..... | 495 | 750 | 750 | 750 | 750 | 750 | 750 |
| Miscellaneous..... | 2,271 | 2,269 | 2,269 | 2,269 | 2,269 | 2,269 | 2,269 |
| TOTAL BANKING DEPARTMENT FUND REVENUES..... | \$ 18,609 | \$ 18,658 | \$ 18,889 | \$ 19,074 | \$ 19,301 | \$ 19,501 | \$ 19,825 |

Revenue Sources

Licenses and Fees

| Actual | Estimated |
|------------------------|------------------------|
| 2001-02..... \$ 11,914 | 2007-08..... \$ 15,639 |
| 2002-03..... 13,684 | 2008-09..... 15,870 |
| 2003-04..... 14,032 | 2009-10..... 16,055 |
| 2004-05..... 13,945 | 2010-11..... 16,282 |
| 2005-06..... 15,782 | 2011-12..... 16,482 |
| 2006-07..... 15,843 | 2012-13..... 16,806 |

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, first mortgage companies, installment sellers, loan brokers, money transmitters, pawnbrokers, sales finance companies and second mortgage companies.

Fines and Penalties

| Actual | Estimated |
|---------------------|---------------------|
| 2001-02..... \$ 117 | 2007-08..... \$ 750 |
| 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 |

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.

Banking Department Fund

Revenue Sources (continued)

Miscellaneous Revenue

| | Actual | | Estimated | |
|--------------|--------|--------------|-----------|--|
| 2001-02..... | \$ 826 | 2007-08..... | \$ 2,269 | |
| 2002-03..... | 530 | 2008-09..... | 2,269 | |
| 2003-04..... | 1,295 | 2009-10..... | 2,269 | |
| 2004-05..... | 1,348 | 2010-11..... | 2,269 | |
| 2005-06..... | 2,263 | 2011-12..... | 2,269 | |
| 2006-07..... | 2,271 | 2012-13..... | 2,269 | |

The commonwealth receives and deposits in the Banking Department Fund revenues from the sale of copies of the banking laws and the savings association laws, interest on deposits and sale of unserviceable property.

Revenue Detail

The following is a detailed list of all revenues available for Banking Department Fund appropriations and executive authorization.

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|---|-------------------|---------------------|-------------------|
| Licenses and Fees | | | |
| Bank — Application Fees | \$ 195 | \$ 132 | \$ 132 |
| Savings Associations — Examinations | 58 | 54 | 58 |
| Savings Associations — Overhead Assessments | 36 | 36 | 36 |
| Check Cashers — Examinations | 15 | 15 | 15 |
| Consumer Credit — Examinations | 195 | 195 | 197 |
| Credit Unions — Overhead Assessments | 614 | 610 | 610 |
| Examinations — Credit Union | 378 | 380 | 380 |
| Examinations — First Mortgage Bankers | 156 | 155 | 155 |
| Examinations — Pawnbrokers | 1 | 2 | 2 |
| Examinations — First Mortgage Brokers | 137 | 135 | 135 |
| Examinations — Second Mortgage | 134 | 128 | 128 |
| Examinations — Trust Companies | 166 | 175 | 150 |
| Examinations — Money Transmitters | 125 | 81 | 123 |
| Examinations — Secondary Mortgage Broker | 107 | 112 | 113 |
| Examinations — Loan Correspondents | 21 | 20 | 20 |
| Examinations — Partially Exempt Registered Entities | 10 | 11 | 11 |
| Examinations — Installment Seller | 396 | 380 | 385 |
| Overhead Assessments — Trust Companies | 83 | 79 | 80 |
| Total Assessment Charges — Banks | 7,923 | 8,000 | 8,100 |
| Licenses — Application Fees | 5,028 | 4,928 | 5,027 |
| Credit Unions — Conversion Fee..... | 0 | 0 | 2 |
| Miscellaneous | 65 | 11 | 11 |
| TOTAL | \$ 15,843 | \$ 15,639 | \$ 15,870 |

Banking Department Fund

Revenue Detail (continued)

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|---------------------------------------|-------------------------|-------------------------|-------------------------|
| Fines and Penalties | | | |
| Banking Law--Fines and Penalties..... | \$ 495 | \$ 750 | \$ 750 |
| Miscellaneous Revenue | | | |
| Interest on Securities..... | \$ 2,271 | \$ 2,269 | \$ 2,269 |
| TOTAL REVENUES..... | <u>\$ 18,609</u> | <u>\$ 18,658</u> | <u>\$ 18,889</u> |



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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------|-------------------|----------------------|----------------------|
| Beginning Balance | \$ 18,814 | \$ 18,876 | \$ 15,665 |
| Receipts: | | | |
| Revenue Estimate..... | \$ 13,866 | \$ 14,774 | \$ 14,394 |
| Prior Year Lapses..... | 2,256 | 470 | 0 |
| Total Receipts..... | <u>\$ 16,122</u> | <u>\$ 15,244</u> | <u>\$ 14,394</u> |
| Funds Available | \$ 34,936 | \$ 34,120 | \$ 30,059 |
| Expenditures: | | | |
| Appropriated..... | \$ 16,060 | \$ 18,455 | \$ 17,451 |
| Estimated Expenditures..... | <u>-16,060</u> | <u>-18,455</u> | <u>-17,451</u> |
| Ending Balance | <u>\$ 18,876</u> | <u>\$ 15,665</u> | <u>\$ 12,608</u> |

Summary by Department

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|---------------------------------|-------------------|---------------------|-------------------|
| Treasury Department | | | |
| General Government | | | |
| Replacement Checks..... | \$ 0 | \$ 5 | \$ 5 |
| Fish and Boat Commission | | | |
| General Government | | | |
| General Operations..... | \$ 12,955 | \$ 14,189 | \$ 13,775 |
| TOTAL STATE FUNDS | <u>\$ 12,955</u> | <u>\$ 14,194</u> | <u>\$ 13,780</u> |
| Federal Funds..... | \$ 3,105 | \$ 4,236 | \$ 3,646 |
| Other Funds..... | 0 | 25 | 25 |
| FUND TOTAL | <u>\$ 16,060</u> | <u>\$ 18,455</u> | <u>\$ 17,451</u> |

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| Licenses and Fees..... | \$ 6,724 | \$ 6,986 | \$ 6,996 | \$ 7,049 | \$ 7,103 | \$ 7,103 | \$ 7,156 |
| Fines and Penalties..... | 213 | 250 | 250 | 250 | 250 | 250 | 250 |
| Miscellaneous..... | 3,824 | 3,277 | 3,477 | 3,477 | 3,427 | 3,427 | 3,427 |
| TOTAL BOAT FUND REVENUES..... | \$ 10,761 | \$ 10,513 | \$ 10,723 | \$ 10,776 | \$ 10,780 | \$ 10,780 | \$ 10,833 |
| Augmentations..... | \$ 3,105 | \$ 4,261 | \$ 3,671 | \$ 3,560 | \$ 3,560 | \$ 3,560 | \$ 3,560 |
| TOTAL BOAT FUND RECEIPTS..... | \$ 13,866 | \$ 14,774 | \$ 14,394 | \$ 14,336 | \$ 14,340 | \$ 14,340 | \$ 14,393 |

Revenue Sources

Licenses and Fees

| Actual | Estimated |
|-----------------------|-----------------------|
| 2001-02..... \$ 5,130 | 2007-08..... \$ 6,986 |
| 2002-03..... 5,109 | 2008-09..... 6,996 |
| 2003-04..... 5,454 | 2009-10..... 7,049 |
| 2004-05..... 6,552 | 2010-11..... 7,103 |
| 2005-06..... 6,958 | 2011-12..... 7,103 |
| 2006-07..... 6,724 | 2012-13..... 7,156 |

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.

Fines and Penalties

| Actual | Estimated |
|---------------------|---------------------|
| 2001-02..... \$ 244 | 2007-08..... \$ 250 |
| 2002-03..... 257 | 2008-09..... 250 |
| 2003-04..... 202 | 2009-10..... 250 |
| 2004-05..... 221 | 2010-11..... 250 |
| 2005-06..... 270 | 2011-12..... 250 |
| 2006-07..... 213 | 2012-13..... 250 |

The Boat Fund receives fines and penalties for violations of the Motor Boat Law.

Revenue Sources (continued)

Miscellaneous Revenue

| | Actual | | Estimated | |
|--------------|----------|--|--------------|----------|
| 2001-02..... | \$ 3,139 | | 2007-08..... | \$ 3,277 |
| 2002-03..... | 2,847 | | 2008-09..... | 3,477 |
| 2003-04..... | 3,204 | | 2009-10..... | 3,477 |
| 2004-05..... | 3,123 | | 2010-11..... | 3,427 |
| 2005-06..... | 3,650 | | 2011-12..... | 3,427 |
| 2006-07..... | 3,824 | | 2012-13..... | 3,427 |

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)

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|---|-------------------------|-------------------------|-------------------------|
| Licenses and Fees | | | |
| Motor Boat Registration Fees..... | \$ 6,057 | \$ 6,290 | \$ 6,290 |
| Boat Mooring Permits — Walnut Creek Access..... | 45 | 42 | 42 |
| Boating Safety Curriculum Fees..... | 163 | 150 | 160 |
| Boat Capacity Plate Fees..... | 4 | 4 | 4 |
| Boat Titling Fees..... | 455 | 500 | 500 |
| TOTAL..... | <u>\$ 6,724</u> | <u>\$ 6,986</u> | <u>\$ 6,996</u> |
| Fines and Penalties | | | |
| Motor Boat Fines..... | \$ 213 | \$ 250 | \$ 250 |
| TOTAL..... | <u>\$ 213</u> | <u>\$ 250</u> | <u>\$ 250</u> |
| Miscellaneous Revenues | | | |
| Transfer from Motor License and Liquid Fuels | | | |
| Tax Funds..... | \$ 2,219 | \$ 2,141 | \$ 2,141 |
| Miscellaneous..... | 73 | 70 | 70 |
| Interest on Securities..... | 1,466 | 1,000 | 1,200 |
| Sale of Unserviceable Property..... | 0 | 1 | 1 |
| Sales Tax Agent Fee PFC Share..... | 55 | 55 | 55 |
| North East Marina..... | 11 | 10 | 10 |
| TOTAL..... | <u>\$ 3,824</u> | <u>\$ 3,277</u> | <u>\$ 3,477</u> |
| Augmentations | | | |
| Sale of Automobiles..... | \$ 1 | \$ 25 | \$ 25 |
| U.S. Coast Guard Grant for Boating Safety..... | 1,977 | 2,291 | 2,554 |
| Boating Infrastructure Grant (BIG)..... | 96 | 100 | 0 |
| Sport Fish Restoration..... | 1,009 | 1,811 | 1,067 |
| Wildlife Conservation and Restoration Non-Game..... | 0 | 9 | 0 |
| Land and Water Conservation Fund..... | 10 | 0 | 0 |
| Clean Vessel Act..... | 12 | 25 | 25 |
| TOTAL..... | <u>\$ 3,105</u> | <u>\$ 4,261</u> | <u>\$ 3,671</u> |
| TOTAL RECEIPTS..... | <u><u>\$ 13,866</u></u> | <u><u>\$ 14,774</u></u> | <u><u>\$ 14,394</u></u> |



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.

Environmental Stewardship Fund

Financial Statement

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------|-------------------|----------------------|----------------------|
| Beginning Balance | \$ 120 | \$ 951 | \$ 6,188 |
| Receipts: | | | |
| Revenue Estimate..... | \$ 84,030 | \$ 80,200 | \$ 80,500 |
| Prior Year Lapses..... | 2,277 | 0 | 0 |
| Total Receipts..... | <u>\$ 86,307</u> | <u>\$ 80,200</u> | <u>\$ 80,500</u> |
| Funds Available | \$ 86,427 | \$ 81,151 | \$ 86,688 |
| Expenditures: | | | |
| Appropriated..... | \$ 85,476 | \$ 74,963 | \$ 86,688 |
| Estimated Expenditures..... | -85,476 | -74,963 | -86,688 |
| Ending Balance | <u>\$ 951</u> | <u>\$ 6,188</u> | <u>\$ 0</u> |

Summary by Department

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|---|-------------------|---------------------|-------------------|
| Treasury Department | | | |
| Debt Service Requirements | | | |
| Debt Service for Growing Greener | \$ 0 | \$ 26,987 | \$ 29,294 |
| Department of Agriculture | | | |
| Grants and Subsidies | | | |
| Agricultural Conservation Easement Program..... | \$ 8,210 | \$ 7,100 | \$ 8,494 |
| Department of Conservation and Natural Resources | | | |
| General Government | | | |
| Parks & Forest Facility Rehabilitation..... | \$ 0 | \$ 3,109 | \$ 2,501 |
| Grants and Subsidies | | | |
| Community Conservation Grants..... | \$ 12,620 | \$ 7,572 | \$ 10,450 |
| Natural Diversity Conservation Grants..... | 750 | 882 | 882 |
| Subtotal..... | <u>\$ 13,370</u> | <u>\$ 8,454</u> | <u>\$ 11,332</u> |
| DEPARTMENT TOTAL..... | <u>\$ 13,370</u> | <u>\$ 11,563</u> | <u>\$ 13,833</u> |
| Department of Environmental Protection | | | |
| General Government | | | |
| Abandoned Mine Reclamation and Remediation..... | 1,500 | 1,904 | 2,125 |
| Grants and Subsidies | | | |
| Watershed Protection and Restoration..... | \$ 17,083 | \$ 13,292 | \$ 17,143 |
| Sewage and Drinking Water Grants..... | 2,165 | 2,747 | 2,197 |
| Transfer to Hazardous Sites Cleanup Fund..... | 30,000 | 0 | 0 |
| Subtotal..... | <u>\$ 49,248</u> | <u>\$ 16,039</u> | <u>\$ 19,340</u> |
| DEPARTMENT TOTAL..... | <u>\$ 50,748</u> | <u>\$ 17,943</u> | <u>\$ 21,465</u> |
| Infrastructure Investment Authority | | | |
| Grants and Subsidies | | | |
| Stormwater, Water and Sewer Grants..... | \$ 13,148 | \$ 11,370 | \$ 13,602 |
| TOTAL STATE FUNDS | <u>\$ 85,476</u> | <u>\$ 74,963</u> | <u>\$ 86,688</u> |

Environmental Stewardship Fund

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| Licenses and Fees..... | \$ 78,454 | \$ 78,200 | \$ 78,500 | \$ 78,500 | \$ 78,500 | \$ 78,500 | \$ 78,500 |
| Miscellaneous..... | 5,576 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| TOTAL ENVIRONMENTAL STEWARDSHIP FUND RECEIPTS..... | \$ 84,030 | \$ 80,200 | \$ 80,500 | \$ 80,500 | \$ 80,500 | \$ 80,500 | \$ 80,500 |

Revenue Sources

Licenses and Fees

| Actual | | Estimated | |
|--------------|----------|--------------|-----------|
| 2001-02..... | \$ 5,952 | 2007-08..... | \$ 78,200 |
| 2002-03..... | 55,629 | 2008-09..... | 78,500 |
| 2003-04..... | 90,078 | 2009-10..... | 78,500 |
| 2004-05..... | 71,051 | 2010-11..... | 78,500 |
| 2005-06..... | 81,554 | 2011-12..... | 78,500 |
| 2006-07..... | 78,454 | 2012-13..... | 78,500 |

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 was deposited in this special fund.

Miscellaneous Revenue

| Actual | | Estimated | |
|--------------|----------|--------------|----------|
| 2001-02..... | \$ 3,972 | 2007-08..... | \$ 2,000 |
| 2002-03..... | 2,302 | 2008-09..... | 2,000 |
| 2003-04..... | 4,892 | 2009-10..... | 2,000 |
| 2004-05..... | 4,333 | 2010-11..... | 2,000 |
| 2005-06..... | 5,725 | 2011-12..... | 2,000 |
| 2006-07..... | 5,576 | 2012-13..... | 2,000 |

Miscellaneous revenues are earned interest.

Environmental Stewardship Fund

Revenue Sources (continued)

Transfers from Other State Funds

| Actual | | Estimated | |
|--------------|-----------|--------------|------|
| 2001-02..... | \$ 80,000 | 2007-08..... | \$ 0 |
| 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 |

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) | | |
|-------------------------------|-------------------------------|---------------------|-------------------|
| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
| Licenses and Fees | | | |
| Landfill Fees..... | \$ 78,454 | \$ 78,200 | \$ 78,500 |
| Miscellaneous Revenues | | | |
| Miscellaneous..... | \$ 5,576 | \$ 2,000 | \$ 2,000 |
| TOTAL RECEIPTS..... | \$ 84,030 | \$ 80,200 | \$ 80,500 |



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.

Farm Products Show Fund

Financial Statement

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---------------------------------|------------------------|----------------------|----------------------|
| Beginning Balance | \$ 662 | \$ 1,083 | \$ 304 |
| Receipts: | | | |
| Revenue Estimate..... | \$ 5,876 | \$ 5,881 | \$ 6,135 |
| Transfer from General Fund..... | 3,000 | 3,000 | 3,000 |
| Prior Year Lapses..... | 773 | 0 | 0 |
| Total Receipts..... | <u>\$ 9,649</u> | <u>\$ 8,881</u> | <u>\$ 9,135</u> |
| Funds Available | <u>\$ 10,311</u> | <u>\$ 9,964</u> | <u>\$ 9,439</u> |
| Expenditures: | | | |
| Appropriated..... | \$ 9,228 | \$ 9,660 | \$ 9,437 |
| Less Current Year Lapses..... | 0 | 0 | 0 |
| Estimated Expenditures..... | <u>9,228</u> | <u>9,660</u> | <u>9,437</u> |
| Ending Balance | <u><u>\$ 1,083</u></u> | <u><u>\$ 304</u></u> | <u><u>\$ 2</u></u> |

Summary by Department

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|----------------------------------|------------------------|------------------------|------------------------|
| Treasury Department | | | |
| General Government | | | |
| Replacement Checks..... | \$ 0 | \$ 5 | \$ 5 |
| Department of Agriculture | | | |
| General Government | | | |
| General Operations..... | \$ 6,228 | \$ 6,655 | \$ 6,432 |
| TOTAL STATE FUNDS | <u><u>\$ 6,228</u></u> | <u><u>\$ 6,660</u></u> | <u><u>\$ 6,437</u></u> |
| Augmentations..... | <u>\$ 3,000</u> | <u>\$ 3,000</u> | <u>\$ 3,000</u> |
| FUND TOTAL | <u><u>\$ 9,228</u></u> | <u><u>\$ 9,660</u></u> | <u><u>\$ 9,437</u></u> |

Farm Products Show Fund

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| Licenses and Fees..... | \$ 279 | \$ 274 | \$ 528 | \$ 778 | \$ 778 | \$ 778 | \$ 778 |
| Miscellaneous..... | 5,597 | 5,607 | 5,607 | 6,107 | 6,107 | 6,107 | 6,107 |
| TOTAL FARM PRODUCTS SHOW FUND REVENUES..... | \$ 5,876 | \$ 5,881 | \$ 6,135 | \$ 6,885 | \$ 6,885 | \$ 6,885 | \$ 6,885 |
| Augmentations..... | \$ 3,000 | \$ 3,000 | \$ 3,000 | \$ 3,000 | \$ 3,000 | \$ 3,000 | \$ 3,000 |
| TOTAL FARM PRODUCTS SHOW FUND RECEIPTS..... | \$ 8,876 | \$ 8,881 | \$ 9,135 | \$ 9,885 | \$ 9,885 | \$ 9,885 | \$ 9,885 |

Revenue Sources

Licenses and Fees

| Actual | Estimated |
|---------------------|---------------------|
| 2001-02..... \$ 197 | 2007-08..... \$ 274 |
| 2002-03..... 255 | 2008-09..... 528 |
| 2003-04..... 266 | 2009-10..... 778 |
| 2004-05..... 288 | 2010-11..... 778 |
| 2005-06..... 274 | 2011-12..... 778 |
| 2006-07..... 279 | 2012-13..... 778 |

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 |
|-----------------------|-----------------------|
| 2001-02..... \$ 3,884 | 2007-08..... \$ 5,607 |
| 2002-03..... 4,939 | 2008-09..... 5,607 |
| 2003-04..... 5,138 | 2009-10..... 6,107 |
| 2004-05..... 4,946 | 2010-11..... 6,107 |
| 2005-06..... 5,341 | 2011-12..... 6,107 |
| 2006-07..... 5,597 | 2012-13..... 6,107 |

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.

Farm Products Show Fund

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)

| | 2006-07 <u>Actual</u> | 2007-08 <u>Estimate</u> | 2008-09 <u>Budget</u> |
|--|--------------------------|----------------------------|--------------------------|
| Licenses and Fees | | | |
| Exhibit Fees — Competitive--Farm Show..... | \$ 31 | \$ 29 | \$ 31 |
| Exhibit — Commercial..... | \$ 248 | \$ 245 | \$ 247 |
| Branding / Advertisementl..... | 0 | 0 | 250 |
| TOTAL..... | \$ 279 | \$ 274 | \$ 528 |
| Miscellaneous Revenue | | | |
| Concession Revenue..... | \$ 1,123 | \$ 1,044 | \$ 1,044 |
| Service Charges..... | 694 | 644 | 644 |
| Rentals..... | 2,374 | 2,535 | 2,535 |
| Miscellaneous Revenue..... | 93 | 153 | 153 |
| Interest on Securities, Deposits, Returned Checks..... | 181 | 49 | 49 |
| Parking Fees..... | 1,129 | 1,178 | 1,178 |
| Sign Shop Sales..... | 3 | 4 | 4 |
| TOTAL..... | \$ 5,597 | \$ 5,607 | \$ 5,607 |
| Augmentations | | | |
| Transfer from General Fund..... | \$ 3,000 | \$ 3,000 | \$ 3,000 |
| TOTAL..... | \$ 3,000 | \$ 3,000 | \$ 3,000 |
| TOTAL RECEIPTS..... | \$ 8,876 | \$ 8,881 | \$ 9,135 |



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)

| | <u>2006-07</u> Actual | <u>2007-08</u> Available | <u>2008-09</u> Estimated |
|--------------------------------|--------------------------|-----------------------------|-----------------------------|
| Beginning Balance | \$ 20,748 | \$ 24,400 | \$ 22,213 |
| Receipts: | | | |
| Revenue Estimate..... | \$ 35,734 | \$ 37,716 | \$ 36,174 |
| Prior Year Lapses..... | 2,827 | 512 | 0 |
| Total Receipts | <u>\$ 38,561</u> | <u>\$ 38,228</u> | <u>\$ 36,174</u> |
| Funds Available | <u>\$ 59,309</u> | <u>\$ 62,628</u> | <u>\$ 58,387</u> |
| Expenditures: | | | |
| Appropriated..... | \$ 34,909 | \$ 40,415 | \$ 39,626 |
| Estimated Expenditures..... | <u>-34,909</u> | <u>-40,415</u> | <u>-39,626</u> |
| Ending Balance | <u>\$ 24,400</u> | <u>\$ 22,213</u> | <u>\$ 18,761</u> |

Summary by Department

(Dollar Amounts in Thousands)

| | <u>2006-07</u> Actual | <u>2007-08</u> Estimate | <u>2008-09</u> Budget |
|---------------------------------|--------------------------|----------------------------|--------------------------|
| Treasury Department | | | |
| General Government | | | |
| Replacement Checks..... | \$ 0 | \$ 5 | \$ 5 |
| Fish and Boat Commission | | | |
| General Government | | | |
| General Operations..... | <u>\$ 27,504</u> | <u>\$ 29,748</u> | <u>\$ 31,121</u> |
| TOTAL STATE FUNDS | <u>\$ 27,504</u> | <u>\$ 29,753</u> | <u>\$ 31,126</u> |
| Federal Funds..... | \$ 7,166 | \$ 9,607 | \$ 8,137 |
| Other Funds..... | <u>239</u> | <u>1,055</u> | <u>363</u> |
| FUND TOTAL | <u>\$ 34,909</u> | <u>\$ 40,415</u> | <u>\$ 39,626</u> |

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| Licenses and Fees..... | \$ 24,197 | \$ 23,736 | \$ 24,206 | \$ 24,206 | \$ 24,206 | \$ 24,206 | \$ 24,206 |
| Fines and Penalties..... | 448 | 440 | 440 | 440 | 440 | 440 | 440 |
| Miscellaneous..... | 3,684 | 2,878 | 3,028 | 2,321 | 2,321 | 2,271 | 2,271 |
| TOTAL FISH FUND REVENUES..... | \$ 28,329 | \$ 27,054 | \$ 27,674 | \$ 26,967 | \$ 26,967 | \$ 26,917 | \$ 26,917 |
| Augmentations..... | \$ 7,405 | \$ 10,662 | \$ 8,500 | \$ 7,700 | \$ 7,700 | \$ 7,700 | \$ 7,700 |
| TOTAL FISH FUND RECEIPTS..... | \$ 35,734 | \$ 37,716 | \$ 36,174 | \$ 34,667 | \$ 34,667 | \$ 34,617 | \$ 34,617 |

Revenue Sources

Licenses and Fees

| Actual | Estimated |
|------------------------|------------------------|
| 2001-02..... \$ 19,302 | 2007-08..... \$ 23,736 |
| 2002-03..... 18,723 | 2008-09..... 24,206 |
| 2003-04..... 18,836 | 2009-10..... 24,206 |
| 2004-05..... 21,992 | 2010-11..... 24,206 |
| 2005-06..... 24,187 | 2011-12..... 24,206 |
| 2006-07..... 24,197 | 2012-13..... 24,206 |

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.

Fines and Penalties

| Actual | Estimated |
|---------------------|---------------------|
| 2001-02..... \$ 446 | 2007-08..... \$ 440 |
| 2002-03..... 383 | 2008-09..... 440 |
| 2003-04..... 361 | 2009-10..... 440 |
| 2004-05..... 431 | 2010-11..... 440 |
| 2005-06..... 446 | 2011-12..... 440 |
| 2006-07..... 448 | 2012-13..... 440 |

The commonwealth receives monies in the form of fines and penalties for violation of the Fish Law and the Frog and Terrapin Act.

Revenue Sources (continued)

Miscellaneous Revenue

| | Actual | | Estimated |
|--------------|--------|--------------|-----------|
| 2001-02..... | 2,288 | 2007-08..... | \$ 2,878 |
| 2002-03..... | 1,665 | 2008-09..... | 3,028 |
| 2003-04..... | 2,475 | 2009-10..... | 2,321 |
| 2004-05..... | 2,139 | 2010-11..... | 2,321 |
| 2005-06..... | 3,057 | 2011-12..... | 2,271 |
| 2006-07..... | 3,684 | 2012-13..... | 2,271 |

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)

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|---|-------------------|---------------------|-------------------|
| Licenses and Fees | | | |
| Resident Fishing Licenses..... | \$ 15,425 | \$ 15,080 | \$ 15,400 |
| Resident Senior Fishing Licenses..... | 176 | 150 | 170 |
| Nonresident Fishing Licenses..... | 2,021 | 2,000 | 2,000 |
| Tourist Fishing Licenses - 1 Day..... | 149 | 125 | 125 |
| Tourist Fishing Licenses - 3 Day..... | 612 | 650 | 650 |
| Tourist Fishing Licenses - 7 Day..... | 221 | 180 | 200 |
| Lake Erie Licenses..... | 1 | 1 | 1 |
| Fishing Lake Licenses..... | 21 | 22 | 22 |
| Miscellaneous Permits and Fees..... | 130 | 100 | 130 |
| 1 Day Fishing Licenses..... | 63 | 50 | 55 |
| Resident Charter Boat/Fishing Guide Permit..... | 30 | 25 | 25 |
| Non-Resident Charter Boat/Fishing Guide Permit..... | 19 | 10 | 10 |
| PA National Guard Fishing License..... | 1 | 1 | 1 |
| Senior Lifetime Upgrade..... | 24 | 10 | 20 |
| Scientific Collector's Permits..... | 11 | 10 | 10 |
| Lifetime Fishing Licenses - Senior Resident..... | 570 | 485 | 550 |
| H.R. Stackhouse Facilities User Fees..... | 1 | 2 | 2 |
| Trout/Salmon Stamp..... | 4,722 | 4,835 | 4,835 |
| TOTAL..... | \$ 24,197 | \$ 23,736 | \$ 24,206 |
| Fines and Penalties | | | |
| Fish Law Fines..... | \$ 448 | \$ 440 | \$ 440 |
| TOTAL..... | \$ 448 | \$ 440 | \$ 440 |

Revenue Detail (continued)

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget |
|---|-------------------|----------------------|-------------------|
| Miscellaneous Revenue | | | |
| Sale of Publications..... | \$ 32 | \$ 35 | \$ 35 |
| Sale of Unserviceable Property..... | 10 | 1 | 1 |
| Miscellaneous Revenue..... | 33 | 30 | 30 |
| Interest on Securities and Deposits..... | 1,913 | 1,251 | 1,401 |
| Rental of Fish and Boat Commission Property..... | 38 | 45 | 45 |
| Income from Sand and Gravel Dredging..... | 905 | 925 | 925 |
| Sale of Pennsylvania Angler & Boater..... | 239 | 200 | 200 |
| Sales Tax & Donations Collected..... | 4 | 3 | 3 |
| Pollution and Stream Disturbance Settlements..... | 278 | 275 | 275 |
| Sale of Recreational Fishing Promotional Items..... | 8 | 9 | 9 |
| Royalty Payments..... | 8 | 23 | 23 |
| Refunds of Expenditures..... | 186 | 15 | 15 |
| Sale of Patches..... | 30 | 31 | 31 |
| Sale of Timber..... | 0 | 35 | 35 |
| TOTAL..... | \$ 3,684 | \$ 2,878 | \$ 3,028 |
| TOTAL REVENUES..... | \$ 28,329 | \$ 27,054 | \$ 27,674 |
| Augmentations | | | |
| Sale of Automobiles and Other Vehicles..... | \$ 22 | \$ 55 | \$ 55 |
| Reimbursement for Services - Department of Transportation..... | 171 | 96 | 96 |
| Reimbursement for Services - DEP/EPA Projects..... | 0 | 190 | 93 |
| Department of Transportation - Endangered/Threatened ... | 0 | 79 | 79 |
| Federal Reimbursement - Sport Fish Restoration..... | 6,287 | 6,254 | 6,237 |
| Reimbursement for Services - Natural Disaster | 124 | 0 | 0 |
| Federal Reimbursement - Commerce Department..... | 274 | 120 | 154 |
| Federal Reimbursement - Surface Mine Regulation..... | 52 | 50 | 60 |
| Federal Reimbursement for Services..... | 3 | 413 | 0 |
| USFWS - Partner for Fish and Wildlife..... | 0 | 300 | 0 |
| Purchasing Card Rebate..... | 6 | 0 | 0 |
| Reimbursement for Services - Habitat Assessments | 0 | 595 | 0 |
| Wildlife Conservation and Restoration - Non-Game..... | 264 | 105 | 27 |
| Chesapeake Bay Program..... | 0 | 191 | 71 |
| Landowner Incentive Program..... | 0 | 90 | 0 |
| Land and Water Conservation Fund..... | 10 | 0 | 0 |
| Three River Ecological Center..... | 40 | 40 | 40 |
| State Wildlife Grant..... | 152 | 2,084 | 1,588 |
| TOTAL..... | \$ 7,405 | \$ 10,662 | \$ 8,500 |
| TOTAL RECEIPTS..... | \$ 35,734 | \$ 37,716 | \$ 36,174 |



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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------|-------------------------|-------------------------|-------------------------|
| Beginning Balance | \$ 31,497 | \$ 36,346 | \$ 30,314 |
| Receipts: | | | |
| Revenue Estimate..... | \$ 67,514 | \$ 61,516 | \$ 58,535 |
| Prior Year Lapses..... | 3,769 | 5,001 | 0 |
| Total Receipts..... | <u>\$ 71,283</u> | <u>\$ 66,517</u> | <u>\$ 58,535</u> |
| Funds Available | <u>\$ 102,780</u> | <u>\$ 102,863</u> | <u>\$ 88,849</u> |
| Expenditures: | | | |
| Appropriated..... | \$ 66,434 | \$ 72,549 | \$ 73,845 |
| Estimated Expenditures..... | <u>-66,434</u> | <u>-72,549</u> | <u>-73,845</u> |
| Ending Balance | <u><u>\$ 36,346</u></u> | <u><u>\$ 30,314</u></u> | <u><u>\$ 15,004</u></u> |

Summary by Department

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|---------------------------------------|-------------------------|-------------------------|-------------------------|
| Treasury Department | | | |
| General Government | | | |
| Replacement Checks..... | \$ 1 | \$ 5 | \$ 5 |
| Game Commission | | | |
| General Government | | | |
| General Operations..... | \$ 53,232 | \$ 58,058 | \$ 62,780 |
| Land Acquisition and Development..... | 200 | 200 | 200 |
| DEPARTMENT TOTAL..... | <u>\$ 53,432</u> | <u>\$ 58,258</u> | <u>\$ 62,980</u> |
| TOTAL STATE FUNDS | <u><u>\$ 53,433</u></u> | <u><u>\$ 58,263</u></u> | <u><u>\$ 62,985</u></u> |
| Federal Funds..... | \$ 11,817 | \$ 12,950 | \$ 9,654 |
| Other Funds..... | <u>1,184</u> | <u>1,336</u> | <u>1,206</u> |
| FUND TOTAL..... | <u><u>\$ 66,434</u></u> | <u><u>\$ 72,549</u></u> | <u><u>\$ 73,845</u></u> |

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget | 2009-2010 Estimated | 2010-2011 Estimated | 2011-2012 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|------------------------|------------------------|------------------------|----------------------|
| Licenses and Fees..... | \$ 28,728 | \$ 27,557 | \$ 27,852 | \$ 30,290 | \$ 31,290 | \$ 31,290 | \$ 31,290 |
| Fines and Penalties..... | 1,207 | 1,006 | 978 | 1,000 | 1,000 | 1,000 | 1,000 |
| Miscellaneous..... | 24,578 | 18,667 | 18,845 | 15,896 | 16,838 | 18,038 | 18,650 |
| TOTAL GAME FUND REVENUES..... | \$ 54,513 | \$ 47,230 | \$ 47,675 | \$ 47,186 | \$ 49,128 | \$ 50,328 | \$ 50,940 |
| Augmentations..... | \$ 13,001 | \$ 14,286 | \$ 10,860 | \$ 12,386 | \$ 12,386 | \$ 12,386 | \$ 12,386 |
| TOTAL GAME FUND RECEIPTS..... | \$ 67,514 | \$ 61,516 | \$ 58,535 | \$ 59,572 | \$ 61,514 | \$ 62,714 | \$ 63,326 |

Revenue Sources

Licenses and Fees

| Actual | Estimated |
|------------------------|------------------------|
| 2001-02..... \$ 29,956 | 2007-08..... \$ 27,557 |
| 2002-03..... 30,288 | 2008-09..... 27,852 |
| 2003-04..... 30,457 | 2009-10..... 30,290 |
| 2004-05..... 32,468 | 2010-11..... 31,290 |
| 2005-06..... 29,258 | 2011-12..... 31,290 |
| 2006-07..... 28,728 | 2012-13..... 31,290 |

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 |
|-----------------------|-----------------------|
| 2001-02..... \$ 1,288 | 2007-08..... \$ 1,006 |
| 2002-03..... 1,509 | 2008-09..... 978 |
| 2003-04..... 1,494 | 2009-10..... 1,000 |
| 2004-05..... 1,319 | 2010-11..... 1,000 |
| 2005-06..... 1,217 | 2011-12..... 1,000 |
| 2006-07..... 1,207 | 2012-13..... 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 | |
|--------------|-----------|--------------|-----------|
| 2001-02..... | \$ 16,215 | 2007-08..... | \$ 18,667 |
| 2002-03..... | 16,227 | 2008-09..... | 18,845 |
| 2003-04..... | 12,856 | 2009-10..... | 15,896 |
| 2004-05..... | 23,434 | 2010-11..... | 16,838 |
| 2005-06..... | 24,495 | 2011-12..... | 18,038 |
| 2006-07..... | 24,578 | 2012-13..... | 18,650 |

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) | | |
|---|-------------------------------|---------------------|-------------------|
| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
| Licenses and Fees | | | |
| Resident Hunting Licenses..... | \$ 13,109 | \$ 12,750 | \$ 12,800 |
| Resident Junior Hunting Licenses..... | 232 | 238 | 235 |
| Nonresident Hunting Licenses..... | 5,442 | 5,775 | 5,500 |
| Special Game Permits..... | 180 | 220 | 175 |
| Antlerless Deer Licenses..... | 4,058 | 3,700 | 3,900 |
| Archery Licenses..... | 3,832 | 3,750 | 3,750 |
| Landowner Hunting Licenses..... | 5 | 5 | 5 |
| Resident Senior Hunting Licenses..... | 379 | 400 | 400 |
| Muzzleloading Hunting Licenses..... | 1,899 | 1,850 | 1,850 |
| Right-of-Way Licenses..... | 1,256 | 900 | 1,200 |
| Resident Bear Licenses..... | 1,981 | 1,900 | 1,900 |
| Nonresident Bear Licenses..... | 177 | 186 | 180 |
| Hunting License Issuing Agents' Application Fees..... | 13 | 14 | 14 |
| Nonresident Junior Hunting License..... | 93 | 105 | 100 |
| Nonresident 7-Day Hunting License..... | 76 | 60 | 60 |
| Senior Resident - Lifetime Hunting License..... | 179 | 150 | 160 |
| Adult Resident Furtaker License..... | 473 | 420 | 425 |
| Junior Resident Furtaker License..... | 7 | 2 | 2 |
| Senior Resident Furtaker License..... | 13 | 8 | 8 |
| Nonresident Adult Furtaker License..... | 21 | 20 | 21 |
| Resident Special Wild Turkey..... | 154 | 160 | 160 |
| Non-Resident Special Wild Turkey..... | 10 | 4 | 4 |
| Junior Combination License..... | 419 | 400 | 400 |
| Nonresident Archery License..... | 312 | 320 | 310 |
| Nonresident Muzzleloading Hunting License..... | 164 | 175 | 165 |
| Nonresident Migratory Game Bird..... | 24 | 20 | 20 |
| Nonresident Antlerless Deer License..... | 572 | 625 | 620 |
| Senior Resident - Lifetime Combination License..... | 468 | 300 | 300 |
| Nonresident Junior Combination License..... | 37 | 40 | 40 |
| Elk License & Bobcat Permit Applications..... | 101 | 117 | 112 |
| DMAP Harvest Permit..... | 213 | 235 | 330 |
| Resident Military Personnel Hunting..... | 1 | 1 | 1 |
| Migratory Game Bird License..... | 214 | 207 | 205 |
| TOTAL..... | \$ 36,114 | \$ 35,057 | \$ 35,352 |
| Restricted Revenue | | | |
| Transfer to General Habitat Improvement..... | -7,386 | -7,500 | -7,500 |
| TOTAL..... | \$ -7,386 | \$ -7,500 | \$ -7,500 |
| Net Licenses and Fees | | | |
| TOTAL..... | \$ 28,728 | \$ 27,557 | \$ 27,852 |

Revenue Detail (continued)

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|--|-------------------|---------------------|-------------------|
| Fines and Penalties | | | |
| Game Law Fines..... | \$ 1,207 | \$ 1,006 | \$ 978 |
| TOTAL..... | <u>\$ 1,207</u> | <u>\$ 1,006</u> | <u>\$ 978</u> |
| Miscellaneous Revenue | | | |
| Sports Promotional Publications and Materials..... | \$ 5 | \$ 3 | \$ 3 |
| Wildlife Promotional Publications amd Material..... | 274 | \$ 0 | \$ 275 |
| Sale of Coal..... | 1,628 | 650 | 750 |
| Sale of Stone, Sand, Gravel & Limestone..... | 70 | 59 | 25 |
| Sale of Miscellaneous Mineral Permits..... | 67 | 0 | 13 |
| Sale of Wood Products..... | 14,585 | 12,300 | 12,300 |
| Sale of Skins and Guns..... | 29 | 20 | 20 |
| Rental of State Property..... | 5 | 5 | 5 |
| Miscellaneous Revenue..... | 52 | 30 | 110 |
| Interest on Securities..... | 3,502 | 1,500 | 1,500 |
| Gas and Oil Ground Rentals and Royalties..... | 2,211 | 2,180 | 2,100 |
| Refund of Expenditures Not Credited to Appropriations..... | 19 | 20 | 20 |
| Miscellaneous Revenue License Division..... | 106 | 15 | 15 |
| Sale of Game News..... | 985 | 841 | 586 |
| Sale of Grain and Hay..... | 39 | 10 | 10 |
| Sale of Nonusable Property..... | 149 | 4 | 4 |
| Sale of Maps..... | 1 | 1 | 1 |
| Wildlife Management Promotional Revenue..... | 46 | 145 | 240 |
| Sale of Wood Products - PR Tracts..... | 521 | 600 | 600 |
| Howard Nursery..... | 65 | 52 | 70 |
| Working Together For Wildlife - Non-Game Fund..... | 150 | 180 | 150 |
| Oil and Gas Recovery Support..... | 51 | 25 | 20 |
| Waterfowl Management Stamp Sales and Royalties..... | 18 | 27 | 28 |
| TOTAL..... | <u>\$ 24,578</u> | <u>\$ 18,667</u> | <u>\$ 18,845</u> |
| TOTAL REVENUES..... | <u>\$ 54,513</u> | <u>\$ 47,230</u> | <u>\$ 47,675</u> |
| Augmentations | | | |
| Sale of Automobiles..... | \$ 100 | \$ 100 | \$ 100 |
| Federal Reimbursement - Pittman Robinson Act..... | 9,601 | 8,000 | 8,000 |
| Endangered Species Program..... | 63 | 34 | 34 |
| Pennsylvania Conservation Corps..... | 104 | 112 | 112 |
| Federal Reimbursement - Surface Mine Regulation..... | 65 | 65 | 90 |
| Federal Reimbursement - WCRA/SWG..... | 934 | 1,557 | 1,200 |
| Federal Reimbursement - NRCS Farm..... | 244 | 486 | 0 |
| Federal Reimbursement - Chronic Wasting Disease..... | 60 | 75 | 50 |
| Federal Reimbursement - LIP..... | 334 | 322 | 230 |
| Federal Reimbursement - Other Wildlife Grants..... | 516 | 2,707 | 50 |
| Private Donations..... | 73 | 63 | 75 |
| Middlecreek Exhibit Donations..... | 60 | 30 | 0 |
| Reimbursement of Services..... | 75 | 125 | 530 |
| Reimbursement of Services - Canoe Creek..... | 199 | 0 | 0 |
| PennDot Reimbursement - Deer Roadkill..... | 115 | 130 | 115 |
| Reimbursement from PA Fish and Boat Commission..... | 334 | 312 | 125 |
| PennDot Reimbursement - Environmental Assessments..... | 61 | 95 | 65 |
| Hunter Education | 47 | 53 | 57 |
| Black Duck Banding..... | 7 | 0 | 7 |
| Purchasing Card Rebate..... | 9 | 20 | 20 |
| | <u>\$ 13,001</u> | <u>\$ 14,286</u> | <u>\$ 10,860</u> |
| TOTAL RECEIPTS..... | <u>\$ 67,514</u> | <u>\$ 61,516</u> | <u>\$ 58,535</u> |



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) | | |
|--------------------------------|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Beginning Balance | \$ 89,519 | \$ 7,756 | \$ 3,744 |
| Receipts: | | | |
| Revenue Estimate..... | \$ 22,172 | \$ 78,737 | \$ 85,071 |
| Total Receipts..... | \$ 22,172 | \$ 78,737 | \$ 85,071 |
| Funds Available | \$ 111,691 | \$ 86,493 | \$ 88,815 |
| Expenditures: | | | |
| Appropriated..... | \$ 103,935 | \$ 82,749 | \$ 88,815 |
| Estimated Expenditures..... | -103,935 | -82,749 | -88,815 |
| Ending Balance | <u>\$ 7,756</u> | <u>\$ 3,744</u> | <u>\$ 0</u> |

Summary by Department

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|---------------------|-------------------|
| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
| Treasury | | | |
| Replacement Checks..... | \$ 0 | \$ 5 | \$ 5 |
| Department of Conservation and Natural Resources | | | |
| General Government | | | |
| Parks and Forest Facility Rehabilitation..... | \$ 31,230 | \$ 24,577 | \$ 26,643 |
| Grants and Subsidies | | | |
| Grants for Local Recreation..... | \$ 26,025 | \$ 20,480 | \$ 22,203 |
| Grants to Land Trusts..... | 10,410 | 8,192 | 8,881 |
| Subtotal..... | \$ 36,435 | \$ 28,672 | \$ 31,084 |
| DEPARTMENT TOTAL..... | \$ 67,665 | \$ 53,249 | \$ 57,727 |
| Department of Education | | | |
| Grants and Subsidies | | | |
| Local Libraries Rehabilitation and Development..... | \$ 4,164 | \$ 3,277 | \$ 3,552 |
| State System of Higher Education — | | | |
| Deferred Maintenance | 18,573 | 15,568 | 15,986 |
| DEPARTMENT TOTAL..... | \$ 22,737 | \$ 18,845 | \$ 19,538 |
| Historical and Museum Commission | | | |
| Grants and Subsidies | | | |
| Historic Site Development | \$ 13,533 | \$ 10,650 | \$ 11,545 |
| FUND TOTAL..... | <u>\$ 103,935</u> | <u>\$ 82,749</u> | <u>\$ 88,815</u> |

Keystone Recreation, Park and Conservation Fund

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| Realty Transfer Tax..... | \$ 12,415 | \$ 75,247 | \$ 81,582 | \$ 88,835 | \$ 93,529 | \$ 97,482 | \$ 101,241 |
| Miscellaneous..... | 9,757 | 3,490 | 3,489 | 3,489 | 3,489 | 3,489 | 3,489 |
| TOTAL KEYSTONE RECREATION, PARK AND CONSERVATION FUND RECEIPTS..... | \$ 22,172 | \$ 78,737 | \$ 85,071 | \$ 92,324 | \$ 97,018 | \$ 100,971 | \$ 104,730 |

Revenue Sources

Realty Transfer Tax

| Actual | Estimated |
|------------------------|------------------------|
| 2001-02..... \$ 50,874 | 2007-08..... \$ 75,247 |
| 2002-03..... 28,465 | 2008-09..... 81,582 |
| 2003-04..... 68,456 | 2009-10..... 88,835 |
| 2004-05..... 81,929 | 2010-11..... 93,529 |
| 2005-06..... 96,879 | 2011-12..... 97,482 |
| 2006-07..... 12,415 | 2012-13..... 101,241 |

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 |
|-----------------------|-----------------------|
| 2001-02..... \$ 4,124 | 2007-08..... \$ 3,490 |
| 2002-03..... 2,349 | 2008-09..... 3,489 |
| 2003-04..... 1,540 | 2009-10..... 3,489 |
| 2004-05..... 3,003 | 2010-11..... 3,489 |
| 2005-06..... 7,221 | 2011-12..... 3,489 |
| 2006-07..... 9,757 | 2012-13..... 3,489 |

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)

| | 2006-07 <u>Actual</u> | 2007-08 <u>Available</u> | 2008-09 <u>Estimated</u> |
|---------------------------------|--------------------------|-----------------------------|-----------------------------|
| Beginning Balance | \$ 339,012 | \$ 476,515 | \$ 301,066 |
| Reserve from Previous Year..... | <u>100,000</u> | <u>100,000</u> | <u>100,000</u> |
| Total Beginning Balance..... | \$ 439,012 | \$ 576,515 | \$ 401,066 |
| Receipts: | | | |
| Revenue Estimate..... | \$ 1,498,652 | \$ 1,439,716 | \$ 1,393,909 |
| Prior Year Lapses..... | <u>81,904</u> | <u>33,565</u> | <u>0</u> |
| Total Receipts..... | \$ 1,580,556 | \$ 1,473,281 | \$ 1,393,909 |
| Funds Available | \$ 2,019,568 | \$ 2,049,796 | \$ 1,794,975 |
| Expenditures: | | | |
| Appropriated..... | \$ 1,443,053 | \$ 1,651,730 | \$ 1,760,290 |
| Current Year Lapses..... | <u>-0</u> | <u>-3,000</u> | <u>0</u> |
| Estimated Expenditures..... | <u>-1,443,053</u> | <u>-1,648,730</u> | <u>-1,760,290</u> |
| Reserve for Current Year..... | \$ -100,000 | \$ -100,000 | \$ 0 |
| Ending Balance | <u>\$ 476,515</u> | <u>\$ 301,066</u> | <u>\$ 34,685</u> |

Summary by Department

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|---|--------------------------|--------------------------|--------------------------|
| Treasury Department | | | |
| General Government | | | |
| Replacement Checks..... | \$ 24 | \$ 50 | \$ 50 |
| Department of Aging | | | |
| General Government | | | |
| General Government Operations..... | \$ 0 | \$ 8,205 | \$ 8,708 |
| Auditor General's Audit Costs..... | 50 | 130 | 130 |
| Subtotal..... | <u>\$ 50</u> | <u>\$ 8,335</u> | <u>\$ 8,838</u> |
| Grants and Subsidies | | | |
| PENNCARE..... | \$ 227,923 | \$ 242,937 | \$ 247,609 |
| Pre-Admission Assessment..... | 7,678 | 10,293 | 11,657 |
| Family Caregiver..... | 0 | 12,103 | 12,103 |
| Grants to Senior Centers..... | 4,000 | 0 | 0 |
| Pharmaceutical Assistance Fund..... | 204,000 | 278,400 | 313,000 |
| Subtotal..... | <u>\$ 443,601</u> | <u>\$ 543,733</u> | <u>\$ 584,369</u> |
| TOTAL STATE FUNDS..... | <u>\$ 443,651</u> | <u>\$ 552,068</u> | <u>\$ 593,207</u> |
| Federal Funds..... | \$ 97,453 | \$ 122,688 | \$ 127,306 |
| Augmentations..... | 620 | 798 | 626 |
| DEPARTMENT TOTAL..... | <u>\$ 541,724</u> | <u>\$ 675,554</u> | <u>\$ 721,139</u> |
| Department of Public Welfare | | | |
| Grants and Subsidies | | | |
| Medical Assistance - Long-Term Care..... | \$ 248,771 | \$ 248,771 | \$ 248,771 |
| Department of Revenue | | | |
| General Government | | | |
| General Operations..... | \$ 39,353 | \$ 39,180 | \$ 37,831 |
| Lottery Advertising..... | 30,000 | 32,000 | 32,000 |
| Expanded Sales..... | 23,436 | 28,376 | 19,237 |
| On-line Vendor Commissions..... | 51,245 | 52,312 | 54,118 |
| Instant Vendor Commissions..... | 35,930 | 21,333 | 22,109 |
| Auditor General's Audit Costs..... | 86 | 86 | 86 |
| Payment of Prize Money..... | 308,565 | 269,734 | 284,371 |
| Subtotal..... | <u>\$ 488,615</u> | <u>\$ 443,021</u> | <u>\$ 449,752</u> |
| Grants and Subsidies | | | |
| Property Tax and Rent Assistance for Older Pennsylvanians..... | \$ 120,400 | \$ 250,900 | \$ 308,500 |
| Subtotal..... | <u>\$ 120,400</u> | <u>\$ 250,900</u> | <u>\$ 308,500</u> |
| TOTAL STATE FUNDS..... | <u>\$ 609,015</u> | <u>\$ 693,921</u> | <u>\$ 758,252</u> |
| Augmentations..... | 174 | 160 | 180 |
| DEPARTMENT TOTAL..... | <u>\$ 609,189</u> | <u>\$ 694,081</u> | <u>\$ 758,432</u> |

Summary by Department

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|---|----------------------------|----------------------------|----------------------------|
| Department of Transportation | | | |
| Grants and Subsidies | | | |
| Older Pennsylvanians Free Transit..... | \$ 49,536 | \$ 0 | \$ 0 |
| Fixed Route Transportation..... | 20,500 | 0 | 0 |
| Transfer to Public Transportation Trust Fund..... | 0 | 80,020 | 82,160 |
| Older Pennsylvanians Shared Rides..... | 71,556 | 76,900 | 77,850 |
| DEPARTMENT TOTAL..... | <u>\$ 141,592</u> | <u>\$ 156,920</u> | <u>\$ 160,010</u> |
| TOTAL STATE FUNDS..... | <u>\$ 1,443,053</u> | <u>\$ 1,651,730</u> | <u>\$ 1,760,290</u> |
| Federal Funds..... | \$ 97,453 | \$ 122,688 | \$ 127,306 |
| Other Funds..... | 794 | 958 | 806 |
| FUND TOTAL..... | <u>\$ 1,541,300</u> | <u>\$ 1,775,376</u> | <u>\$ 1,888,402</u> |

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| Collections..... | \$ 1,365,596 | \$ 1,305,563 | \$ 1,326,799 | \$ 1,465,726 | \$ 1,529,190 | \$ 1,553,212 | \$ 1,578,659 |
| Gaming Fund Transfers..... | \$ 100,000 | \$ 100,000 | \$ 48,500 | \$ 270,700 | \$ 256,100 | \$ 233,900 | \$ 227,000 |
| Miscellaneous Revenue..... | 33,056 | 34,153 | 18,610 | 2,500 | 2,500 | 2,500 | 2,500 |
| TOTAL LOTTERY FUND REVENUES..... | \$ 1,498,652 | \$ 1,439,716 | \$ 1,393,909 | \$ 1,738,926 | \$ 1,787,790 | \$ 1,789,612 | \$ 1,808,159 |

Revenue Sources

Net Lottery Collections

| | Actual | Estimated |
|--------------|------------|---------------------------|
| 2001-02..... | \$ 989,631 | 2007-08..... \$ 1,305,563 |
| 2002-03..... | 1,057,046 | 2008-09..... 1,326,799 |
| 2003-04..... | 1,152,198 | 2009-10..... 1,465,726 |
| 2004-05..... | 1,194,007 | 2010-11..... 1,529,190 |
| 2005-06..... | 1,430,050 | 2011-12..... 1,553,212 |
| 2006-07..... | 1,365,596 | 2012-13..... 1,578,659 |

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 eight 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. These games utilize computer sales terminals located across the commonwealth. The seventh and eighth 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. "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. 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 2008-09 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)

| | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Ticket Sales..... | \$ 3,076,339 | \$ 2,927,508 | \$ 3,025,534 | \$ 3,396,221 | \$ 3,637,080 | \$ 3,716,220 | \$ 3,799,617 |
| Commissions..... | -158,397 | -150,713 | -163,098 | -182,486 | -195,333 | -199,666 | -204,232 |
| Field Paid Prizes..... | <u>-1,552,346</u> | <u>-1,471,232</u> | <u>-1,535,637</u> | <u>-1,748,009</u> | <u>-1,912,557</u> | <u>-1,963,342</u> | <u>-2,016,726</u> |
| NET LOTTERY COLLECTIONS..... | \$ 1,365,596 | \$ 1,305,563 | \$ 1,326,799 | \$ 1,465,726 | \$ 1,529,190 | \$ 1,553,212 | \$ 1,578,659 |

Revenue Sources (continued)

Gaming Fund Repayments

| Actual | | Estimated | |
|--------------|---------|--------------|------------|
| 2001-02..... | \$ 0 | 2007-08..... | \$ 100,000 |
| 2002-03..... | 0 | 2008-09..... | 0 |
| 2003-04..... | 0 | 2009-10..... | 40,000 |
| 2004-05..... | 0 | 2010-11..... | 20,100 |
| 2005-06..... | 0 | 2011-12..... | 0 |
| 2006-07..... | 100,000 | 2012-13..... | 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 | |
|--------------|------|--------------|---------|
| 2001-02..... | \$ 0 | 2007-08..... | \$ 0 |
| 2002-03..... | 0 | 2008-09..... | 48,500 |
| 2003-04..... | 0 | 2009-10..... | 230,700 |
| 2004-05..... | 0 | 2010-11..... | 236,000 |
| 2005-06..... | 0 | 2011-12..... | 233,900 |
| 2006-07..... | 0 | 2012-13..... | 227,000 |

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 | |
|--------------|-----------|--------------|-----------|
| 2001-02..... | \$ 12,866 | 2007-08..... | \$ 34,153 |
| 2002-03..... | 10,109 | 2008-09..... | 18,610 |
| 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..... | 2,500 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------|-------------------|----------------------|----------------------|
| Beginning Balance | \$ 1,965 | \$ 1,678 | \$ 80 |
| Receipts: | | | |
| Revenue Estimate..... | \$ 15,384 | \$ 18,787 | \$ 18,787 |
| Prior Year Lapses..... | 1,811 | 0 | 0 |
| Total Receipts..... | \$ 17,195 | \$ 18,787 | \$ 18,787 |
| Funds Available | \$ 19,160 | \$ 20,465 | \$ 18,867 |
| Expenditures: | | | |
| Appropriated..... | \$ 17,482 | \$ 20,385 | \$ 17,742 |
| Estimated Expenditures..... | -17,482 | -20,385 | -17,742 |
| Ending Balance | \$ 1,678 | \$ 80 | \$ 1,125 |

Summary by Department

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|--|-------------------|---------------------|-------------------|
| Treasury Department | | | |
| General Government | | | |
| Replacement Checks..... | \$ 3 | \$ 10 | \$ 10 |
| Department of Agriculture | | | |
| General Government | | | |
| State Racing Commissions..... | \$ 10,859 | \$ 14,923 | \$ 13,876 |
| Equine Toxicology and Research Laboratory..... | 4,206 | 3,283 | 3,283 |
| Payments to Pennsylvania Fairs—Administration..... | 245 | 252 | 252 |
| Subtotal | \$ 15,310 | \$ 18,458 | \$ 17,411 |
| Grants and Subsidies | | | |
| Transfer to the General Fund..... | 1,965 | 1,678 | 80 |
| TOTAL STATE FUNDS | \$ 17,275 | \$ 20,136 | \$ 17,491 |
| Augmentations..... | 0 | 1 | 1 |
| DEPARTMENT TOTAL..... | \$ 17,275 | \$ 20,137 | \$ 17,492 |
| Department of Revenue | | | |
| General Government | | | |
| Collections—Racing..... | \$ 204 | \$ 239 | \$ 241 |
| TOTAL STATE FUNDS | \$ 17,482 | \$ 20,385 | \$ 17,742 |
| Other Funds..... | 0 | 1 | 1 |
| FUND TOTAL..... | \$ 17,482 | \$ 20,386 | \$ 17,743 |

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| Tax Revenues..... | \$ 11,253 | \$ 14,810 | \$ 14,634 | \$ 14,634 | \$ 14,634 | \$ 14,634 | \$ 14,634 |
| Licenses and Fees..... | 485 | 577 | 630 | 630 | 630 | 630 | 630 |
| Miscellaneous Revenue..... | 3,646 | 3,400 | 3,523 | 3,523 | 3,523 | 3,523 | 3,523 |
| TOTAL RACING FUND REVENUES..... | \$ 15,384 | \$ 18,787 | \$ 18,787 | \$ 18,787 | \$ 18,787 | \$ 18,787 | \$ 18,787 |

Revenue Sources

Tax Revenues

| Actual | Estimated |
|------------------------|------------------------|
| 2001-02..... \$ 12,442 | 2007-08..... \$ 14,810 |
| 2002-03..... 12,252 | 2008-09..... 14,634 |
| 2003-04..... 11,656 | 2009-10..... 14,634 |
| 2004-05..... 11,402 | 2010-11..... 14,634 |
| 2005-06..... 11,684 | 2011-12..... 14,634 |
| 2006-07..... 11,253 | 2012-13..... 14,634 |

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 |
|---------------------|---------------------|
| 2001-02..... \$ 401 | 2007-08..... \$ 577 |
| 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 |

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 | |
|--------------|----------|--------------|----------|
| 2001-02..... | \$ 3,383 | 2007-08..... | \$ 3,400 |
| 2002-03..... | 3,758 | 2008-09..... | 3,523 |
| 2003-04..... | 3,892 | 2009-10..... | 3,523 |
| 2004-05..... | 3,656 | 2010-11..... | 3,523 |
| 2005-06..... | 3,523 | 2011-12..... | 3,523 |
| 2006-07..... | 3,646 | 2012-13..... | 3,523 |

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)

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|-------------------------------|-------------------|---------------------|-------------------|
| Tax Revenues | | | |
| State Admission Tax..... | \$ 64 | \$ 75 | \$ 75 |
| Wagering Tax..... | 10,296 | 13,555 | 13,555 |
| Breakage Tax..... | 893 | 1,180 | 1,004 |
| TOTAL..... | \$ 11,253 | \$ 14,810 | \$ 14,634 |
| Licenses and Fees | | | |
| License Fees..... | \$ 485 | \$ 577 | \$ 630 |
| Miscellaneous Revenues | | | |
| Uncashed Tickets..... | \$ 2,954 | \$ 3,200 | \$ 3,200 |
| Interest on Securities..... | 692 | 200 | 323 |
| TOTAL..... | \$ 3,646 | \$ 3,400 | \$ 3,523 |
| TOTAL REVENUES..... | \$ 15,384 | \$ 18,787 | \$ 18,787 |



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 seniors and persons with disabilities. In 2007-08, the percent redirected from the health care insurance for uninsured adults allocation increased to 33 percent. This budget proposes to redirect to long-term care the same percentages as 2007-08, with the reduction in adult health care funding being more than offset by an increase in Community Health Reinvestment funding. In addition to redirecting interest and earnings, this budget proposes to redirect the first of ten annual Tobacco Strategic Contribution payments, which begin in April 2008, to fund long-term care services. This budget also recommends re-distribution of 50 percent of the funding allocation for Pharmaceutical Benefits for the Elderly to be shared equally between Biotechnology Commercialization and Health Venture Investment.

In 2005, the commonwealth entered into the Annual Community Health Reinvestment Agreement with Pennsylvania's four 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 the annual payment from the Agreement combined with prior year payments will provide a total of \$122 million in Community Health Reinvestment funds for 2008-09.

Combining the Tobacco Funds of \$462 million and the Community Health Reinvestment Funds of \$122 million, this budget allocates a total of \$584 million in 2008-09 for the following health care related activities:

Dollar Amounts in Millions

| | |
|---|--|
| <ul style="list-style-type: none"> ➤ Health Care Insurance for the Uninsured: \$196.3 Subsidize health care insurance coverage for uninsured adults with incomes under 300 percent of the federal poverty level upon implementation of Cover All Pennsylvanians, and for workers with disabilities with incomes under 250 percent of the federal poverty level. ➤ Long-Term Living: \$183.8 Provide home and community-based services and nursing home care for seniors and persons with disabilities based on their clinical need and personal preference. ➤ Health Research: \$70.7 Fund health-related research proposals from Pennsylvania-based researchers. Fifty percent of these funds will be used to provide accelerated funding of approximately \$500 million for The Jonas Salk Legacy Fund: <i>Accelerating Medical Research in Pennsylvania</i>. ➤ Tobacco Prevention and Cessation: \$33.5 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: \$37.2 Support financially distressed hospitals in the provision of uncompensated care and care to Medical Assistance recipients. ➤ Pharmaceutical Benefits for the Elderly: \$14.9 Support the expansion of the pharmaceutical benefits for the elderly program implemented in 2001. | <ul style="list-style-type: none"> ➤ Biotechnology Commercialization: \$7.4 Provide additional capital for investment in private venture firms that extend financial resources to early stage start-ups and emerging life sciences companies. ➤ Health Venture Investment: \$7.4 Expand capacity for the three Life Sciences Greenhouses to invest in companies focused on the research, development and commercialization of cutting-edge therapies and medical technologies. ➤ 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. ➤ Endowment Account: \$29.8 Continue annual contributions to a separate account that can be used to maintain Pennsylvania's commitment to health care spending in the event that the annual allocations cease or decrease to a level that the Governor and General Assembly agree must be augmented |
| TOTAL \$584.0 | |

Please see the Prescription for Pennsylvania theme in the Overview and Summaries section for additional information on Cover All Pennsylvanians, and the Making Pennsylvania More Competitive theme in the Overview and Summaries section for additional information on Jonas Salk Legacy Fund, Health Venture Investment and Biotechnology Commercialization.

Tobacco Settlement Fund

Financial Statement

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------|--------------------------|--------------------------|--------------------------|
| Beginning Balance | \$ 397,435 | \$ 376,984 | \$ 396,935 |
| Receipts: | | | |
| Revenue Estimate..... | \$ 366,683 | \$ 433,979 | \$ 474,170 |
| Prior Year Lapses..... | 0 * | 0 * | 0 |
| Total Receipts..... | <u>366,683</u> | <u>433,979</u> | <u>474,170</u> |
| Funds Available | <u>\$ 764,118</u> | <u>\$ 810,963</u> | <u>\$ 871,105</u> |
| Expenditures: | | | |
| Appropriated..... | \$ 387,134 | \$ 414,028 | \$ 462,048 |
| Current Year Lapse..... | 0 | 0 | 0 |
| Estimated Expenditures..... | <u>387,134</u> | <u>414,028</u> | <u>462,048</u> |
| Ending Balance | <u><u>\$ 376,984</u></u> | <u><u>\$ 396,935</u></u> | <u><u>\$ 409,057</u></u> |

* Excludes lapses re-distributed within Home and Community-Based Services as prescribed under Act 77 of 2001.

Tobacco Settlement Fund

Summary by Department

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|---|-------------------------|-------------------------|-------------------------|
| Executive Offices | | | |
| General Government | | | |
| Transfer of Lapse Amounts to the Endowment Acct (EA)..... | 4,694 | 0 | 0 |
| Transfer to Health Endowment Account (EA)..... | 26,898 ^a | 28,154 ^a | 29,751 ^a |
| DEPARTMENT TOTAL..... | <u>\$ 31,592</u> | <u>\$ 28,154</u> | <u>\$ 29,751</u> |
| Treasury Department | | | |
| General Government | | | |
| Replacement Checks - Tobacco Settlement Fund (EA)..... | <u>\$ 0</u> | <u>\$ 5</u> | <u>\$ 5</u> |
| Department of Aging | | | |
| Grants and Subsidies | | | |
| Home and Community-Based Services..... | \$ 18,188 ^b | \$ 21,293 | \$ 25,769 |
| PACenet Transfer..... | 26,898 | 14,078 ^c | 14,875 ^d |
| TOTAL STATE FUNDS | <u><u>\$ 45,086</u></u> | <u><u>\$ 35,371</u></u> | <u><u>\$ 40,644</u></u> |
| Federal Funds..... | \$ 27,485 | \$ 33,152 | \$ 28,482 |
| Augmentations..... | <u>\$ 6,769</u> | <u>\$ 6,769</u> | <u>\$ 0</u> |
| DEPARTMENT TOTAL..... | <u>\$ 79,340</u> | <u>\$ 75,292</u> | <u>\$ 69,126</u> |
| Department of Community and Economic Development | | | |
| Grants and Subsidies | | | |
| Tobacco Settlement Investment Board..... | \$ 0 ^e | \$ 0 ^e | \$ 0 ^e |
| Health Venture Investment Account..... | 0 | 7,038 ^f | 7,438 ^f |
| Biotechnology Commercialization..... | 0 | 7,039 ^f | 7,438 ^f |
| Life Sciences Greenhouses..... | 3,000 | 3,000 | 3,000 |
| DEPARTMENT TOTAL..... | <u>\$ 3,000</u> | <u>\$ 17,077</u> | <u>\$ 17,876</u> |
| Department of Health | | | |
| Grants and Subsidies | | | |
| Health Research - Health Priorities (EA)..... | \$ 60,521 | \$ 63,347 | \$ 66,939 |
| Health Research - National Cancer Institute (EA)..... | 3,362 | 3,519 | 3,719 |
| Tobacco Use Prevention and Cessation (EA)..... | 30,260 | 31,673 | 33,469 ^g |
| DEPARTMENT TOTAL..... | <u>\$ 94,143</u> | <u>\$ 98,539</u> | <u>\$ 104,127</u> |
| Department of Insurance | | | |
| Grants and Subsidies | | | |
| Adult Health Insurance (EA)..... | \$ 61,597 | \$ 49,870 ^h | \$ 0 |
| Transfer to Cover All Pennsylvanians Fund (EA)..... | 0 | 0 | 49,462 ⁱ |
| DEPARTMENT TOTAL..... | <u>\$ 61,597</u> | <u>\$ 49,870</u> | <u>\$ 49,462</u> |

Summary by Department (continued)

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|--|--------------------------|--------------------------|--------------------------|
| Department of Public Welfare | | | |
| Grants and Subsidies | | | |
| Medical Care for Workers with Disabilities (EA)..... | \$ 26,663 | \$ 20,551 | \$ 24,952 |
| Uncompensated Care (EA)..... | 33,623 | 35,193 | 37,188 |
| Medical Assistance - Long-Term Care..... | 65,909 | 104,810 | 135,467 |
| Home and Community-Based Services (EA)..... | 25,521 ^j | 24,458 ^k | 22,576 |
| Subtotal..... | <u>\$ 151,716</u> | <u>\$ 185,012</u> | <u>\$ 220,183</u> |
| TOTAL STATE FUNDS..... | <u>\$ 151,716</u> | <u>\$ 185,012</u> | <u>\$ 220,183</u> |
| Federal Funds..... | \$ 109,671 | \$ 101,033 | \$ 101,086 |
| DEPARTMENT TOTAL..... | <u>\$ 261,387</u> | <u>\$ 286,045</u> | <u>\$ 321,269</u> |
| TOTAL STATE FUNDS..... | <u>\$ 387,134</u> | <u>\$ 414,028</u> | <u>\$ 462,048</u> |
| Federal Funds..... | \$ 137,156 | \$ 134,185 | \$ 129,568 |
| Augmentations..... | 6,769 | 6,769 | 0 |
| FUND TOTAL..... | <u>\$ 531,059</u> | <u>\$ 554,982</u> | <u>\$ 591,616</u> |

- ^a Funds are actually deposited to the Endowment Account for Long-Term Hope immediately upon receipt of settlement payments.
- ^b Authorized as \$18,803,000, but excludes re-distributed lapses to avoid double counting.
- ^c Authorized as \$28,155,000, but this budget proposes reducing the 8% PACEnet Transfer portion to 4% and re-distributing that percentage to the Health Venture Account at 2% and Biotechnology Commercialization at 2%.
- ^d This budget proposes reducing the 8% PACEnet Transfer portion to 4% and re-distributing that percentage to the Health Venture Account at 2% and Biotechnology Commercialization at 2%.
- ^e Excludes \$659,000 in 2006-07; \$813,000 in 2007-08; and \$903,000 in 2008-09 appropriated to the Tobacco Settlement Investment Board (actually funded by the Health Endowment Account for Long-Term Hope).
- ^f This budget proposes distributing 2% to the Health Venture Account and 2% to Biotechnology Commercialization by decreasing the percentage currently received by the PACEnet Transfer from 8% to 4%.
- ^g This budget proposes continuing Act 42 of 2007 provisions reducing the 12% Prevention and Cessation program portion by 25% to support health-related expenditures.
- ^h Currently authorized as \$51,874,177; anticipates re-authorization as \$60,208,000, but excludes re-distributed lapses to avoid double counting.
- ⁱ This budget proposes continuing Act 42 of 2007 provisions reducing the 30% Health Investment program portion by 33.33% to support health-related expenditures and re-directing the remainder to the proposed Cover All Pennsylvanians Fund.
- ^j Authorized as \$31,373,498, but excludes re-distributed lapses to avoid double counting.
- ^k Currently authorized as \$29,777,078, but excludes re-distributed lapses to avoid double counting.

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| Tobacco Settlement Revenue..... | \$ 351,928 | \$ 371,884 | \$ 409,170 | \$ 418,205 | \$ 427,442 | \$ 436,886 | \$ 446,540 |
| Miscellaneous Revenue..... | 14,755 | 62,095 | 65,000 | 55,000 | 55,000 | 55,000 | 55,000 |
| TOTAL TOBACCO FUND REVENUES..... | \$ 366,683 | \$ 433,979 | \$ 474,170 | \$ 473,205 | \$ 482,442 | \$ 491,886 | \$ 501,540 |

Revenue Sources

Tobacco Settlement Revenue

| Actual | | Estimated | |
|--------------|------------|--------------|------------|
| 2001-02..... | \$ 433,529 | 2007-08..... | \$ 371,884 |
| 2002-03..... | 416,918 | 2008-09..... | 409,170 |
| 2003-04..... | 370,857 | 2009-10..... | 418,205 |
| 2004-05..... | 366,258 | 2010-11..... | 427,442 |
| 2005-06..... | 336,227 | 2011-12..... | 436,886 |
| 2006-07..... | 351,928 | 2012-13..... | 446,540 |

Tobacco Settlement revenue includes payments from all tobacco settlements under the Master Tobacco Settlement Agreement not set aside in the restricted revenue Health Endowment Account for Long-Term Hope. Pending creation of the fund, 1999-00 and 2000-01 year receipts were held in a restricted receipt account.

Miscellaneous Revenue

| Actual | | Estimated | |
|--------------|--------|--------------|-----------|
| 2001-02..... | \$ 0 | 2007-08..... | \$ 62,095 |
| 2002-03..... | 8,153 | 2008-09..... | \$ 65,000 |
| 2003-04..... | 0 | 2009-10..... | \$ 55,000 |
| 2004-05..... | 26,454 | 2010-11..... | \$ 55,000 |
| 2005-06..... | 62,778 | 2011-12..... | \$ 55,000 |
| 2006-07..... | 14,755 | 2012-13..... | \$ 55,000 |

Miscellaneous Revenue includes investment earnings which 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, and Act 66 of 2006. 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)

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|--|-------------------|---------------------|---------------------|
| Gross Settlements..... | \$ 351,928 | \$ 371,884 | \$ 384,011 |
| Strategic Contributions..... | 0 | 0 | 25,159 ^a |
| NET TOBACCO SETTLEMENT REVENUE..... | \$ 351,928 | \$ 371,884 | \$ 409,170 |

^a This budget proposes retaining Strategic Contributions in the Tobacco Settlement Fund.

Tobacco Settlement Fund

Restricted Revenues Not Included in Department Total

Health Endowment Account for Long-Term Hope Revenue

(Dollar Amounts in Thousands)

| | Actual | | Estimated | |
|--------------|-----------|--|--------------|-----------|
| 2001-02..... | \$ 56,611 | | 2007-08..... | \$ 32,574 |
| 2002-03..... | 43,163 | | 2008-09..... | 32,606 |
| 2003-04..... | 82,631 | | 2009-10..... | 31,405 |
| 2004-05..... | 37,723 | | 2010-11..... | 32,105 |
| 2005-06..... | 32,844 | | 2011-12..... | 32,820 |
| 2006-07..... | 120,018 | | 2012-13..... | 33,551 |

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.

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|---|--------------------------|-------------------------|-------------------------|
| 8% of Annual Tobacco Settlement Payments..... | \$ 28,154 | \$ 29,751 | \$ 30,721 |
| Strategic Contribution Payments | 0 | 0 | 0 ^a |
| Interest | 87,170 | 0 | 0 |
| Lapses..... | 4,694 | 2,823 | 1,885 |
| Total Health Endowment Account for Long-Term Hope..... | <u>\$ 120,018</u> | <u>\$ 32,574</u> | <u>\$ 32,606</u> |

Tobacco Settlement Investment Board Account

(Dollar Amounts in Thousands)

| | Actual | | Estimated | |
|--------------|--------|--|--------------|--------|
| 2001-02..... | \$ 93 | | 2007-08..... | \$ 813 |
| 2002-03..... | 326 | | 2008-09..... | 903 |
| 2003-04..... | 276 | | 2009-10..... | 903 |
| 2004-05..... | 276 | | 2010-11..... | 903 |
| 2005-06..... | 376 | | 2011-12..... | 903 |
| 2006-07..... | 659 | | 2012-13..... | 903 |

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.

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|--|--------------------|---------------------|--------------------|
| Revenue..... | \$ 659 | \$ 813 | \$ 903 |
| Distribution..... | -659 | -813 | -903 |
| Total Tobacco Settlement Investment Board Account | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

^a This budget proposes retaining Strategic Contributions in the Tobacco Settlement Fund.

Tobacco Settlement Fund

Restricted Revenues Not Included in Department Total

Community Health Reinvestment Account

(Dollar Amounts in Thousands)

| Actual | | Estimated | |
|--------------|--------|--------------|------------|
| 2001-02..... | \$ 0 | 2007-08..... | \$ 103,055 |
| 2002-03..... | 0 | 2008-09..... | 121,912 |
| 2003-04..... | 0 | 2009-10..... | 84,823 |
| 2004-05..... | 0 | 2010-11..... | 88,216 |
| 2005-06..... | 59,159 | 2011-12..... | 91,745 |
| 2006-07..... | 94,963 | 2012-13..... | 95,415 |

The account is used for the restricted receipt and disbursement of funds received in accordance with the Agreement of Community Health Reinvestment entered into February 2, 2005 by the Insurance Department. The Community Health Reinvestment program disburses funds in the Department of Insurance in support of basic health care for adults in accordance with Act 77 of 2001.

| | 2006-07 Actual | 2007-08 Estimate | 2008-09 Budget |
|---|-------------------|---------------------|-------------------|
| Revenue..... | \$ 94,963 | \$ 103,055 | \$ 121,912 |
| Distribution..... | -94,963 | -103,055 | -121,912 |
| Total Community Health Reinvestment Account | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |



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 2008-09 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 2006-07 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)

| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | \$ 16.0 | \$ 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.

General Fund Tax Expenditures

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 2006-07 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)

| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | \$ 25.0 | \$ 25.0 | \$ 25.0 | \$ 25.0 | \$ -- | \$ -- | \$ -- |

Beneficiaries: Employers of approximately 6,000 qualifying employees in Pennsylvania are expected to benefit from this tax expenditure.

General Fund Tax Expenditures

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 2006-07 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 22.5 | \$ 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 for all sizes of businesses, 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 2006-07 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 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.

General Fund Tax Expenditures

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, 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 15 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.

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 38.6 | \$ 37.9 | \$ 34.8 | \$ 34.3 | \$ 31.7 | \$ 28.6 | \$ 28.2 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: A small number of corporate taxpayers are expected to benefit from this credit program.

General Fund Tax Expenditures

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, nor shall the credit exceed \$100,000 per business per taxable year.

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 2006-07 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 59.0 | \$ 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.

General Fund Tax Expenditures

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.

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)

| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | \$ 6.0 | \$ 25.0 | \$ 25.0 | \$ 25.0 | \$ 25.0 | \$ 25.0 | \$ 25.0 |

Beneficiaries: Approximately 80 taxpayers will benefit from this expenditure.

General Fund Tax Expenditures

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.

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ -- | \$ 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 2.5 | \$ 2.8 | \$ 2.9 | \$ 3.1 | \$ 3.2 | \$ 3.3 | \$ 3.4 |

Beneficiaries: Approximately 50 companies are expected to locate in an EDD upon completion of the produce terminal.

General Fund Tax Expenditures

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 PA 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 PIT 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)

| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal |

Beneficiaries: An unknown number of taxpayers will benefit from this tax expenditure.

General Fund Tax Expenditures

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 and 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: To provide 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.

Estimates:

| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: A small 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.

Purpose: To encourage 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.

Estimates:

| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | \$ -- | \$ 10.0 | \$ 10.0 | \$ 10.0 | \$ 10.0 | \$ 10.0 | \$ 10.0 |

Beneficiaries: An unknown 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)

| | | | | | | | |
|-------------------|---|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | Corporate Net Income Tax and Capital Stock/Foreign Franchise Tax | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 3.0 | \$ 3.0 | \$ 3.0 | \$ 3.1 | \$ 3.2 | \$ 3.3 | \$ 3.4 |
| | Selective Business Taxes | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 253.4 | \$ 303.0 | \$ 321.4 | \$ 339.2 | \$ 356.8 | \$ 374.4 | \$ 391.8 |

Beneficiaries: Approximately 21,500 businesses per year benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 137.7 | \$ 190.0 | \$ 203.4 | \$ 207.8 | \$ 209.7 | \$ 211.6 | \$ 213.6 |

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 CNIT 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 39.0 | \$ 42.0 | \$ 44.1 | \$ 46.4 | \$ 48.9 | \$ 51.4 | \$ 59.0 |

Beneficiaries: Approximately 1,000 nonprofit corporations operating in Pennsylvania with unrelated business income benefit from this tax expenditure.

General Fund Tax Expenditures

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 PA definition of an S Corporation more closely to the federal law, permitting PA S Corps 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 849.6 | \$ 877.5 | \$ 895.2 | \$ 899.1 | \$ 906.3 | \$ 914.1 | \$ 922.8 |

Beneficiaries: Approximately 160,000 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 256.2 | \$ 275.6 | \$ 290.1 | \$ 301.6 | \$ 313.7 | \$ 325.9 | \$ 338.2 |

Beneficiaries: As many as 106,000 companies doing business in Pennsylvania benefit from this tax expenditure.

General Fund Tax Expenditures

COMMERCIAL PRINTERS

Description: The mere usage of commercial printer services in Pennsylvania by an out-of-state entity does not create nexus for maintaining a place of business in Pennsylvania.

Purpose: The higher nexus standard ensures that Pennsylvania commercial printers will not lose business due to a concern of the out-of-state customer that he may be subject to Pennsylvania taxation only for such a printing contract.

(Dollar Amounts in Millions)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: A minimal number of corporate taxpayers 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 1.9 | \$ 1.9 | \$ 2.0 | \$ 2.0 | \$ 2.1 | \$ 2.1 | \$ 2.1 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ -- | \$ 1.9 | \$ 0.3 | \$ 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. 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.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 17.8 | \$ 15.7 | \$ 12.7 | \$ 8.6 | \$ 4.1 | \$ 0.8 | \$ 0.1 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 0.2 | \$ 0.1 | \$ 0.1 | \$ 0.1 | Nominal | Nominal | Nominal |

Beneficiaries: Approximately 250 family farm corporations operating in Pennsylvania could benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 234.0 | \$ 207.1 | \$ 166.6 | \$ 113.8 | \$ 54.1 | \$ 10.3 | \$ 1.8 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 253.9 | \$ 226.3 | \$ 183.9 | \$ 128.0 | \$ 62.8 | \$ 11.9 | \$ 2.1 |

Beneficiaries: Approximately 7,300 corporations doing business in Pennsylvania benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 0.1 | \$ 0.1 | \$ 0.1 | 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 69.0 | \$ 65.1 | \$ 53.0 | \$ 36.4 | \$ 17.3 | \$ 3.3 | \$ 0.6 |

Beneficiaries: Approximately 216,000 corporations doing business in Pennsylvania benefit from this tax expenditure.

General Fund Tax Expenditures

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: | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 235.2 | \$ 209.6 | \$ 170.3 | \$ 118.6 | \$ 58.2 | \$ 11.1 | \$ 2.0 |

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: | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 0.3 | \$ 0.3 | \$ 0.2 | \$ 0.1 | \$ 0.1 | 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.

General Fund Tax Expenditures

COMMERCIAL PRINTERS

Description: The mere usage of commercial printer services in Pennsylvania by an out-of-state entity does not create nexus for maintaining a place of business in Pennsylvania.

Purpose: The higher nexus standard ensures that Pennsylvania commercial printers will not lose business due to a concern of the out-of-state customer that he may be subject to Pennsylvania taxation only for such a printing contract.

(Dollar Amounts in Millions)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: A minimal number of corporate taxpayers benefit from this tax expenditure.

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 6.2 | \$ 6.6 | \$ 6.0 | \$ 5.1 | \$ 4.0 | \$ 2.7 | \$ 1.3 |

Beneficiaries: Approximately 2,200 companies doing business in Pennsylvania benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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 are the beneficiaries of 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: NA

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: A minimal number of corporate taxpayers benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ -- | \$ 0.2 | 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; intrastate and interstate telephone and telegraph messages transmitted in the state on landline or cellular systems; and at 44 mills on sales 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 6.5 | \$ 6.7 | \$ 7.1 | \$ 7.5 | \$ 7.8 | \$ 9.3 | \$ 9.9 |

Beneficiaries: The 31 municipally-owned utilities operating in the commonwealth benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 16.8 | \$ 17.1 | \$ 18.3 | \$ 19.3 | \$ 20.0 | \$ 23.9 | \$ 25.4 |

Beneficiaries: The 13 cooperatives in the commonwealth benefit from this tax expenditure.

TELECOMMUNICATIONS SALE FOR RESALE EXEMPTION

Description: Gross receipts from the sale for resale of telecommunication services to purchasers subject to the gross receipts tax who subsequently resell the telecommunication services for final consumption are exempt from the tax for tax years beginning after December 31, 1999.

Purpose: The sale for resale exemption is intended to ensure that telecommunication services are not subject to double taxation under the gross receipts tax.

(Dollar Amounts in Millions)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 48.2 | \$ 52.7 | \$ 54.9 | \$ 58.9 | \$ 62.9 | \$ 67.2 | \$ 71.6 |

Beneficiaries: Approximately 400 telecommunication companies could 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 3.5 | \$ 3.7 | \$ 3.9 | \$ 4.1 | \$ 4.3 | \$ 4.5 | \$ 4.8 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 3.1 | \$ 3.3 | \$ 3.5 | \$ 3.7 | \$ 3.8 | \$ 4.0 | \$ 4.2 |

Beneficiaries: The 445 public utilities could benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 6.8 | \$ 7.2 | \$ 7.7 | \$ 8.1 | \$ 8.5 | \$ 8.9 | \$ 9.3 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 6.0 | \$ 6.4 | \$ 6.8 | \$ 7.1 | \$ 7.5 | \$ 7.8 | \$ 8.2 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 3.7 | \$ 3.9 | \$ 4.2 | \$ 4.4 | \$ 4.6 | \$ 4.8 | \$ 5.1 |

Beneficiaries: The 455 municipal authorities and the 35 municipal public utilities benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 25.7 | \$ 27.3 | \$ 29.0 | \$ 30.4 | \$ 31.9 | \$ 33.5 | \$ 35.1 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 8.4 | \$ 10.2 | \$ 10.6 | \$ 11.5 | \$ 11.9 | \$ 12.7 | \$ 13.4 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 87.9 | \$ 113.9 | \$ 120.2 | \$ 126.5 | \$ 133.8 | \$ 141.7 | \$ 150.7 |

Beneficiaries: The 12 nonprofit hospital and medical care service organizations doing business in Pennsylvania benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 12.5 | \$ 9.0 | \$ 5.1 | \$ 6.4 | \$ 5.2 | \$ 6.7 | \$ 7.1 |

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.

Act 55 of 2007 allowed banks to reduce their shares history by goodwill that is generated by a combination.

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ NA | \$ 12.6 | \$ 14.9 | \$ 18.5 | \$ 19.6 | \$ 21.8 | \$ 24.0 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 3.3 | \$ 2.9 | \$ 3.2 | \$ 3.0 | \$ 2.9 | \$ 2.7 | \$ 2.7 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 19.3 | \$ 20.2 | \$ 21.2 | \$ 22.2 | \$ 23.2 | \$ 24.3 | \$ 25.5 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 12.4 | \$ 12.6 | \$ 12.8 | \$ 13.0 | \$ 13.2 | \$ 13.3 | \$ 13.5 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$1,169.7 | \$1,225.3 | \$1,283.5 | \$1,344.5 | \$1,408.4 | \$1,475.3 | \$1,545.4 |

Beneficiaries: Virtually all 4.9 million households benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 87.6 | \$ 92.0 | \$ 96.4 | \$ 101.0 | \$ 105.8 | \$ 110.8 | \$ 116.1 |

Beneficiaries: NA

PERSONAL HYGIENE PRODUCTS

Description: The purchase at retail or use of disposable diapers, incontinence products, toilet paper, feminine hygiene products, toothpaste, toothbrushes, or dental floss are exempt from taxation.

Purpose: These products are considered essential for maintaining a basic standard of life.

(Dollar Amounts in Millions)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 37.7 | \$ 39.5 | \$ 41.4 | \$ 43.4 | \$ 45.4 | \$ 47.6 | \$ 49.9 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 61.3 | \$ 64.1 | \$ 67.1 | \$ 70.3 | \$ 73.6 | \$ 77.0 | \$ 80.6 |

Beneficiaries: NA

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 22.2 | \$ 22.8 | \$ 23.4 | \$ 24.1 | \$ 24.7 | \$ 25.4 | \$ 26.1 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 876.0 | \$ 917.6 | \$ 961.3 | \$1,006.9 | \$1,054.8 | \$1,104.9 | \$1,157.4 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 409.4 | \$ 426.9 | \$ 445.0 | \$ 463.9 | \$ 483.6 | \$ 504.2 | \$ 525.6 |

Beneficiaries: NA

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 33.3 | \$ 34.7 | \$ 36.1 | \$ 37.6 | \$ 39.2 | \$ 40.8 | \$ 42.5 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 136.4 | \$ 142.8 | \$ 149.6 | \$ 156.7 | \$ 164.2 | \$ 172.0 | \$ 180.2 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 2.3 | \$ 7.5 | \$ 7.7 | \$ 7.9 | \$ 8.1 | \$ 8.3 | \$ 8.6 |

Beneficiaries: Approximately 270,800 business establishments and an unknown number of households may benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 18.3 | \$ 19.0 | \$ 19.7 | \$ 20.4 | \$ 21.2 | \$ 22.0 | \$ 22.8 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 1.7 | \$ 1.8 | \$ 1.9 | \$ 1.9 | \$ 2.0 | \$ 2.1 | \$ 2.2 |

Beneficiaries: Approximately 2.4 million households and numerous businesses and organizations benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 22.0 | \$ 23.0 | \$ 24.1 | \$ 25.2 | \$ 26.4 | \$ 27.7 | \$ 29.0 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 113.2 | \$ 116.6 | \$ 120.1 | \$ 123.6 | \$ 127.3 | \$ 131.0 | \$ 134.9 |

Beneficiaries: NA

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 4.3 | \$ 4.5 | \$ 4.7 | \$ 5.0 | \$ 5.2 | \$ 5.4 | \$ 5.7 |

Beneficiaries: Approximately 519,700 households benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 59.9 | \$ 62.6 | \$ 65.5 | \$ 68.4 | \$ 71.5 | \$ 74.7 | \$ 78.1 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 194.8 | \$ 203.8 | \$ 213.3 | \$ 223.2 | \$ 233.6 | \$ 244.5 | \$ 255.8 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 0.3 | \$ 0.4 | \$ 0.4 | \$ 0.4 | \$ 0.4 | \$ 0.4 | \$ 0.4 |

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.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | Electric: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 364.0 | \$ 381.3 | \$ 399.4 | \$ 418.3 | \$ 438.2 | \$ 459.1 | \$ 480.9 |
| | Fuel Oil/Gas: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 250.9 | \$ 262.8 | \$ 275.3 | \$ 288.3 | \$ 302.0 | \$ 316.4 | \$ 331.4 |
| | Telephone: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 101.0 | \$ 105.8 | \$ 110.9 | \$ 116.1 | \$ 121.7 | \$ 127.4 | \$ 133.5 |

Beneficiaries: Approximately 4.8 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 121.4 | \$ 126.3 | \$ 131.4 | \$ 136.8 | \$ 142.3 | \$ 148.1 | \$ 154.1 |

Beneficiaries: Approximately 4.1 million households and about 303,300 businesses benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 991.5 | \$1,079.4 | \$1,052.8 | \$1,075.1 | \$1,090.1 | \$1,101.3 | \$1,109.5 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 90.4 | \$ 96.0 | \$ 101.8 | \$ 108.1 | \$ 114.7 | \$ 121.8 | \$ 129.2 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 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.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 2.1 | \$ 2.2 | \$2.2 | \$ 2.2 | \$ 2.2 | \$ 2.2 | \$ 2.2 |

Beneficiaries: NA

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: NA

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 12.7 | \$ 12.7 | \$ 12.8 | \$ 12.9 | \$ 13.0 | \$ 13.0 | \$ 13.1 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 862.7 | \$ 875.8 | \$ 889.2 | \$ 902.8 | \$ 916.6 | \$ 930.7 | \$ 944.9 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 137.7 | \$ 142.6 | \$ 147.6 | \$ 152.9 | \$ 158.4 | \$ 164.0 | \$ 169.8 |

Beneficiaries: Approximately 58,000 farm operators benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 109.6 | \$ 116.5 | \$ 123.8 | \$ 131.5 | \$ 139.7 | \$ 148.5 | \$ 157.7 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 2.1 | \$ 2.2 | \$ 2.3 | \$ 2.4 | \$ 2.5 | \$ 2.6 | \$ 2.7 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 24.1 | \$ 24.4 | \$ 24.7 | \$ 25.0 | \$ 25.3 | \$ 25.5 | \$ 25.8 |

Beneficiaries: An unknown number of businesses engaged in contract farming benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 2.5 | \$ 2.6 | \$ 2.8 | \$ 3.0 | \$ 3.2 | \$ 3.4 | \$ 3.6 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 1.9 | \$ 1.9 | \$ 2.0 | \$ 2.0 | \$ 2.1 | \$ 2.1 | \$ 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 0.4 | \$ 0.4 | \$ 0.4 | \$ 0.4 | \$ 0.5 | \$ 0.5 | \$ 0.5 |

Beneficiaries: Approximately 4,800 persons benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 68.5 | \$ 70.4 | \$ 72.3 | \$ 74.9 | \$ 77.5 | \$ 80.0 | \$ 82.6 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: NA

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 286.6 | \$ 290.6 | \$ 294.3 | \$ 298.1 | \$ 301.0 | \$ 307.3 | \$ 313.6 |

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.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 62.4 | \$ 63.9 | \$ 65.2 | \$ 67.5 | \$ 69.5 | \$ 71.8 | \$ 74.1 |

Beneficiaries: NA

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: NA

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 3.7 | \$ 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.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: NA

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)

| | | | | | | | |
|-------------------|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | Charitable Organizations: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 122.3 | \$ 126.8 | \$ 131.4 | \$ 136.3 | \$ 141.3 | \$ 146.4 | \$ 151.8 |
| | Volunteer Firemen's Organizations: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 49.9 | \$ 52.0 | \$ 54.2 | \$ 56.5 | \$ 58.9 | \$ 61.4 | \$ 64.0 |
| | Nonprofit Educational Institutions: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 195.5 | \$ 204.6 | \$ 214.1 | \$ 224.0 | \$ 234.4 | \$ 245.3 | \$ 256.6 |
| | Religious Organizations: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 10.3 | \$ 10.7 | \$ 11.1 | \$ 11.5 | \$ 11.9 | \$ 12.4 | \$ 12.8 |
| | Health & Social Assistance Organizations: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 476.3 | \$ 486.2 | \$ 496.4 | \$ 506.7 | \$ 517.3 | \$ 528.1 | \$ 539.2 |

Beneficiaries: Approximately 30,700 organizations currently benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 381.3 | \$ 400.4 | \$ 413.6 | \$ 428.0 | \$ 443.6 | \$ 459.3 | \$ 475.9 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: NA

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: NA

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 18.1 | \$ 18.5 | \$ 18.9 | \$ 19.4 | \$ 19.8 | \$ 20.3 | \$ 20.7 |

Beneficiaries: NA

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 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.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 0.1 | \$ 0.1 | \$ 0.1 | \$ 0.1 | \$ 0.1 | \$ 0.1 | \$ 0.1 |

Beneficiaries: NA

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 103.7 | \$ 108.2 | \$ 112.8 | \$ 117.7 | \$ 122.7 | \$ 128.0 | \$ 133.5 |

Beneficiaries: NA

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 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 one hundred 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 2.9 | \$ 3.0 | \$ 5.9 | \$ 6.3 | \$ 6.6 | \$ 7.0 | \$ 7.3 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 1.8 | \$ 1.8 | \$ 1.8 | \$ 1.9 | \$ 1.9 | \$ 2.0 | \$ 2.0 |

Beneficiaries: As many as 79,500 entities benefit from this tax expenditure annually.

General Fund Tax Expenditures

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 2005-06 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 1.2 | \$ 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 31.5 | \$ 33.0 | \$ 35.1 | \$ 37.2 | \$ 38.6 | \$ 40.1 | \$ 41.6 |

Beneficiaries: Approximately 192 motion pictures and video exhibition companies, 65 television broadcasting stations, and 13 cable and subscription programming companies benefit from this expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 0.5 | \$ 0.5 | \$ 0.5 | \$ 0.5 | \$ 0.5 | \$ 0.5 | \$ 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.

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 2.1 | \$ 2.2 | \$ 2.4 | \$ 2.7 | \$ 2.9 | \$ 3.2 | \$ 3.4 |

Beneficiaries: An unknown number of individuals and businesses engaged in the purchase and sale of investment bullion and coins benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| LODGING | | | | | | | |
| Recreational parks, camps & campgrounds..... | \$ 42.9 | \$ 45.0 | \$ 47.1 | \$ 49.3 | \$ 51.7 | \$ 54.1 | \$ 56.7 |
| PERSONAL SERVICES | | | | | | | |
| Dry-cleaning & laundry services..... | \$ 52.4 | \$ 54.7 | \$ 57.1 | \$ 59.6 | \$ 62.2 | \$ 65.0 | \$ 67.8 |
| Personal care services..... | 109.1 | 114.3 | 119.8 | 125.4 | 131.4 | 137.6 | 144.2 |
| Funeral parlors, crematories & death care services.... | 43.9 | 46.0 | 48.2 | 50.5 | 52.9 | 55.4 | 58.0 |
| Other: personal services..... | 46.0 | 48.1 | 50.3 | 52.7 | 55.1 | 57.6 | 60.3 |
| BUSINESS SERVICES | | | | | | | |
| Advertising, public relations, & related services..... | \$ 526.6 | \$ 542.2 | \$ 558.2 | \$ 574.8 | \$ 591.8 | \$ 609.3 | \$ 627.4 |
| Services to Buildings and Dwellings..... | 86.8 | 88.6 | 90.5 | 92.4 | 94.3 | 96.3 | 98.3 |
| Consulting (scientific, environmental, & technical)..... | 262.6 | 271.2 | 280.2 | 289.4 | 298.9 | 308.8 | 319.0 |
| Scientific research & development services..... | 158.3 | 165.2 | 172.4 | 179.9 | 187.8 | 196.0 | 204.5 |
| Information services..... | 49.1 | 50.9 | 52.7 | 54.6 | 56.5 | 58.5 | 60.6 |
| Administrative services..... | 433.7 | 449.4 | 465.7 | 482.5 | 500.0 | 518.1 | 536.8 |
| COMPUTER SERVICES | | | | | | | |
| Custom programming, design & data processing..... | \$ 314.8 | \$ 325.9 | \$ 337.4 | \$ 349.3 | \$ 361.7 | \$ 374.5 | \$ 387.7 |
| AUTOMOTIVE SERVICES | | | | | | | |
| Parking lots & garages..... | \$ 56.4 | \$ 59.0 | \$ 61.7 | \$ 64.5 | \$ 67.4 | \$ 70.5 | \$ 73.8 |
| RECREATION SERVICES | | | | | | | |
| Spectator sports admissions (excludes schools)..... | \$ 57.0 | \$ 59.6 | \$ 62.4 | \$ 65.3 | \$ 68.3 | \$ 71.4 | \$ 74.7 |
| Theater, dance, music & performing arts admissions..... | 95.6 | 97.7 | 99.8 | 102.0 | 104.2 | 106.5 | 108.8 |
| Amusement, gambling & recreation industries..... | 313.7 | 328.4 | 343.9 | 360.0 | 376.9 | 394.6 | 413.1 |
| Museums, historical sites, zoos, and parks..... | 17.9 | 18.7 | 19.6 | 20.6 | 21.5 | 22.6 | 23.6 |
| HEALTH SERVICES | | | | | | | |
| Home health care, nursing care, & other ambulatory health care services..... | \$ 844.8 | \$ 895.2 | \$ 948.8 | \$ 1,001.6 | \$ 1,058.5 | \$ 1,122.1 | \$ 1,190.4 |
| Hospitals..... | 1,291.0 | 1,368.1 | 1,449.9 | 1,530.6 | 1,617.5 | 1,714.8 | 1,819.1 |
| Physician & dental services..... | 1,024.5 | 1,085.7 | 1,150.6 | 1,214.7 | 1,283.7 | 1,360.8 | 1,443.7 |
| Social assistance, including day care..... | 248.6 | 260.4 | 272.8 | 285.8 | 299.3 | 313.6 | 328.5 |
| PROFESSIONAL SERVICES | | | | | | | |
| Legal..... | \$ 479.1 | \$ 495.7 | \$ 512.8 | \$ 530.5 | \$ 548.9 | \$ 567.9 | \$ 587.5 |
| Architectural, engineering, & related services..... | 271.3 | 279.8 | 288.6 | 297.7 | 307.1 | 316.7 | 326.7 |
| Accounting, auditing and bookkeeping services..... | 197.6 | 203.8 | 210.1 | 216.6 | 223.3 | 230.2 | 237.3 |
| Specialized design..... | 56.7 | 58.7 | 60.8 | 63.0 | 65.3 | 67.7 | 70.1 |
| All other professional and technical services..... | 172.0 | 178.1 | 184.5 | 191.1 | 197.9 | 204.9 | 212.2 |
| TRANSPORTATION SERVICES | | | | | | | |
| Transit & ground transportation..... | \$ 105.9 | \$ 110.4 | \$ 115.1 | \$ 120.0 | \$ 125.1 | \$ 130.4 | \$ 136.0 |
| Air transportation..... | 321.0 | 334.1 | 347.7 | 361.9 | 376.7 | 392.1 | 408.1 |
| Truck transportation..... | 146.1 | 154.9 | 164.3 | 174.2 | 184.8 | 196.0 | 207.8 |
| Other transportation..... | 144.2 | 151.6 | 159.4 | 167.5 | 176.1 | 185.1 | 194.6 |
| MISCELLANEOUS SERVICES | | | | | | | |
| Basic television..... | \$ 98.0 | \$ 102.9 | \$ 108.1 | \$ 113.6 | \$ 119.3 | \$ 125.3 | \$ 131.6 |
| Tuition (college, vocational training & instruction)..... | 512.2 | 537.4 | 563.9 | 591.7 | 620.9 | 651.5 | 683.7 |
| Electrical, plumbing, heating & AC service fees..... | NA | NA | NA | NA | NA | NA | NA |
| Veterinary fees..... | 31.9 | 33.3 | 34.7 | 36.3 | 37.9 | 39.6 | 41.3 |
| Finance & insurance..... | 398.2 | 416.7 | 442.8 | 472.3 | 501.9 | 532.8 | 562.0 |
| Waste management and remediation services..... | 111.5 | 114.0 | 116.6 | 119.2 | 121.9 | 124.7 | 127.5 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: NA

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 10.1 | \$ 9.9 | \$ 9.8 | \$ 9.6 | \$ 9.4 | \$ 9.2 | \$ 9.0 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 1.0 | \$ 1.1 | \$ 1.1 | NA | NA | NA | NA |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 3.5 | \$ 3.6 | \$ 3.7 | \$ 3.8 | \$ 3.9 | \$ 4.0 | \$ 4.1 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$1,882.3 | \$1,963.0 | \$2,047.2 | \$2,135.0 | \$2,226.5 | \$2,322.0 | \$2,421.5 |

Beneficiaries: As many as 2.0 million retired residents and their survivors benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 841.1 | \$ 884.1 | \$ 919.6 | \$ 957.6 | \$ 997.4 | \$1,038.6 | \$1,080.3 |

Beneficiaries: As many as 5.7 million employees benefit from this tax expenditure.

NONQUALIFIED DEFERRED COMPENSATION

Description: Following the federal constructive receipt rule, Act 40-2005 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 15.7 | \$ 16.2 | \$ 16.6 | \$ 17.1 | \$ 17.6 | \$ 18.2 | \$ 18.7 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 4.6 | \$ 5.4 | \$ 6.3 | \$ 7.2 | \$ 8.4 | \$ 9.7 | \$ 11.2 |

Beneficiaries: Individuals filing approximately 56,000 returns are estimated to benefit from this tax expenditure. This number is expected to rise over time.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 986.0 | \$1,036.4 | \$1,078.0 | \$1,122.5 | \$1,169.2 | \$1,217.5 | \$1,266.4 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 78.7 | \$ 82.7 | \$ 86.0 | \$ 89.5 | \$ 93.3 | \$ 97.1 | \$ 101.0 |

Beneficiaries: NA

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 90.8 | \$ 93.8 | \$ 96.8 | \$ 99.9 | \$ 103.2 | \$ 106.5 | \$ 110.0 |

Beneficiaries: The death payment beneficiaries of approximately 206,800 life insurance policies benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: NA

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 71.9 | \$ 77.0 | \$ 77.2 | \$ 77.3 | \$ 78.6 | \$ 79.9 | \$ 81.2 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 83.2 | \$ 84.9 | \$ 86.6 | \$ 88.4 | \$ 90.2 | \$ 92.0 | \$ 93.8 |

Beneficiaries: As many as 110,700 residents benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: NA

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 19.1 | \$ 14.3 | \$ 14.7 | \$ 15.6 | \$ 16.1 | \$ 16.5 | \$ 17.0 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 226.5 | \$ 234.2 | \$ 242.4 | \$ 249.0 | \$ 255.4 | \$ 261.6 | \$ 267.3 |

Beneficiaries: The owners of approximately 255,200 principal residences that are sold each year in Pennsylvania benefit from this tax expenditure.

General Fund Tax Expenditures

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 the commonwealth of PA 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 77.6 | \$ 84.1 | \$ 90.6 | \$ 97.5 | \$ 105.3 | \$ 114.0 | \$ 123.1 |

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 his 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 82.9 | \$ 86.2 | \$ 89.7 | \$ 93.4 | \$ 97.3 | \$ 101.3 | \$ 105.3 |

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 insures 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: NA

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 88.1 | \$ 92.6 | \$ 97.4 | \$ 102.4 | \$ 107.6 | \$ 113.2 | \$ 119.0 |

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)

| | | | | | | | |
|-------------------|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <i>Depreciation:</i> | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 104.3 | \$ 110.6 | \$ 117.2 | \$ 123.7 | \$ 130.5 | \$ 137.6 | \$ 144.5 |
| | <i>Other:</i> | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$1,204.3 | \$1,277.1 | \$1,352.9 | \$1,428.6 | \$1,507.1 | \$1,588.6 | \$1,668.6 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 8.3 | \$ 8.2 | \$ 8.0 | \$ 7.9 | \$ 7.8 | \$ 7.7 | \$ 7.7 |

Beneficiaries: The foster parents of approximately 29,100 children benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 25.4 | \$ 27.2 | \$ 29.1 | \$ 31.2 | \$ 33.3 | \$ 35.5 | \$ 37.9 |

Beneficiaries: An unknown number of taxpayers will 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 0.8 | \$ 0.8 | \$ 0.8 | \$ 0.8 | \$ 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: NA

General Fund Tax Expenditures

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 2007, 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 312.2 | \$ 302.8 | \$ 293.7 | \$ 284.9 | \$ 276.4 | \$ 268.1 | \$ 260.0 |

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 PA taxable income earned in the other state or country, multiplied by the current PA 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 181.3 | \$ 193.8 | \$ 199.3 | \$ 207.5 | \$ 216.4 | \$ 225.2 | \$ 234.5 |

Beneficiaries: Individuals filing approximately 113,200 returns benefit from this tax expenditure.

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: Adoption of annualized federal rules for calculating estimated payments for estates and trusts to allow fiduciaries to have consistent payments between state and federal laws.

(Dollar Amounts in Millions)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 0.8 | \$ 0.8 | \$ 0.9 | \$ 0.9 | \$ 0.9 | \$ 1.0 | \$ 1.0 |

Beneficiaries: Approximately 34,000 fiduciaries are estimated to benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 0.4 | \$ 0.4 | \$ 0.7 | \$ 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 1.7 | \$ 1.8 | \$ 1.9 | \$ 2.1 | \$ 2.2 | \$ 2.3 | \$ 2.5 |

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 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 4.6 | \$ 3.6 | \$ 3.7 | \$ 4.0 | \$ 4.2 | \$ 4.4 | \$ 4.6 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal |

Beneficiaries: NA

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 87.9 | \$ 70.3 | \$ 71.1 | \$ 77.5 | \$ 81.5 | \$ 85.0 | \$ 88.3 |

Beneficiaries: NA

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 2.1 | \$ 1.6 | \$ 1.7 | \$ 1.8 | \$ 1.9 | \$ 2.0 | \$ 2.1 |

Beneficiaries: NA

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 4.5 | \$ 3.6 | \$ 3.6 | \$ 3.9 | \$ 4.1 | \$ 4.3 | \$ 4.5 |

Beneficiaries: NA

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 1.7 | \$ 1.4 | \$ 1.4 | \$ 1.5 | \$ 1.6 | \$ 1.7 | \$ 1.7 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: Approximately 3,975 family farm corporations or partnerships could benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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 \$100 or less are thought to be greater than the revenue.

(Dollar Amounts in Millions)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal |

Beneficiaries: NA

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: Approximately 1,160 companies may benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: NA

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 854.4 | \$ 874.8 | \$ 921.9 | \$ 969.6 | \$1,018.8 | \$1,064.8 | \$1,112.2 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$1,396.1 | \$1,457.7 | \$1,522.1 | \$1,589.3 | \$1,659.4 | \$1,732.7 | \$1,809.2 |

Beneficiaries: Approximately 32,000 estates benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 1.5 | \$ 1.5 | \$ 1.6 | \$ 1.7 | \$ 1.8 | \$ 1.9 | \$ 2.0 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 22.0 | \$ 22.5 | \$ 23.7 | \$ 24.9 | \$ 26.2 | \$ 27.4 | \$ 28.6 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 88.2 | \$ 93.2 | \$ 98.5 | \$ 104.1 | \$ 110.1 | \$ 116.3 | \$ 123.0 |

Beneficiaries: Estates of the decedents associated with approximately 190,000 life insurance policies benefit from this expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 0.8 | \$ 0.7 | \$ 0.7 | 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 1.4 | \$ 1.5 | \$ 1.5 | \$ 1.6 | \$ 1.7 | \$ 1.8 | \$ 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 13.9 | \$ 14.8 | \$ 15.9 | \$ 17.0 | \$ 18.2 | \$ 19.5 | \$ 20.8 |

Beneficiaries: Estates of the approximately 7,000 decedents of working age and under 59½ at death may benefit from this tax expenditure.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 61.8 | \$ 64.5 | \$ 67.4 | \$ 70.3 | \$ 73.4 | \$ 76.7 | \$ 80.1 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 44.0 | \$ 46.0 | \$ 48.0 | \$ 50.1 | \$ 52.3 | \$ 54.7 | \$ 57.1 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 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.

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: NA

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: NA

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: NA

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 20 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: NA

General Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 0.1 | \$ 0.2 | \$ 0.2 | \$ 0.3 | \$ 0.3 | \$ 0.4 | \$ 0.5 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 0.7 | \$ 0.7 | \$ 0.8 | \$ 0.8 | \$ 0.8 | \$ 0.9 | \$ 0.9 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 109.9 | \$ 114.7 | \$ 119.8 | \$ 125.1 | \$ 130.6 | \$ 136.4 | \$ 142.4 |

Beneficiaries: An estimated 31,300 charitable and fraternal organizations might benefit from this tax expenditure.

Motor License Fund Tax Expenditures

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) of 1997 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, 2006, the tax rate for aviation gasoline is 5.3 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 2007 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)

| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | \$ 0.5 | \$ 0.5 | \$ 0.5 | \$ 0.5 | \$ 0.5 | \$ 0.5 | \$ 0.5 |

Motor License Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | Liquid Fuels: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 3.7 | \$ 3.7 | \$ 3.8 | \$ 3.8 | \$ 3.8 | \$ 3.8 | \$ 3.8 |
| | Jet Fuel & Aviation Gasoline: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal |
| | Fuels: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 6.1 | \$ 6.1 | \$ 6.3 | \$ 6.5 | \$ 6.6 | \$ 6.8 | \$ 7.0 |
| | Oil Company Franchise: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 19.2 | \$ 19.3 | \$ 19.7 | \$ 20.1 | \$ 20.2 | \$ 20.4 | \$ 20.5 |

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)

| | | | | | | | |
|-------------------|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | Liquid Fuels: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 0.6 | \$ 0.6 | \$ 0.6 | \$ 0.6 | \$ 0.6 | \$ 0.6 | \$ 0.6 |
| | Jet Fuel & Aviation Gasoline: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal |
| | Fuels: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 2.1 | \$ 2.1 | \$ 2.1 | \$ 2.2 | \$ 2.2 | \$ 2.3 | \$ 2.4 |
| | Oil Company Franchise: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 5.4 | \$ 5.4 | \$ 5.5 | \$ 5.7 | \$ 5.7 | \$ 5.7 | \$ 5.8 |

Beneficiaries: Approximately 2,000 volunteer fire departments and an unknown number of other volunteer organizations benefit from these tax expenditures.

Motor License Fund 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)

| | | | | | | | |
|-------------------|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | Liquid Fuels: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal |
| | Jet Fuel & Aviation Gasoline: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal |
| | Fuels: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 0.1 | \$ 0.1 | \$ 0.1 | \$ 0.1 | \$ 0.2 | \$ 0.2 | \$ 0.2 |
| | Oil Company Franchise: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 0.4 | \$ 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)

| | | | | | | | |
|-------------------|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | Liquid Fuels: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |
| | Jet Fuel & Aviation Gasoline: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |
| | Fuels: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |
| | Oil Company Franchise: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: One second class county port authority benefits from this tax expenditure.

Motor License Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | Liquid Fuels: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal |
| | Jet Fuel & Aviation Gasoline: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal |
| | Fuels: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal |
| | Oil Company Franchise: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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)

| | | | | | | | |
|-------------------|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | Liquid Fuels: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 1.0 | \$ 1.0 | \$ 1.0 | \$ 1.0 | \$ 1.0 | \$ 1.0 | \$ 1.0 |
| | Jet Fuel & Aviation Gasoline: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal |
| | Fuels: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2010-11</u> | <u>2012-13</u> |
| | \$ 0.6 | \$ 0.6 | \$ 0.6 | \$ 0.6 | \$ 0.6 | \$ 0.6 | \$ 0.7 |
| | Oil Company Franchise: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 2.8 | \$ 2.8 | \$ 2.9 | \$ 2.9 | \$ 2.9 | \$ 2.9 | \$ 3.0 |

Beneficiaries: Individuals operating approximately 58,200 farms benefit from these tax expenditures.

Motor License Fund 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)

| | | | | | | | |
|-------------------|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | Liquid Fuels: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |
| | Fuels: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 0.7 | \$ 0.7 | \$ 0.7 | \$ 0.7 | \$ 0.7 | \$ 0.7 | \$ 0.8 |
| | Oil Company Franchise: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 1.4 | \$ 1.5 | \$ 1.5 | \$ 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 for delivery to a farm or to unload at a farm, farm feed, feed products, lime, or limestone products for agricultural use. 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)

| | | | | | | | |
|-------------------|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | Liquid Fuels: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal |
| | Fuels: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal |
| | Oil Company Franchise: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal |

Beneficiaries: Fewer than 20 taxpayers benefit from these tax expenditures.

Motor License Fund 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)

| | | | | | | | |
|-------------------|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | Liquid Fuels: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 4.3 | \$ 4.4 | \$ 4.4 | \$ 4.4 | \$ 4.4 | \$ 4.4 | \$ 4.4 |
| | Jet Fuel & Aviation Gasoline: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | Nominal | \$ 0.1 | \$ 0.1 | \$ 0.1 | \$ 0.1 | \$ 0.1 | \$ 0.1 |
| | Fuels: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 1.6 | \$ 1.6 | \$ 1.6 | \$ 1.7 | \$ 1.7 | \$ 1.7 | \$ 1.8 |

Beneficiaries: Approximately 715 distributors benefit from these tax expenditures.

FOREIGN DIPLOMATS

Description: Fuel purchased by foreign diplomats whose country has 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)

| | | | | | | | |
|-------------------|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | Liquid Fuels: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |
| | Jet Fuel & Aviation Gasoline: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |
| | Fuels: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |
| | Oil Company Franchise: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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.

Motor License Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 0.4 | \$ 0.4 | \$ 0.4 | \$ 0.4 | \$ 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 0.9 | \$ 0.9 | \$ 0.9 | \$ 0.9 | \$ 0.9 | \$ 1.0 | \$ 1.0 |

Motor License Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 14.1 | \$ 14.2 | \$ 14.4 | \$ 14.6 | \$ 14.7 | \$ 14.9 | \$ 15.1 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 4.2 | \$ 4.2 | \$ 4.3 | \$ 4.3 | \$ 4.4 | \$ 4.4 | \$ 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 7.2 | \$ 7.3 | \$ 7.4 | \$ 7.4 | \$ 7.5 | \$ 7.6 | \$ 7.7 |

Beneficiaries: Approximately 2,500 fire departments and an unknown number of other organizations benefit from this tax expenditure.

Motor License Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 1.8 | \$ 1.9 | \$ 1.9 | \$ 1.9 | \$ 1.9 | \$ 1.9 | \$ 1.9 |

Beneficiaries: Approximately 27,000 charitable and religious organizations may benefit from this tax expenditure.

Motor License Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: The number of individuals benefiting from this tax expenditure is unknown.

Motor License Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: The number of individuals 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 11.6 | \$ 11.7 | \$ 11.9 | \$ 12.0 | \$ 12.2 | \$ 12.4 | \$ 12.6 |

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: The number of individuals benefiting from this tax expenditure is unknown.

Motor License Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 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 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)

| | | | | | | | |
|-------------------|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <i>Disabled/Severely Disabled Veterans:</i> | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 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:

| | | | | | | |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| \$ 1.1 | \$ 1.1 | \$ 1.1 | \$ 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:

| | | | | | | |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| Nominal | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal |

Beneficiaries: The owners of approximately 760 vehicles benefit from this tax expenditure.

Motor License Fund Tax Expenditures

Farm Trucks:

| <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 3.2 | \$ 3.3 | \$ 3.3 | \$ 3.3 | \$ 3.4 | \$ 3.4 | \$ 3.4 |

Beneficiaries: The owners of approximately 10,700 farm trucks benefit from this tax expenditure.

Emergency Vehicles:

| <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 6.0 | \$ 6.4 | \$ 6.5 | \$ 6.6 | \$ 6.6 | \$ 6.7 | \$ 6.8 |

Beneficiaries: Approximately 2,500 volunteer fire departments and an unknown number of other organizations benefit from this tax expenditure.

Fire Department Vehicles:

| <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 0.3 | 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:

| <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 16.4 | \$ 16.5 | \$ 16.7 | \$ 16.9 | \$ 17.0 | \$ 17.2 | \$ 17.4 |

Beneficiaries: Approximately 3,100 governmental units benefit from this tax expenditure.

Older Pennsylvanians:

| <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 5.3 | \$ 5.6 | \$ 5.9 | \$ 6.2 | \$ 6.5 | \$ 6.8 | \$ 7.1 |

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)

| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal |

Beneficiaries: The owners of approximately 110 carnival vehicles benefit from this tax expenditure.

Motor License Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$ 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal |

Beneficiaries: As many as 3,100 political subdivisions may benefit from this tax expenditure.

Motor License Fund Tax Expenditures

HAULING PERMITS

Description: Permits, for which a fee is charged, are issued to firms who 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal |

Beneficiaries: As many as 3,100 political subdivisions may benefit from this tax expenditure.

Racing Fund Tax Expenditures

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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | 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)

| | | | | | | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | \$7,352.9 | \$7,218.8 | \$7,270.7 | \$7,553.2 | \$7,916.6 | \$8,293.8 | \$8,677.9 |

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 2007 there were 269,198 contributory employers to the Unemployment Compensation Fund. The following is a breakdown of these employers according to major industry division¹:

| | | | |
|---|--------|--|--------|
| Natural Resources and Mining | 2,590 | Financial Activities | 19,404 |
| Construction | 31,228 | Professional and Business Services | 46,825 |
| Manufacturing | 14,946 | Education and Health Services..... | 37,196 |
| Trade | 51,460 | Leisure and Hospitality | 902 |
| Transportation, Warehousing, Utilities | 7,245 | Other Services..... | 28,026 |
| Information..... | 3,200 | Local Government | 971 |

¹Based 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)

| | | | | | | | |
|-------------------|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>Estimates:</i> | Motor Vehicle Leases: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |
| | Motor Vehicle Rentals: | | | | | | |
| | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| | NA | NA | NA | NA | NA | NA | NA |

Beneficiaries: Approximately 7,200 common carriers could benefit from this tax expenditure.

Special Fund Tax Expenditures

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: | | | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
| <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> | |
| \$ 2.5 | \$ 2.5 | \$ 2.5 | \$ 2.5 | \$ 2.5 | \$ 2.5 | \$ 2.5 | |

| Motor Vehicle Rentals: | | | | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
| <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> | |
| \$ 0.1 | \$ 0.1 | \$ 0.1 | \$ 0.1 | \$ 0.1 | \$ 0.1 | \$ 0.1 | |

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: | | | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
| <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> | |
| 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.

Special Fund Tax Expenditures

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: | | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| NA | NA | NA | NA | NA | NA | NA |

| Motor Vehicle Rentals: | | | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| 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: | | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
| \$ 0.8 | \$ 0.8 | \$ 0.8 | \$ 0.8 | \$ 0.8 | \$ 0.9 | \$ 0.9 |

| <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 0.4 | \$ 0.4 | \$ 0.4 | \$ 0.4 | \$ 0.4 | \$ 0.4 | \$ 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)

| <i>Estimates:</i> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal | Nominal |

Beneficiaries: Approximately 3,100 political subdivisions may benefit from this tax expenditure.

NET OPERATING LOSS CARRYFORWARD

As recommended by Act 180 of 1992, the Department of Revenue has prepared a study and assessment of a tax expenditure. Tax expenditures are tax credits, deductions, exemptions, and exclusions which are provided in law and result in a significant reduction in revenues that would otherwise be received at current tax rates.

The selected study explores the net operating loss carryforward (NOL) effect on corporations subject to the corporate net income tax (CNIT).

Expenditure Overview

Corporations subject to CNIT are allowed to deduct recognized losses from previous tax years from their current year taxable income to arrive at their liability. In so doing, corporations are able to reduce their 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. The NOL deduction has the effect of averaging a corporation's tax liability across a number of profitable and unprofitable years, such as normally occur in business cycles.

All estimates in this study are taken from settled corporate data from tax years between 1995 and 2003. Due to the timing of tax returns and the settlement process, more recent years of data are unavailable. In 2003, over 23,000 corporations benefited from this expenditure, eliminating more than \$2 billion in taxable income.

Corporations are able to deduct these losses according to the following schedule:

| Tax Year | Net Operating Loss Cap | Available Years |
|----------|------------------------|-----------------|
| 2006 | \$2,000,000 | 1996-2005 |
| 2007 | \$3,000,000 or 12.5% | 1997-2006 |
| 2008 | \$3,000,000 or 12.5% | 1998-2007 |
| 2009 | \$3,000,000 or 12.5% | 1998-2008 |
| 2010 | \$3,000,000 or 12.5% | 1998-2009 |
| 2011 | \$3,000,000 or 12.5% | 1998-2010 |
| 2012 | \$3,000,000 or 12.5% | 1998-2011 |

For tax years between 1999 and 2006, corporations were able to deduct losses up to a \$2 million cap. Beginning in tax year 2007, corporations are allowed to deduct losses up to either \$3 million or 12.5% of taxable income, whichever is larger. Losses from tax years between 1995 and 1997 could be carried forward for 10 years. Losses from tax years 1998 and after are available for 20 years.

The current NOL deduction is expected to reduce revenues by the following amounts¹:

| Fiscal Year | Cost (\$) |
|-------------|-----------|
| 2006-07 | 253.4 |
| 2007-08 | 303.0 |
| 2008-09 | 321.4 |
| 2009-10 | 339.2 |
| 2010-11 | 356.8 |
| 2011-12 | 374.4 |
| 2012-13 | 391.8 |

Areas of Interest

This special study will explore the following issues:

- What effect does the current NOL structure have on CNIT? What effect would expanding the current NOL structure have?

¹ All dollar amounts titled with **(\$)** represent millions of dollars.

General Fund Tax Expenditures – Special Study

- What size, age, or industry characteristics do these corporations have? If the NOL structure would change, would the beneficiaries noticeably change?
- Is the value of unused NOLs growing over time?

Effect on Corporate Net Income Tax (CNIT)

The tables below use tax year 2003 data to show the effect NOLs have on CNIT. Corporations are grouped according to the size of their pre-NOL tax liability. In this section, three separate scenarios are shown:

- 2003 law – losses used under 2003 law, when there was a \$2 million NOL cap. Corporations' taxable income was based on three-factor apportionment with sales in Pennsylvania weighted by 60 percent.
- 2007 law – losses that would have been used in tax year 2003 using tax year 2007 law, with a NOL cap that is the greater of \$3 million or 12.5 percent of taxable income. Corporations' taxable income is based on three-factor apportionment with sales in Pennsylvania weighted by 70 percent.
- Uncapped – losses that would have been used in tax year 2003 using the following law: a 70 percent sales factor and an uncapped NOL

Actual NOL usage on tax year 2003 tax returns is shown in Table 1, assuming no change in the 2003 law allowing a 60 percent sales factor and a \$2 million NOL cap.

Table 1

| Pre-NOL Tax | Count | Pre-NOL Income (\$) | NOL Used (\$) | Taxable Income (\$) | % Reduction |
|-------------------------|----------------|---------------------|----------------|---------------------|--------------|
| \$0 | 77,519 | 0.0 | 0.0 | 0.0 | 0.0% |
| \$1 - \$1,000 | 25,879 | 78.4 | 30.3 | 48.1 | 38.6% |
| \$1,001 - \$10,000 | 19,392 | 684.9 | 215.3 | 469.7 | 31.4% |
| \$10,001 - \$100,000 | 6,880 | 2,147.4 | 599.2 | 1,548.2 | 27.9% |
| \$100,001 - \$1,000,000 | 1,679 | 4,632.9 | 866.1 | 3,766.8 | 18.7% |
| \$1,000,001 or more | 221 | 7,778.6 | 201.2 | 7,577.4 | 2.6% |
| TOTAL | 131,570 | 15,322.2 | 1,912.0 | 13,410.2 | 12.5% |

Table 1 shows that before NOLs are applied, 77,519 C corporations would owe no CNIT. After NOLs are applied, 89,463 C corporations owe no CNIT under this scenario and 11,944 corporations are able to use NOLs to eliminate their CNIT liability. In total, there are 23,264 NOL beneficiaries, so 51 percent of them are able to eliminate their liabilities. Also note that corporations with a pre-NOL liability greater than \$1 million are only able to use NOLs to reduce their taxes by 2.6 percent.

When tax year 2003 returns are recalculated assuming the 2007 law, a 70 percent sales factor and a NOL cap that is the greater of \$3 million or 12.5 percent, the following results are obtained:

Table 2

| Pre-NOL Tax | Count | Pre-NOL Income (\$) | NOL Used (\$) | Taxable Income (\$) | % Reduction |
|-------------------------|----------------|---------------------|----------------|---------------------|--------------|
| \$0 | 77,519 | 0.0 | 0.0 | 0.0 | 0.0% |
| \$1 - \$1,000 | 25,734 | 78.6 | 27.7 | 50.9 | 35.2% |
| \$1,001 - \$10,000 | 19,465 | 687.3 | 195.6 | 491.8 | 28.5% |
| \$10,001 - \$100,000 | 6,962 | 2,176.6 | 548.7 | 1,627.9 | 25.2% |
| \$100,001 - \$1,000,000 | 1,674 | 4,577.6 | 998.2 | 3,579.4 | 21.8% |
| \$1,000,001 or more | 216 | 7,413.7 | 441.9 | 6,971.9 | 6.0% |
| TOTAL | 131,570 | 14,933.9 | 2,212.1 | 12,721.8 | 14.8% |

Table 2 shows that, again, 77,519 corporations would owe no CNIT before the use of NOLs. After NOLs, that number rises to 92,363 (instead of the 89,463 above). This means that raising the NOL cap from \$2 million to the greater of \$3 million or 12.5 percent of taxable income would have allowed an additional 2,900 corporations to eliminate their CNIT liability.

General Fund Tax Expenditures – Special Study

When tax year 2003 returns are again recalculated assuming a 70 percent sales factor with an uncapped NOL, the following results occur:

Table 3

| Pre-NOL Tax | Count | Pre-NOL Income (\$) | NOL Used (\$) | Taxable Income (\$) | % Reduction |
|-------------------------|----------------|---------------------|----------------|---------------------|--------------|
| \$0 | 77,519 | 0.0 | 0.0 | 0.0 | 0.0% |
| \$1 - \$1,000 | 25,734 | 78.6 | 27.7 | 50.9 | 35.2% |
| \$1,001 - \$10,000 | 19,465 | 687.3 | 195.6 | 491.8 | 28.5% |
| \$10,001 - \$100,000 | 6,962 | 2,176.6 | 548.7 | 1,627.9 | 25.2% |
| \$100,001 - \$1,000,000 | 1,674 | 4,577.6 | 1,269.0 | 3,308.7 | 27.7% |
| \$1,000,001 or more | 216 | 7,413.7 | 2,317.7 | 5,096.0 | 31.3% |
| TOTAL | 131,570 | 14,933.9 | 4,358.7 | 10,575.2 | 29.2% |

Table 3 shows that completely removing the NOL cap would have cost an additional \$244 million in CNIT, but only 147 additional corporations would lower their CNIT liability to \$0 (92,510 would owe no CNIT under an uncapped NOL, while 92,363 would owe no CNIT under an NOL cap of \$3 million or 12.5 percent).

Also, the group with the largest liabilities would receive a disproportionate share of the benefit. Under the first scenario, the corporations that have a pre-NOL liability greater than \$1 million would only be able to reduce that liability by 2.6 percent. That percentage reduction increases to 31.3 percent under an uncapped NOL. This represents almost the entire additional cost of eliminating the NOL cap.

Beneficiaries

The tables below use tax year 2003 data to show the defining characteristics of corporations that are able to use NOLs. In each table, deductible losses are shown under each of the three scenarios discussed in the *Effect on CNIT* section – 2003 Law, 2007 Law, and Uncapped.

The first table shows beneficiaries by their industrial classification (North American Industry Classification System):

Table 4

| Industry | Count | Deductible Losses Under Various NOL Rules (\$) | | | | |
|-----------------------|---------------|--|----------------|--------------|----------------|---------------|
| | | 2003 Law | 2007 Law | % Change | Uncapped | % Change |
| Manufacturing | 1,874 | 328.7 | 381.0 | 15.9% | 760.1 | 131.3% |
| Trade | 5,037 | 403.2 | 442.1 | 9.6% | 715.3 | 77.4% |
| F.I.R.E. ² | 2,840 | 260.9 | 326.5 | 25.1% | 815.8 | 212.7% |
| Services | 8,004 | 472.8 | 542.7 | 14.8% | 1,033.4 | 118.6% |
| All Other | 5,509 | 446.4 | 519.8 | 16.4% | 1,034.2 | 131.7% |
| | 23,264 | 1,912.0 | 2,212.1 | 15.7% | 4,358.8 | 128.0% |

From Table 4, it can be seen that the services sector receives the largest share of the benefit of NOL deductions, and the finance, insurance and real estate sector the smallest. Manufacturers have the largest average benefit per company regardless of cap, while service corporations have the smallest.

² F.I.R.E. refers to the Finance, Insurance and Real Estate industry group.

General Fund Tax Expenditures – Special Study

The second table shows beneficiaries by their size as measured by net worth:

Table 5

| Net Worth | Count | Deductible Losses Under Various NOL Rules (\$) | | | | |
|--------------------|---------------|--|----------------|--------------|----------------|---------------|
| | | 2003 Law | 2007 Law | % Change | Uncapped | % Change |
| \$0 | 7,703 | 429.5 | 443.2 | 3.2% | 539.2 | 25.5% |
| \$1 - \$10 M | 13,629 | 521.3 | 488.9 | -6.2% | 568.5 | 9.1% |
| \$10 M - \$100 M | 1,232 | 402.0 | 476.2 | 18.5% | 961.8 | 139.3% |
| \$100 M and larger | 700 | 559.1 | 803.8 | 43.8% | 2,289.2 | 309.4% |
| | 23,264 | 1,912.0 | 2,212.1 | 15.7% | 4,358.8 | 128.0% |

Table 5 shows that the group with net worth of more than \$100 million receives, by far, the most benefit from NOLs. Under an uncapped NOL, these 700 corporations use an average of \$3 million of NOLs, which would reduce their CNIT liability by \$300,000 per company.

The following two tables deal with two other issues that arise quite frequently in the discussion of NOL beneficiaries – age and Pennsylvania presence. Are NOLs used primarily by young, start-up corporations? Do NOLs benefit corporations that have a major presence in Pennsylvania?

Table 6

| Age | Count | Deductible Losses Under Various NOL Rules (\$) | | | | |
|------------------|---------------|--|----------------|--------------|----------------|---------------|
| | | 2003 Law | 2007 Law | % Change | Uncapped | % Change |
| 5 years or less | 6,496 | 526.0 | 575.0 | 9.3% | 840.1 | 59.7% |
| 6 - 10 years | 6,937 | 635.7 | 805.4 | 26.7% | 2,103.3 | 230.9% |
| 11 - 20 years | 4,878 | 291.0 | 293.2 | 0.8% | 385.4 | 32.4% |
| 21 years or more | 4,953 | 459.3 | 538.6 | 17.3% | 1,030.0 | 124.3% |
| | 23,264 | 1,912.0 | 2,212.1 | 15.7% | 4,358.8 | 128.0% |

Table 6 presents NOL data by the age of the corporation. Under 2007 law (applied to tax year 2003 data), 26 percent of the benefit would be from corporations that are 5 years old or less and 62 percent of the benefit would be from corporations that are 10 years old or less. These statistics may be misleading due to the nature of the age variables that are available. The Department has a record of the date of incorporation, but often does not possess information about whether a company is a spin-off from an established firm or a true start-up. The former has the benefit of an established market, staff and other advantages that the latter does not possess.

NOL recipients may also be grouped by the extent of their Pennsylvania presence. For the purposes of this study, presence is defined as the physical presence of the corporation in the commonwealth. This physical presence is calculated using apportionment data for all C corporations and is an average of the property and payroll factors in Pennsylvania.

General Fund Tax Expenditures – Special Study

Table 7

| Physical Presence | Count | Deductible Losses Under Various NOL Rules (\$) | | | | |
|-------------------|---------------|--|----------------|--------------|----------------|---------------|
| | | 2003 Law | 2007 Law | % Change | Uncapped | % Change |
| 0 % | 1,334 | 26 | 27 | 3.4% | 27 | 3.4% |
| 1-25 % | 4,099 | 739.5 | 875.7 | 18.4% | 1,796.2 | 142.9% |
| 26-50 % | 405 | 114.6 | 167.3 | 46.0% | 615.2 | 436.9% |
| 51-99 % | 940 | 320.6 | 420.2 | 31.1% | 961.6 | 199.9% |
| 100 % | 16,486 | 711.3 | 722.1 | 1.5% | 959.0 | 34.8% |
| | 23,264 | 1,911.9 | 2,212.1 | 15.7% | 4,358.8 | 128.0% |

Table 7 shows that, under this definition of Pennsylvania presence, the largest beneficiaries of NOLs are those corporations that have limited physical presence -- between 1 percent and 25 percent. However, the largest number of beneficiaries, over two-third of the total, falls into the 100% category. These are entirely Pennsylvania-based companies.

NOL Bank

For purposes of this study, a corporation's "NOL bank" refers to the accumulated losses that corporations build until they become profitable. From 1996 to 2003, this NOL bank grew at an annual rate of 27.7 percent. Table 8 shows this trend:

Table 8

| Tax Year | NOL Bank In (\$) | NOL Used (\$) | Expiration (\$) | New NOLs (\$) | Other (\$) | NOL Bank Out (\$) |
|----------|------------------|---------------|-----------------|---------------|------------|-------------------|
| 1996 | 49,961.3 | 1,374.8 | -3,418.7 | 10,310.0 | -9,656.3 | 45,821.5 |
| 1997 | 45,821.5 | 1,312.6 | -23,060.0 | 12,390.0 | -3,163.2 | 30,675.6 |
| 1998 | 30,675.6 | 1,058.7 | 0 | 14,160.0 | -2,315.0 | 41,462.0 |
| 1999 | 41,462.0 | 1,436.2 | 0 | 17,110.0 | -4,404.1 | 52,731.7 |
| 2000 | 52,731.7 | 1,385.2 | 0 | 22,990.0 | -3,156.5 | 71,180.0 |
| 2001 | 71,180.0 | 1,489.2 | 0 | 26,810.0 | -3,960.8 | 92,540.0 |
| 2002 | 92,540.0 | 1,674.4 | 0 | 21,860.0 | -8,725.7 | 103,999.9 |
| 2003 | 103,999.9 | 1,912.0 | 0 | 19,560.0 | N/A | 121,647.9 |

The columns in Table 8 are defined as follows:

- NOL Bank In – the total amount of usable losses that corporations bring into a tax year
- NOL Used – NOLs that are used by corporations to offset their taxable income
- Expiration – NOLs that may not be used beyond a certain tax year (for example, tax year 1989 losses expired after the 1996 tax year)
- New NOLs – Losses incurred during the tax year that will be available for use starting in the following year
- Other – Losses unusable due to other events such as corporations going out of existence or mergers
- NOL Bank Out – the total amount of losses that corporations will carry out of one tax year and into the next

During tax years 1996 and 1997, some losses expired under a short 3-year carryover period allowed by the statute, which reduced the size of the NOL bank. From 1998 to 2003, no losses expired, so the NOL bank grew steadily. Because of changes in the NOL law, the next year that will see losses expire will be 2006, when losses incurred in 1995 will no longer be available for use. Losses incurred in tax year 1998 or later can be carried forward for 20 years.

Tax year 2002 data will be used to illustrate the rapid changes in the NOL bank. Corporations were able to carry over \$92.5 billion in NOLs into tax year 2002. Of this amount, they used \$1.7 billion (1.8 percent of total NOL bank) to offset 2002 CNIT liabilities. Corporations that had negative taxable income added an additional \$21.9 billion in losses to their NOL bank. Mergers, dissolutions and other events caused the NOL bank to decline by \$8.7 billion.

General Fund Tax Expenditures – Special Study

The net effect of these changes is that the NOL bank increased from \$92.5 billion to \$104.0 billion (a 12.3 percent increase).

The NOL cap, which for tax years 1999-2006 was \$2 million, restricts the amount of losses that may be used in a given tax year. At the same time, losses accumulate with no cap, so the NOL bank continues to grow. The new NOL provisions which raise the NOL cap to the greater of \$3 million or 12.5 percent of taxable income will allow the amount of NOLs used to increase, but likely to a level that is still much less than the rate in which losses are accumulating. As a result, corporations have stockpiled NOL deductions at a rapid rate.

The following section discusses the distribution of the NOL bank by industry, net worth, age and physical presence.

Table 9

| Industry | Count | 2003 NOL Bank (\$) | Average 2003 NOL Bank (\$) |
|-----------------|---------------|-------------------------------|---------------------------------------|
| Manufacturing | 5,782 | 20,817.0 | 3.6 |
| Trade | 14,287 | 17,545.6 | 1.2 |
| Services | 25,770 | 26,237.7 | 1.0 |
| All Other | 28,168 | 39,399.6 | 1.4 |
| | 74,007 | 103,999.9 | 1.4 |

From Table 9, it can be seen that manufacturers have the largest NOL banks while services companies have the smallest. This is similar to the beneficiary by industry figures, where manufacturers have the largest benefit regardless of cap while service companies have the smallest.

Table 10

| Net Worth | Count | 2003 NOL Bank (\$) | Average 2003 NOL Bank (\$) |
|--------------------|---------------|-------------------------------|---------------------------------------|
| \$0 | 30,149 | 30,759.6 | 1.0 |
| \$1 - \$10 M | 38,371 | 12,491.9 | 0.3 |
| \$10 M - \$100 M | 3,388 | 14,032.7 | 4.1 |
| \$100 M and larger | 2,099 | 46,715.7 | 22.3 |
| | 74,007 | 103,999.9 | 1.4 |

Table 10 shows that the largest NOL banks are carried by the largest corporations. About 45 percent of the total bank is held by corporations reporting net worth of \$100 million or greater. These corporations have an average NOL bank of \$22.3 million in 2003.

The change in the NOL cap from a flat \$2 million to the greater of \$3 million or 12.5 percent of taxable income increases the volatility of the NOL deduction. Prior to 2007, the largest group above could use a maximum of \$2 million in a given tax year. After the tax law change, these corporations could use up to the entire amount (\$22.3 million on average) in a single tax year.

In addition, before the NOL cap was increased to its 2007 level, corporations could carry their losses forward for 20 years and could use a maximum of \$2 million per year, for a maximum deduction of \$40 million over the 20-year period. The \$2 million cap therefore had the effect of spreading out and reducing the fluctuation of NOL deductions from year to year.

Under the 2007 NOL law (allowing deductions up to the greater of \$3 million or 12.5 percent of taxable income), the total amount of NOL used by each corporation is not limited to a fixed amount. The expanded NOL deduction may also be more volatile. Without the flat dollar amount cap, corporations with large profits and large NOL banks will be able to use a higher amount of NOL. Over time, this may have the effect of dampening large swings in taxable corporate profits.

General Fund Tax Expenditures – Special Study

Table 11

| Age | Count | 2003 NOL Bank (\$) | Average 2003 NOL Bank (\$) |
|------------------|---------------|---------------------------|-----------------------------------|
| 5 years or less | 18,648 | 28,899.3 | 1.5 |
| 6 - 10 years | 18,532 | 38,890.2 | 2.1 |
| 11 - 20 years | 18,448 | 15,239.0 | 0.8 |
| 21 years or more | 18,379 | 20,971.5 | 1.1 |
| | 74,007 | 103,999.9 | 1.4 |

Table 11 shows the NOL bank by age of the corporation. The NOL bank is fairly evenly distributed across all age categories. There is a higher distribution in the younger corporations, which may be due to the fact that these corporations may not yet be consistently profitable.

Table 12

| Physical Presence in PA | Count | 2003 NOL Bank (\$) | Average 2003 NOL Bank (\$) |
|--------------------------------|---------------|---------------------------|-----------------------------------|
| 0 % | 17,335 | 9,014.4 | 0.5 |
| 1-25 % | 10,181 | 38,732.8 | 3.8 |
| 26-50 % | 984 | 8,262.1 | 8.4 |
| 51-99 % | 2,254 | 23,062.4 | 10.2 |
| 100 % | 43,253 | 24,928.2 | 0.6 |
| | 74,007 | 103,999.9 | 1.4 |

Table 12 shows the composition of the NOL bank by percentage of physical presence in Pennsylvania. While it was already noted that the largest beneficiaries of the NOL deduction were the 1-25 percent group, the NOL bank data shows that the largest accumulated NOL bank occurs in the 51-99 percent group. However companies with 100% Pennsylvania presence represent more than half of the total number of companies with an NOL bank.



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)

2006-07 2007-08 2008-09
ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

Governor's Office..... \$ 7,359 \$ 7,559 \$ 7,899

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| EXECUTIVE DIRECTION | | | | | | | |
| GENERAL FUND..... | \$ 7,359 | \$ 7,559 | \$ 7,899 | \$ 7,899 | \$ 7,899 | \$ 7,899 | \$ 7,899 |
| 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..... | \$ 7,359 | \$ 7,559 | \$ 7,899 | \$ 7,899 | \$ 7,899 | \$ 7,899 | \$ 7,899 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 7,359 | \$ 7,559 | \$ 7,899 | \$ 7,899 | \$ 7,899 | \$ 7,899 | \$ 7,899 |
| 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..... | \$ 7,359 | \$ 7,559 | \$ 7,899 | \$ 7,899 | \$ 7,899 | \$ 7,899 | \$ 7,899 |

PROGRAM OBJECTIVE: To provide an effective administrative system through which the substantive programs 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
 \$ 340 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Governor's Office | \$ 7,359 | \$ 7,559 | \$ 7,899 | \$ 7,899 | \$ 7,899 | \$ 7,899 | \$ 7,899 |



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 accessibility, affordability and quality of health and long-term living services in Pennsylvania.

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|-------------------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| GENERAL FUND: | | | |
| General Government: | | | |
| Office of Administration | \$ 9,589 ^a | \$ 10,062 ^a | \$ 11,003 |
| (A)Benefit Administration..... | 0 | 371 | 300 |
| (A)Classification and Pay Services..... | 2,535 | 2,888 | 2,888 |
| (A)Workplace Support Division (SEAP)..... | 2,286 | 2,444 | 2,519 |
| (A)Temporary Clerical Pool..... | 2,808 | 3,480 | 3,887 |
| (A)Mgmt Consulting and Mgmt Productivity..... | 2,421 | 2,485 | 2,573 |
| (A)Executive Board/Directives Management..... | 343 | 285 | 316 |
| (A)Labor Relations..... | 2,337 | 2,973 | 2,973 |
| (A)Managing for Government Responsiveness Training..... | 46 | 211 | 211 |
| (A)Group Life Insurance Program Commissions..... | 88 | 88 | 88 |
| (A)Leadership Development Institute..... | 46 | 102 | 102 |
| Subtotal..... | \$ 22,499 | \$ 25,389 | \$ 26,860 |
| Medicare Part B Penalties | 521 | 519 | 535 |
| Commonwealth Technology Services | 61,101 ^b | 62,202 ^b | 63,051 |
| (F)Federated Identity Demonstration - JNET..... | 167 | 167 | 0 |
| (F)DCSI - Electronic Reporting (EA)..... | 769 | 0 | 0 |
| (F)JAG - Electronic Reporting (EA)..... | 0 | 191 | 200 |
| (F)Juvenile Tracking System Development (EA)..... | 607 | 328 | 175 |
| (F)Geospatial Homeland Security (EA)..... | 1,400 | 0 | 0 |
| (F)Geospatial Emergency Asset Reporting System (EA)..... | 129 | 0 | 0 |
| (F)Electronic Reporting Probation and Parole (EA)..... | 0 | 0 | 275 |
| (F)Electronic Notification of Critical Events (EA)..... | 0 | 0 | 250 |
| (F)Enhancements to State Police Records Management (EA)..... | 0 | 0 | 250 |
| (F)National Information Standards Implementation (EA)..... | 0 | 0 | 50 |
| (A)Integrated Enterprise System..... | 36,380 | 38,840 | 40,715 |
| (A)Applications Development..... | 827 | 0 | 0 |
| (A)Project Management Resources..... | 0 | 50 | 50 |
| Subtotal..... | \$ 101,380 | \$ 101,778 | \$ 105,016 |
| Statewide Public Safety Radio System | 0 | 9,851 ^c | 11,831 |
| (F)Public Safety Radio Geospatial Application Project (EA)..... | 200 | 0 | 200 |
| (F)Public Safety Interoperable Communications (EA)..... | 0 | 34,156 | 0 |
| Subtotal..... | \$ 200 | \$ 34,156 | \$ 200 |
| Office of Inspector General | 3,356 | 3,356 | 3,533 |
| (A)Reimbursements for Special Fund Investigations..... | 1,100 | 1,111 | 1,111 |
| Subtotal..... | \$ 4,456 | \$ 4,467 | \$ 4,644 |
| Inspector General - Welfare Fraud | 13,697 | 14,296 | 14,555 |
| (F)TANFBG - Program Accountability..... | 1,500 | 1,500 | 1,500 |
| (F)Food Stamps - Program Accountability..... | 5,025 | 5,440 | 5,575 |
| (F)Medical Assistance - Program Accountability..... | 4,286 | 5,030 | 5,675 |
| (F)CCDFBG - Subsidized Day Care Fraud..... | 350 | 1,000 | 1,000 |
| Subtotal..... | \$ 24,858 | \$ 27,266 | \$ 28,305 |
| Office of the Budget | 30,496 ^d | 31,628 ^d | 33,344 |
| (F)WIA - Program Accountability..... | 400 | 400 | 400 |
| (A)Support for Commonwealth Payroll Operations..... | 6,923 | 7,836 | 7,531 |
| (A)Support for PLCB Comptroller's Office..... | 8,269 | 8,379 | 8,391 |
| (A)Support for Comptroller Services..... | 18,253 | 18,603 | 20,252 |
| Subtotal..... | \$ 64,341 | \$ 66,846 | \$ 69,918 |
| Audit of the Auditor General | 0 | 0 | 100 |
| Office of Health Care Reform | 1,209 ^e | 1,320 ^e | 1,397 |
| (F)Aging and Disability Resource Center..... | 462 | 500 | 0 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|------------------|------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| (F)Health Care Access..... | 260 | 0 | 0 |
| (F)Long-term Care Initiative..... | 322 | 100 | 0 |
| (F)Quality Assurance Improvement..... | 416 | 100 | 0 |
| (F)Real Choice - Housing Integration..... | 490 | 750 | 0 |
| (F)Medical Assistance Disabled Access..... | 100 | 120 | 0 |
| Subtotal..... | <u>\$ 3,259</u> | <u>\$ 2,890</u> | <u>\$ 1,397</u> |
| Rx for PA - Plan Implementation..... | 0 | 700 | 700 |
| Rx for PA - Chronic Care Management..... | 0 | 2,200 | 2,200 |
| Rx for PA - Health Care Associated Infections..... | 0 | 2,000 | 2,000 |
| Rx for PA - Health Information Exchange..... | 0 | 0 | 4,983 |
| Office of General Counsel..... | 3,576 f | 4,351 f | 5,058 |
| (A)CLE Registration Fees..... | 25 | 64 | 64 |
| Subtotal..... | <u>\$ 3,601</u> | <u>\$ 4,415</u> | <u>\$ 5,122</u> |
| Governor's Advisory Council on Rural Affairs..... | 213 | 220 | 228 |
| Subtotal..... | <u>\$ 213</u> | <u>\$ 220</u> | <u>\$ 228</u> |
| Human Relations Commission..... | 10,744 | 10,905 | 11,636 |
| (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..... | 13 | 25 | 25 |
| Subtotal..... | <u>\$ 14,257</u> | <u>\$ 14,430</u> | <u>\$ 15,161</u> |
| Latino Affairs Commission..... | 238 | 243 | 263 |
| African American Affairs Commission..... | 333 | 347 | 357 |
| Asian American Affairs Commission..... | 145 | 230 | 241 |
| Council on the Arts..... | 1,210 | 1,295 | 1,346 |
| (F)NEA - Grants to the Arts - Administration..... | 253 | 253 | 240 |
| Subtotal..... | <u>\$ 1,463</u> | <u>\$ 1,548</u> | <u>\$ 1,586</u> |
| Commission for Women..... | 305 | 324 | 338 |
| (A)State Tourism Funds..... | 0 | 18 | 0 |
| Subtotal..... | <u>\$ 305</u> | <u>\$ 342</u> | <u>\$ 338</u> |
| Juvenile Court Judges Commission..... | 2,243 | 2,400 | 2,544 |
| Public Employee Retirement Commission..... | 753 | 786 | 786 |
| Commission on Crime and Delinquency..... | 4,111 | 4,605 | 4,938 |
| (F)Plan for Juvenile Justice..... | 350 | 325 | 268 |
| (F)DCSI - Administration..... | 1,883 | 604 | 0 |
| (F)DCSI - Program Grants..... | 23,764 | 20,000 | 18,000 |
| (F)Justice Assistance Grants..... | 9,180 | 23,000 | 30,000 |
| (F)Justice Assistance Grants - Administration..... | 0 | 1,154 | 1,391 |
| (F)DCSI - Criminal History Records..... | 10 | 10 | 10 |
| (F)Juvenile Justice - Title V..... | 1,000 | 1,100 | 750 |
| (F)Juvenile Justice - Title V - Administration..... | 28 | 10 | 10 |
| (F)Statistical Analysis Center..... | 75 | 150 | 150 |
| (F)Criminal Identification Technology..... | 3,846 | 3,800 | 3,200 |
| (F)Crime Victims Compensation Services..... | 2,092 | 4,628 | 5,134 |
| (F)Crime Victims Assistance..... | 15,000 | 18,000 | 20,000 |
| (F)Violence Against Women..... | 4,500 | 6,000 | 5,500 |
| (F)Violence Against Women - Administration..... | 250 | 250 | 187 |
| (F)Local Law Enforcement Block Grant..... | 200 | 0 | 0 |
| (F)Residential Substance Abuse Treatment Program..... | 2,850 | 2,500 | 2,000 |
| (F)DFSC - Special Programs..... | 4,545 | 4,500 | 4,500 |
| (F)Crime Victims Assistance (VOCA) - Admin/Operations..... | 953 | 1,148 | 1,094 |
| (F)Juvenile Accountability Incentive Program..... | 5,000 | 6,000 | 5,000 |
| (F)Juvenile Accountability Incentive Program - Administration..... | 190 | 130 | 100 |
| (F)Combat Underage Drinking Program..... | 550 | 800 | 800 |

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
|---|--------------------------|--------------------------|-------------------|
| (F)Pennsylvanians Against Underage Drinking..... | 1,000 | 1,000 | 500 |
| (F)Juvenile Justice and Delinquency Prevention..... | 3,500 | 4,500 | 4,500 |
| (F)Project Safe Neighborhoods..... | 1,600 | 1,750 | 2,200 |
| (F)Forensic Science Program..... | 500 | 550 | 710 |
| (F)Drug Court Coordination..... | 0 | 200 | 0 |
| (F)Integrated Justice Data Hubs..... | 0 | 500 | 0 |
| (F)Services for Human Trafficking Victims..... | 0 | 295 | 0 |
| (F)Victims' Rights Compliance Project..... | 100 | 175 | 200 |
| (F)Protection Orders..... | 1,031 | 1,000 | 1,000 |
| (F)Sexual Assault Services Program..... | 0 | 2,000 | 0 |
| (F)Statewide Automated Victim Information Notification..... | 1,250 | 1,500 | 2,000 |
| (F)Byrne Discretionary Grant Program..... | 0 | 10,000 | 10,000 |
| (F)Nickel Mine Shooting First Responders..... | 100 | 100 | 70 |
| (F)High Risk Youth Offender Reentry..... | 0 | 0 | 1,000 |
| (A)PCCD - Special Projects..... | 2 | 3 | 3 |
| (A)Police on Patrol..... | 10,000 | 0 | 0 |
| Subtotal..... | \$ 99,460 | \$ 122,287 | \$ 125,215 |
| (F)Early Childhood Analysis (EA)..... | 63 | 0 | 0 |
| Subtotal..... | \$ 63 | \$ 0 | \$ 0 |
| Evidence-Based Prevention and Intervention..... | 5,680^g | 5,713^g | 5,713 |
| Victims of Juvenile Crime..... | 3,454 | 3,462 | 3,434 |
| Weed and Seed Program..... | 3,677 | 3,185 | 3,168 |
| Subtotal - State Funds..... | \$ 156,651 | \$ 176,200 | \$ 189,282 |
| Subtotal - Federal Funds..... | 106,046 | 171,214 | 139,564 |
| Subtotal - Augmentations..... | 94,702 | 90,256 | 93,999 |
| Total - General Government..... | \$ 357,399 | \$ 437,670 | \$ 422,845 |
| Grants and Subsidies: | | | |
| Intermediate Punishment Programs..... | \$ 3,430 | \$ 3,430 | \$ 3,355 |
| Intermediate Punishment Drug and Alcohol Treatment..... | 15,825 | 17,900 | 17,805 |
| Violence Reduction Partnership..... | 250 | 0 | 0 |
| Drug Education and Law Enforcement..... | 2,791 | 2,791 | 2,118 |
| Research-Based Violence Prevention..... | 4,790 | 4,790 | 4,790 |
| Violence Reduction..... | 1,150 | 250 | 0 |
| Mentoring Children of Incarcerated Parents..... | 0 | 0 | 2,000 |
| Police on Patrol..... | 0 | 10,000 | 20,000 |
| Improvement of Juvenile Probation Services..... | 5,918 | 5,918 | 5,918 |
| Specialized Probation Services..... | 13,793 | 13,793 | 13,793 |
| Law Enforcement Activities..... | 7,500 | 7,500 | 0 |
| Safe Neighborhoods..... | 11,525 | 2,950 | 0 |
| Grants to the Arts..... | 15,225 | 15,225 | 15,725 |
| (F)NEA - Grants to the Arts..... | 583 | 650 | 574 |
| Subtotal - State Funds..... | \$ 82,197 | \$ 84,547 | \$ 85,504 |
| Subtotal - Federal Funds..... | 583 | 650 | 574 |
| Total - Grants and Subsidies..... | \$ 82,780 | \$ 85,197 | \$ 86,078 |
| STATE FUNDS..... | \$ 238,848 | \$ 260,747 | \$ 274,786 |
| FEDERAL FUNDS..... | 106,629 | 171,864 | 140,138 |
| AUGMENTATIONS..... | 94,702 | 90,256 | 93,999 |
| GENERAL FUND TOTAL..... | \$ 440,179 | \$ 522,867 | \$ 508,923 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|------------------------|------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| <u>MOTOR LICENSE FUND:</u> | | | |
| <i>General Government:</i> | | | |
| Office of the Budget..... | \$ 5,831 | \$ 6,005 | \$ 6,535 |
| (A) Reimbursement for Comptroller Services..... | 633 | 802 | 802 |
| Subtotal..... | \$ 6,464 | \$ 6,807 | \$ 7,337 |
| Statewide Public Safety Radio System..... | 10,751 | 17,562 | 16,498 |
| Integrated Enterprise System Plant Maintenance..... | 5,034 | 3,901 | 0 |
| (A) Reimbursement for Plant Maintenance Services..... | 2,900 | 0 | 0 |
| Subtotal..... | \$ 7,934 | \$ 3,901 | \$ 0 |
| Subtotal - State Funds..... | \$ 21,616 | \$ 27,468 | \$ 23,033 |
| Subtotal - Augmentations..... | 3,533 | 802 | 802 |
| Total - General Government..... | \$ 25,149 | \$ 28,270 | \$ 23,835 |
| STATE FUNDS..... | \$ 21,616 | \$ 27,468 | \$ 23,033 |
| AUGMENTATIONS..... | 3,533 | 802 | 802 |
| MOTOR LICENSE FUND TOTAL..... | \$ 25,149 | \$ 28,270 | \$ 23,835 |
| <u>TOBACCO SETTLEMENT FUND:</u> | | | |
| <i>Grants and Subsidies:</i> | | | |
| Transfer to Health Endowment Account (EA)..... | \$ 26,898 ^h | \$ 28,154 ^h | \$ 29,751 ^h |
| Transfer of Lapse Amounts to the Endowment Acct (EA)..... | 4,694 | 0 | 0 |
| Total - Grants and Subsidies..... | \$ 31,592 | \$ 28,154 | \$ 29,751 |
| TOBACCO SETTLEMENT FUND TOTAL..... | \$ 31,592 | \$ 28,154 | \$ 29,751 |
| <u>OTHER FUNDS:</u> | | | |
| GENERAL FUND: | | | |
| Victim/Witness Services..... | \$ 7,875 | \$ 7,522 | \$ 8,204 |
| Crime Victims Reimbursements..... | 11,389 | 10,206 | 10,721 |
| Constables Education and Training Account..... | 2,159 | 2,423 | 2,430 |
| Deputy Sheriffs Education and Training Account..... | 4,658 | 4,711 | 4,711 |
| Drug Abuse Resistance Education..... | 5 | 5 | 5 |
| Firearms License to Carry Modernization Account..... | 0 | 0 | 575 |
| GENERAL FUND TOTAL..... | \$ 26,086 | \$ 24,867 | \$ 26,646 |
| SUBSTANCE ABUSE EDUCATION AND DEMAND REDUCTION FUND: | | | |
| Substance Abuse Education & Demand Reduction Programs..... | \$ 5,439 | \$ 6,350 | \$ 6,350 |
| Substance Abuse Education & Demand Reduction - Admin..... | 120 | 150 | 150 |
| SUBSTANCE ABUSE EDUCATION AND DEMAND REDUCTION FUND TOTAL..... | \$ 5,559 | \$ 6,500 | \$ 6,500 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|------------------------------|-------------------------------|----------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 238,848 | \$ 260,747 | \$ 274,786 |
| SPECIAL FUNDS..... | 53,208 | 55,622 | 52,784 |
| FEDERAL FUNDS..... | 106,629 | 171,864 | 140,138 |
| AUGMENTATIONS..... | 98,235 | 91,058 | 94,801 |
| OTHER FUNDS..... | 31,645 | 31,367 | 33,146 |
| TOTAL ALL FUNDS..... | \$ 528,565 | \$ 610,658 | \$ 595,655 |

^a 2006-07 Actual appropriated as \$8,131,000 and 2007-08 Available appropriated as \$8,372,000. Appropriation totals on the Summary by Fund and Appropriation have been adjusted to reflect the net effect of transfers for reorganizations of administrative and information technology operations.

^b 2006-07 Actual appropriated as \$61,101,000 and 2007-08 Available appropriated as \$63,055,000. Appropriation totals on the Summary by Fund and Appropriation have been adjusted to reflect the net effect of transfers for reorganizations of administrative and information technology operations.

^c 2007-08 Available appropriated as \$9,994,000. Appropriation total on the Summary by Fund and Appropriation has been adjusted to reflect the net effect of transfers for reorganizations of administrative and information technology operations.

^d 2006-07 Actual appropriated as \$31,928,000 and 2007-08 Available appropriated as \$31,942,000. Appropriation totals on the Summary by Fund and Appropriation have been adjusted to reflect the net effect of transfers for reorganizations of administrative and information technology operations.

^e 2006-07 appropriated as part of the Office of the Budget. 2007-08 Available appropriated as \$1,242,000. Appropriation totals on the Summary by Fund and Appropriation have been adjusted to reflect the net effect of transfers for reorganizations of administrative and information technology operations.

^f 2006-07 Actual appropriated as \$4,007,000 and 2007-08 Available appropriated as \$4,809,000. Appropriation totals on the Summary by Fund and Appropriation have been adjusted to reflect the net effect of transfers for reorganizations of administrative and information technology operations.

^g Includes \$5,680,000 Actual and \$5,713,000 Available appropriated as Partnership for Safe Children.

^h 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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| EXECUTIVE DIRECTION | | | | | | | |
| GENERAL FUND..... | \$ 128,435 | \$ 146,640 | \$ 150,246 | \$ 149,868 | \$ 149,880 | \$ 149,994 | \$ 149,908 |
| SPECIAL FUNDS..... | 53,208 | 55,622 | 52,784 | 53,754 | 54,438 | 55,138 | 55,853 |
| FEDERAL FUNDS..... | 16,716 | 49,615 | 15,550 | 15,550 | 15,550 | 15,550 | 15,550 |
| OTHER FUNDS..... | 88,195 | 90,948 | 94,709 | 94,709 | 94,709 | 94,709 | 94,709 |
| SUBCATEGORY TOTAL..... | \$ 286,554 | \$ 342,825 | \$ 313,289 | \$ 313,881 | \$ 314,577 | \$ 315,391 | \$ 316,020 |
| LEGAL SERVICES | | | | | | | |
| GENERAL FUND..... | \$ 3,576 | \$ 4,351 | \$ 5,058 | \$ 5,058 | \$ 5,058 | \$ 5,058 | \$ 5,058 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 25 | 64 | 64 | 64 | 64 | 64 | 64 |
| SUBCATEGORY TOTAL..... | \$ 3,601 | \$ 4,415 | \$ 5,122 | \$ 5,122 | \$ 5,122 | \$ 5,122 | \$ 5,122 |
| PREVENTION AND ELIMINATION OF DISCRIMINATORY PRACTICES | | | | | | | |
| GENERAL FUND..... | \$ 11,765 | \$ 12,049 | \$ 12,835 | \$ 12,835 | \$ 12,835 | \$ 12,835 | \$ 12,835 |
| 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..... | 13 | 43 | 25 | 25 | 25 | 25 | 25 |
| SUBCATEGORY TOTAL..... | \$ 15,278 | \$ 15,592 | \$ 16,360 | \$ 16,360 | \$ 16,360 | \$ 16,360 | \$ 16,360 |
| DEVELOPMENT OF ARTISTS AND AUDIENCES | | | | | | | |
| GENERAL FUND..... | \$ 16,435 | \$ 16,520 | \$ 17,071 | \$ 17,071 | \$ 17,071 | \$ 17,071 | \$ 17,071 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 836 | 903 | 814 | 814 | 814 | 814 | 814 |
| OTHER FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUBCATEGORY TOTAL..... | \$ 17,271 | \$ 17,423 | \$ 17,885 | \$ 17,885 | \$ 17,885 | \$ 17,885 | \$ 17,885 |
| CRIMINAL AND JUVENILE JUSTICE PLANNING AND COORDINATION | | | | | | | |
| GENERAL FUND..... | \$ 44,008 | \$ 55,876 | \$ 67,321 | \$ 67,321 | \$ 67,321 | \$ 67,321 | \$ 67,321 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 85,577 | 117,846 | 120,274 | 120,274 | 120,274 | 120,274 | 120,274 |
| OTHER FUNDS..... | 41,647 | 31,370 | 33,149 | 33,149 | 33,149 | 33,149 | 33,149 |
| SUBCATEGORY TOTAL..... | \$ 171,232 | \$ 205,092 | \$ 220,744 | \$ 220,744 | \$ 220,744 | \$ 220,744 | \$ 220,744 |
| REINTEGRATION OF JUVENILE DELINQUENTS | | | | | | | |
| GENERAL FUND..... | \$ 34,629 | \$ 25,311 | \$ 22,255 | \$ 22,255 | \$ 22,255 | \$ 22,255 | \$ 22,255 |
| 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..... | \$ 34,629 | \$ 25,311 | \$ 22,255 | \$ 22,255 | \$ 22,255 | \$ 22,255 | \$ 22,255 |

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 238,848 | \$ 260,747 | \$ 274,786 | \$ 274,408 | \$ 274,420 | \$ 274,534 | \$ 274,448 |
| SPECIAL FUNDS..... | 53,208 | 55,622 | 52,784 | 53,754 | 54,438 | 55,138 | 55,853 |
| FEDERAL FUNDS..... | 106,629 | 171,864 | 140,138 | 140,138 | 140,138 | 140,138 | 140,138 |
| OTHER FUNDS..... | 129,880 | 122,425 | 127,947 | 127,947 | 127,947 | 127,947 | 127,947 |
| DEPARTMENT TOTAL..... | \$ 528,565 | \$ 610,658 | \$ 595,655 | \$ 596,247 | \$ 596,943 | \$ 597,757 | \$ 598,386 |

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. 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 Management and Productivity 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 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 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 electronic Health Records (eHR) and Health Information Technology (HIT).

The Deputy CIO for Environment oversees and leads geospatial technology (GT) projects involving local, state and federal agencies, and implements GT data standards to facilitate data and system interoperability at all levels of government. Agencies within the Environmental Community of Practice are among those commonwealth 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 the sharing of justice information by authorized users at the federal, state, county and local levels. This team 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 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

Program: Executive Direction (continued)

effective, efficient manner. The Integrated Enterprise System (IES) team works directly with business owner agencies (Governor’s Budget Office, Comptroller Operations, Department of General Services and the Office of Human Resources and Management) 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 the Integrated Enterprise System.

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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Office of Administration | | | | | | | |
| Cost per contract hour of management/ supervisory training..... | \$34.68 | \$35.00 | \$35.00 | \$35.00 | \$35.00 | \$35.00 | \$35.00 |
| Contact hours of briefings and training for Human Resource professionals and others..... | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 |
| Reclassification requests (approved/ disapproved/modified/returned without action)..... | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Vacancies filled by new hires (permanent/temporary)..... | 9,500 | 9,500 | 9,500 | 9,500 | 9,500 | 9,500 | 9,500 |
| EEO complaints investigated..... | 260 | 260 | 260 | 260 | 260 | 260 | 260 |

Program: Executive Direction (continued)

| Program Measures: (continued) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------|----------|----------|----------|----------|----------|----------|
| Commonwealth Technology Services | | | | | | | |
| Enterprise Help Desk - System Availability | | | | | | | |
| Application is accessible 99% during business hours (Bureau of Services and Solutions)..... | 99.5% | 99.7% | 99.7% | 99.7% | 99.7% | 99.7% | 99.7% |
| Maintain high availability (99.5%) of e-mail system during working hours (Bureau of Infrastructure and Operations)..... | 99.9% | 99.9% | 99.9% | 99.9% | 99.9% | 99.9% | 99.9% |
| Application availability to law enforcement and other government agencies (JNET)... | 96.4% | 98.5% | 98.5% | 98.5% | 98.5% | 98.5% | 98.5% |
| User online availability of SAP to commonwealth employees (IES)..... | 99.9% | 99.8% | 99.8% | 99.8% | 99.8% | 99.8% | 99.8% |
| Average daily email volume (in thousands)..... | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 |
| Percentage of emails delivered in less than 30 seconds..... | 95.0% | 95.0% | 95.0% | 95.5% | 95.5% | 95.5% | 95.5% |
| Data PowerHouse Data Center: Maintain high level of production and batch critical output services..... | 99.9% | 99.9% | 99.9% | 99.9% | 99.9% | 99.9% | 99.9% |
| Voice network availability..... | 99.9% | 99.9% | 99.9% | 99.9% | 99.9% | 99.9% | 99.9% |
| Data network availability..... | 99.9% | 99.9% | 99.9% | 99.9% | 99.9% | 99.9% | 99.9% |
| Office of the Budget | | | | | | | |
| Months between fiscal year end and CAFR publication..... | 5.5 | 5.5 | 5.0 | 4.5 | 4.0 | 4.0 | 4.0 |
| Percentage of invoices that are electronic invoices..... | 49% | 49% | 49% | 49% | 49% | 49% | 49% |
| Percentage of invoices paid within 30 days from receipt of invoice (baseline date in SAP)..... | 76% | 85% | 86% | 87% | 88% | 89% | 90% |
| Audits and engagements - percentage of comments/recommendations implemented..... | 73% | 87% | 88% | 89% | 90% | 91% | 92% |
| Comptroller Operations Federal Accounting - percentage of federal funds drawn within seven calendar days..... | 82.0% | 99.5% | 99.5% | 99.5% | 99.5% | 99.5% | 99.5% |
| Office of Inspector General | | | | | | | |
| General investigations..... | 296 | 284 | 284 | 284 | 284 | 284 | 284 |
| Arrest investigations..... | 15 | 12 | 12 | 12 | 12 | 12 | 12 |
| Background investigations..... | 110 | 130 | 130 | 130 | 130 | 130 | 130 |
| Office of Inspector General - Welfare Fraud | | | | | | | |
| Collections, recovery and recoupments (in thousands)..... | \$35,451 | \$36,000 | \$36,000 | \$36,000 | \$36,000 | \$36,000 | \$36,000 |
| Fraud prevention: DPW referrals..... | 21,388 | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 |
| Fraud prevention: investigations..... | 20,582 | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 |
| Fraud prevention: ineligibility determination..... | 10,793 | 11,500 | 11,500 | 11,500 | 11,500 | 11,500 | 11,500 |
| Fraud investigations/prosecutions/ administrative disqualification hearings.... | 6,683 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 |
| Pharmacy reviews conducted..... | 139 | 50 | 50 | 50 | 50 | 50 | 50 |
| Durable medical/equipment reviews: reviews conducted..... | 18 | 15 | 15 | 15 | 15 | 15 | 15 |

Office of Inspector General - Welfare Fraud: Pharmacy reviews decrease from the 2006-07 year due to a reduction in review referral requests being received from the Department of Public Welfare.

Program: Executive Direction (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | |
|----------|--|----|--|
| | GENERAL FUND | | |
| | Office of Administration | \$ | 4,983 |
| \$ 941 | —to continue current program. | | Rx for PA - Health Information Exchange |
| | | | —Initiative—Statewide Health Information Exchange. To design and begin implementation of an information system that will enable health care providers to improve coordination of patient care. |
| | Medicare Part B Penalties | | |
| \$ 16 | —to continue current program. | | |
| | Commonwealth Technology Services | | Governor's Advisory Council on Rural Affairs |
| \$ 849 | —to continue current program. | \$ | 8 |
| | | | —to continue current program. |
| | Statewide Public Safety Radio System | | Law Enforcement Activities |
| \$ 1,980 | —to continue current program | \$ | -7,500 |
| | | | —nonrecurring project. |
| | Office of Inspector General | | |
| \$ 25 | —lease and moving costs related to the Philadelphia State Office Building cost containment initiative. | | MOTOR LICENSE FUND |
| | | | Office of the Budget |
| 152 | —to continue current program. | \$ | 530 |
| \$ 177 | <i>Appropriation increase</i> | | —to continue current program. |
| | Inspector General - Welfare Fraud | \$ | -1,064 |
| \$ 54 | —lease and moving costs related to the Philadelphia State Office Building cost containment initiative. | | Statewide Public Safety Radio System |
| | | | —to continue current program. |
| 205 | —to continue current program. | \$ | -3,901 |
| \$ 259 | <i>Appropriation increase</i> | | Integrated Enterprise System Plant Maintenance |
| | Office of the Budget | | —operating costs previously paid by the Motor License Fund Integrated Enterprise System (IES)-Plant Maintenance appropriation will be included within the IES billing which augments the Commonwealth Technology Services appropriation. |
| \$ 1,716 | —to continue current program. | | |
| | Audit of the Auditor General | | TOBACCO SETTLEMENT FUND |
| \$ 100 | —triennial audit of the Department of the Auditor General. | | Transfer to Health Endowment Account (EA) |
| | Office of Health Care Reform | \$ | 1,597 |
| \$ 77 | —to continue current program. | | —based on current Master Settlement Agreement payment estimates. |

All other appropriations are recommended at the current year funding levels.

Executive Offices

Program: Executive Direction (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Office of Administration..... | \$ 9,589 | \$ 10,062 | \$ 11,003 | \$ 11,003 | \$ 11,003 | \$ 11,003 | \$ 11,003 |
| Medicare Part B Penalties..... | 521 | 519 | 535 | 535 | 535 | 535 | 535 |
| Commonwealth Technology Services..... | 61,101 | 62,202 | 63,051 | 63,051 | 63,051 | 63,051 | 63,051 |
| Statewide Public Safety Radio System | 0 | 9,851 | 11,831 | 11,831 | 11,831 | 11,831 | 11,831 |
| Office of Inspector General..... | 3,356 | 3,356 | 3,533 | 3,533 | 3,533 | 3,533 | 3,533 |
| Inspector General - Welfare Fraud..... | 13,697 | 14,296 | 14,555 | 14,555 | 14,555 | 14,555 | 14,555 |
| Office of the Budget..... | 31,705 | 31,628 | 33,344 | 33,344 | 33,344 | 33,344 | 33,344 |
| Audit of the Auditor General | 0 | 0 | 100 | 0 | 0 | 100 | 0 |
| Office of Health Care Reform | 0 | 1,320 | 1,397 | 1,397 | 1,397 | 1,397 | 1,397 |
| Rx for PA - Plan Implementation..... | 0 | 700 | 700 | 700 | 700 | 700 | 700 |
| Rx for PA - Chronic Care Management | 0 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 |
| Rx for PA - Health Care Associated Infections | 0 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Rx for PA - Health Information Exchange.. | 0 | 0 | 4,983 | 4,705 | 4,717 | 4,731 | 4,745 |
| Governor's Advisory Council on Rural Affairs..... | 213 | 220 | 228 | 228 | 228 | 228 | 228 |
| Public Employee Retirement Commission | 753 | 786 | 786 | 786 | 786 | 786 | 786 |
| Law Enforcement Activities..... | 7,500 | 7,500 | 0 | 0 | 0 | 0 | 0 |
| TOTAL GENERAL FUND | \$ 128,435 | \$ 146,640 | \$ 150,246 | \$ 149,868 | \$ 149,880 | \$ 149,994 | \$ 149,908 |
| MOTOR LICENSE FUND: | | | | | | | |
| Office of the Budget..... | \$ 5,831 | \$ 6,005 | \$ 6,535 | \$ 6,535 | \$ 6,535 | \$ 6,535 | \$ 6,535 |
| Statewide Public Safety Radio System | 10,751 | 17,562 | 16,498 | 16,498 | 16,498 | 16,498 | 16,498 |
| Integrated Enterprise System Plant Maintenance | 5,034 | 3,901 | 0 | 0 | 0 | 0 | 0 |
| TOTAL MOTOR LICENSE FUND..... | \$ 21,616 | \$ 27,468 | \$ 23,033 | \$ 23,033 | \$ 23,033 | \$ 23,033 | \$ 23,033 |
| TOBACCO SETTLEMENT FUND: | | | | | | | |
| Transfer to Health Endowment Account (EA)..... | \$ 26,898 | \$ 28,154 | \$ 29,751 | \$ 30,721 | \$ 31,405 | \$ 32,105 | \$ 32,820 |
| Transfer of Lapse Amounts to the Endowment Account (EA)..... | 4,694 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL TOBACCO SETTLEMENT FUND..... | \$ 31,592 | \$ 28,154 | \$ 29,751 | \$ 30,721 | \$ 31,405 | \$ 32,105 | \$ 32,820 |

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 the General Counsel was created by Act 164 of 1980. The General Counsel serves as the chief legal advisor to the Governor and has the responsibility to appoint deputy general counsel, the chief counsel and assistant counsel in each Executive Branch agency and to supervise, coordinate and administer legal services throughout the Executive Branch.

There are several areas of responsibility for the Office of General Counsel (OGC). The major responsibility is to provide general legal advice to the Governor, his staff and the Cabinet. This includes rendering legal advice and representation concerning matters and issues arising in connection with the operation of agencies under the Governor’s jurisdiction. The office and agency chief counsel review and approve for form and legality all commonwealth deeds, leases, contracts, rules and regulations.

The Office of General Counsel 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. OGC also is responsible for initiating appropriate actions or defending the commonwealth when the Attorney General delegates or declines to initiate appropriate proceedings. It also has the authority to intervene in any action by or against an agency under the Governor’s jurisdiction whenever the Governor requests. The General Counsel administers the operations of the Juvenile Court Judges Commission and provides the legal representation for the Pennsylvania Public Television Network.

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 |
| \$ | 367 | —to continue current program. |
| | 340 | —increased litigation costs. |
| | <u>707</u> | |
| \$ | 707 | <i>Appropriation Increase</i> |

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Office of General Counsel | \$ 3,576 | \$ 4,351 | \$ 5,058 | \$ 5,058 | \$ 5,058 | \$ 5,058 | \$ 5,058 |

PROGRAM OBJECTIVE: To insure 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 utilized 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 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, promotes healthcare awareness and political participation. The commission's work includes the dissemination of information through its website 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.

The Commission on Asian American Affairs 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.

Program: Prevention and Elimination of Discriminatory Practices (continued)

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Human Relations Commission | | | | | | | |
| Formal complaint investigation: | | | | | | | |
| Average complaints active | 15,158 | 15,200 | 15,200 | 15,200 | 15,200 | 15,200 | 15,200 |
| Complaints closed | 4,236 | 4,300 | 4,300 | 4,300 | 4,300 | 4,300 | 4,300 |
| Financial awards to complainants (thousands)..... | | | | | | | |
| | \$9,500 | \$9,500 | \$9,500 | \$9,500 | \$9,500 | \$9,500 | \$9,500 |
| Case settlement rate | 28.0% | 28.0% | 28.0% | 28.0% | 28.0% | 28.0% | 28.0% |
| Commission for Women | | | | | | | |
| Website visits for educational, employment and health care information | | | | | | | |
| | 653,716 | 655,000 | 659,000 | 664,000 | 669,000 | 674,000 | 679,000 |

| | |
|---------------------------------|---|
| Program Recommendations: | This budget recommends the following changes: (Dollar Amounts in Thousands) |
|---------------------------------|---|

| | | | | | |
|----|--------|---|----|----|---|
| \$ | 279 | Human Relations Commission —lease and moving costs related to the Philadelphia State Office Building cost containment initiative. | \$ | 10 | African American Affairs Commission —to continue current program. |
| | 452 | —to continue current program. | | \$ | 11 |
| | \$ 731 | <i>Appropriation Increase</i> | | | |
| | | Latino Affairs Commission —to continue current program. | | \$ | 14 |
| | | | | | Commission for Women —to continue current program. |

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Human Relations Commission | \$ 10,744 | \$ 10,905 | \$ 11,636 | \$ 11,636 | \$ 11,636 | \$ 11,636 | \$ 11,636 |
| Latino Affairs Commission | 238 | 243 | 263 | 263 | 263 | 263 | 263 |
| African American Affairs Commission | 333 | 347 | 357 | 357 | 357 | 357 | 357 |
| Asian-American Affairs Commission | 145 | 230 | 241 | 241 | 241 | 241 | 241 |
| Commission for Women | 305 | 324 | 338 | 338 | 338 | 338 | 338 |
| TOTAL GENERAL FUND | \$ 11,765 | \$ 12,049 | \$ 12,835 | \$ 12,835 | \$ 12,835 | \$ 12,835 | \$ 12,835 |

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. The 19-member council supports the arts through a grant program, service programs and community organizations. 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 grant

program that responds to most applications and program initiatives either directly or through a decentralized network of 14 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 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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Attendance at supported events (in thousands)..... | 30,566 | 30,800 | 31,200 | 31,700 | 32,200 | 32,700 | 33,200 |
| Grant applications received/reviewed..... | 4,820 | 4,900 | 5,000 | 5,050 | 5,060 | 5,070 | 5,080 |
| Grants Awarded..... | 3,574 | 3,590 | 3,600 | 3,610 | 3,620 | 3,630 | 3,640 |

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND
Council on the Arts
 \$ 51 —to continue current program.

Grants to the Arts
 \$ 500 —to provide a funding increase.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Council on the Arts | \$ 1,210 | \$ 1,295 | \$ 1,346 | \$ 1,346 | \$ 1,346 | \$ 1,346 | \$ 1,346 |
| Grants to the Arts..... | 15,225 | 15,225 | 15,725 | 15,725 | 15,725 | 15,725 | 15,725 |
| TOTAL GENERAL FUND | \$ 16,435 | \$ 16,520 | \$ 17,071 | \$ 17,071 | \$ 17,071 | \$ 17,071 | \$ 17,071 |

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 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 the use of federal Drug Control and System Improvement (DCSI) and Byrne Memorial Justice

Program: Criminal and Juvenile Justice Planning and Coordination (continued)

Assistance Grant Act (JAG) formula grant funds administered by 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, 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 an 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 training to law enforcement agencies to implement drug education and law enforcement education in the schools and 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 violence prevention plans including efforts initiated by the Governor's Partnership for Safe Children, 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 2007-08 \$3.185 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, who then provided services to over 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

Program: Criminal and Juvenile Justice Planning and Coordination (continued)

of support and \$15,000 for loss of earnings. Payments for counseling, crime-scene cleanup 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 (CVCF) on or before June 30 of each year. For more detailed information on the services provided by the Office of Victims' Services, please see our Annual Report, available at www.pccd.state.pa.us.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|---------|---------|
| Planning and Coordination | | | | | | | |
| Percentage of youth served in intensive research-based programs with improved school attendance* | N/A | 20% | 20% | 20% | 20% | 20% | 20% |
| Percentage of youth participating in research-based programs with a demonstrated improvement related to the program's targeted behavioral outcome*.. | N/A | 60% | 65% | 70% | 70% | 70% | 70% |
| Youth served in intensive research-based programs* | N/A | 65 | 90 | 115 | 140 | 165 | 165 |
| Youth served in non-intensive research-based programs* | N/A | 3,000 | 5,000 | 7,000 | 9,000 | 11,000 | 13,000 |
| Planning and Coordination: Adult | | | | | | | |
| Active offenders sentenced to the Intermediate Punishment Program successfully completing their sentence (as determined by the court)..... | 67% | 65% | 65% | 65% | 65% | 65% | 65% |
| Average number of jail days saved per active offender through participation in the Intermediate Punishment Program..... | 90 | 70 | 70 | 70 | 70 | 70 | 70 |
| Active offenders in the program who will successfully complete the treatment-based Restrictive Intermediate Punishment portion of their sentence..... | 55% | 53% | 53% | 53% | 53% | 53% | 53% |
| Average number of jail days saved per active offender through participation in treatment-based Restrictive Intermediate Punishment..... | 338 | 340 | 340 | 340 | 340 | 340 | 340 |
| Weed and Seed Program | | | | | | | |
| Youth in afterschool/summer programs in a Weed and Seed site..... | 9,240 | 9,340 | 1,000 | 1,000 | 1,100 | 1,200 | 1,200 |
| New businesses started in a Weed and Seed site..... | 28 | 10 | 8 | 6 | 4 | 2 | 2 |
| Community clean-ups in a Weed and Seed site* | 70 | 100 | 100 | 100 | 100 | 100 | 100 |
| Victim Services | | | | | | | |
| Victims compensation claim processing time - new claims (weeks) | 8.84 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Victims compensation claims paid..... | 5,044 | 5,100 | 5,200 | 5,200 | 5,200 | 5,200 | 5,200 |

Program: Criminal and Juvenile Justice Planning and Coordination (continued)

Program Measures: (continued) 2006-07 2007-08 2008-09 2009-10 2010-11 2011-12 2012-13

*New program measure.

The average Crime Victim's Compensation program reimbursement per claim in 2006-07 was \$2,644.47.

Number of youth in afterschool/summer programs in a Weed and Seed site decrease in 2008-09 due to emphasis on other program areas.

Number of new businesses started in a Weed and Seed site decrease in 2007-08 because funding has been redirected from small business start-ups to training initiatives.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | |
|--|---|
| <p>General Fund Commission on Crime and Delinquency \$ 333 —to continue current program.</p> <p>Victims of Juvenile Crime \$ -28 —reduction in administrative costs.</p> <p>Weed and Seed Program \$ -17 —reduction in administrative costs.</p> <p>Intermediate Punishment Programs \$ -75 —funding reduction.</p> <p>Intermediate Punishment Drug and Alcohol Treatment \$ -95 —funding reduction.</p> | <p>Drug Education and Law Enforcement \$ -673 —program reduction.</p> <p>Police on Patrol \$ 10,000 —Initiative—Police on Patrol. To provide resources to enable local police departments to hire 200 additional police officers and combat gun violence.</p> <p>Mentoring Children of Incarcerated Parents \$ 2,000 —Initiative—Mentoring Children of Incarcerated Parents. To provide resources for counseling children of incarcerated adults.</p> |
|--|---|

The Partnership for Safe Children appropriation is proposed to be renamed Evidence-Based Prevention and Intervention. That appropriation and all other appropriations not identified above are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Commission on Crime and Delinquency ... | \$ 4,111 | \$ 4,605 | \$ 4,938 | \$ 4,938 | \$ 4,938 | \$ 4,938 | \$ 4,938 |
| Evidence-Based Prevention and Intervention..... | 5,680 | 5,713 | 5,713 | 5,713 | 5,713 | 5,713 | 5,713 |
| Victims of Juvenile Crime | 3,454 | 3,462 | 3,434 | 3,434 | 3,434 | 3,434 | 3,434 |
| Weed and Seed Program | 3,677 | 3,185 | 3,168 | 3,168 | 3,168 | 3,168 | 3,168 |
| Intermediate Punishment Programs..... | 3,430 | 3,430 | 3,355 | 3,355 | 3,355 | 3,355 | 3,355 |
| Intermediate Punishment Drug and Alcohol Treatment..... | 15,825 | 17,900 | 17,805 | 17,805 | 17,805 | 17,805 | 17,805 |
| Violence Reduction Partnership | 250 | 0 | 0 | 0 | 0 | 0 | 0 |
| Drug Education and Law Enforcement..... | 2,791 | 2,791 | 2,118 | 2,118 | 2,118 | 2,118 | 2,118 |
| Research-Based Violence Prevention..... | 4,790 | 4,790 | 4,790 | 4,790 | 4,790 | 4,790 | 4,790 |
| Mentoring Children of Incarcerated Parents | 0 | 0 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Police on Patrol | 0 | 10,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| TOTAL GENERAL FUND | \$ 44,008 | \$ 55,876 | \$ 67,321 | \$ 67,321 | \$ 67,321 | \$ 67,321 | \$ 67,321 |

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, 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 2007-08, 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, education and specialized projects such as the provision of liability insurance and financial support for necessary equipment 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 and Mercyhurst College, provides the support to enable probation officers to receive Master of Science Degrees in the Administration of Justice. By the end of 2008-09, 543 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 2008-09.

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) increased from 5,381 in 2005 to 5,743 in 2006. The arrest rate per 100,000 juveniles increased from 390 in 2005 to 418 in 2006.

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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Children referred to court..... | 43,939 | 44,000 | 44,000 | 44,000 | 44,000 | 44,000 | 44,000 |
| Commitments as a percentage of referrals | 9.6% | 9.6% | 9.6% | 9.6% | 9.6% | 9.6% | 10% |
| Children arrested for violent crime..... | 5,134 | 5,400 | 5,400 | 5,400 | 5,400 | 5,400 | 5,400 |
| Juvenile cases closed that received probation supervision or other services..... | 17,576 | 17,600 | 17,600 | 17,600 | 17,600 | 17,600 | 17,600 |
| Percentage employed or engaged in an educational/vocational activity at case closing..... | 80.6% | 80.6% | 80.6% | 80.6% | 80.6% | 80.6% | 80.6% |
| Juvenile offenders who completed supervision without a new offense resulting in a consent decree, adjudication of delinquency or conviction..... | 15,257 | 15,300 | 15,300 | 15,300 | 15,300 | 15,300 | 15,300 |

Program: Reintegration of Juvenile Delinquents (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | |
|---------|--|-----------|---------------------------|
| | GENERAL FUND: | | Safe Neighborhoods |
| \$ 144 | Juvenile Court Judges Commission —to continue current program. | \$ -2,950 | —nonrecurring projects. |
| \$ -250 | Violence Reduction —nonrecurring projects. | | |

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Juvenile Court Judges Commission | \$ 2,243 | \$ 2,400 | \$ 2,544 | \$ 2,544 | \$ 2,544 | \$ 2,544 | \$ 2,544 |
| Violence Reduction..... | 1,150 | 250 | 0 | 0 | 0 | 0 | 0 |
| Improvement of Juvenile Probation Services | 5,918 | 5,918 | 5,918 | 5,918 | 5,918 | 5,918 | 5,918 |
| Specialized Probation Services..... | 13,793 | 13,793 | 13,793 | 13,793 | 13,793 | 13,793 | 13,793 |
| Safe Neighborhoods..... | 11,525 | 2,950 | 0 | 0 | 0 | 0 | 0 |
| TOTAL GENERAL FUND | \$ 34,629 | \$ 25,311 | \$ 22,255 | \$ 22,255 | \$ 22,255 | \$ 22,255 | \$ 22,255 |



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.

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| EXECUTIVE DIRECTION | | | | | | | |
| GENERAL FUND..... | \$ 1,388 | \$ 1,523 | \$ 1,614 | \$ 1,614 | \$ 1,614 | \$ 1,614 | \$ 1,614 |
| 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..... | \$ 1,388 | \$ 1,523 | \$ 1,614 | \$ 1,614 | \$ 1,614 | \$ 1,614 | \$ 1,614 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 1,388 | \$ 1,523 | \$ 1,614 | \$ 1,614 | \$ 1,614 | \$ 1,614 | \$ 1,614 |
| 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..... | \$ 1,388 | \$ 1,523 | \$ 1,614 | \$ 1,614 | \$ 1,614 | \$ 1,614 | \$ 1,614 |

Lieutenant Governor

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)

\$ 86 **Lieutenant Governor**
—to continue current program.

\$ 5 **Board of Pardons**
—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-----------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Lieutenant Governor's Office..... | \$ 982 | \$ 1,069 | \$ 1,155 | \$ 1,155 | \$ 1,155 | \$ 1,155 | \$ 1,155 |
| Board of Pardons..... | 406 | 454 | 459 | 459 | 459 | 459 | 459 |
| TOTAL GENERAL FUND | \$ 1,388 | \$ 1,523 | \$ 1,614 | \$ 1,614 | \$ 1,614 | \$ 1,614 | \$ 1,614 |



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 the 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)

| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
|--|-------------------|----------------------|-------------------|
|--|-------------------|----------------------|-------------------|

GENERAL FUND:

General Government:

| | | | |
|--|------------------|------------------|------------------|
| General Government Operations..... | \$ 42,606 | \$ 44,958 | \$ 45,857 |
| (F)Medicaid Fraud..... | 3,607 | 4,371 | 4,415 |
| (F)MAGLOCLEN..... | 7,461 | 8,462 | 9,344 |
| (A)Legal Fees Reimbursement..... | 25 | 10 | 10 |
| (A)Medicaid Fraud Reimbursements..... | 6 | 4 | 5 |
| (A)Collections - Legal..... | 87 | 0 | 0 |
| (A)Investigative Costs Reimbursements..... | 64 | 50 | 56 |
| (A)Environmental Crimes Investigative Costs..... | 5 | 48 | 10 |
| (A)Public Protection Law Enforcement..... | 0 | 3,000 | 3,000 |
| (A)Continuing Legal Education..... | 1 | 5 | 5 |
| (A)Seized/Forfeited Property - U.S. Department of Justice..... | 0 | 492 | 0 |
| Subtotal..... | \$ 53,862 | \$ 61,400 | \$ 62,702 |

| | | | |
|-------------------------------------|-------|-------|-------|
| (R)Office of Consumer Advocate..... | 4,899 | 5,069 | 5,205 |
|-------------------------------------|-------|-------|-------|

| | | | |
|-----------------------------------|--------------|----------|----------|
| Computer Enhancements..... | 1,000 | 0 | 0 |
|-----------------------------------|--------------|----------|----------|

| | | | |
|--|------------------|------------------|------------------|
| Drug Law Enforcement..... | 25,532 | 26,043 | 26,564 |
| (F)High Intensity Drug Trafficking Areas..... | 3,318 | 3,348 | 3,375 |
| (F)Methamphetamine Control..... | 124 | 124 | 0 |
| (A)Seized/Forfeited Property - State Court Awarded..... | 0 | 749 | 500 |
| (A)Seized/Forfeited Property - U.S. Department of Justice..... | 0 | 0 | 375 |
| (A)Seized/Forfeited Property-Homeland Security..... | 0 | 0 | 625 |
| (A)Recovery of Narcotics Investigation Overtime Costs..... | 85 | 50 | 50 |
| Subtotal..... | \$ 29,059 | \$ 30,314 | \$ 31,489 |

| | | | |
|---|---------------|---------------|---------------|
| Local Drug Task Forces..... | 10,534 | 10,745 | 10,856 |
| Drug Strike Task Force..... | 1,908 | 2,215 | 2,259 |
| Joint Local-State Firearm Task Force..... | 5,000 | 5,000 | 5,000 |
| Witness Relocation Program..... | 437 | 437 | 437 |
| Gun Violence Reduction Witness Relocation..... | 563 | 563 | 563 |
| Child Predator Unit..... | 921 | 1,439 | 1,468 |
| Capital Appeals Case Unit..... | 612 | 624 | 656 |
| Charitable Nonprofit Conversions..... | 949 | 968 | 1,057 |
| Tobacco Law Enforcement..... | 680 | 694 | 795 |
| (A)Public Protection Law Enforcement..... | 0 | 57 | 0 |

| | | | |
|-----------------------------|-----------|-----------|-----------|
| Subtotal - State Funds..... | \$ 90,742 | \$ 93,686 | \$ 95,512 |
|-----------------------------|-----------|-----------|-----------|

| | | | |
|-------------------------------|--------|--------|--------|
| Subtotal - Federal Funds..... | 14,510 | 16,305 | 17,134 |
|-------------------------------|--------|--------|--------|

| | | | |
|-------------------------------|-----|-------|-------|
| Subtotal - Augmentations..... | 273 | 4,465 | 4,636 |
|-------------------------------|-----|-------|-------|

| | | | |
|-------------------------------------|-------|-------|-------|
| Subtotal - Restricted Revenues..... | 4,899 | 5,069 | 5,205 |
|-------------------------------------|-------|-------|-------|

| | | | |
|---------------------------------|-------------------|-------------------|-------------------|
| Total - General Government..... | \$ 110,424 | \$ 119,525 | \$ 122,487 |
|---------------------------------|-------------------|-------------------|-------------------|

Grants and Subsidies:

| | | | |
|--|---------------|---------------|---------------|
| County Trial Reimbursement..... | \$ 150 | \$ 150 | \$ 150 |
| Full Time District Attorney County Reimbursement..... | 5,063 | 0 | 0 |
| (R)Reimbursement to Counties - Full Time District Attorneys..... | 0 | 1,008 | 6,406 |

| | | | |
|-----------------------------|----------|--------|--------|
| Subtotal - State Funds..... | \$ 5,213 | \$ 150 | \$ 150 |
|-----------------------------|----------|--------|--------|

| | | | |
|-------------------------------------|---|-------|-------|
| Subtotal - Restricted Revenues..... | 0 | 1,008 | 6,406 |
|-------------------------------------|---|-------|-------|

| | | | |
|-----------------------------------|-----------------|-----------------|-----------------|
| Total - Grants and Subsidies..... | \$ 5,213 | \$ 1,158 | \$ 6,556 |
|-----------------------------------|-----------------|-----------------|-----------------|

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|----------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| STATE FUNDS..... | \$ 95,955 | \$ 93,836 | \$ 95,662 |
| FEDERAL FUNDS..... | 14,510 | 16,305 | 17,134 |
| AUGMENTATIONS..... | 273 | 4,465 | 4,636 |
| RESTRICTED REVENUES..... | 4,899 | 6,077 | 11,611 |
| GENERAL FUND TOTAL..... | \$ 115,637 | \$ 120,683 | \$ 129,043 |
| OTHER FUNDS: | | | |
| GENERAL FUND: | | | |
| Seized/Forfeited Property - State Court Awarded..... | \$ 1,658 | \$ 2,756 | \$ 2,603 |
| Seized/Forfeited Property - U.S. Department of Justice..... | 13 | 150 | 805 |
| Seized/Forfeited Property - PSP-OAG Agreement..... | 1,255 | 800 | 1,300 |
| OAG Investigative Funds - Outside Sources..... | 3,836 | 4,347 | 4,430 |
| Seized/Forfeited Property - U.S. Treasury Department..... | 28 | 25 | 135 |
| Public Protection Law Enforcement..... | 1,466 | 3,340 | 3,535 |
| Coroner's Education Board..... | 0 | 33 | 33 |
| Community Drug Abuse Prevention Program..... | 90 | 224 | 330 |
| Seized / Forfeited Property- US Dept of Homeland Security..... | 0 | 530 | 695 |
| GENERAL FUND TOTAL..... | \$ 8,346 | \$ 12,205 | \$ 13,866 |
| STATE GAMING FUND: | | | |
| (R) Gaming Enforcement..... | \$ 0 | \$ 799 | \$ 942 |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 95,955 | \$ 93,836 | \$ 95,662 |
| SPECIAL FUNDS..... | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 14,510 | 16,305 | 17,134 |
| AUGMENTATIONS..... | 273 | 4,465 | 4,636 |
| RESTRICTED..... | 4,899 | 6,077 | 11,611 |
| OTHER FUNDS..... | 8,346 | 13,004 | 14,808 |
| TOTAL ALL FUNDS..... | \$ 123,983 | \$ 133,687 | \$ 143,851 |

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| PUBLIC PROTECTION AND LAW ENFORCEMENT | | | | | | | |
| GENERAL FUND..... | \$ 95,955 | \$ 93,836 | \$ 95,662 | \$ 95,662 | \$ 95,662 | \$ 95,662 | \$ 95,662 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 14,510 | 16,305 | 17,134 | 17,134 | 17,134 | 17,134 | 17,134 |
| OTHER FUNDS..... | 13,518 | 23,546 | 31,055 | 31,280 | 31,512 | 31,752 | 32,467 |
| SUBCATEGORY TOTAL..... | \$ 123,983 | \$ 133,687 | \$ 143,851 | \$ 144,076 | \$ 144,308 | \$ 144,548 | \$ 145,263 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 95,955 | \$ 93,836 | \$ 95,662 | \$ 95,662 | \$ 95,662 | \$ 95,662 | \$ 95,662 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 14,510 | 16,305 | 17,134 | 17,134 | 17,134 | 17,134 | 17,134 |
| OTHER FUNDS..... | 13,518 | 23,546 | 31,055 | 31,280 | 31,512 | 31,752 | 32,467 |
| DEPARTMENT TOTAL..... | \$ 123,983 | \$ 133,687 | \$ 143,851 | \$ 144,076 | \$ 144,308 | \$ 144,548 | \$ 145,263 |

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 utilizes 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.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Cases presented to the Statewide Investigating Grand Jury..... | 107 | 50 | 50 | 50 | 50 | 50 | 50 |
| Local drug task force arrests | 6,260 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 | 5,500 |
| Drug arrests resulting from Grand Jury presentments | 194 | 185 | 185 | 185 | 185 | 185 | 185 |
| Review of estates, charities, nonprofits and healthcare conversions for compliance with rules and regulations..... | 2,382 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 |
| Consumer complaints concerning business practices investigated and mediated | 42,437 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| Dollar value of recoupment to consumers regarding business practices (in thousands)..... | \$6,815 | \$6,000 | \$6,000 | \$6,000 | \$6,000 | \$6,000 | \$6,000 |
| Consumer complaints concerning business practices - healthcare industry..... | 2,148 | 2,150 | 2,150 | 2,150 | 2,150 | 2,150 | 2,150 |

Cases presented to the Statewide Investigation Grand Jury increased in 2006-07 as a result of the Office of the Attorney General empanelling three new grand juries located in Pittsburgh, Harrisburg, and Norristown.

Program: Public Protection and Law Enforcement (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | |
|---------------------|---|-------------------------------|--|
| GENERAL FUND | | | |
| | General Government Operations | | This budget also recommends the following for the Office of the Consumer Advocate and Reimbursement to Counties - Full Time District Attorneys from their restricted accounts in the General Fund. |
| \$ | 899 | —to continue current program. | |
| | Drug Law Enforcement | | |
| \$ | 521 | —to continue current program. | \$ 136 |
| | Local Drug Task Forces | | Office of the Consumer Advocate |
| \$ | 111 | —to continue current program. | —to continue current program. |
| | Drug Strike Task Force | | Reimbursement to Counties - Full Time District Attorneys |
| \$ | 44 | —to continue current program. | \$ 5,398 |
| | Child Predator Unit | | —to continue current program. |
| \$ | 29 | —to continue current program. | |
| | Capital Appeals Case Unit | | |
| \$ | 32 | —to continue current program. | |
| | Charitable Nonprofit Conversions | | |
| \$ | 89 | —to continue current program. | |
| | Tobacco Law Enforcement | | |
| \$ | 101 | —to continue current program. | |

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 42,606 | \$ 44,958 | \$ 45,857 | \$ 45,857 | \$ 45,857 | \$ 45,857 | \$ 45,857 |
| Computer Enhancements..... | 1,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Drug Law Enforcement..... | 25,532 | 26,043 | 26,564 | 26,564 | 26,564 | 26,564 | 26,564 |
| Local Drug Task Forces..... | 10,534 | 10,745 | 10,856 | 10,856 | 10,856 | 10,856 | 10,856 |
| Drug Strike Task Force..... | 1,908 | 2,215 | 2,259 | 2,259 | 2,259 | 2,259 | 2,259 |
| 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 |
| Gun Violence Reduction Witness Relocation..... | 563 | 563 | 563 | 563 | 563 | 563 | 563 |
| Child Predator Unit | 921 | 1,439 | 1,468 | 1,468 | 1,468 | 1,468 | 1,468 |
| Capital Appeals Case Unit..... | 612 | 624 | 656 | 656 | 656 | 656 | 656 |
| Charitable Nonprofit Conversions..... | 949 | 968 | 1,057 | 1,057 | 1,057 | 1,057 | 1,057 |
| Tobacco Law Enforcement | 680 | 694 | 795 | 795 | 795 | 795 | 795 |
| County Trial Reimbursement..... | 150 | 150 | 150 | 150 | 150 | 150 | 150 |
| Full Time District Attorney County Reimbursement | 5,063 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL GENERAL FUND | \$ 95,955 | \$ 93,836 | \$ 95,662 | \$ 95,662 | \$ 95,662 | \$ 95,662 | \$ 95,662 |



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 insure 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 insure that all money due the commonwealth was reported and transmitted properly.

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|--------------------------|--------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| <u>GENERAL FUND:</u> | | | |
| <i>General Government:</i> | | | |
| Auditor General's Office..... | \$ 50,059 | \$ 51,560 | \$ 52,756 |
| (A) Reimbursement Auditing Services..... | 10,135 | 9,800 | 11,185 |
| Subtotal..... | <u>\$ 60,194</u> | <u>\$ 61,360</u> | <u>\$ 63,941</u> |
| Board of Claims..... | <u>1,920</u> | <u>1,958</u> | <u>2,077</u> |
| Computer Enhancements..... | <u>1,800</u> | <u>500</u> | <u>0</u> |
| Subtotal..... | <u>\$ 1,800</u> | <u>\$ 500</u> | <u>\$ 0</u> |
| Subtotal - State Funds..... | \$ 53,779 | \$ 54,018 | \$ 54,833 |
| Subtotal - Augmentations..... | 10,135 | 9,800 | 11,185 |
| Total - General Government..... | <u>\$ 63,914</u> | <u>\$ 63,818</u> | <u>\$ 66,018</u> |
| STATE FUNDS..... | \$ 53,779 | \$ 54,018 | \$ 54,833 |
| AUGMENTATIONS..... | 10,135 | 9,800 | 11,185 |
| GENERAL FUND TOTAL..... | <u>\$ 63,914</u> | <u>\$ 63,818</u> | <u>\$ 66,018</u> |
| <u>OTHER FUNDS:</u> | | | |
| MUNICIPAL PENSION AID FUND: | | | |
| Municipal Pension Aid..... | <u>\$ 208,740</u> | <u>\$ 220,000</u> | <u>\$ 220,000</u> |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 53,779 | \$ 54,018 | \$ 54,833 |
| SPECIAL FUNDS..... | 0 | 0 | 0 |
| AUGMENTATIONS..... | 10,135 | 9,800 | 11,185 |
| OTHER FUNDS..... | <u>208,740</u> | <u>220,000</u> | <u>220,000</u> |
| TOTAL ALL FUNDS..... | <u>\$ 272,654</u> | <u>\$ 283,818</u> | <u>\$ 286,018</u> |

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|----------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| AUDITING | | | | | | | |
| GENERAL FUND..... | \$ 53,779 | \$ 54,018 | \$ 54,833 | \$ 54,833 | \$ 54,833 | \$ 54,833 | \$ 54,833 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 10,135 | 9,800 | 11,185 | 11,185 | 11,185 | 11,185 | 11,185 |
| SUBCATEGORY TOTAL..... | \$ 63,914 | \$ 63,818 | \$ 66,018 | \$ 66,018 | \$ 66,018 | \$ 66,018 | \$ 66,018 |
| 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..... | 208,740 | 220,000 | 220,000 | 220,000 | 220,000 | 220,000 | 220,000 |
| SUBCATEGORY TOTAL..... | \$ 208,740 | \$ 220,000 | \$ 220,000 | \$ 220,000 | \$ 220,000 | \$ 220,000 | \$ 220,000 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 53,779 | \$ 54,018 | \$ 54,833 | \$ 54,833 | \$ 54,833 | \$ 54,833 | \$ 54,833 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 218,875 | 229,800 | 231,185 | 231,185 | 231,185 | 231,185 | 231,185 |
| DEPARTMENT TOTAL..... | \$ 272,654 | \$ 283,818 | \$ 286,018 | \$ 286,018 | \$ 286,018 | \$ 286,018 | \$ 286,018 |

PROGRAM OBJECTIVE: To insure 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, persons, associations and corporations to insure 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 (GAAP).

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 | | Board of Claims |
| | Auditor General's Office | \$ | 119 |
| \$ 1,031 | —to continue current program. | | —to continue current program. |
| 165 | —lease and moving costs related to the Philadelphia State Office Building cost containment initiative. | \$ | -500 |
| <u>1,196</u> | | | Computer Enhancements |
| \$ 1,196 | <i>Appropriation Increase</i> | | —nonrecurring program. |

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Auditor General's Office | \$ 50,059 | \$ 51,560 | \$ 52,756 | \$ 52,756 | \$ 52,756 | \$ 52,756 | \$ 52,756 |
| Board of Claims | 1,920 | 1,958 | 2,077 | 2,077 | 2,077 | 2,077 | 2,077 |
| Computer Enhancements | 1,800 | 500 | 0 | 0 | 0 | 0 | 0 |
| TOTAL GENERAL FUND | <u>\$ 53,779</u> | <u>\$ 54,018</u> | <u>\$ 54,833</u> | <u>\$ 54,833</u> | <u>\$ 54,833</u> | <u>\$ 54,833</u> | <u>\$ 54,833</u> |

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 (PERC) 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 from the Municipal Pension Aid Fund:
(Dollar Amounts in Thousands)

The appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|------------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| MUNICIPAL PENSION AID FUND: | | | | | | | |
| Municipal Pension Aid | \$ 208,740 | \$ 220,000 | \$ 220,000 | \$ 220,000 | \$ 220,000 | \$ 220,000 | \$ 220,000 |



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) | | |
|---|-------------------------------|----------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| GENERAL FUND: | | | |
| General Government: | | | |
| State Treasurer's Office..... | \$ 24,976 | \$ 25,476 | \$ 26,024 |
| (A)Expenses - Unemployment Compensation..... | 4,125 | 5,755 | 4,713 |
| (A)Administrative Services..... | 1,720 | 2,400 | 1,965 |
| Escheats Administration..... | 15,455 | 15,764 | 16,116 |
| (A)Unclaimed Property Reference Fees..... | 5 | 61 | 5 |
| Computer Integration Program..... | 1,000 | 500 | 0 |
| Information Technology Modernization..... | 0 | 0 | 2,000 |
| Board of Finance and Revenue..... | 2,309 | 2,355 | 2,402 |
| Tuition Account Program Advertising..... | 2,000 | 2,500 | 1,000 |
| Intergovernmental Organizations..... | 1,031 | 1,049 | 1,127 |
| Publishing Monthly Statements..... | 25 | 25 | 25 |
| Replacement Checks (EA)..... | 3,000 | 3,500 | 4,000 |
| Subtotal - State Funds..... | \$ 49,796 | \$ 51,169 | \$ 52,694 |
| Subtotal - Augmentations..... | 5,850 | 8,216 | 6,683 |
| Total - General Government..... | \$ 55,646 | \$ 59,385 | \$ 59,377 |
| Grants and Subsidies: | | | |
| Law Enforcement & Emergency Response Personnel Death Benefit..... | \$ 1,600 | \$ 1,600 | \$ 1,500 |
| Debt Service: | | | |
| Loan and Transfer Agents..... | \$ 12 | \$ 75 | \$ 75 |
| General Obligation Debt Service..... | 848,592 | 870,561 | 904,510 |
| (A)Student Community Building Fees..... | 100 | 30 | 20 |
| Subtotal - State Funds..... | \$ 848,604 | \$ 870,636 | \$ 904,585 |
| Subtotal - Augmentations..... | 100 | 30 | 20 |
| Total - Debt Service..... | \$ 848,704 | \$ 870,666 | \$ 904,605 |
| STATE FUNDS..... | \$ 900,000 | \$ 923,405 | \$ 958,779 |
| AUGMENTATIONS..... | 5,950 | 8,246 | 6,703 |
| GENERAL FUND TOTAL..... | \$ 905,950 | \$ 931,651 | \$ 965,482 |
| MOTOR LICENSE FUND: | | | |
| General Government: | | | |
| Administration Refunding Liquid Fuels Tax..... | \$ 455 | \$ 455 | \$ 470 |
| Replacement Checks - Motor License Fund (EA)..... | 114 | 100 | 150 |
| Total - General Government..... | \$ 569 | \$ 555 | \$ 620 |
| Refunds: | | | |
| Refunding Liquid Fuels Tax - Agriculture..... | \$ 4,000 | \$ 4,300 | \$ 4,300 |
| Refunding Liquid Fuels Tax - State Share..... | 350 | 500 | 1,000 |
| Refunding Liquid Fuels Tax - Political Subdivisions..... | 3,200 | 3,200 | 3,200 |
| Refunding Liquid Fuels Tax - Volunteer Services..... | 400 | 400 | 400 |
| Refunding Liquid Fuels Tax-Snowmobiles & ATV's..... | 1,000 | 1,000 | 1,000 |
| Refunding Marine Liquid Fuels Tax - Boat Fund..... | 2,800 | 2,800 | 2,800 |
| Total - Refunds..... | \$ 11,750 | \$ 12,200 | \$ 12,700 |
| Debt Service: | | | |
| Capital Debt Transportation Projects..... | \$ 11,422 | \$ 12,546 | \$ 12,099 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|----------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| General Obligation Debt Service | 11,372 | 11,679 | 11,713 |
| (R)Capital Bridge Debt (EA)..... | 19,068 | 17,960 | 15,850 |
| Loan and Transfer Agent | 0 | 50 | 50 |
| Subtotal - State Funds..... | \$ 22,794 | \$ 24,275 | \$ 23,862 |
| Subtotal - Restricted Revenues..... | 19,068 | 17,960 | 15,850 |
| Total - Debt Service..... | \$ 41,862 | \$ 42,235 | \$ 39,712 |
| STATE FUNDS..... | \$ 35,113 | \$ 37,030 | \$ 37,182 |
| RESTRICTED REVENUES..... | 19,068 | 17,960 | 15,850 |
| MOTOR LICENSE FUND TOTAL | \$ 54,181 | \$ 54,990 | \$ 53,032 |
| <u>BANKING DEPARTMENT FUND:</u> | | | |
| <i>General Government:</i> | | | |
| Replacement Checks-Banking Department Fund (EA)..... | \$ 0 | \$ 5 | \$ 5 |
| <u>BOAT FUND:</u> | | | |
| <i>General Government:</i> | | | |
| Replacement Checks-Boat Fund (EA)..... | \$ 0 | \$ 5 | \$ 5 |
| <u>ENVIRONMENTAL STEWARDSHIP FUND:</u> | | | |
| <i>Debt Service:</i> | | | |
| Debt Service for Growing Greener (EA)..... | \$ 0 | \$ 26,987 | \$ 29,294 |
| <u>FARM PRODUCTS SHOW FUND:</u> | | | |
| <i>General Government:</i> | | | |
| Replacement Checks-Farm Products Show Fund (EA)..... | \$ 0 | \$ 5 | \$ 5 |
| <u>FISH FUND:</u> | | | |
| <i>General Government:</i> | | | |
| Replacement Checks-Fish Fund (EA)..... | \$ 0 | \$ 5 | \$ 5 |
| <u>GAME FUND:</u> | | | |
| <i>General Government:</i> | | | |
| Replacement Checks-Game Fund (EA)..... | \$ 1 | \$ 5 | \$ 5 |
| <u>KEYSTONE RECREATION, PARK AND CONSERVATION FUND:</u> | | | |
| <i>General Government:</i> | | | |
| Replacement Checks-Keystone Recreation,Park, Consv Fund (EA)..... | \$ 0 | \$ 5 | \$ 5 |
| <u>LOTTERY FUND:</u> | | | |
| <i>General Government:</i> | | | |
| Replacement Checks-Lottery Fund (EA)..... | \$ 24 | \$ 50 | \$ 50 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|---------------------------|---------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| <u>RACING FUND:</u> | | | |
| <i>General Government:</i> | | | |
| Replacement Checks-Racing Fund (EA)..... | \$ 3 | \$ 10 | \$ 10 |
| | <hr/> | <hr/> | <hr/> |
| <u>TOBACCO SETTLEMENT FUND:</u> | | | |
| <i>General Government:</i> | | | |
| Replacement Checks - Tobacco Settlement Fund (EA)..... | \$ 0 | \$ 5 | \$ 5 |
| | <hr/> | <hr/> | <hr/> |
| <u>OTHER FUNDS:</u> | | | |
| TUITION ACCOUNT GUARANTEED SAVINGS PROGRAM FUND: | | | |
| Tuition Account Program Bureau..... | \$ 1,546 | \$ 1,648 | \$ 3,701 |
| (A)Application Fees..... | 365 | 436 | 455 |
| TUITION ACCOUNT GUARANTEED SAVINGS PROGRAM FUND TOTAL..... | <hr/> \$ 1,911 | <hr/> \$ 2,084 | <hr/> \$ 4,156 |
| | | | |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 900,000 | \$ 923,405 | \$ 958,779 |
| SPECIAL FUNDS..... | 35,141 | 64,112 | 66,571 |
| AUGMENTATIONS..... | 5,950 | 8,246 | 6,703 |
| RESTRICTED..... | 19,068 | 17,960 | 15,850 |
| OTHER FUNDS..... | 1,911 | 2,084 | 4,156 |
| TOTAL ALL FUNDS..... | <hr/> \$ 962,070 | <hr/> \$ 1,015,807 | <hr/> \$ 1,052,059 |

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------|-------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| DISBURSEMENT | | | | | | | |
| GENERAL FUND..... | \$ 50,340 | \$ 51,695 | \$ 53,042 | \$ 51,042 | \$ 51,042 | \$ 51,042 | \$ 51,042 |
| SPECIAL FUNDS..... | 12,347 | 12,850 | 13,415 | 13,415 | 13,415 | 13,415 | 13,415 |
| FEDERAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 7,761 | 10,300 | 10,839 | 10,839 | 10,839 | 10,839 | 10,839 |
| SUBCATEGORY TOTAL..... | \$ 70,448 | \$ 74,845 | \$ 77,296 | \$ 75,296 | \$ 75,296 | \$ 75,296 | \$ 75,296 |
| INTERSTATE RELATIONS | | | | | | | |
| GENERAL FUND..... | \$ 1,031 | \$ 1,049 | \$ 1,127 | \$ 1,127 | \$ 1,127 | \$ 1,127 | \$ 1,127 |
| 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..... | \$ 1,031 | \$ 1,049 | \$ 1,127 | \$ 1,127 | \$ 1,127 | \$ 1,127 | \$ 1,127 |
| DEBT SERVICE | | | | | | | |
| GENERAL FUND..... | \$ 848,629 | \$ 870,661 | \$ 904,610 | \$ 959,078 | \$ 1,046,033 | \$ 1,117,367 | \$ 1,136,574 |
| SPECIAL FUNDS..... | 22,794 | 51,262 | 53,156 | 56,666 | 63,877 | 69,918 | 63,641 |
| FEDERAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 19,168 | 17,990 | 15,870 | 25,530 | 40,978 | 55,226 | 69,752 |
| SUBCATEGORY TOTAL..... | \$ 890,591 | \$ 939,913 | \$ 973,636 | \$ 1,041,274 | \$ 1,150,888 | \$ 1,242,511 | \$ 1,269,967 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 900,000 | \$ 923,405 | \$ 958,779 | \$ 1,011,247 | \$ 1,098,202 | \$ 1,169,536 | \$ 1,188,743 |
| SPECIAL FUNDS..... | 35,141 | 64,112 | 66,571 | 70,081 | 77,292 | 83,333 | 77,056 |
| FEDERAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 26,929 | 28,290 | 26,709 | 36,369 | 51,817 | 66,065 | 80,591 |
| DEPARTMENT TOTAL..... | \$ 962,070 | \$ 1,015,807 | \$ 1,052,059 | \$ 1,117,697 | \$ 1,227,311 | \$ 1,318,934 | \$ 1,346,390 |

PROGRAM OBJECTIVE: To receive and safeguard the monies of the commonwealth, to manage the funds to the best advantage of the commonwealth and to insure 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 which accumulate beyond the daily needs of the various funds; to manage to the best possible advantage all securities in its custody; to preaudit 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 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 preauditing, 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 firemen 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 firemen or law enforcement officers.

The Treasury Department administers the Tuition Account Program that 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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|-------------------|-------------------|-------------------|----------------|----------------|----------------|----------------|
| Disbursements issued: | | | | | | | |
| Disbursements — checks | 4,515,966 | 3,948,606 | 3,869,600 | N/A | N/A | N/A | N/A |
| Disbursements — wires | 6,694,219 | 6,403,286 | 6,482,300 | N/A | N/A | N/A | N/A |
| Interest earned on investments: | | | | | | | |
| General Fund (in thousands) | \$ 268,081 | \$ 148,110 | \$ 150,620 | N/A | N/A | N/A | N/A |
| Motor License Fund (in thousands) | 110,480 | 84,311 | 96,809 | N/A | N/A | N/A | N/A |
| TOTAL..... | \$ 378,561 | \$ 232,421 | \$ 247,429 | 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 | \$ | -1,500 |
| \$ 510 | —to continue current program. | | |
| 38 | —lease and moving costs related to the Philadelphia State Office Building cost containment initiative. | \$ | 500 |
| <u>548</u> | <i>Appropriation Increase</i> | | |
| | Escheats Administration | \$ | -100 |
| \$ 315 | —to continue current program. | | |
| 37 | —lease and moving costs related to the Philadelphia State Office Building cost containment initiative. | | |
| <u>352</u> | <i>Appropriation Increase</i> | \$ | 15 |
| | Computer Integration Program | | |
| \$ -500 | —nonrecurring computer integration costs. | \$ | 50 |
| | Information Technology Modernization | | |
| \$ 2,000 | —upgrade information technology and streamline processes. | \$ | 500 |
| | Board of Finance and Revenue | | |
| \$ 47 | —to continue current program. | | |
| | | | Tuition Account Program Advertising |
| | | | —program cost supportable by special funds. |
| | | | Replacement Checks (EA) |
| | | | —based on projected funding requirements. |
| | | | Law Enforcement & Emergency Response Personnel Death Benefit |
| | | | —based on latest estimates. |
| | | | MOTOR LICENSE FUND |
| | | | Administration Refunding Liquid Fuels Tax |
| | | | —to continue current program. |
| | | | Replacement Checks - Motor License Fund (EA) |
| | | | —based on most recent projection of program requirements. |
| | | | Refunding Liquid Fuels Tax - State Share |
| | | | —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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| State Treasurer's Office..... | \$ 24,976 | \$ 25,476 | \$ 26,024 | \$ 26,024 | \$ 26,024 | \$ 26,024 | \$ 26,024 |
| Escheats Administration | 15,455 | 15,764 | 16,116 | 16,116 | 16,116 | 16,116 | 16,116 |
| Computer Integration Program..... | 1,000 | 500 | 0 | 0 | 0 | 0 | 0 |
| Information Technology Modernization..... | 0 | 0 | 2,000 | 0 | 0 | 0 | 0 |
| Board of Finance and Revenue..... | 2,309 | 2,355 | 2,402 | 2,402 | 2,402 | 2,402 | 2,402 |
| Tuition Account Program Advertising..... | 2,000 | 2,500 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Replacement Checks (EA) | 3,000 | 3,500 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| Law Enforcement & Emergency Response Personnel Death Benefit..... | 1,600 | 1,600 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| TOTAL GENERAL FUND | <u>\$ 50,340</u> | <u>\$ 51,695</u> | <u>\$ 53,042</u> | <u>\$ 51,042</u> | <u>\$ 51,042</u> | <u>\$ 51,042</u> | <u>\$ 51,042</u> |
| MOTOR LICENSE FUND: | | | | | | | |
| Administration Refunding Liquid Fuels Tax | \$ 455 | \$ 455 | \$ 470 | \$ 470 | \$ 470 | \$ 470 | \$ 470 |
| Replacement Checks - Motor License Fund (EA) | 114 | 100 | 150 | 150 | 150 | 150 | 150 |
| Refunding Liquid Fuels Tax - Agriculture | 4,000 | 4,300 | 4,300 | 4,300 | 4,300 | 4,300 | 4,300 |
| Refunding Liquid Fuels Tax - State Share.. | 350 | 500 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Refunding Liquid Fuels Tax - Political Subdivisions..... | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 |
| Refunding Liquid Fuels Tax - Volunteer Services | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| Refunding Liquid Fuels Tax-Snowmobiles & ATV's | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Refunding Marine Liquid Fuels Tax - Boat Fund | 2,800 | 2,800 | 2,800 | 2,800 | 2,800 | 2,800 | 2,800 |
| TOTAL MOTOR LICENSE FUND..... | <u>\$ 12,319</u> | <u>\$ 12,755</u> | <u>\$ 13,320</u> | <u>\$ 13,320</u> | <u>\$ 13,320</u> | <u>\$ 13,320</u> | <u>\$ 13,320</u> |

Program: Disbursement (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| 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) | \$ 0 | \$ 5 | \$ 5 | \$ 5 | \$ 5 | \$ 5 | \$ 5 |
| 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) | \$ 0 | \$ 5 | \$ 5 | \$ 5 | \$ 5 | \$ 5 | \$ 5 |
| LOTTERY FUND: | | | | | | | |
| Replacement Checks-Lottery Fund (EA).... | \$ 24 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 |
| RACING FUND: | | | | | | | |
| Replacement Checks-Racing Fund (EA).... | \$ 3 | \$ 10 | \$ 10 | \$ 10 | \$ 10 | \$ 10 | \$ 10 |
| TOBACCO SETTLEMENT FUND: | | | | | | | |
| Replacement Checks - Tobacco Settlement Fund (EA) | \$ 0 | \$ 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 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)

\$ 78 **Intergovernmental Organizations**
—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---------------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Intergovernmental Organizations | \$ 1,031 | \$ 1,049 | \$ 1,127 | \$ 1,127 | \$ 1,127 | \$ 1,127 | \$ 1,127 |

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 which 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
 \$ 53,949 —the net effect on principal and interest requirements and other costs relating to General Fund debt service.

ENVIRONMENTAL STEWARDSHIP FUND
 \$ 2,307 —the net effect on principal and interest requirements and other costs relating to Environmental Stewardship Fund debt service.

MOTOR LICENSE FUND
 \$ -413 —the net effect on principal and interest requirements and other costs relating to Motor License Fund debt service.

This budget recommends \$1,810,000 in Motor License Funds to fund debt service for bridge construction as part of the Rebuilding Pennsylvania's Infrastructure Initiative.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Publishing Monthly Statements | \$ 25 | \$ 25 | \$ 25 | \$ 25 | \$ 25 | \$ 25 | \$ 25 |
| Loan and Transfer Agents | 12 | 75 | 75 | 75 | 75 | 75 | 75 |
| General Obligation Debt Service..... | 848,592 | 870,561 | 924,510 | 958,978 | 1,045,933 | 1,117,267 | 1,136,474 |
| TOTAL GENERAL FUND | \$ 848,629 | \$ 870,661 | \$ 924,610 | \$ 959,078 | \$ 1,046,033 | \$ 1,117,367 | \$ 1,136,574 |
| MOTOR LICENSE FUND: | | | | | | | |
| Capital Debt Transportation Projects..... | \$ 11,422 | \$ 12,546 | \$ 12,099 | \$ 11,634 | \$ 11,379 | \$ 10,510 | \$ 4,322 |
| General Obligation Debt Service..... | 11,372 | 11,679 | 11,713 | 11,713 | 11,055 | 11,055 | 10,973 |
| Loan and Transfer Agent | 0 | 50 | 50 | 50 | 50 | 50 | 50 |
| TOTAL MOTOR LICENSE FUND..... | \$ 22,794 | \$ 24,275 | \$ 23,862 | \$ 23,397 | \$ 22,484 | \$ 21,615 | \$ 15,345 |
| ENVIRONMENTAL STEWARDSHIP FUND: | | | | | | | |
| Debt Service for Growing Greener (EA) | \$ 0 | \$ 26,987 | \$ 29,294 | \$ 33,269 | \$ 41,393 | \$ 48,303 | \$ 48,296 |



DEPARTMENT OF AGING

The mission of the Department of Aging is to enhance the quality of life of older Pennsylvanians by empowering the community, the family and the individual.

The Department of Aging consolidates services for older Pennsylvanians and provides a single point of contact through which older Pennsylvanians can address their concerns to state government.

Statewide services are provided through the local Area Agencies on Aging. Services include long-term care assessment, home and community-based services, nutrition, employment, transportation, domiciliary care and protection. Additionally, the Department of Aging manages the pharmaceutical assistance program for older Pennsylvanians.

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|----------------------|----------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| GENERAL FUND: | | | |
| General Government: | | | |
| General Government Operations..... | \$ 7,350 | \$ 0 | \$ 0 |
| (F)Programs for the Aging - Title III - Administration..... | 1,817 | 0 | 0 |
| (F)Programs for the Aging - Title V - Administration..... | 173 | 0 | 0 |
| (F)Medical Assistance - Administration..... | 1,204 | 0 | 0 |
| (F)Pharmacy Education..... | 12,084 | 0 | 0 |
| (F)Public Health Emergency Preparedness - Bioterrorism (EA)..... | 98 | 0 | 0 |
| (A)Intergovernmental Transfer - Administration..... | 190 | 0 | 0 |
| (A)Day Care Licensure..... | 8 | 0 | 0 |
| Subtotal..... | <u>\$ 22,924</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Subtotal - State Funds..... | \$ 7,350 | \$ 0 | \$ 0 |
| Subtotal - Federal Funds..... | 15,376 | 0 | 0 |
| Subtotal - Augmentations..... | 198 | 0 | 0 |
| Total - General Government..... | <u>\$ 22,924</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Grants and Subsidies: | | | |
| Family Caregiver..... | \$ 11,750 | \$ 0 | \$ 0 |
| (F)Programs for the Aging - Title III - Family Caregiver..... | 10,000 | 0 | 0 |
| Subtotal..... | <u>\$ 21,750</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Legal Advocacy for Older Pennsylvanians..... | 600 | 0 | 0 |
| Alzheimer's Outreach..... | 250 | 250 | 250 |
| (F)Alzheimer's Demonstration Grant..... | 0 | 350 | 350 |
| Subtotal..... | <u>\$ 250</u> | <u>\$ 600</u> | <u>\$ 600</u> |
| Subtotal - State Funds..... | \$ 12,600 | \$ 250 | \$ 250 |
| Subtotal - Federal Funds..... | 10,000 | 350 | 350 |
| Total - Grants and Subsidies..... | <u>\$ 22,600</u> | <u>\$ 600</u> | <u>\$ 600</u> |
| STATE FUNDS..... | \$ 19,950 | \$ 250 | \$ 250 |
| FEDERAL FUNDS..... | 25,376 | 350 | 350 |
| AUGMENTATIONS..... | 198 | 0 | 0 |
| GENERAL FUND TOTAL..... | <u>\$ 45,524</u> | <u>\$ 600</u> | <u>\$ 600</u> |
| LOTTERY FUND: | | | |
| General Government: | | | |
| General Government Operations..... | \$ 0 | \$ 8,205 | \$ 8,708 |
| (F)Programs for the Aging - Title III - Administration..... | 0 | 1,817 | 1,817 |
| (F)Programs for the Aging - Title V - Administration..... | 0 | 173 | 173 |
| (F)Medical Assistance - Administration..... | 0 | 1,660 | 1,997 |
| (A)Intergovernmental Transfer - Administration..... | 0 | 190 | 0 |
| (A)Day Care Licensure..... | 0 | 8 | 8 |
| Subtotal..... | <u>\$ 0</u> | <u>\$ 12,053</u> | <u>\$ 12,703</u> |
| Auditor General's Audit Cost..... | 50 | 130 | 130 |
| Subtotal..... | <u>\$ 50</u> | <u>\$ 130</u> | <u>\$ 130</u> |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|---------------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| Subtotal - State Funds..... | \$ 50 | \$ 8,335 | \$ 8,838 |
| Subtotal - Federal Funds..... | 0 | 3,650 | 3,987 |
| Subtotal - Augmentations..... | 0 | 198 | 8 |
| Total - General Government..... | \$ 50 | \$ 12,183 | \$ 12,833 |
| Grants and Subsidies: | | | |
| PENNCARE..... | \$ 227,923 | \$ 242,937 | \$ 247,609 |
| (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 | 5,300 |
| (F)Programs for the Aging - Title VII - Elder Rights Protection..... | 4,700 | 4,700 | 4,700 |
| (F)Medical Assistance - Attendant Care..... | 8,256 | 11,993 | 15,192 |
| (F)Medical Assistance Support..... | 1,164 | 9,214 | 9,214 |
| (F)Performance Measures Outcome Project..... | 40 | 40 | 40 |
| (F)Medical Assistance Nursing Home Transition Administration..... | 700 | 700 | 700 |
| (F)Elder Mistreatment Research..... | 275 | 0 | 0 |
| (F)Evidence-Based Prevention for Older Adults..... | 300 | 300 | 0 |
| (F)Improving Legal Advocacy Services for Seniors..... | 0 | 100 ^a | 100 |
| (F)Long Term Housing Supports..... | 0 | 90 | 90 |
| (A)Intergovernmental Transfer - MA Support..... | 620 | 600 | 0 |
| Subtotal..... | \$ 311,278 | \$ 337,974 | \$ 344,945 |
| Pre-Admission Assessment..... | 7,678 | 10,293 | 11,657 |
| (F)Pre-Admission Assessment..... | 14,718 | 14,601 | 15,983 |
| (A)Intergovernmental Transfer..... | 0 | 0 | 618 |
| Subtotal..... | \$ 22,396 | \$ 24,894 | \$ 28,258 |
| Family Caregiver..... | 0 | 12,103 | 12,103 |
| (F)Programs for the Aging - Title III - Family Caregiver..... | 0 | 10,000 | 10,000 |
| Subtotal..... | \$ 0 | \$ 22,103 | \$ 22,103 |
| Pharmaceutical Assistance Fund..... | 204,000 | 278,400 | 313,000 |
| Grants to Senior Centers..... | 4,000 | 0 | 0 |
| Subtotal - State Funds..... | \$ 443,601 | \$ 543,733 | \$ 584,369 |
| Subtotal - Federal Funds..... | 97,453 | 119,038 | 123,319 |
| Subtotal - Augmentations..... | 620 | 600 | 618 |
| Total - Grants and Subsidies..... | \$ 541,674 | \$ 663,371 | \$ 708,306 |
| STATE FUNDS..... | \$ 443,651 | \$ 552,068 | \$ 593,207 |
| FEDERAL FUNDS..... | 97,453 | 122,688 | 127,306 |
| AUGMENTATIONS..... | 620 | 798 | 626 |
| LOTTERY FUND TOTAL..... | \$ 541,724 | \$ 675,554 | \$ 721,139 |
| TOBACCO SETTLEMENT FUND: | | | |
| Grants and Subsidies: | | | |
| Home and Community-Based Services (EA)..... | \$ 18,803 | \$ 21,293 | \$ 25,769 |
| (F)Medical Assistance - Community Services..... | 27,485 | 33,152 | 28,482 |
| (A)Intergovernmental Transfer - MA Support..... | 6,769 | 6,769 | 0 |
| Subtotal..... | \$ 53,057 | \$ 61,214 | \$ 54,251 |
| PACENET Transfer (EA)..... | 26,898 | 14,078^b | 14,875 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|--------------------------|--------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| Subtotal - State Funds..... | \$ 45,701 | \$ 35,371 | \$ 40,644 |
| Subtotal - Federal Funds..... | 27,485 | 33,152 | 28,482 |
| Subtotal - Augmentations..... | 6,769 | 6,769 | 0 |
| Total - Grants and Subsidies..... | <u>\$ 79,955</u> | <u>\$ 75,292</u> | <u>\$ 69,126</u> |
| STATE FUNDS..... | \$ 45,701 | \$ 35,371 | \$ 40,644 |
| FEDERAL FUNDS..... | 27,485 | 33,152 | 28,482 |
| AUGMENTATIONS..... | 6,769 | 6,769 | 0 |
| TOBACCO SETTLEMENT FUND TOTAL..... | <u>\$ 79,955</u> | <u>\$ 75,292</u> | <u>\$ 69,126</u> |
| OTHER FUNDS: | | | |
| PHARMACEUTICAL ASSISTANCE FUND: | | | |
| PACE Contracted Services (EA)..... | \$ 35,899 ^c | \$ 0 ^c | \$ 4,190 ^c |
| Medicare Part D Recovery (F)..... | 10,500 | 0 | 0 |
| Administration of PACE (EA)..... | 904 | 1,050 | 1,020 |
| PHARMACEUTICAL ASSISTANCE FUND TOTAL..... | <u>\$ 47,303</u> | <u>\$ 1,050</u> | <u>\$ 5,210</u> |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 19,950 | \$ 250 | \$ 250 |
| SPECIAL FUNDS..... | 489,352 | 587,439 | 633,851 |
| FEDERAL FUNDS..... | 150,314 | 156,190 | 156,138 |
| AUGMENTATIONS..... | 7,587 | 7,567 | 626 |
| OTHER FUNDS..... | 47,303 | 1,050 | 5,210 |
| TOTAL ALL FUNDS..... | <u>\$ 714,506</u> | <u>\$ 752,496</u> | <u>\$ 796,075</u> |

^a Includes recommended supplemental appropriation of \$100,000.

^b Executively authorized as \$28,155,000. Amount shown is net of proposed redirection to Department of Community and Economic Development for Biotechnology Commercialization and Health Venture Investment Account.

^c Transfer to Pharmaceutical Assistance Fund not added to the total to avoid double counting: 2006-07 Actual is \$204,000,000, 2007-08 Available is \$278,400,000, and 2008-09 Budget is \$313,000,000. PACENET Transfer (EA) also not added to the total to avoid double counting: 2006-07 Actual is \$26,898,000, 2007-08 Available is \$14,078,000, and 2008-09 Budget is \$14,875,000.

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| COMMUNITY SERVICES FOR OLDER PENNSYLVANIANS | | | | | | | |
| GENERAL FUND..... | \$ 19,950 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 |
| SPECIAL FUNDS..... | 258,454 | 294,961 | 305,976 | 314,039 | 314,632 | 315,238 | 315,857 |
| FEDERAL FUNDS..... | 150,314 | 156,190 | 156,138 | 157,522 | 158,077 | 158,747 | 159,432 |
| OTHER FUNDS..... | 7,587 | 7,567 | 626 | 8 | 8 | 8 | 8 |
| SUBCATEGORY TOTAL..... | \$ 436,305 | \$ 458,968 | \$ 462,990 | \$ 471,819 | \$ 472,967 | \$ 474,243 | \$ 475,547 |
| PHARMACEUTICAL ASSISTANCE | | | | | | | |
| GENERAL FUND..... | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| SPECIAL FUNDS..... | 230,898 | 292,478 | 327,875 | 348,360 | 367,703 | 389,052 | 412,410 |
| FEDERAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 47,303 | 1,050 | 5,210 | 2,083 | 2,432 | 2,757 | 3,296 |
| SUBCATEGORY TOTAL..... | \$ 278,201 | \$ 293,528 | \$ 333,085 | \$ 350,443 | \$ 370,135 | \$ 391,809 | \$ 415,706 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 19,950 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 |
| SPECIAL FUNDS..... | 489,352 | 587,439 | 633,851 | 662,399 | 682,335 | 704,290 | 728,267 |
| FEDERAL FUNDS..... | 150,314 | 156,190 | 156,138 | 157,522 | 158,077 | 158,747 | 159,432 |
| OTHER FUNDS..... | 54,890 | 8,617 | 5,836 | 2,091 | 2,440 | 2,765 | 3,304 |
| DEPARTMENT TOTAL..... | \$ 714,506 | \$ 752,496 | \$ 796,075 | \$ 822,262 | \$ 843,102 | \$ 866,052 | \$ 891,253 |

PROGRAM OBJECTIVE: To enable older Pennsylvanians to maintain active and independent lives in their own homes or alternative community living arrangements.

Program: Community Services for Older Pennsylvanians

The Department of Aging has established a network of in-home and community-based services addressing the varied needs of older Pennsylvanians. These programs enrich the lives of older Pennsylvanians and enable frail older Pennsylvanians to delay or avoid institutionalization. The 52 Area Agencies on Aging (AAA), serving all 67 counties, provide aging services at the local level.

Many older Pennsylvanians require only minimal outside support to function independently; therefore, a basic service of AAAs is to inform these people of available services. AAAs sponsor over 650 senior centers throughout the commonwealth that provide a full range of social, recreational and educational activities. Congregate meals, served by the centers at lunchtime, provide older Pennsylvanians with a hot, nutritionally balanced meal. Transportation services arranged by the agencies allow older Pennsylvanians to visit the doctor, shop or attend senior center events. Job placement services help older Pennsylvanians find unsubsidized private sector employment and offers job training and subsidized part-time community service employment.

Frail older Pennsylvanians require more extensive and personalized services to remain in their homes and communities and avoid relocating to an institutional setting such as a nursing home or personal care home. A nursing home pre-admission screening program helps older Pennsylvanians and their families determine the most clinically appropriate environment and assists them in securing and managing intensive in-home services tailored to their needs. The 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 homes. Counseling is also provided to assist consumers currently residing in nursing care facilities to transition to community services when their 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 needing the level of care available in institutional settings. Persons with higher income or assets share in the cost of services. This budget proposes to increase the availability of home and community-based care 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.

A variety of personal support services are available for the growing population of frail older Pennsylvanians. The most common service is home delivered meals for people unable to prepare adequate meals for themselves or participate in group dining at senior centers. Personal care and related services assist functionally limited persons with key activities of daily living such as eating, dressing and personal hygiene either in their own homes or in adult daily living centers. Home support services provide for performance of labor intensive, unskilled or semi-skilled maintenance, cleaning tasks or routine household chores. Protective services are provided to older Pennsylvanians who are at imminent risk of abuse, neglect, exploitation or abandonment. Services are designed to provide the least restrictive alternative to meet the client's need.

Attendant care services are maintained for disabled adults transitioning at age 60 from the Department of Public Welfare's Attendant Care Program. The enhanced level of personal care services is provided until health changes indicate a change in care level is appropriate.

The Department of Aging assists families who maintain frail relatives in their home through the Family Caregiver Support Program. Working through the AAAs, the program provides benefits counseling and, depending on income, financial assistance including supplies, services and home adaptations and devices.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Pennsylvanians 60 years and older..... | 2,483,200 | 2,483,246 | 2,515,777 | 2,548,735 | 2,582,125 | 2,615,950 | 2,650,220 |
| Pennsylvanians 85 years and older..... | 289,000 | 288,956 | 288,915 | 288,870 | 288,825 | 288,780 | 288,740 |
| Persons served in the community who are clinically nursing home eligible..... | 31,184 | 33,404 | 35,074 | 39,275 | 43,200 | 47,525 | 51,845 |
| Pre-Admission Assessment | | | | | | | |
| Assessments/Recertifications..... | 94,317 | 106,860 | 127,350 | 127,350 | 127,350 | 127,350 | 127,350 |
| Referrals to nursing homes | 32,446 | 32,833 | 35,645 | 35,645 | 35,645 | 35,645 | 35,645 |
| Referrals for community services | 38,064 | 39,517 | 42,905 | 42,905 | 42,905 | 42,905 | 42,905 |

Program: Community Services for Older Pennsylvanians (continued)

| Program Measures: (continued) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Persons receiving assistance | | | | | | | |
| Congregate meals | 167,124 | 165,000 | 165,000 | 165,000 | 165,000 | 165,000 | 165,000 |
| Personal assistance services | 1,762 | 2,096 | 2,096 | 2,100 | 2,100 | 2,100 | 2,100 |
| Attendant care services | 1,076 | 1,492 | 1,752 | 1,755 | 1,755 | 1,755 | 1,755 |
| Home delivered meals | 50,921 | 52,000 | 52,000 | 52,000 | 52,000 | 52,000 | 52,000 |
| Home support services | 8,095 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 |
| Personal care services | 15,857 | 15,411 | 14,965 | 14,965 | 14,965 | 14,965 | 14,965 |
| Protective services | 15,482 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| Families receiving caregiver support | 7,883 | 7,904 | 7,925 | 7,925 | 7,925 | 7,925 | 7,925 |

Persons receiving protective services decrease in 2007-08 due to nonrecurring program funding.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | |
|--|--|
| <p>LOTTERY FUND</p> <p>General Government Operations</p> <p>\$ 403 —to continue current program.</p> <p>100 —Initiative—Improving End of Life Services. To assess the opportunities for increasing the availability of hospice and palliative care services as part of Prescription for Pennsylvania.</p> <hr/> <p>\$ 503 <i>Appropriation Increase</i></p> <p>PENNCARE</p> <p>\$ 3,340 —to continue current Attendant Care services.</p> <p>3,591 —to provide Attendant Care services to an additional 260 recipients.</p> <p>-2,759 —nonrecurring projects.</p> <p>-2,540 —enhanced federal earnings.</p> <p>3,040 —to provide additional services to reduce reliance on institutional long-term care and promote growth of high quality home and community-based services.</p> <hr/> <p>\$ 4,672 <i>Appropriation Increase</i></p> | <p>Pre-Admission Assessment</p> <p>\$ 1,364 —to provide for additional assessments.</p> <p>TOBACCO SETTLEMENT FUND</p> <p>Home and Community-Based Services</p> <p>\$ 2,999 —to continue current home and community-based services and including nursing home transition activities.</p> <p>1,477 —to provide waiver services to an additional 2,100 recipients.</p> <hr/> <p>\$ 4,476 <i>Appropriation Increase</i></p> |
|--|--|

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 7,350 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Family Caregiver | 11,750 | 0 | 0 | 0 | 0 | 0 | 0 |
| Legal Advocacy for Older Pennsylvanians | 600 | 0 | 0 | 0 | 0 | 0 | 0 |
| Alzheimer's Outreach | 250 | 250 | 250 | 250 | 250 | 250 | 250 |
| TOTAL GENERAL FUND | \$ 19,950 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 |

Program: Community Services for Older Pennsylvanians (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| LOTTERY FUND: | | | | | | | |
| General Government Operations | \$ 0 | \$ 8,205 | \$ 8,708 | \$ 8,503 | \$ 8,503 | \$ 8,503 | \$ 8,503 |
| Auditor General's Audit Cost | 50 | 130 | 130 | 130 | 130 | 130 | 130 |
| PENNCARE..... | 227,923 | 242,937 | 247,609 | 255,037 | 255,037 | 255,037 | 255,037 |
| Pre-Admission Assessment..... | 7,678 | 10,293 | 11,657 | 11,657 | 11,657 | 11,657 | 11,657 |
| Family Caregiver | 0 | 12,103 | 12,103 | 12,103 | 12,103 | 12,103 | 12,103 |
| Grants to Senior Centers..... | 4,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL LOTTERY FUND..... | \$ 239,651 | \$ 273,668 | \$ 280,207 | \$ 287,430 | \$ 287,430 | \$ 287,430 | \$ 287,430 |
| TOBACCO SETTLEMENT FUND: | | | | | | | |
| Home and Community-Based Services (EA)..... | \$ 18,803 | \$ 21,293 | \$ 25,769 | \$ 26,609 | \$ 27,202 | \$ 27,808 | \$ 28,427 |

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 over and who face the burden of the cost of drugs required to maintain healthy, productive lives. The program, financed by Lottery and Tobacco Settlement Fund revenue and administered by the Department of Aging, is referred to as PACE.

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.

The Medicare Prescription Drug, Improvement and Modernization Act (MMA) of 2003 created a new outpatient drug benefit, Part D of Medicare. 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 into 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. PACE Plus Medicare 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 (\$28.45 in 2007 and \$26.59 in 2008). The benchmark premium payment is 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 PACE and PACENET 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. PACE cardholders pay a mandatory copayment of \$6 for generic and \$9 for brand-name prescriptions. PACENET cardholders pay a copayment of \$8 for generic and \$15 for brand-name prescriptions.

In accordance with Act 111 of 2006, participating pharmacies are reimbursed at 88 percent of the average wholesale costs 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. In addition, Act 134 of 1996 prohibits payment for cosmetic drugs and for less than effective drugs without certification by a physician.

The Department of Aging is responsible for insuring compliance with the PACE 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 PACE 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 manufacturers agree to pay an excessive pharmaceutical price inflation discount equivalent to the difference between the quarterly average manufacturers 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 of Aging serves as the administrative and fiscal agent for other commonwealth-sponsored drug reimbursement programs. Pharmaceutical claims for the Chronic Renal Disease Program, Cystic Fibrosis Program, Spina Bifida Program, Metabolic Conditions Program, including Maple Syrup Urine Disease and the Phenylketonuria Program (all within the Department of Health) and the Special Pharmaceutical Benefits Program (Department of Public Welfare) are processed through the

Program: Pharmaceutical Assistance (continued)

PACE/PACENET system. The program also adjudicates claims for the State Workers' Insurance Fund (Department of Labor and Industry). The program serves as the fiscal agent for the General Assistance Program, the Special

Pharmaceutical Assistance Program (Department of Public Welfare) and the Chronic Renal Disease Program (Department of Health) for the collection of rebates from pharmaceutical manufacturers.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Comprehensive PACE Program | | | | | | | |
| Older Pennsylvanians enrolled (unduplicated)..... | 219,350 | 201,780 | 183,625 | 178,150 | 172,800 | 167,600 | 162,600 |
| Total prescriptions per year | 7,705,695 | 7,027,147 | 6,394,706 | 6,203,640 | 6,018,000 | 5,836,440 | 5,663,040 |
| Average PACE cost per prescription | \$26.49 | \$25.12 | \$25.87 | \$26.65 | \$27.45 | \$28.27 | \$29.12 |
| PACE Needs Enhancement Tier (PACENET) | | | | | | | |
| Older Pennsylvanians enrolled (unduplicated)..... | 170,857 | 181,525 | 223,950 | 239,650 | 256,400 | 274,350 | 293,550 |
| Total prescriptions per year | 5,319,794 | 5,575,350 | 6,878,570 | 7,360,056 | 7,875,252 | 8,426,880 | 9,016,920 |
| Average PACENET cost per prescription ... | \$25.49 | \$26.54 | \$27.34 | \$28.16 | \$29.00 | \$29.87 | \$30.77 |

Older Pennsylvanians enrolled (unduplicated) for PACE and PACENET reflects a change from the yearly average included in prior years.

| | |
|---------------------------------|---|
| Program Recommendations: | This budget recommends the following changes: (Dollar Amounts in Thousands) |
|---------------------------------|---|

| | |
|--|---|
| <p>LOTTERY FUND Pharmaceutical Assistance Fund \$ 34,600 —increase in Lottery Funds needed to support the PACE Program due to increases in cost and number of enrollees.</p> | <p>TOBACCO SETTLEMENT FUND PACENET Transfer (EA) \$ 797 —increase in Tobacco Settlement Funds available for transfer.</p> |
|--|---|

| Appropriations within this Program: | (Dollar Amounts in Thousands) | | | | | | |
|--------------------------------------|-------------------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
| LOTTERY FUND: | | | | | | | |
| Pharmaceutical Assistance Fund | <u>\$ 204,000</u> | <u>\$ 278,400</u> | <u>\$ 313,000</u> | <u>\$ 333,000</u> | <u>\$ 352,000</u> | <u>\$ 373,000</u> | <u>\$ 396,000</u> |
| TOBACCO SETTLEMENT FUND: | | | | | | | |
| PACENET Transfer (EA) | <u>\$ 26,898</u> | <u>\$ 14,078</u> | <u>\$ 14,875</u> | <u>\$ 15,360</u> | <u>\$ 15,703</u> | <u>\$ 16,052</u> | <u>\$ 16,410</u> |



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; expand existing and develop new domestic and foreign markets for Pennsylvania's farmers to compete in the global economy; develop and encourage proper farming and conservation practices; prevent, control and eradicate diseases among livestock, poultry and plants; regulate the conduct of horse racing and improve the quality of life in rural Pennsylvania.

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|------------------|------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| GENERAL FUND: | | | |
| General Government: | | | |
| General Government Operations..... | \$ 29,642 | \$ 29,696 | \$ 31,977 |
| (F) Plant Pest Detection System..... | 1,300 | 1,300 | 1,300 |
| (F) Poultry Grading Service..... | 59 | 59 | 59 |
| (F) Medicated Feed Mill Inspection..... | 50 | 35 | 35 |
| (F) National School Lunch Administration..... | 425 | 425 | 425 |
| (F) Emergency Food Assistance..... | 3,200 | 3,000 | 3,000 |
| (F) Pesticide Control..... | 1,000 | 1,000 | 1,000 |
| (F) Agricultural Risk Protection..... | 2,000 | 2,000 | 1,000 |
| (F) Commodity Supplemental Food..... | 1,500 | 1,500 | 1,500 |
| (F) Organic Cost Distribution..... | 190 | 180 | 180 |
| (F) Animal Disease Control..... | 2,000 | 2,000 | 2,000 |
| (F) Food Establishment Inspections..... | 300 | 300 | 300 |
| (F) Integrated Pest Management..... | 200 | 250 | 250 |
| (F) Johnes Disease Herd Project..... | 1,800 | 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 | 1,000 | 500 |
| (F) Emerald Ash Borer Mitigation..... | 0 | 3,000 | 3,000 |
| (F) West Nile Virus Control (EA)..... | 126 | 112 | 0 |
| (F) Bioterrorism Preparedness (EA)..... | 2,820 | 1,570 | 2,000 |
| (F) Food Safety Inspection (EA)..... | 9 | 0 | 0 |
| (A) Lime Inspection..... | 28 | 27 | 28 |
| (A) Feed Inspections and Registrations..... | 528 | 501 | 533 |
| (A) Milk Plant Inspections..... | 22 | 26 | 22 |
| (A) Mailing List Production..... | 4 | 7 | 7 |
| (A) Administrative Services..... | 1,804 | 2,764 | 2,764 |
| (A) Pesticide Regulation..... | 1,192 | 1,155 | 1,192 |
| (A) Training Rides and Attractions..... | 34 | 24 | 34 |
| (A) Food Site Inspection..... | 69 | 70 | 69 |
| (A) Nutrient Management Certification Fees..... | 7 | 10 | 2 |
| (A) Apiary Registration and Fees..... | 11 | 10 | 11 |
| (A) Biomass Energy..... | 40 | 0 | 20 |
| (A) Weights and Measures Inspection Services..... | 16 | 15 | 15 |
| (A) Food Employee Certification Fees..... | 122 | 210 | 122 |
| (A) Transfer from Fertilizer Account..... | 126 | 100 | 126 |
| (A) Consumer Fireworks License..... | 200 | 250 | 250 |
| (A) Purchasing Card Rebate..... | 4 | 12 | 6 |
| (A) Aquaculture..... | 11 | 0 | 11 |
| (A) Sponsorships Aquaculture..... | 1 | 0 | 1 |
| (A) Trade Booth Shows - Aquaculture..... | 3 | 0 | 3 |
| (A) Transfer from Growing Greener Programs..... | 159 | 76 | 76 |
| (A) Taxidermy Permit Registrations..... | 131 | 140 | 131 |
| (A) Transfer from Motor License Fund..... | 0 ^a | 0 ^a | 0 ^a |
| (A) Transfers for Veterinary Support..... | 70 | 0 | 0 |
| Subtotal..... | \$ 57,613 | \$ 60,234 | \$ 61,359 |
| Food Safety and Inspection..... | 400 | 0 | 0 |
| Agricultural Excellence..... | 430 | 324 | 300 |
| Farmers' Market Food Coupons..... | 3,000 | 2,250 | 2,000 |
| (F) Farmers' Market Food Coupons..... | 3,000 | 3,000 | 3,000 |
| (F) Senior Farmers' Market Nutrition..... | 2,500 | 2,200 | 2,200 |
| Agricultural Conservation Easement Administration..... | 520 | 488 | 568 |
| (F) Farmland Protection..... | 4,000 | 4,000 | 4,000 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|-------------------|-------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| (A)Transfer From Environmental Stewardship Fund..... | 46 | 121 | 121 |
| Agricultural Research..... | 3,000 | 2,400 | 2,100 |
| Agricultural Promotion, Education, and Exports..... | 1,536 | 1,536 | 1,189 |
| (A)Farm Show Revenue..... | 57 | 46 | 49 |
| (A)Trade Show Booth Fee..... | 123 | 120 | 120 |
| (A)Conference Registration Fees..... | 2 | 5 | 3 |
| Hardwoods Research and Promotion..... | 780 | 780 | 620 |
| (A)Hardwood Conference Fees..... | 8 | 30 | 10 |
| Farm Safety..... | 111 | 111 | 111 |
| Nutrient Management..... | 320 | 367 | 382 |
| Subtotal - State Funds..... | \$ 39,739 | \$ 37,952 | \$ 39,247 |
| Subtotal - Federal Funds..... | 32,889 | 34,341 | 33,159 |
| Subtotal - Augmentations..... | 4,818 | 5,719 | 5,726 |
| Total - General Government..... | \$ 77,446 | \$ 78,012 | \$ 78,132 |
| Grants and Subsidies: | | | |
| Animal Health Commission..... | \$ 6,675 | \$ 6,675 | \$ 6,200 |
| Animal Indemnities..... | 20 | 20 | 20 |
| Transfer to State Farm Products Show Fund..... | 3,000 | 3,000 | 3,000 |
| Payments to Pennsylvania Fairs..... | 4,000 | 4,000 | 3,400 |
| Livestock Show..... | 225 | 225 | 225 |
| Open Dairy Show..... | 225 | 225 | 225 |
| Junior Dairy Show..... | 50 | 50 | 50 |
| 4-H Club Shows..... | 55 | 55 | 55 |
| State Food Purchase..... | 18,750 | 18,000 | 18,000 |
| Food Marketing and Research..... | 3,000 | 3,000 | 3,000 |
| Product Promotion and Marketing..... | 850 | 850 | 850 |
| (F)Market Improvement..... | 150 | 150 | 150 |
| Future Farmers..... | 120 | 104 | 104 |
| Agriculture & Rural Youth..... | 110 | 110 | 110 |
| Transfer to Nutrient Management Fund..... | 3,280 | 3,280 | 3,280 |
| Transfer to the Conservation District Fund..... | 1,800 | 1,660 | 1,210 |
| Crop Insurance..... | 3,000 | 1,500 | 3,000 |
| (F)Crop Insurance..... | 2,000 | 2,000 | 2,000 |
| Plum Pox Virus - Fruit Tree Indemnities..... | 500 | 0 | 0 |
| Farm-School Nutrition..... | 0 | 500 | 500 |
| Subtotal - State Funds..... | \$ 45,660 | \$ 43,254 | \$ 43,229 |
| Subtotal - Federal Funds..... | 2,150 | 2,150 | 2,150 |
| Total - Grants and Subsidies..... | \$ 47,810 | \$ 45,404 | \$ 45,379 |
| STATE FUNDS..... | \$ 85,399 | \$ 81,206 | \$ 82,476 |
| FEDERAL FUNDS..... | 35,039 | 36,491 | 35,309 |
| AUGMENTATIONS..... | 4,818 | 5,719 | 5,726 |
| GENERAL FUND TOTAL..... | \$ 125,256 | \$ 123,416 | \$ 123,511 |
| ENVIRONMENTAL STEWARDSHIP FUND: | | | |
| Grants and Subsidies: | | | |
| Transfer to Agricultural Conservation Easement Program (EA)..... | \$ 8,210 | \$ 7,100 | \$ 8,494 |
| FARM PRODUCTS SHOW FUND: | | | |
| General Government: | | | |
| General Operations (EA)..... | \$ 6,228 | \$ 6,655 | \$ 6,432 |
| (A)Transfer from General Fund..... | 0 ^b | 0 ^b | 0 ^b |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|-------------------------|-------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| Subtotal - State Funds..... | \$ 6,228 | \$ 6,655 | \$ 6,432 |
| Total - General Government..... | <u>\$ 6,228</u> | <u>\$ 6,655</u> | <u>\$ 6,432</u> |
| STATE FUNDS..... | \$ 6,228 | \$ 6,655 | \$ 6,432 |
| FARM PRODUCTS SHOW FUND TOTAL..... | <u>\$ 6,228</u> | <u>\$ 6,655</u> | <u>\$ 6,432</u> |
| <u>MOTOR LICENSE FUND:</u> | | | |
| <i>General Government:</i> | | | |
| Weights & Measures Administration..... | \$ 0 | \$ 2,785 | \$ 3,089 |
| <u>RACING FUND:</u> | | | |
| <i>General Government:</i> | | | |
| State Racing Commissions (EA)..... | \$ 10,859 | \$ 14,923 | \$ 13,876 |
| Equine Toxicology and Research Laboratory (EA)..... | 4,206 | 3,283 | 3,283 |
| (A) Reimbursements - Out of State Testing..... | 0 | 1 | 1 |
| Payments to Pennsylvania Fairs - Administration (EA)..... | 245 | 252 | 252 |
| Subtotal - State Funds..... | \$ 15,310 | \$ 18,458 | \$ 17,411 |
| Subtotal - Augmentations..... | 0 | 1 | 1 |
| Total - General Government..... | <u>\$ 15,310</u> | <u>\$ 18,459</u> | <u>\$ 17,412</u> |
| <i>Grants and Subsidies:</i> | | | |
| Transfer to General Fund (EA)..... | \$ 1,965 | \$ 1,678 | \$ 80 |
| STATE FUNDS..... | \$ 17,275 | \$ 20,136 | \$ 17,491 |
| AUGMENTATIONS..... | 0 | 1 | 1 |
| RACING FUND TOTAL..... | <u>\$ 17,275</u> | <u>\$ 20,137</u> | <u>\$ 17,492</u> |
| <u>OTHER FUNDS:</u> | | | |
| GENERAL FUND: | | | |
| Agriculture Farm Operations..... | \$ 249 | \$ 23 | \$ 23 |
| Dog Law Administration..... | 6,863 | 10,287 | 9,870 |
| Pesticide Regulation..... | 2,684 | 3,501 | 3,581 |
| Plant Pest Management..... | 456 | 475 | 442 |
| National School Lunch..... | 50 | 60 | 60 |
| Agronomic Regulatory Account..... | 387 | 482 | 415 |
| GENERAL FUND TOTAL..... | <u>\$ 10,689</u> | <u>\$ 14,828</u> | <u>\$ 14,391</u> |
| AGRICULTURAL CONSERVATION EASEMENT PURCHASE FUND: | | | |
| Purchase of County Easements (EA)..... | \$ 50,000 | \$ 40,000 | \$ 28,000 |
| Supplemental Agricultural Conservation Easement Purchase..... | 0 | 200 | 200 |
| AGRICULTURAL CONSERVATION EASEMENT PURCHASE FUND TOTAL..... | <u>\$ 50,000</u> | <u>\$ 40,200</u> | <u>\$ 28,200</u> |
| CONSERVATION DISTRICT FUND: | | | |
| Conservation District Grants (EA)..... | \$ 0 | \$ 1,660 | \$ 1,210 |
| NUTRIENT MANAGEMENT FUND: | | | |
| Planning, Loans, Grants, and Technical Assistance (EA)..... | \$ 1,861 | \$ 1,934 | \$ 1,435 |
| Nutrient Management - Administration (EA)..... | 395 | 412 | 294 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|---------------------------------|---------------------------------|---------------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| NUTRIENT MANAGEMENT FUND TOTAL..... | <u>\$ 2,256</u> | <u>\$ 2,346</u> | <u>\$ 1,729</u> |
| GROWING GREENER BOND FUND: | | | |
| Purchase of Agricultural Easements..... | <u>\$ 37,703^c</u> | <u>\$ 22,297^c</u> | <u>\$ 20,000^c</u> |
| RACING FUND: | | | |
| Sire Stakes Fund..... | \$ 5,435 | \$ 14,313 | \$ 12,961 |
| Breeders' Fund..... | 8,973 | 21,826 | 18,415 |
| PA Standardbred Breeders Development Fund..... | 0 | 6,836 | 7,311 |
| RACING FUND TOTAL..... | <u>\$ 14,408</u> | <u>\$ 42,975</u> | <u>\$ 38,687</u> |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 85,399 | \$ 81,206 | \$ 82,476 |
| SPECIAL FUNDS..... | 31,713 | 36,676 | 35,506 |
| FEDERAL FUNDS..... | 35,039 | 36,491 | 35,309 |
| AUGMENTATIONS..... | 4,818 | 5,720 | 5,727 |
| OTHER FUNDS..... | 115,056 | 124,306 | 104,217 |
| TOTAL ALL FUNDS..... | <u><u>\$ 272,025</u></u> | <u><u>\$ 284,399</u></u> | <u><u>\$ 263,235</u></u> |

^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: 2006-07 Actual is \$3,000,000, 2007-08 Available is \$3,000,000, and 2008-09 Budget is \$3,000,000.

^c Actually appropriated as \$80,000,000 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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| PROTECTION AND DEVELOPMENT OF AGRICULTURAL INDUSTRIES | | | | | | | |
| GENERAL FUND..... | \$ 63,649 | \$ 60,956 | \$ 62,476 | \$ 62,476 | \$ 62,476 | \$ 62,476 | \$ 62,476 |
| SPECIAL FUNDS..... | 14,683 | 16,792 | 18,267 | 16,548 | 15,346 | 14,323 | 14,324 |
| FEDERAL FUNDS..... | 21,979 | 23,931 | 22,749 | 22,749 | 22,749 | 22,749 | 22,749 |
| OTHER FUNDS..... | 105,466 | 87,050 | 71,256 | 52,065 | 52,065 | 52,065 | 52,065 |
| SUBCATEGORY TOTAL..... | \$ 205,777 | \$ 188,729 | \$ 174,748 | \$ 153,838 | \$ 152,636 | \$ 151,613 | \$ 151,614 |
| HORSE RACING REGULATION | | | | | | | |
| GENERAL FUND..... | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| SPECIAL FUNDS..... | 17,030 | 19,884 | 17,239 | 18,284 | 18,284 | 18,284 | 18,284 |
| FEDERAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 14,408 | 42,976 | 38,688 | 34,301 | 34,301 | 34,301 | 34,301 |
| SUBCATEGORY TOTAL..... | \$ 31,438 | \$ 62,860 | \$ 55,927 | \$ 52,585 | \$ 52,585 | \$ 52,585 | \$ 52,585 |
| EMERGENCY FOOD ASSISTANCE | | | | | | | |
| GENERAL FUND..... | \$ 21,750 | \$ 20,250 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 13,060 | 12,560 | 12,560 | 12,560 | 12,560 | 12,560 | 12,560 |
| OTHER FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUBCATEGORY TOTAL..... | \$ 34,810 | \$ 32,810 | \$ 32,560 | \$ 32,560 | \$ 32,560 | \$ 32,560 | \$ 32,560 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 85,399 | \$ 81,206 | \$ 82,476 | \$ 82,476 | \$ 82,476 | \$ 82,476 | \$ 82,476 |
| SPECIAL FUNDS..... | 31,713 | 36,676 | 35,506 | 34,832 | 33,630 | 32,607 | 32,608 |
| FEDERAL FUNDS..... | 35,039 | 36,491 | 35,309 | 35,309 | 35,309 | 35,309 | 35,309 |
| OTHER FUNDS..... | 119,874 | 130,026 | 109,944 | 86,366 | 86,366 | 86,366 | 86,366 |
| DEPARTMENT TOTAL..... | \$ 272,025 | \$ 284,399 | \$ 263,235 | \$ 238,983 | \$ 237,781 | \$ 236,758 | \$ 236,759 |

PROGRAM OBJECTIVE: To strengthen the agricultural economy and related enterprises.

Program: Protection and Development of Agricultural Industries

The Department of Agriculture facilitates an environment in which small, medium and large farming operations can be profitable and related industries can thrive.

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.

To improve the economy of the Pennsylvania agriculture and food industry, programs have been developed to enhance the ability of Pennsylvania agriculture, food and wood businesses to market their products in a competitive marketplace. Emphasis is placed on the marketing of raw agricultural products through direct consumer marketing and on value-added products that utilize commodities produced by Pennsylvania farmers.

Activities include commodity promotion, domestic and international business development, market opportunities, and agricultural land preservation.

Through commodity promotion the agency focuses on direct consumer market development and creating trade and consumer demands for Pennsylvania agriculture and food products, usually through promotional activities. Equally important, promotional activities operated under this program are designed to increase and enhance the awareness of consumers within and outside the borders of the commonwealth about the product and agribusiness opportunities offered in Pennsylvania.

In order to further enhance these efforts, the Pennsylvania Preferred program has been developed. The intent of this program is to identify Pennsylvania produced, processed, and packaged products to consumers, recognizing that over 90% of Pennsylvania consumers surveyed indicate a desire to purchase Pennsylvania products. This program allows Pennsylvania Preferred products to be easily identified by consumers using packages and point of sale trademarks.

In recognition of the over \$1.8 billion in Pennsylvania products that are exported annually, the domestic and international business development program helps Pennsylvania companies market their products beyond the borders of Pennsylvania by providing promotional opportunities in foreign marketplaces and technical outreach to Pennsylvania food and agriculture businesses.

The market opportunities program examines domestic and foreign marketplaces to identify market needs and communicates these needs to the Pennsylvania food and agriculture industry. Pennsylvania businesses are

then better able to expand as they develop products and services that meet the needs of the Pennsylvania farmer, producer and processor. The department's objective to strengthen markets is coordinated with boards representing specific product interests; these boards are funded through producer fees based upon their production.

Further assisting the department in providing development opportunities for the commonwealth's agricultural industry, the Department of Community and Economic Development's Small Business First Program and the Industrial Development Loan Fund are available. These two programs allow farm businesses to borrow funds at competitive rates, strategically leveraging private funding sources. In addition, with the full implementation of the First Industries Fund, over \$100 million in business financing will be available to production agriculture. These programs form the foundation for the commonwealth's growing agribusiness industry and economic development assistance and further allow the department to leverage the existing business development support provided to agriculture.

This program includes funding for the operation of the Farm Show Complex in Harrisburg, the grant program, and payments to Pennsylvania Fairs. Funding is used for agricultural fair operating reimbursements and grants in accordance with the guidelines of Act 92 of 1986. After these requirements have been fulfilled, the remaining appropriation balance is used for capital improvements at fairs.

Other promotional activities include appearances by statewide commodity representatives at shopping centers and other public functions; developing and displaying exhibits that depict agriculture's role in the economy of Pennsylvania; and working with statewide commodity organizations.

The agricultural land preservation program, through the Agricultural Conservation Easement Purchase Fund 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. Act 233 of 2002 provided a one-time deposit of \$16,500,000 from the fees collected under 27 Pa. C.S. 6301 (relating to the disposal fee for municipal waste landfills) in 2004-2005. Growing Greener reestablished permanent funding for the agricultural easements by providing a yearly percentage (14.8%) of the Environmental Stewardship Fund revenues. Growing Greener bond sales provides \$80,000,000 over four years for the purchase of agricultural easements.

Program: Protection and Development of Agricultural Industries (continued)

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.

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 2006-2007 the Bureau of Food Safety and Laboratory Services conducted 14,704 inspections of food manufacturing firms, warehouses, and retail food stores; licensed and inspected 29,740 public eating and drinking places, and 3,786 frozen dessert operations; inspected 2,842 schools and 537 camps and summer food sites; and permitted and inspected approximately 341 seasonal farm labor camps and 88 shellfish facilities. In 2006-2007 the bureau also issued 714 milk permits and inspected 628 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 non-profit 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 200,000 inspections of devices in 2006. 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 8,000 inspections in 2006. 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 2005-06, 2,566 agribusiness inspections were conducted and 2,470 feed, fertilizer and lime samples were analyzed. In addition, 7,509 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 2006 over 4,000 dealer, nursery and greenhouse inspections were conducted, along with the issuance of over 1,900 phytosanitary certificates for the exportation of plant material. The department also inspected 1,711 apiaries involving 11,076 colonies of bees in 2006 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

Program: Protection and Development of Agricultural Industries (continued)

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 assurance 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 is 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 Penn State University. The PVL is part of a nationwide network of state and federal laboratories 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 (AH&DC). The AH&DC 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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------|----------|----------|----------|----------|----------|----------|
| Development of Pennsylvania's Agricultural Industry | | | | | | | |
| Dollar value of food and agricultural exports (excluding hardwoods) (in millions) * | \$1,656 | \$1,700 | \$1,750 | \$1,800 | \$1,850 | \$1,850 | \$1,950 |
| Dollar value of Pennsylvania hardwood exports (in millions) * | \$1,000 | \$1,100 | \$1,150 | \$1,200 | \$1,250 | \$1,300 | \$1,350 |
| Value of the loan portfolio for the PA Grows Program (in millions) * | \$29,918 | \$30,517 | \$31,127 | \$31,749 | \$32,384 | \$32,695 | \$33,006 |
| Value of crop insurance protection policies (in millions) * | \$247 | \$331 | \$336 | \$341 | \$346 | \$351 | \$356 |
| Farm acreage preserved | 32,264 | 32,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 |
| Occupancy rate at the farm show complex | 38.6% | 38.6% | 39.9% | 40.7% | 41.4% | 42.0% | 42.2% |
| Farms participating in dairy profit teams program * | 95 | 115 | 130 | 125 | 130 | 135 | 140 |

Program: Protection and Development of Agricultural Industries (continued)

| Program Measures: (continued) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|---------|---------|
| Consumer Commodity Inspections | | | | | | | |
| Amusement rides inspected * | 8,086 | 8,095 | 8,106 | 8,111 | 8,116 | 8,121 | 8,126 |
| Gasoline pumps certified * | 54,971 | 55,610 | 55,645 | 55,690 | 55,720 | 55,760 | 55,795 |
| Restaurant inspection reports available online * | N/A | 24,000 | 24,500 | 25,000 | 25,500 | 26,000 | 26,500 |
| Nutrient Management | | | | | | | |
| Increase in percentage of farms meeting the Nutrient Management and Concentrated Animal Feeding Operations requirements | 9% | 5% | 2% | 2% | 2% | 2% | 2% |
| Farm acres covered by approved Nutrient Management Plans (in thousands) * | 638 | 660 | 685 | 708 | 732 | 760 | 785 |
| Nutrient management plans approved | 222 | 175 | 180 | 185 | 190 | 195 | 200 |
| Animal Health | | | | | | | |
| Animal health diagnostic tests performed at the Pennsylvania veterinarian lab (in thousands) * | N/A | N/A | 340 | 345 | 350 | 355 | 360 |
| Animal health inspections * | N/A | N/A | 600 | 625 | 650 | 700 | 750 |
| Agriculture Education | | | | | | | |
| Agricultural education curriculum downloaded from the "Marketplace for the Mind" website (in thousands) * | 57 | 58 | 60 | 62 | 64 | 66 | 68 |
| Schools participating in outreach educational programs for K-12 | 100 | 102 | 105 | 108 | 112 | 115 | 120 |

* New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | |
|---|---|
| <p>GENERAL FUND</p> <p>General Government Operations</p> <p>\$ 1,906 —to continue current program.</p> <p style="padding-left: 20px;">375 —expansion of Food Safety program.</p> <p style="border-top: 1px solid black;">\$ 2,281 <i>Appropriation Increase</i></p> <p>Agricultural Excellence</p> <p>\$ -24 —nonrecurring projects.</p> <p>Agricultural Conservation Easement Administration</p> <p>\$ 80 —to continue current program.</p> <p>Agricultural Research</p> <p>\$ -300 —nonrecurring projects.</p> <p>Agricultural Promotion, Education and Exports</p> <p>\$ -347 —nonrecurring projects.</p> <p>Hardwoods Research and Promotion</p> <p>\$ -160 —nonrecurring projects.</p> <p>Nutrient Management</p> <p>\$ 15 —to continue current program.</p> <p>Animal Health Commission</p> <p>\$ -475 —program reduction.</p> | <p>Payments to Pennsylvania Fairs</p> <p>\$ -600 —program reduction.</p> <p>Transfer to the Conservation District Fund</p> <p>\$ -450 —nonrecurring projects.</p> <p>Crop Insurance</p> <p>\$ 1,500 —to continue current program.</p> <p>All other General Fund Appropriations are recommended at the current year funding levels.</p> <p>FARM PRODUCTS SHOW FUND</p> <p>General Operations (EA)</p> <p>\$ -223 —to continue current program.</p> <p>MOTOR LICENSE FUND</p> <p>Weights & Measures Administration</p> <p>\$ 89 —to continue current program.</p> <p style="padding-left: 20px;">215 —to provide for the replacement of truck weight testing equipment.</p> <p style="border-top: 1px solid black;">\$ 304 <i>Appropriation Increase</i></p> |
|---|---|

Program: Protection and Development of Agricultural Industries (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 29,642 | \$ 29,696 | \$ 31,977 | \$ 31,977 | \$ 31,977 | \$ 31,977 | \$ 31,977 |
| Food Safety and Inspection | 400 | 0 | 0 | 0 | 0 | 0 | 0 |
| Agricultural Excellence | 430 | 324 | 300 | 300 | 300 | 300 | 300 |
| Agricultural Conservation Easement Administration | 520 | 488 | 568 | 568 | 568 | 568 | 568 |
| Agricultural Research | 3,000 | 2,400 | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 |
| Agricultural Promotion, Education, and Exports | 1,536 | 1,536 | 1,189 | 1,189 | 1,189 | 1,189 | 1,189 |
| Hardwoods Research and Promotion | 780 | 780 | 620 | 620 | 620 | 620 | 620 |
| Farm Safety | 111 | 111 | 111 | 111 | 111 | 111 | 111 |
| Nutrient Management | 320 | 367 | 382 | 382 | 382 | 382 | 382 |
| Animal Health Commission | 6,675 | 6,675 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 |
| Animal Indemnities | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Transfer to State Farm Products Show Fund | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Payments to Pennsylvania Fairs | 4,000 | 4,000 | 3,400 | 3,400 | 3,400 | 3,400 | 3,400 |
| Livestock Show | 225 | 225 | 225 | 225 | 225 | 225 | 225 |
| Open Dairy Show | 225 | 225 | 225 | 225 | 225 | 225 | 225 |
| Junior Dairy Show | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| 4-H Club Shows | 55 | 55 | 55 | 55 | 55 | 55 | 55 |
| Food Marketing and Research | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Product Promotion and Marketing | 850 | 850 | 850 | 850 | 850 | 850 | 850 |
| Future Farmers | 120 | 104 | 104 | 104 | 104 | 104 | 104 |
| Agriculture & Rural Youth | 110 | 110 | 110 | 110 | 110 | 110 | 110 |
| Transfer to Nutrient Management Fund | 3,280 | 3,280 | 3,280 | 3,280 | 3,280 | 3,280 | 3,280 |
| Transfer to the Conservation District Fund | 1,800 | 1,660 | 1,210 | 1,210 | 1,210 | 1,210 | 1,210 |
| Crop Insurance | 3,000 | 1,500 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Plum Pox Virus - Fruit Tree Indemnities | 500 | 0 | 0 | 0 | 0 | 0 | 0 |
| Farm-School Nutrition | 0 | 500 | 500 | 500 | 500 | 500 | 500 |
| TOTAL GENERAL FUND | \$ 63,649 | \$ 60,956 | \$ 62,476 | \$ 62,476 | \$ 62,476 | \$ 62,476 | \$ 62,476 |
| ENVIRONMENTAL STEWARDSHIP FUND: | | | | | | | |
| Transfer to Agricultural Conservation Easement Purchase (EA) | \$ 8,210 | \$ 7,100 | \$ 8,494 | \$ 6,990 | \$ 5,788 | \$ 4,765 | \$ 4,766 |
| FARM PRODUCTS SHOW FUND: | | | | | | | |
| General Operations (EA) | \$ 6,228 | \$ 6,655 | \$ 6,432 | \$ 6,432 | \$ 6,432 | \$ 6,432 | \$ 6,432 |
| MOTOR LICENSE FUND: | | | | | | | |
| Weights & Measures Administration | \$ 0 | \$ 2,785 | \$ 3,089 | \$ 2,874 | \$ 2,874 | \$ 2,874 | \$ 2,874 |
| RACING FUND: | | | | | | | |
| Payments to Pennsylvania Fairs - Administration (EA) | \$ 245 | \$ 252 | \$ 252 | \$ 252 | \$ 252 | \$ 252 | \$ 252 |

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 insure 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% to 1.0% of the amount wagered on thoroughbred races. The Sire Stakes Fund is credited

with 1.5% 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 will receive revenue generated by licensed gaming facilities. Proceeds will be distributed to licensees conducting live horse racing. Track owners will deposit 80 percent of the proceeds into a purse account. Thoroughbred tracks will commit the remaining proceeds to the Breeder's Fund and a Horsemen's Organization Fund. Standardbred tracks will 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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|---------|---------|
| Participant licenses issued: harness and horse racing..... | 33,359 | 34,000 | 34,500 | 35,000 | 35,500 | 36,000 | 36,500 |
| Investigations to ensure compliance with established rules and regulations: harness and horse racing..... | 7,680 | 7,880 | 8,080 | 8,080 | 8,080 | 8,080 | 8,080 |
| Licenses suspended for noncompliance of rules and regulations: harness and horse racing..... | 520 | 548 | 548 | 548 | 548 | 548 | 548 |
| Samples processed at the Equine Toxicology and Research Lab (in thousands)..... | 35 | 40 | 50 | 55 | 60 | 65 | 70 |

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | |
|--|---|
| <p>RACING FUND State Racing Commissions (EA) \$ -1,047 —nonrecurring costs associated with the opening of new race tracks.</p> | <p>Transfer to General Fund (EA) \$ -1,598 —decrease in funds available to transfer. Law requires June 30th ending surplus to be transferred to the General Fund.</p> |
|--|---|

Program: Horse Racing Regulation (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| RACING FUND: | | | | | | | |
| State Racing Commissions (EA) | \$ 10,859 | \$ 14,923 | \$ 13,876 | \$ 13,876 | \$ 13,876 | \$ 13,876 | \$ 13,876 |
| Equine Toxicology and Research Laboratory (EA) | 4,206 | 3,283 | 3,283 | 3,283 | 3,283 | 3,283 | 3,283 |
| Transfer to General Fund (EA) | 1,965 | 1,678 | 80 | 1,125 | 1,125 | 1,125 | 1,125 |
| TOTAL STATE RACING FUND | \$ 17,030 | \$ 19,884 | \$ 17,239 | \$ 18,284 | \$ 18,284 | \$ 18,284 | \$ 18,284 |

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 (SFPP) 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 eight 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). The 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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------|----------|----------|----------|----------|----------|----------|
| Improving Participant Access to Pennsylvania fruits and vegetables | | | | | | | |
| Dollar value of commodities distributed (in thousands)..... | \$41,445 | \$41,500 | \$41,550 | \$41,600 | \$41,650 | \$41,700 | \$41,750 |
| 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 | 2,700 | 2,700 | 2,700 | 2,700 | 2,700 | 2,700 | 2,700 |
| State Food Purchase Program..... | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 |
| Percentage of farmers' market coupons redeemed by | | | | | | | |
| WIC recipients | 60% | 60% | 60% | 60% | 60% | 60% | 60% |
| Seniors | 87% | 87% | 87% | 87% | 87% | 87% | 87% |

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND
Farmers' Market Food Coupons
 \$ -250 —nonrecurring costs.

The state food purchase appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-----------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Farmers' Market Food Coupons..... | \$ 3,000 | \$ 2,250 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 |
| State Food Purchase..... | 18,750 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 |
| TOTAL GENERAL FUND | \$ 21,750 | \$ 20,250 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 |



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 which 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)
 2006-07 2007-08 2008-09
 ACTUAL AVAILABLE BUDGET

BANKING DEPARTMENT FUND:

General Government:

| | | | | | | |
|------------------------------------|----|--------|----|--------|----|--------|
| General Government Operations..... | \$ | 18,004 | \$ | 18,760 | \$ | 19,989 |
|------------------------------------|----|--------|----|--------|----|--------|

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| REGULATION OF FINANCIAL INSTITUTIONS | | | | | | | |
| GENERAL FUND..... | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| SPECIAL FUNDS..... | 18,004 | 18,760 | 19,989 | 19,989 | 19,989 | 19,989 | 19,989 |
| FEDERAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUBCATEGORY TOTAL..... | \$ 18,004 | \$ 18,760 | \$ 19,989 | \$ 19,989 | \$ 19,989 | \$ 19,989 | \$ 19,989 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| SPECIAL FUNDS..... | 18,004 | 18,760 | 19,989 | 19,989 | 19,989 | 19,989 | 19,989 |
| FEDERAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DEPARTMENT TOTAL..... | \$ 18,004 | \$ 18,760 | \$ 19,989 | \$ 19,989 | \$ 19,989 | \$ 19,989 | \$ 19,989 |

PROGRAM OBJECTIVE: To insure 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 mortgage bankers and brokers, second mortgage lenders, brokers and brokers' agents, and check cashers. In addition to these activities, the department responded to approximately 6,921 consumer inquiries during 2006-07.

As of June 30, 2007, there were 171 banking institutions under the department's supervision: 55 commercial banks, 43 bank and trust companies, 50 savings banks, one private bank, 21 non-depository trust companies, and one foreign bank which maintained a representative office in Pennsylvania. There were 69 credit unions and 8 savings associations chartered and supervised by the Department of Banking. Also operating in the commonwealth were 83 bank holding companies.

The department renews non-depository institution licenses annually and issues new licenses upon review and approval of license applications. The 16,149 non-depository entities at the end of June 2007 included: 3,452 installment sellers; 4,638 first mortgage bankers and brokers; 5,048 second mortgage lenders, brokers and brokers' agents; 1,042 sales finance companies; and 478 consumer discount companies. The remaining 1,491 licenses were held by pawnbrokers, money transmitters, check cashers, limited loan brokers, loan correspondents and collector-repossessors, etc.

In 2004-2005, as part of the redesigning of the organizational structure, an investigation unit was created to facilitate a reduction in financial abuse. 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 towards institutions under the department's purview. In 2007, electronic filing of annual reports began.

Recent legislative enactments have impacted the Department of Banking's program responsibilities. 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 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 which 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 which 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.

Program: Financial Institution Regulation (continued)

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|---------|---------|
| Supervision of state-chartered | | | | | | | |
| Banks..... | 171 | 173 | 173 | 173 | 173 | 173 | 173 |
| Savings and loan associations | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Credit unions | 69 | 70 | 70 | 70 | 70 | 70 | 70 |
| Licenses issued to consumer credit agencies | | | | | | | |
| First mortgage bankers/brokers..... | 4,638 | 4,419 | 4,419 | 4,419 | 4,419 | 4,419 | 4,419 |
| Second mortgage lenders/brokers/ broker's agents | 5,048 | 4,924 | 4,924 | 4,924 | 4,924 | 4,924 | 4,924 |
| Sales finance companies..... | 1,042 | 1,036 | 1,036 | 1,036 | 1,036 | 1,036 | 1,036 |
| Consumer discount companies | 478 | 484 | 484 | 484 | 484 | 484 | 484 |
| Pawnbrokers..... | 57 | 56 | 56 | 56 | 56 | 56 | 56 |
| Money transmitters | 28 | 27 | 27 | 27 | 27 | 27 | 27 |
| Collectors-repossessors | 158 | 154 | 154 | 154 | 154 | 154 | 154 |
| Installment sellers | 3,452 | 3,576 | 3,576 | 3,576 | 3,576 | 3,576 | 3,576 |
| Check cashers..... | 555 | 553 | 553 | 553 | 553 | 553 | 553 |
| License applications filed electronically | | | | | | | |
| Number..... | 6,563 | 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..... | 3,441 | 3,500 | 3,600 | 3,800 | 3,800 | 3,800 | 3,800 |
| Percentage | 48% | 55% | 80% | 90% | 90% | 90% | 90% |

Electronic filing of license applications is projected to increase in 2007-08 due to a transition from paper to online processing of the department's 18 license categories.

Percentage of applications filed electronically indicates the percentage of those who were eligible.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

BANKING DEPARTMENT FUND
General Government Operations
 \$ 1,229 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| BANKING DEPARTMENT FUND: | | | | | | | |
| General Government Operations | \$ 18,004 | \$ 18,760 | \$ 19,989 | \$ 19,989 | \$ 19,989 | \$ 19,989 | \$ 19,989 |



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 which 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 eligibles to the appointing agencies.

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|------------------|------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| GENERAL FUND: | | | |
| <i>General Government:</i> | | | |
| General Government Operations | \$ 1 | \$ 1 | \$ 1 |
| (A) Fees From Agencies..... | 14,669 | 15,246 | 15,557 |
| (A) Special Merit System Services..... | 882 | 926 | 945 |
| Subtotal - State Funds..... | <u>\$ 1</u> | <u>\$ 1</u> | <u>\$ 1</u> |
| Subtotal - Augmentations..... | 15,551 | 16,172 | 16,502 |
| Total - General Government..... | <u>\$ 15,552</u> | <u>\$ 16,173</u> | <u>\$ 16,503</u> |
| STATE FUNDS..... | \$ 1 | \$ 1 | \$ 1 |
| AUGMENTATIONS..... | 15,551 | 16,172 | 16,502 |
| GENERAL FUND TOTAL | <u>\$ 15,552</u> | <u>\$ 16,173</u> | <u>\$ 16,503</u> |

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 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..... | 15,551 | 16,172 | 16,502 | 16,502 | 16,502 | 16,502 | 16,502 |
| SUBCATEGORY TOTAL..... | \$ 15,552 | \$ 16,173 | \$ 16,503 | \$ 16,503 | \$ 16,503 | \$ 16,503 | \$ 16,503 |
| 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..... | 15,551 | 16,172 | 16,502 | 16,502 | 16,502 | 16,502 | 16,502 |
| DEPARTMENT TOTAL..... | \$ 15,552 | \$ 16,173 | \$ 16,503 | \$ 16,503 | \$ 16,503 | \$ 16,503 | \$ 16,503 |

Civil Service Commission

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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total eligibles on list..... | 229,754 | 230,000 | 230,000 | 230,000 | 230,000 | 230,000 | 230,000 |
| Persons scheduled for exams | 154,712 | 160,000 | 160,000 | 160,000 | 160,000 | 160,000 | 160,000 |
| Persons taking computerized exams..... | 68,214 | 76,000 | 76,000 | 76,000 | 76,000 | 76,000 | 76,000 |
| Certifications audited of eligible individuals for civil service positions..... | 12,997 | 12,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Test-taker satisfaction rating (based on a 5-point scale) | 4.7 | 4.7 | 4.7 | 4.7 | 4.7 | 4.7 | 4.7 |
| Appeal requests received and processed .. | 416 | 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 | \$208 | \$228 | \$235 | \$240 | \$246 | \$253 | \$258 |

Program Recommendations:

This budget recommends the following changes in augmentations received from agency billings: (Dollar Amounts in Thousands)

General Government Operations
 \$ 330 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 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 which 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.

Community and Economic Development

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|---------------------------|---------------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| GENERAL FUND: | | | |
| General Government: | | | |
| General Government Operations..... | \$ 19,530 | \$ 19,880 | \$ 20,775 |
| (F)ARC - Technical Assistance..... | 225 | 300 | 235 |
| (F)DOE - Weatherization Administration..... | 535 | 535 | 535 |
| (F)SCDBG - Administration..... | 1,720 | 1,720 | 2,000 |
| (F)CSBG - Administration..... | 1,402 | 1,402 | 1,402 |
| (F)LIHEABG - Administration..... | 535 | 535 | 535 |
| (F)Communications Infrastructure..... | 830 | 0 | 0 |
| (F)Americorps Training and Technical Assistance..... | 80 | 80 | 80 |
| (F)Bioterrorism Preparedness Training (EA)..... | 1,487 | 510 | 0 |
| (F)Homeland Security Research (F) (EA)..... | 0 | 0 | 2,000 |
| (A)Pennsylvania Industrial Development Authority..... | 1,109 | 1,281 | 1,154 |
| (A)Pennsylvania Economic Development Financing Authority..... | 412 | 464 | 451 |
| (A)PA Energy Development Authority..... | 0 | 0 | 210 |
| (A)Environmental Training Partnership..... | 631 | 1,300 | 1,300 |
| (A)Local Area Transportation..... | 307 | 300 | 300 |
| (A)Community Development Bank..... | 91 | 85 | 87 |
| (A)Economic Stimulus..... | 1,609 | 1,863 | 1,855 |
| (R)Small Business Advocate - Utilities..... | 975 | 993 | 1,020 |
| World Trade PA..... | 20,734^a | 17,944^a | 15,095^a |
| International Marketing..... | 500 | 0 | 0 |
| Interactive Marketing..... | 2,040 | 2,040 | 0 |
| Marketing to Attract Tourists..... | 16,600 | 15,521 | 15,246 |
| (A)Reimbursement for Travel Advertisements..... | 982 | 2,000 | 2,000 |
| Marketing to Attract Business..... | 3,985 | 3,491 | 2,947 |
| Cultural Expositions and Exhibitions..... | 11,725 | 6,345 | 0 |
| Regional Marketing Partnerships..... | 5,000 | 5,000 | 9,000 |
| Marketing to Attract Film Business..... | 600 | 610 | 584 |
| Housing Research Center..... | 388 | 0 | 0 |
| Business Retention and Expansion..... | 18,629 | 3,226 | 3,226 |
| Land Use Planning and Technical Assistance..... | 3,321 | 4,247 | 4,234 |
| Base Realignment and Closure..... | 1,025 | 1,026 | 276 |
| PennPORTS..... | 0 | 0 | 9,926 |
| PennPORTS Operations..... | 375 | 400 | 0 |
| PennPORTS-Port of Pittsburgh..... | 1,500 | 1,500 | 0 |
| PennPORTS-Port of Erie..... | 2,640 | 2,640 | 0 |
| PennPORTS-Delaware River Maritime Council..... | 1,750 | 966 | 0 |
| PennPORTS-Philadelphia Regional Port Authority Operations..... | 6,500 | 6,501 | 0 |
| PennPORTS-Philadelphia Regional Port Authority Debt Service..... | 4,462 | 4,543 | 0 |
| PennPORTS-Piers..... | 1,500 | 300 | 0 |
| PennPORTS-Piers Database..... | 75 | 0 | 0 |
| PennPORTS-Navigational System..... | 400 | 400 | 0 |
| PennPORTS-Intermodal Incentive Study..... | 1,000 | 0 | 0 |
| PennPORTS-Competitiveness Study..... | 100 | 0 | 0 |
| Goods Movement and Intermodal Coordination..... | 0 | 2,000 | 2,000 |
| Subtotal - State Funds..... | \$ 124,379 | \$ 98,580 | \$ 83,309 |
| Subtotal - Federal Funds..... | 6,814 | 5,082 | 6,787 |
| Subtotal - Augmentations..... | 5,141 | 7,293 | 7,357 |
| Subtotal - Restricted Revenues..... | 975 | 993 | 1,020 |
| Total - General Government..... | \$ 137,309 | \$ 111,948 | \$ 98,473 |
| Grants and Subsidies: | | | |
| Transfer to Municipalities Financial Recovery Revolving Fund..... | \$ 1,500 | \$ 1,500 | \$ 1,500 |
| Transfer to Ben Franklin Tech. Development Authority Fund..... | 50,200 | 51,700 | 55,700 |
| Transfer to Industrial Sites Environmental Assessment Fund..... | 500 | 500 | 500 |
| Transfer to Commonwealth Financing Authority..... | 36,939 | 47,038 | 62,473 |

Community and Economic Development

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|----------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| Intergovernmental Cooperation Authority-2nd Class Cities..... | 632 | 900 | 675 |
| Opportunity Grant Program..... | 49,000 | 45,000 | 40,000 |
| Customized Job Training..... | 30,000 | 22,500 | 20,000 |
| Keystone Innovation Zones..... | 2,000 | 2,000 | 700 |
| Workforce Leadership Grants..... | 4,050 | 3,050 | 3,050 |
| Emergency Responder and Training..... | 8,500 | 5,548 | 0 |
| (A)L&I Employment Services..... | 500 | 0 | 0 |
| Infrastructure Development..... | 22,500 | 22,500 | 32,500 |
| Housing & Redevelopment Assistance..... | 30,000 | 34,000 | 34,000 |
| (F)DOE - Weatherization..... | 18,000 | 18,000 | 18,000 |
| (F)Emergency Shelter for the Homeless..... | 75 | 75 | 75 |
| (F)LIHEABG - Weatherization Program..... | 18,037 | 24,000 | 24,000 |
| (F)LIHEAP Weatherization..... | 10,000 | 0 | 0 |
| (F)SCDBG - HUD Disaster Recovery..... | 2,000 | 2,000 | 2,000 |
| (F)Centralia Recovery(EA)..... | 1,000 | 300 | 300 |
| Accessible Housing..... | 3,000 | 3,000 | 3,000 |
| PHFA - Homeowners Emergency Mortgage Assistance..... | 10,000 | 11,000 | 11,000 |
| PHFA - Early Childhood Education Capital..... | 0 | 1,250 | 1,250 |
| Family Savings Accounts..... | 1,250 | 1,000 | 1,000 |
| (F)Assets for Independence..... | 1,250 | 1,000 | 1,000 |
| Shared Municipal Services..... | 2,400 | 2,400 | 2,400 |
| Local Government Resources and Development..... | 32,000 | 10,000 | 0 |
| New Communities..... | 18,000 | 18,000 | 18,000 |
| (F)Enterprise Communities - SSBG..... | 10,000 | 10,000 | 10,000 |
| Appalachian Regional Commission..... | 1,000 | 1,000 | 1,000 |
| Community Action Team (CAT)..... | 0 | 1,000 | 1,000 |
| Industrial Development Assistance..... | 4,500 | 4,326 | 4,150 |
| Local Development Districts..... | 6,140 | 6,140 | 5,050 |
| Small Business Development Centers..... | 8,000 | 7,376 | 6,750 |
| Tourist Promotion Assistance..... | 11,000 | 10,588 | 7,588 |
| Tourism - Accredited Zoos..... | 2,250 | 2,250 | 0 |
| Community Revitalization..... | 44,300 | 40,220 | 0 |
| Urban Development..... | 18,900 | 20,110 | 0 |
| (A)DEP Transfer..... | 2,000 | 0 | 0 |
| Community and Business Assistance..... | 5,125 | 2,744 | 0 |
| Economic Growth & Development Assistance..... | 7,000 | 7,000 | 0 |
| Community & Municipal Facilities Assistance..... | 6,000 | 5,800 | 0 |
| Market Development..... | 10,000 | 500 | 0 |
| Rural Leadership Training..... | 250 | 210 | 210 |
| Flood Plain Management..... | 60 | 60 | 60 |
| (F)FEMA Technical Assistance..... | 150 | 200 | 200 |
| (F)FEMA - Mapping..... | 70 | 100 | 70 |
| Community Conservation and Employment..... | 29,000 | 44,000 | 30,000 |
| (F)Community Services Block Grant..... | 28,000 | 28,000 | 28,000 |
| (F)Supported Work Program (EA)..... | 5,354 | 9,217 | 0 |
| (A)Supported Work..... | 2,710 | 2,710 | 0 |
| Super Computer Center..... | 2,500 | 1,525 | 0 |
| Infrastructure Technical Assistance..... | 6,000 | 4,000 | 0 |
| Minority Business Development..... | 3,000 | 3,000 | 0 |
| Fay Penn..... | 600 | 600 | 0 |
| Tourist Product Development..... | 2,000 | 2,000 | 2,000 |
| Industrial Resource Center..... | 15,200 | 15,200 | 15,200 |
| (F)Dislocated Workforce Demo Grant..... | 0 | 250 | 0 |
| Early Intervention for Distressed Municipalities..... | 750 | 750 | 750 |
| Manufacturing and Business Assistance..... | 3,000 | 1,000 | 0 |
| PENNTAP..... | 300 | 75 | 0 |
| Agile Manufacturing..... | 743 | 750 | 0 |
| Powdered Metals..... | 200 | 200 | 0 |
| Regional Development Initiative..... | 19,370 | 13,500 | 0 |
| Infrastructure & Facilities Improvement Grants..... | 15,000 | 20,000 | 28,000 |

Community and Economic Development

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|-----------------------|-------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| Municipal Code Training | 250 | 0 | 0 |
| Community Development Bank Grants | 2,200 | 0 | 0 |
| Digital & Robotic Technology | 3,000 | 2,500 | 0 |
| Film Grant Program | 10,000 | 5,000 | 0 |
| Cultural Activities | 9,175 | 4,000 | 0 |
| Economic Advancement | 0 | 18,000 | 18,000 |
| Community and Regional Development | 0 | 16,400 | 16,400 |
| Subtotal - State Funds..... | \$ 549,284 | \$ 544,710 | \$ 423,906 |
| Subtotal - Federal Funds..... | 93,936 | 93,142 | 83,645 |
| Subtotal - Augmentations..... | 5,210 | 2,710 | 0 |
| Total - Grants and Subsidies..... | \$ 648,430 | \$ 640,562 | \$ 507,551 |
| STATE FUNDS..... | \$ 673,663 | \$ 643,290 | \$ 507,215 |
| FEDERAL FUNDS..... | 100,750 | 98,224 | 90,432 |
| AUGMENTATIONS..... | 10,351 | 10,003 | 7,357 |
| RESTRICTED REVENUES..... | 975 | 993 | 1,020 |
| GENERAL FUND TOTAL | \$ 785,739 | \$ 752,510 | \$ 606,024 |
| <u>TOBACCO SETTLEMENT FUND:</u> | | | |
| <i>Grants and Subsidies:</i> | | | |
| Biotechnology Commercialization..... | \$ 0 | \$ 7,038 ^b | \$ 7,438 |
| Health Venture Investment Account..... | 0 | 7,039 ^b | 7,438 |
| Life Sciences Greenhouses..... | 3,000 | 3,000 | 3,000 |
| Total - Grants and Subsidies..... | \$ 3,000 | \$ 17,077 | \$ 17,876 |
| <i>General Government:</i> | | | |
| (R)Tobacco Settlement Investment Board..... | \$ 0 ^c | \$ 0 ^c | \$ 0 ^c |
| STATE FUNDS..... | \$ 3,000 | \$ 17,077 | \$ 17,876 |
| TOBACCO SETTLEMENT FUND TOTAL | \$ 3,000 | \$ 17,077 | \$ 17,876 |
| <u>OTHER FUNDS:</u> | | | |
| GENERAL FUND: | | | |
| Industrial Sites Environmental Assessment Fund..... | \$ 601 | \$ 500 | \$ 500 |
| Industrialized Housing..... | 354 | 363 | 369 |
| GENERAL FUND TOTAL | \$ 955 | \$ 863 | \$ 869 |
| BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY FUND: | | | |
| Ben Franklin Technology..... | \$ 52,685 | \$ 55,685 | \$ 60,077 |
| Assistive Technology (F)..... | 500 | 500 | 0 |
| Telecommunications Initiatives (F)..... | 6,000 | 6,000 | 0 |
| Telecommunications Infrastructure (F)..... | 2,000 | 2,000 | 2,000 |
| Telecommunication Projects (F)..... | 500 | 500 | 500 |
| Innovation Partnerships (F)..... | 600 | 500 | 0 |
| BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY FUND TOTAL | \$ 62,285 | \$ 65,185 | \$ 62,577 |
| BROADBAND OUTREACH AND AGGREGATION FUND: | | | |
| Broadband Outreach Administration (EA)..... | \$ 72 | \$ 72 | \$ 55 |
| Broadband Outreach Grants (EA)..... | 2,328 | 2,328 | 2,045 |

Community and Economic Development

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|------------------------|------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| BROADBAND OUTREACH AND AGGREGATION FUND TOTAL..... | \$ 2,400 | \$ 2,400 | \$ 2,100 |
| GROWING GREENER BOND FUND: | | | |
| Main Street and Downtown Redevelopment..... | \$ 3,599 ^d | \$ 17,254 ^d | \$ 12,000 ^d |
| Industrial Sites Reuse Program..... | 454 ^e | 3,546 ^e | 6,000 ^e |
| GROWING GREENER BOND FUND TOTAL..... | \$ 4,053 | \$ 20,800 | \$ 18,000 |
| HOME INVESTMENT TRUST FUND: | | | |
| HOME Investment Partnership..... | \$ 1,000 | \$ 1,009 | \$ 1,009 |
| INDUSTRIAL DEVELOPMENT FUND: | | | |
| General Operations (EA)..... | \$ 0 | \$ 0 | \$ 569 ^f |
| Industrial Development Loans (EA)..... | 0 | 0 | 35,000 ^f |
| INDUSTRIAL DEVELOPMENT FUND TOTAL..... | \$ 0 | \$ 0 | \$ 35,569 |
| INDUSTRIAL SITES CLEANUP FUND: | | | |
| Industrial Sites Cleanup - Administration (EA)..... | \$ 225 | \$ 229 | \$ 235 |
| Industrial Sites Cleanup - Projects (EA)..... | 10,000 | 6,000 | 6,000 |
| INDUSTRIAL SITES CLEANUP FUND TOTAL..... | \$ 10,225 | \$ 6,229 | \$ 6,235 |
| LOCAL GOVERNMENT CAPITAL PROJECT LOAN FUND: | | | |
| Local Government Capital Project Loans (EA)..... | \$ 1,500 | \$ 1,000 | \$ 1,000 |
| MACHINERY AND EQUIPMENT LOAN FUND: | | | |
| General Operations (EA)..... | \$ 650 | \$ 688 | \$ 0 |
| Machinery and Equipment Loans (EA)..... | 50,000 | 30,000 | 0 |
| MACHINERY AND EQUIPMENT LOAN FUND TOTAL..... | \$ 50,650 | \$ 30,688 | \$ 0 |
| MINORITY BUSINESS DEVELOPMENT FUND: | | | |
| General Operations (EA)..... | \$ 275 | \$ 302 | \$ 315 |
| Minority Business Development Loans (EA)..... | 4,000 | 2,700 | 2,700 |
| MINORITY BUSINESS DEVELOPMENT FUND TOTAL..... | \$ 4,275 | \$ 3,002 | \$ 3,015 |
| MUNICIPALITIES FINANCIAL RECOVERY REVOLVING AID FUND: | | | |
| Distressed Community Assistance (EA)..... | \$ 3,741 | \$ 3,800 | \$ 3,300 |
| PROPERTY TAX RELIEF FUND: | | | |
| Transition Grants To Counties (R)..... | \$ 3,000 | \$ 0 | \$ 0 |
| SMALL BUSINESS FIRST FUND: | | | |
| Administration (EA)..... | \$ 1,600 | \$ 1,656 | \$ 1,667 |
| Loans (EA)..... | 28,000 | 28,000 | 28,000 |
| Pollution Prevention Loans (EA)..... | 2,700 | 700 | 700 |
| EDA - Loans (EA)..... | 2,000 | 2,000 | 2,000 |
| Community Economic Development Loans (EA)..... | 5,000 | 5,000 | 5,000 |
| SMALL BUSINESS FIRST FUND TOTAL..... | \$ 39,300 | \$ 37,356 | \$ 37,367 |
| UNDERGROUND STORAGE TANK INDEMNIFICATION FUND: | | | |
| Underground Storage Tank Administration (EA)..... | \$ 45 | \$ 24 | \$ 24 |
| Upgrade Loans (EA)..... | 1,500 | 1,000 | 1,000 |

Community and Economic Development

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|----------------------------|--------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL..... | <u>\$ 1,545</u> | <u>\$ 1,024</u> | <u>\$ 1,024</u> |
| WATER SUPPLY AND WASTE WATER TREATMENT FUND: | | | |
| Commonwealth Financing Authority - Public Projects..... | \$ 22,068 ^g | \$ 54,000 ^g | \$ 54,000 ^g |
| Commonwealth Financing Authority - Private Projects..... | 3,636 ^g | 10,000 ^g | 7,343 ^g |
| WATER SUPPLY AND WASTE WATER TREATMENT FUND TOTAL..... | <u>\$ 25,704</u> | <u>\$ 64,000</u> | <u>\$ 61,343</u> |
| WORKMEN'S COMPENSATION ADMINISTRATION FUND: | | | |
| Small Business Advocate - Workers' Compensation (R)..... | <u>\$ 0</u> | <u>\$ 174</u> | <u>\$ 183</u> |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 673,663 | \$ 643,290 | \$ 507,215 |
| SPECIAL FUNDS..... | 3,000 | 17,077 | 17,876 |
| FEDERAL FUNDS..... | 100,750 | 98,224 | 90,432 |
| AUGMENTATIONS..... | 10,351 | 10,003 | 7,357 |
| RESTRICTED..... | 975 | 993 | 1,020 |
| OTHER FUNDS..... | 210,633 | 237,530 | 233,591 |
| TOTAL ALL FUNDS..... | <u><u>\$ 999,372</u></u> | <u><u>\$ 1,007,117</u></u> | <u><u>\$ 857,491</u></u> |

^a 2006-07 Actual includes \$5,734,000 and 2007-08 Available includes \$5,944,000 appropriated from International Trade.

^b Within the Tobacco Settlement Fund, this budget proposes distributing 2% to the Health Venture Account and 2% to Biotechnology Commercialization by decreasing the percentage currently received by the PACEnet Transfer from 8% to 4%.

^c In all years, program funded by the Health Endowment Account for Long-Term Hope.

^d Appropriated as a \$50,000,000 continuing executive authorization in 2005-06. Amount shown is an estimate of program disbursements within the fiscal year.

^e Appropriated as a \$10,000,000 continuing executive authorization in 2005-06. Amount shown is an estimate of program disbursements within the fiscal year.

^f This budget recommends merging the Machinery and Equipment Loan Fund into the Industrial Development Fund.

^g Appropriated as \$200,000,000 continuing executive authorization in 2005-06. Amount shown is an estimate of program disbursements within the fiscal year.

Community and Economic Development

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| COMMUNITY AND ECONOMIC DEVELOPMENT | | | | | | | |
| SUPPORT SERVICES | | | | | | | |
| GENERAL FUND..... | \$ 138,692 | \$ 142,271 | \$ 118,321 | \$ 118,321 | \$ 118,321 | \$ 118,321 | \$ 118,321 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 4,792 | 4,037 | 4,252 | 4,252 | 4,252 | 4,252 | 4,252 |
| OTHER FUNDS..... | 34,674 | 78,406 | 78,003 | 36,041 | 24,327 | 10,660 | 10,660 |
| SUBCATEGORY TOTAL..... | \$ 178,158 | \$ 224,714 | \$ 200,576 | \$ 158,614 | \$ 146,900 | \$ 133,233 | \$ 133,233 |
| BUSINESS AND JOB DEVELOPMENT | | | | | | | |
| GENERAL FUND..... | \$ 222,712 | \$ 205,048 | \$ 209,860 | \$ 215,231 | \$ 215,236 | \$ 215,233 | \$ 215,236 |
| SPECIAL FUNDS..... | 0 | 7,039 | 7,438 | 7,680 | 7,851 | 8,026 | 8,205 |
| FEDERAL FUNDS..... | 220 | 300 | 270 | 270 | 270 | 270 | 270 |
| OTHER FUNDS..... | 107,096 | 78,799 | 83,710 | 84,010 | 84,010 | 84,010 | 84,010 |
| SUBCATEGORY TOTAL..... | \$ 330,028 | \$ 291,186 | \$ 301,278 | \$ 307,191 | \$ 307,367 | \$ 307,539 | \$ 307,721 |
| TECHNOLOGY DEVELOPMENT | | | | | | | |
| GENERAL FUND..... | \$ 78,143 | \$ 74,450 | \$ 70,900 | \$ 70,900 | \$ 70,900 | \$ 70,900 | \$ 70,900 |
| SPECIAL FUNDS..... | 3,000 | 10,038 | 10,438 | 10,680 | 10,851 | 11,026 | 11,205 |
| FEDERAL FUNDS..... | 0 | 250 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 62,285 | 65,185 | 62,577 | 62,577 | 62,577 | 62,577 | 62,577 |
| SUBCATEGORY TOTAL..... | \$ 143,428 | \$ 149,923 | \$ 143,915 | \$ 144,157 | \$ 144,328 | \$ 144,503 | \$ 144,682 |
| COMMUNITY DEVELOPMENT | | | | | | | |
| GENERAL FUND..... | \$ 234,116 | \$ 221,521 | \$ 108,134 | \$ 108,134 | \$ 108,134 | \$ 108,134 | \$ 108,134 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 95,738 | 93,637 | 85,910 | 95,127 | 95,127 | 95,127 | 95,127 |
| OTHER FUNDS..... | 17,904 | 26,136 | 17,678 | 19,164 | 14,021 | 8,019 | 8,019 |
| SUBCATEGORY TOTAL..... | \$ 347,758 | \$ 341,294 | \$ 211,722 | \$ 222,425 | \$ 217,282 | \$ 211,280 | \$ 211,280 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 673,663 | \$ 643,290 | \$ 507,215 | \$ 512,586 | \$ 512,591 | \$ 512,588 | \$ 512,591 |
| SPECIAL FUNDS..... | 3,000 | 17,077 | 17,876 | 18,360 | 18,702 | 19,052 | 19,410 |
| FEDERAL FUNDS..... | 100,750 | 98,224 | 90,432 | 99,649 | 99,649 | 99,649 | 99,649 |
| OTHER FUNDS..... | 221,959 | 248,526 | 241,968 | 201,792 | 184,935 | 165,266 | 165,266 |
| DEPARTMENT TOTAL..... | \$ 999,372 | \$ 1,007,117 | \$ 857,491 | \$ 832,387 | \$ 815,877 | \$ 796,555 | \$ 796,916 |

Community and Economic Development

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

This program 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 in ensuring that the system is effective and efficient. This ensures that Pennsylvania's businesses and communities provide the opportunity for all of the commonwealth's residents to achieve a high quality of life.

The Governor's Action Team plays a key role. The Action Team reacts immediately to major problems and opportunities related to economic development including major business locations, relocations, expansions or dislocations, which require administration-wide, multi-departmental involvement.

Marketing and local planning assistance efforts further supplement the daily operations of the Department of Community and Economic Development. Marketing plays an important role in two distinct areas: promoting Pennsylvania to individuals as an attractive place to vacation in order to maximize Pennsylvania's share of the tourism dollar and promoting Pennsylvania to industry as possessing a good business climate, as well as being an excellent place to live and work. Toward these ends, the department operates two separate extensive multi-media advertising campaigns, one targeting economic development and the other targeting 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 opportunities for companies to develop their export potential and expand their export base. In collaboration with 18 contracted trade offices, small

businesses are provided support in overcoming the many legal, financial and logistical problems inherent in doing business internationally. The World Trade PA initiative, established in 2006, provided \$15 million in additional assistance to businesses looking to enter and compete in global markets. Domestically, the current marketing program targets the promotion of Pennsylvania's recently approved Economic Stimulus Package which includes \$2.3 billion in economic development funding, giving Pennsylvania a particular competitive advantage. A key component of the Economic Stimulus Package has been the First Industries Fund, which supports development programs in agriculture and tourism through planning grants, low interest loans and loan guarantees. This will have significant impact on potential and current growth of the tourism sector.

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. The Regional Marketing Partnership program coordinates regional efforts to promote tourist destinations and events. Act 189 of 2002 further supports these efforts through the Pennsylvania Travel and Tourism Partnership by ensuring the commonwealth's strategic tourism plan is continually evaluated and advanced.

Local business development organizations assist in arranging financing packages, and local marketing and promotion activities, while providing direct managerial and technical assistance to small businesses. Development of collaborative day care options by groups of small businesses is supported by grants through Act 100 of 1998.

Community and Economic Development

Program: Community and Economic Development Support Services (continued)

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|-----------|-------------|-------------|-------------|-------------|-------------|-------------|
| Traveler expenditures (in millions)..... | \$26,808 | \$26,850 | \$27,345 | \$27,895 | \$28,450 | \$29,010 | \$29,400 |
| Tourist Promotion Assistance | | | | | | | |
| Public/private funds leveraged (in thousands)..... | \$71,776 | \$73,850 | \$75,000 | \$76,500 | \$78,030 | \$79,590 | \$82,600 |
| Hotel rooms sold (in thousands)* | N/A | 27,054 | 27,595 | 28,174 | 28,794 | 29,370 | 29,880 |
| Tax revenues generated (in thousands)* | N/A | \$1,548,000 | \$1,550,000 | \$1,570,000 | \$1,598,000 | \$1,620,000 | \$1,650,000 |
| Export sales facilitated (in thousands)..... | \$253,580 | \$262,500 | \$350,000 | \$437,500 | \$525,000 | \$551,250 | \$578,813 |
| Return on Investment: Export Sales Facilitated | | | | | | | |
| Ratio of export sales facilitated to DCED cost * | N/A | 49:1 | 53:1 | 57:1 | 61:1 | 65:1 | 69:1 |
| Businesses assisted*..... | N/A | 1,006 | 1,156 | 1,271 | 1,334 | 1,400 | 1,470 |
| International investment projects completed*..... | N/A | 20 | 22 | 24 | 26 | 29 | 31 |

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | |
|---|--|
| <p>GENERAL FUND</p> <p>General Government Operations</p> <p>\$ 855 —to continue current program.</p> <p>40 —lease and moving costs related to the Philadelphia State Office Building cost containment initiative.</p> <hr/> <p>\$ 895 <i>Appropriation Increase</i></p> <p>World Trade PA</p> <p>\$ 161 —to continue current program.</p> <p><u>-3,010</u> —nonrecurring projects.</p> <p>\$ -2,849 <i>Appropriation Decrease</i></p> <p>Interactive Marketing</p> <p>\$ -2,040 —nonrecurring projects.</p> <p>Marketing to Attract Tourists</p> <p>\$ -1,885 —nonrecurring projects.</p> <p>1,610 —transfer of advertising costs from Marketing to Attract Business.</p> <hr/> <p>\$ -275 <i>Appropriation Decrease</i></p> <p>Marketing to Attract Business</p> <p>\$ -544 —Initiative—Marketing to Attract Business. To restructure the Marketing to Attract Business, Regional Marketing and Tourist Promotion Assistance programs to provide for more efficient and effective local and regional tourism marketing efforts.</p> <p>Cultural Exhibitions and Expositions</p> <p>\$ -6,345 —nonrecurring projects.</p> <p>Regional Marketing Partnerships</p> <p>\$ 4,000 —Initiative—Regional Marketing. To restructure the Regional Marketing, Tourist Promotion Assistance and Marketing to Attract Business programs to provide for more efficient and effective local and regional tourism marketing efforts.</p> | <p>Marketing to Attract Film Business</p> <p>\$ -26 —administrative efficiencies.</p> <p>Base Realignment and Closure</p> <p>\$ -750 —nonrecurring projects.</p> <p>Industrial Development Assistance</p> <p>\$ -176 —to continue current program.</p> <p>Local Development Districts</p> <p>\$ -1,090 —nonrecurring program costs.</p> <p>Tourist Promotion Assistance</p> <p>\$ -3,000 —Initiative—Tourist Promotion Assistance. To restructure the Tourist Promotion Assistance, Regional Marketing and Marketing to Attract Business programs to provide for more efficient and effective local and regional tourism marketing efforts.</p> <p>Tourism - Accredited Zoos</p> <p>\$ -2,250 —nonrecurring projects.</p> <p>Market Development</p> <p>\$ -500 —nonrecurring projects.</p> <p>Film Grant Program</p> <p>\$ -5,000 —nonrecurring projects.</p> <p>Cultural Activities</p> <p>\$ -4,000 —nonrecurring projects.</p> |
|---|--|

All other appropriations are recommended at the current year funding levels.

Community and Economic Development

Program: Community and Economic Development Support Services (continued)

Appropriations within this Program:

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 19,530 | \$ 19,880 | \$ 20,775 | \$ 20,775 | \$ 20,775 | \$ 20,775 | \$ 20,775 |
| World Trade PA..... | 20,734 | 17,944 | 15,095 | 15,095 | 15,095 | 15,095 | 15,095 |
| International Marketing..... | 500 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interactive Marketing..... | 2,040 | 2,040 | 0 | 0 | 0 | 0 | 0 |
| Marketing to Attract Tourists | 16,600 | 15,521 | 15,246 | 15,246 | 15,246 | 15,246 | 15,246 |
| Marketing to Attract Business..... | 3,985 | 3,491 | 2,947 | 2,947 | 2,947 | 2,947 | 2,947 |
| Cultural Expositions and Exhibitions | 11,725 | 6,345 | 0 | 0 | 0 | 0 | 0 |
| Regional Marketing Partnerships | 5,000 | 5,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 |
| Marketing to Attract Film Business | 600 | 610 | 584 | 584 | 584 | 584 | 584 |
| Housing Research Center..... | 388 | 0 | 0 | 0 | 0 | 0 | 0 |
| Base Realignment and Closure..... | 1,025 | 1,026 | 276 | 276 | 276 | 276 | 276 |
| Appalachian Regional Commission..... | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Industrial Development Assistance..... | 4,500 | 4,326 | 4,150 | 4,150 | 4,150 | 4,150 | 4,150 |
| Local Development Districts..... | 6,140 | 6,140 | 5,050 | 5,050 | 5,050 | 5,050 | 5,050 |
| Tourist Promotion Assistance | 11,000 | 10,588 | 7,588 | 7,588 | 7,588 | 7,588 | 7,588 |
| Tourism - Accredited Zoos..... | 2,250 | 2,250 | 0 | 0 | 0 | 0 | 0 |
| Market Development | 10,000 | 500 | 0 | 0 | 0 | 0 | 0 |
| Rural Leadership Training | 250 | 210 | 210 | 210 | 210 | 210 | 210 |
| Tourist Product Development | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Municipal Code Training..... | 250 | 0 | 0 | 0 | 0 | 0 | 0 |
| Film Grant Program..... | 10,000 | 5,000 | 0 | 0 | 0 | 0 | 0 |
| Cultural Activities | 9,175 | 4,000 | 0 | 0 | 0 | 0 | 0 |
| Economic Advancement..... | 0 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 |
| Community and Regional Development.... | 0 | 16,400 | 16,400 | 16,400 | 16,400 | 16,400 | 16,400 |
| TOTAL GENERAL FUND | \$ 138,692 | \$ 142,271 | \$ 118,321 | \$ 118,321 | \$ 118,321 | \$ 118,321 | \$ 118,321 |

Community and Economic Development

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 startups and development. The newpa.com website links customers to general information, publications, specific program guidelines and the department's Single Application for Assistance. The proprietary single application process allows the customer to apply for funding via one application, which may be accessed and submitted online.

Program Element: Economic Development

The Business Retention and Expansion program works with the commonwealth's ten marketing regions to promote job retention, expansion and creation by contacting Pennsylvania businesses to identify their needs in an effort to retain and improve their operations in Pennsylvania. Information gathered is entered into a database, providing an efficient means to access, analyze and acquire in-depth information on Pennsylvania's community and economic assets.

The Export Network links the ten regions to the overseas offices, which offer assistance to support the international trade activities of Pennsylvania businesses. The Entrepreneurial Support Network provides improved quality and availability of services to potential entrepreneurs.

The Opportunity Grant Program is a tool used by the Governor's Action Team to secure job creation economic development opportunities by preservation and expansion of existing industries as well as attraction of 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.

The Small Business First Fund, created by Act 67 of 1996, merged the Pennsylvania Capital Loan Fund, Storage Tank Loan Fund and Air Quality Loan Fund into a single multi-purpose fund that can make loans to small businesses for a wide range of needs. Eligible uses include financing 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 maximum loan amount is \$200,000. The department began the

Community and Economic Development Loan Program for small businesses located in distressed areas that have social or economic disadvantage in 1999. 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. Funding 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 present and future business sites. Local public and nonprofit sponsors may receive grants and loans on behalf of industrial, manufacturing, research and development, agriculturally-related and export service enterprises for the following improvements: energy facilities, fire and safety facilities, sewer and water systems, transportation and waste disposal facilities. Private real estate developers are also eligible if they are developing 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, which are 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 ranging from four and three quarter percent to five and three quarter percent, depending upon the unemployment rate in the county where the project is located.

The Machinery and Equipment Loan Fund, recodified in Act 213 of 2002, provides low-interest loan financing to manufacturing, industrial, medical, information technology, biotechnology mining companies and to production agriculture to acquire and install new or used machinery and equipment. Interest rates are similar to PIDA and vary depending on the county and municipality unemployment levels. A criterion of the program is that the applicant must agree to create or preserve jobs. The Governor's 2008-09 budget recommends merging the Machinery and Equipment Loan Fund into the Industrial Development Fund. This consolidation will provide a substantial pool of funds to address the needs of companies and eliminate the need for two sets of program guidelines, applications and loan documents.

Community and Economic Development

Program: Business and Job Development (continued)

Job Creation Tax Credits, authorized by Act 23 of 2001, provide \$1,000 for each approved job created. Tax credits are also approved for businesses that agree to create or preserve jobs in the commonwealth within three years. Businesses must agree to create at least 25 new jobs or new jobs equaling at least 20 percent of the existing 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. Annually, \$22.5 million is available for these credits. 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 loan financing to companies, private real estate developers, and municipalities performing 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, 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 the Machinery and Equipment Loan Fund (MELF). Programs include Business in Our Sites, which will create shovel-ready sites for expanding business; the First Industries Program, which offers grant, loan and loan guarantee financing through several different programs, both new and existing to support tourism and agricultural projects; PennWorks, a program that provides grants and loans for water and wastewater infrastructure development; the Second Stage Loan Guarantee Program that provides \$50 million in guarantees for successful Pennsylvania businesses seeking working capital from banks; and the Tax Increment Financing Guarantee Program which will enable local governments to achieve more favorable borrowing terms while allowing the debt to be repaid with future revenues. Building PA, New Pennsylvania Venture Guarantee Program, and the Venture Capital Investment Program were also created under the act.

The Core Industries Stimulus Program, also created by Act 22 of 2004, enhances the existing MELF loan program by adding an additional \$75 million in revolving loan funds by increasing the maximum loan amount from \$500,000 to \$5 million. Information technology companies and licensed hospitals are now also eligible to receive funding 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 will provide additional funding from gaming revenues to support economic development grants under this act.

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 funding to Pennsylvania companies for basic skills and information technology training and guarantees training to meet the standards agreed to between the company and the training provider. The GFT Program is critical to ensuring that highly skilled workers are available for Pennsylvania companies. The Job Enhancement Act of 2002 recodified 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 industry clusters: bio/life sciences, information technology/optoelectronics and advanced manufacturing and materials. Another focus of workforce development is the retention of young people who are trained in the colleges, universities and technical schools in the commonwealth. The Stay Invent the Future Program helps to market Pennsylvania, showcasing its opportunities, and helps bring students and Pennsylvania employers together through internships and informational sessions.

Program Element: Ports Development

The PENNPORTS office provides for the development of Pennsylvania's ports, including Erie Port, the Philadelphia Regional Port Authority and the Pittsburgh Port Commission. Funding is used to aid in the development of these ports, which not only generate port and shipping related jobs, but also assist Pennsylvania firms in exporting their products.

Program Element: Pennsylvania Economic Development Financing Authority (PEDFA)

The Pennsylvania Economic Development Financing Authority (PEDFA) pools taxable and tax-exempt bond financing with the ability to finance economic development projects. PEDFA can finance land, buildings, machinery and equipment, and working capital including refinancing. Applications must be submitted through an industrial development authority.

Program Element: Minority Business

The Pennsylvania Minority Business Development Authority (PMBDA) offers low-interest loans to minority-owned businesses for fixed asset financing, working capital

Community and Economic Development

Program: Business and Job Development (continued)

and other financing needs. These efforts can be particularly crucial given the difficulty minority entrepreneurs have in securing adequate funding, especially working capital. Since 1998-99, some of these programs are provided through a transfer from the Pennsylvania Minority Business Development Fund to the Small Business First Fund.

Program Element: Capital Access Program (PennCAP)

The Pennsylvania Capital Access Program is a small business loan guarantee program designed to help

borrowers that don't quite meet a bank's normal small business lending requirements. Eligible uses include land and building acquisition, machinery and equipment and working capital needs. Loans may be guaranteed up to \$500,000. Rates and terms are negotiated with the participating bank; PEDFA bond program provides the guarantee for bank loans, term loans or lines of credit.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Business Assistance | | | | | | | |
| Businesses Assisted..... | 11,155 | 11,300 | 11,526 | 11,726 | 11,991 | 11,991 | 11,991 |
| Jobs pledged to be created..... | 147,973 | 66,618 | 73,153 | 69,581 | 77,317 | 77,317 | 77,317 |
| Jobs retained..... | 114,134 | 129,941 | 128,416 | 128,416 | 128,416 | 128,416 | 128,416 |
| Public funds leveraged (in thousands)*..... | \$641,844 | \$654,680 | \$667,773 | \$681,128 | \$681,128 | \$681,128 | \$681,128 |
| Private funds leveraged (in thousands)*..... | \$5,745,000 | \$4,461,773 | \$4,481,773 | \$4,509,773 | \$4,549,773 | \$4,549,773 | \$4,549,773 |
| Persons receiving job training..... | 113,297 | 121,000 | 121,000 | 121,000 | 121,000 | 121,000 | 121,000 |
| Opportunity Grants: projects assisted..... | 153 | 156 | 156 | 156 | 156 | 156 | 156 |
| Brownfield redevelopment projects assisted..... | 74 | 72 | 72 | 72 | 72 | 72 | 72 |

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | |
|--|--|
| <p>GENERAL FUND PennPORTS \$ -7,324 —nonrecurring projects.</p> <p>Transfer to Commonwealth Financing Authority \$ 15,435 —to provide debt service for economic development bonds.</p> <p>Intergovernmental Cooperation Authority-2nd Class Cities \$ -225 —to continue current program.</p> <p>Opportunity Grant Program \$ -5,000 —program reduction.</p> <p>Customized Job Training \$ -2,500 —program reduction.</p> <p>Keystone Innovation Zones \$ -1,300 —program reduction.</p> <p>Emergency Responder and Training \$ -5,548 —nonrecurring projects.</p> <p>Infrastructure Development \$ 10,000 —Initiative—Protecting Our Progress. To provide for additional infrastructure improvements that will help businesses locate or expand in Pennsylvania.</p> | <p>Small Business Development Centers \$ -626 —nonrecurring projects.</p> <p>Minority Business Development \$ -3,000 —nonrecurring projects.</p> <p>Fay Penn \$ -600 —nonrecurring projects.</p> <p>Infrastructure & Facilities Improvement Grants \$ 8,000 —Initiative—Infrastructure and Facility Improvement. To provide multi-year grants for new infrastructure and facility improvement projects.</p> <p>Digital & Robotic Technology \$ -2,500 —nonrecurring projects.</p> <p>TOBACCO SETTLEMENT FUND Health Venture Investment Account \$ 399 —Health Venture Investment Account. To provide funding for development of health ventures within the Commonwealth.</p> |
|--|--|

All other appropriations are recommended at the current year funding level.

Community and Economic Development

Program: Business and Job Development (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Business Retention and Expansion..... | \$ 18,629 | \$ 3,226 | \$ 3,226 | \$ 3,226 | \$ 3,226 | \$ 3,226 | \$ 3,226 |
| PennPORTS..... | 0 | 0 | 9,926 | 9,926 | 9,926 | 9,926 | 9,926 |
| PennPORTS Operations | 375 | 400 | 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..... | 1,750 | 966 | 0 | 0 | 0 | 0 | 0 |
| PennPORTS-Philadelphia Regional Port Authority Operations..... | 6,500 | 6,501 | 0 | 0 | 0 | 0 | 0 |
| PennPORTS-Philadelphia Regional Port Authority Debt Service..... | 4,462 | 4,543 | 0 | 0 | 0 | 0 | 0 |
| PennPORTS-Piers | 1,500 | 300 | 0 | 0 | 0 | 0 | 0 |
| PennPORTS-Piers Database | 75 | 0 | 0 | 0 | 0 | 0 | 0 |
| PennPORTS-Navigational System..... | 400 | 400 | 0 | 0 | 0 | 0 | 0 |
| PennPORTS-Intermodal Incentive Study.. | 1,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| PennPORTS-Competitiveness Study | 100 | 0 | 0 | 0 | 0 | 0 | 0 |
| Goods Movement and Intermodal Coordination | 0 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Transfer to Industrial Sites Environmental Assessment Fund | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| Transfer to Commonwealth Financing Authority..... | 36,939 | 47,038 | 62,473 | 68,544 | 68,549 | 68,546 | 68,549 |
| Intergovernmental Cooperation Authority -2nd Class Cities..... | 632 | 900 | 675 | 675 | 675 | 675 | 675 |
| Opportunity Grant Program | 49,000 | 45,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| Customized Job Training | 30,000 | 22,500 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| Keystone Innovation Zones..... | 2,000 | 2,000 | 700 | 0 | 0 | 0 | 0 |
| Workforce Leadership Grants..... | 4,050 | 3,050 | 3,050 | 3,050 | 3,050 | 3,050 | 3,050 |
| Emergency Responder and Training..... | 8,500 | 5,548 | 0 | 0 | 0 | 0 | 0 |
| Infrastructure Development | 22,500 | 22,500 | 32,500 | 32,500 | 32,500 | 32,500 | 32,500 |
| Small Business Development Centers | 8,000 | 7,376 | 6,750 | 6,750 | 6,750 | 6,750 | 6,750 |
| Flood Plain Management..... | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| 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 | 15,000 | 20,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 |
| Digital & Robotic Technology..... | 3,000 | 2,500 | 0 | 0 | 0 | 0 | 0 |
| TOTAL GENERAL FUND | \$ 222,712 | \$ 205,048 | \$ 209,860 | \$ 215,231 | \$ 215,236 | \$ 215,233 | \$ 215,236 |
| TOBACCO SETTLEMENT FUND: | | | | | | | |
| Health Venture Investment Account | \$ 0 | \$ 7,039 | \$ 7,438 | \$ 7,680 | \$ 7,851 | \$ 8,026 | \$ 8,205 |

Community and Economic Development

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 entrepreneurial spirit of the commonwealth enabling businesses and individuals to develop the skills and opportunities necessary to remain competitive in the international marketplace. Technology development allows Pennsylvania communities to build the infrastructure necessary to continue to attract and grow new businesses and connect to the world.

The Ben Franklin Technology Development Authority 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 program supports a wide range of initiatives to modernize machinery and equipment to improve productivity, streamline operations and increase product choice and develop a technologically skilled workforce for Pennsylvania. In 2007-08, approximately \$52 million has been allocated to the Ben Franklin Technology Development Authority. The Pennsylvania Technology Investment Authority (PTIA), within the Ben Franklin Technology Development Authority Fund, focuses on helping companies that want to develop new technologies. Its efforts are designed to meet the financing needs of high technology, knowledge-based companies whose needs differ from more traditional asset-based financing. The authority provides a series of support and financing including a Technology Company Investment program, a Technology Development Grant program, and a University Research Grants program. A loan guarantee program is also included for individuals with disabilities so that they may purchase assistive technologies which allow them to fully participate in their community's economy. Keystone Innovation Zone operational grants are also funded through the authority and are being used to drive economic development partnering between universities and community-focused organizations. The Regional Biotechnology Center initiative and the Life Sciences Greenhouses, funded by Tobacco Settlement dollars

since 2001-02, support three regional technology based economic development organizations focused on increasing the creation and growth of Pennsylvania's Life Science companies.

The Broadband Outreach and Aggregation Fund created by Act 183 of 2004, through its grant program, provides for the development of broadband programs within the commonwealth. Administration of the grant program includes program guideline development, application review, funding determinations, grant contracting, compliance, monitoring and closeout, and reporting to the Public Utility Commission.

The Industrial Resource Centers (IRCs) are focused on improving the competitive ability of Pennsylvania's traditional and emerging manufacturing firms by helping them to understand and implement modern manufacturing techniques. The IRCs work with existing small- and medium-size manufacturers to quickly adopt existing technologies and techniques. The centers are operated as nonprofit corporations and are given significant direction from the IRC Strategic Advisory Board, comprised, in the majority, of private sector representatives.

The Pennsylvania Infrastructure Technical Alliance (the PITA) integrates university-based technology research with business and economic development by partnering students at major universities in the state with businesses for research and development.

The Workforce Leadership Grant program provides grants for an integrated and seamless educational program across secondary, 2 year and 4 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, these grants are focused specifically on high technology industry clusters, which includes biotechnology/life sciences, information technology/electro optics, and advanced manufacturing/materials. All programs must include a nanotechnology component.

Community and Economic Development

Program: Technology Development (continued)

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Technology Investment | | | | | | | |
| Businesses assisted..... | 7,299 | 7,518 | 7,744 | 8,044 | 8,491 | 8,981 | 9,511 |
| Jobs created..... | 7,939 | 8,177 | 8,422 | 8,718 | 9,138 | 9,581 | 10,057 |
| Jobs retained..... | 12,345 | 12,715 | 13,096 | 13,532 | 14,097 | 14,689 | 15,318 |
| Private funds leveraged (in thousands)*..... | \$479,064 | \$493,436 | \$508,239 | \$543,338 | \$586,314 | \$634,383 | \$686,942 |
| Public funds leveraged (in thousands)*..... | \$489,668 | \$504,358 | \$519,489 | \$536,722 | \$555,222 | \$574,528 | \$594,679 |
| New companies established* | N/A | 200 | 207 | 213 | 219 | 227 | 235 |

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | | | |
|-----------|--|----|----|------|--|
| | GENERAL FUND | \$ | | | PENNTAP |
| | Transfer to Ben Franklin Technology Development Authority Fund | | | -75 | —nonrecurring projects. |
| \$ 4,000 | — Initiative – To continue support for the Keystone Innovation Zone program, including the Keystone Innovation Starter Kit and Keystone Innovation Grant programs. | | \$ | -750 | Agile Manufacturing —nonrecurring projects. |
| | | | \$ | -200 | Powdered Metals —nonrecurring projects. |
| \$ -1,525 | Super Computer Center —nonrecurring projects. | | | | |
| \$ -4,000 | Infrastructure Technical Assistance —nonrecurring projects. | | \$ | 400 | TOBACCO SETTLEMENT FUND Biotechnology Commercialization —Biotechnology Commercialization. To develop biotechnology research centers within the Commonwealth. |
| \$ -1,000 | Manufacturing and Business Assistance —nonrecurring projects. | | | | |

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Transfer to Ben Franklin Technical Development Authority Fund | \$ 50,200 | \$ 51,700 | \$ 55,700 | \$ 55,700 | \$ 55,700 | \$ 55,700 | \$ 55,700 |
| Super Computer Center | 2,500 | 1,525 | 0 | 0 | 0 | 0 | 0 |
| Infrastructure Technical Assistance | 6,000 | 4,000 | 0 | 0 | 0 | 0 | 0 |
| Industrial Resource Center..... | 15,200 | 15,200 | 15,200 | 15,200 | 15,200 | 15,200 | 15,200 |
| Manufacturing and Business Assistance... | 3,000 | 1,000 | 0 | 0 | 0 | 0 | 0 |
| PENNTAP | 300 | 75 | 0 | 0 | 0 | 0 | 0 |
| Agile Manufacturing..... | 743 | 750 | 0 | 0 | 0 | 0 | 0 |
| Powdered Metals..... | 200 | 200 | 0 | 0 | 0 | 0 | 0 |
| TOTAL GENERAL FUND | \$ 78,143 | \$ 74,450 | \$ 70,900 | \$ 70,900 | \$ 70,900 | \$ 70,900 | \$ 70,900 |
| TOBACCO SETTLEMENT FUND: | | | | | | | |
| Biotechnology Commercialization | \$ 0 | \$ 7,038 | \$ 7,438 | \$ 7,680 | \$ 7,851 | \$ 8,026 | \$ 8,205 |
| Life Sciences Greenhouses..... | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| TOTAL TOBACCO SETTLEMENT FUND | \$ 3,000 | \$ 10,038 | \$ 10,438 | \$ 10,680 | \$ 10,851 | \$ 11,026 | \$ 11,205 |

Community and Economic Development

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 which target affordable housing for low and moderate income Pennsylvanians.

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 funding for projects which enhance reinvestment and rebuilding of communities. Act 45 of 2005 established the Growing Greener Bond Fund, which allocates up to \$5 million dollars in funding Brownfields remediation. The "Core Communities Housing" component of this program provides funding for counties on a formula basis to rehabilitate and develop housing on previously developed sites.

The federal HOME Investment Partnerships program provides funding 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; funding to finance relocation of displaced persons; rental assistance; and rehabilitation of substandard housing. Federal funds for both Small Communities Development Block Grant (SCDBG) and HOME are provided to recipients through the U.S. Department of Housing and Urban Development (HUD) Integrated Disbursement and Information System. Funds are appropriated to the department to administer the program. Act 172 of 1992 established a separate special fund entitled the HOME Investment Trust Fund, as required by HUD, to administer these funds.

The federal Weatherization Assistance Program is designed to cut heating costs and improve living conditions for low income persons by adding 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 (LIHEABG) funds home weatherization 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 funding for both planning and direct project grants. Funding is targeted to projects which rebuild depressed inner city

neighborhoods and rural areas, and generally stabilize communities so economic and social growth can occur.

The New Communities program includes the State Enterprise Zone, Main Street and Elm Street programs to 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 which 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.

The Main Street component of New Communities helps restore downtown areas through a four-point approach: enhancing the area's physical appearance; marketing to shoppers, businesses and tourists; creating partners and local organizational structure; and strengthening and diversifying downtown businesses. The program helps restore the physical appearance of downtown through Downtown Reinvestment Grants and Anchor Buildings Grants that reuse older buildings to draw shoppers, workers and other people 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, including improvements to existing water and wastewater infrastructures.

The Elm Street component of New Communities, established in Act 7 of 2004, is a counterpart to Main Street that promotes revitalization of residential areas that are physically and programmatically connected to downtown improvement efforts. The program includes creating local nonprofits to revitalize the neighborhood; marketing real estate and special events; enhancing the physical appearance; developing and implementing a strategy for revitalization; and cleaning and maintenance of public spaces as well as addressing threats of crime.

A related federal program under New Communities - the Empowerment Zone/Enterprise Community program provides a combination of grants and tax incentives to rebuild poor inner cities and rural distressed areas. Pennsylvania has five communities 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 decent, safe and affordable multi-family rental and

Community and Economic Development

Program: Community Development (continued)

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 2007, PHFA provided mortgage financing for approximately 7,000 families totaling \$798 million and has committed \$8 million to revitalize distressed communities through the Homeownership Choice Program. In addition, PHFA has committed \$17.3 million in secondary funding and \$24.2 million in tax credits to finance 51 developments totaling 3,412 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 over \$206 million of General Fund monies and \$228.6 million of repayments into HEMAP to save more than 39,000 homes from foreclosure.

Program Element: Community Development

The federal Small Communities Development Block Grant (SCDBG) provides assistance in expanding low- and moderate-income housing opportunities, enhancing economic development and job opportunities for low- and moderate-income individuals, correcting public facilities such as water and sewer systems, and improving public facilities that affect public health and safety.

Act 92 of 1998 established the Keystone Opportunity Zones (KOZs). 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 the department to establish 12 smaller Keystone Opportunity Expansion Zones (KOEZs). 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 remaining 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 in the preparation, updating and implementation of municipal and county comprehensive 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 with particular emphasis placed on low-to-moderate-income families. The program is coordinated by the Center for Local Government Services. The Shared Municipal Services Program assists communities in improving operational efficiencies through cooperative activities. Typical projects include combined police records administration, shared data processing operations, municipal insurance pooling, shared public works operations, regional recreation activities, shared uniform code enforcement activities, the purchase of vehicles and other inter-municipal projects which will reduce local government costs and implement 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 equip these 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 and 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 as amended by Act 29 of 2005 established and further defined the Community Development Bank. The bank makes capital available for community development lending and provides technical assistance grants to promote the creation and ownership of community 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 equipment and buildings.

Program Element: Job Training and Human Services

The Community Conservation and Employment Program provides funds to municipalities, community action agencies and nonprofit sponsors for the development of employment opportunity and conservation activities.

Act 23 of 1997 established the Family Savings Account Program to provide matching funds as an incentive for low-

Community and Economic Development

Program: Community Development (continued)

income families to establish savings accounts for home ownership, educational expenses and to start businesses. Act 29 of 2005 expands the use of educational savings accounts for expenses related to postsecondary studies in science and technology related fields. This act supports student internships with emerging technology companies

within the commonwealth to supplement their classroom study.

The Community Services Block Grant (CSBG) 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.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Housing and Redevelopment | | | | | | | |
| Housing units assisted..... | 5,291 | 5,300 | 5,300 | 5,300 | 5,300 | 5,300 | 5,300 |
| Homes weatherized..... | 14,680 | 10,150 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| Designated distressed communities assisted..... | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| Main Street Program | | | | | | | |
| Main Street projects..... | 71 | 70 | 70 | 70 | 70 | 70 | 70 |
| Elm Street Program | | | | | | | |
| Elm Street projects..... | 47 | 50 | 50 | 50 | 50 | 50 | 50 |
| Early Intervention Program | | | | | | | |
| Local governments assisted..... | 15 | 12 | 12 | 12 | 12 | 12 | 12 |
| Land Use Planning and Technical Assistance | | | | | | | |
| Municipalities assisted..... | 501 | 633 | 633 | 633 | 633 | 633 | 633 |
| Shared Municipal Services | | | | | | | |
| Local governments assisted..... | 764 | 720 | 720 | 720 | 720 | 720 | 720 |
| Job Training and Human Services | | | | | | | |
| Persons participating in Community Services Block Grant..... | 339,564 | 339,564 | 339,564 | 339,564 | 339,564 | 339,564 | 339,564 |
| Family Savings Accounts | | | | | | | |
| Families participating..... | 2,676 | 3,132 | 3,588 | 4,044 | 4,500 | 4,956 | 4,956 |
| Cumulative dollars saved by participants (in thousands)..... | \$5,800 | \$6,400 | \$7,100 | \$7,800 | \$8,500 | \$9,200 | \$9,200 |
| Housing Finance Agency | | | | | | | |
| Approved mortgage assistance loans..... | 2,737 | 2,750 | 2,750 | 2,750 | 2,750 | 2,750 | 2,750 |
| Annual value of assistance loans recorded (in thousands)..... | \$28,738 | \$28,875 | \$28,875 | \$28,875 | \$28,875 | \$28,875 | \$28,875 |

Homes Weatherized increased in 2006-07 due to additional program funding.

Community and Economic Development

Program: Community Development (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | |
|------------|---|------------|--|
| | GENERAL FUND | | |
| | Land Use Planning and Technical Assistance | | Economic Growth and Development Assistance |
| \$ -13 | —administrative efficiencies. | \$ -7,000 | —nonrecurring projects. |
| | Local Government Resources and Development | | Community and Municipal Facilities Assistance |
| \$ -10,000 | —nonrecurring projects. | \$ -5,800 | —nonrecurring projects. |
| | Community Revitalization | | Community Conservation and Employment |
| \$ -40,220 | —nonrecurring projects. | \$ -14,000 | —nonrecurring projects. |
| | Urban Development | | Regional Development Initiative |
| \$ -20,110 | —nonrecurring projects. | \$ -13,500 | —nonrecurring projects. |
| | Community and Business Assistance | | |
| \$ -2,744 | —nonrecurring projects. | | |

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Land Use Planning and Technical Assistance..... | \$ 3,321 | \$ 4,247 | \$ 4,234 | \$ 4,234 | \$ 4,234 | \$ 4,234 | \$ 4,234 |
| Transfer to Municipalities Financial Recovery Revolving Fund..... | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Housing & Redevelopment Assistance..... | 30,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 |
| Accessible Housing | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| PHFA - Homeowners Emergency Mortgage Assistance | 10,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| PHFA - Early Childhood Education Capital | 0 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 |
| Family Savings Accounts..... | 1,250 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Shared Municipal Services | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 |
| Local Government Resources and Development..... | 32,000 | 10,000 | 0 | 0 | 0 | 0 | 0 |
| New Communities | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 |
| Community Action Team (CAT) | 0 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Community Revitalization..... | 44,300 | 40,220 | 0 | 0 | 0 | 0 | 0 |
| Urban Development..... | 18,900 | 20,110 | 0 | 0 | 0 | 0 | 0 |
| Community and Business Assistance..... | 5,125 | 2,744 | 0 | 0 | 0 | 0 | 0 |
| Economic Growth & Development Assistance..... | 7,000 | 7,000 | 0 | 0 | 0 | 0 | 0 |
| Community & Municipal Facilities Assistance..... | 6,000 | 5,800 | 0 | 0 | 0 | 0 | 0 |
| Community Conservation and Employment..... | 29,000 | 44,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Early Intervention for Distressed Municipalities | 750 | 750 | 750 | 750 | 750 | 750 | 750 |
| Regional Development Initiative | 19,370 | 13,500 | 0 | 0 | 0 | 0 | 0 |
| Community Development Bank Grants | 2,200 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL GENERAL FUND | \$ 234,116 | \$ 221,521 | \$ 108,134 | \$ 108,134 | \$ 108,134 | \$ 108,134 | \$ 108,134 |



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.

Conservation and Natural Resources

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|-------------------|-------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| GENERAL FUND: | | | |
| General Government: | | | |
| General Government Operations..... | \$ 18,526 | \$ 20,004 | \$ 22,233 |
| (F)Topographic and Geologic Survey Grants..... | 385 | 355 | 355 |
| (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..... | 0 | 100 | 100 |
| (F)Flood Hazard Mapping - Luzerne County..... | 507 | 507 | 507 |
| (F)Flood Hazard Mapping..... | 0 | 0 | 257 |
| (F)July 2003 Summer Storm - Kinzua Viaduct..... | 0 | 17,017 | 0 |
| (A)Payment for Department Services..... | 206 | 350 | 350 |
| (A)Keystone Recreation, Park and Conservation Fund..... | 5,182 | 3,000 | 2,716 |
| (A)Internet Record Imaging System..... | 256 | 230 | 230 |
| (A)Environmental Stewardship Fund Admin..... | 349 | 289 | 352 |
| (A)Purchasing Card Rebate..... | 36 | 35 | 35 |
| (A)Private Donations..... | 50 | 51 | 51 |
| (A)PAMAP..... | 4,229 | 4,100 | 0 |
| Infrastructure Initiative Mapping..... | 0 | 0 | 2,400 |
| Subtotal..... | <u>\$ 46,876</u> | <u>\$ 63,188</u> | <u>\$ 46,736</u> |
| State Parks Operations..... | 58,176 | 62,518 | 62,814 |
| (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 | 3,296 | 9,660 |
| (F)June 2006 Summer Floods - Disaster Assistance (EA)..... | 0 | 7,100 | 7,100 |
| (A)PCC Programs - Parks..... | 13 | 10 | 10 |
| (A)Reimbursement - Sewer System..... | 48 | 0 | 0 |
| (A)Reimbursement - Kings Gap Use..... | 13 | 0 | 0 |
| (A)State Parks User Fees..... | 15,570 | 15,070 | 16,070 |
| (A)Donations..... | 2 | 5 | 5 |
| (A)Reimbursement for Services..... | 839 | 529 | 529 |
| Subtotal..... | <u>\$ 93,880</u> | <u>\$ 104,451</u> | <u>\$ 112,111</u> |
| State Forests Operations..... | 14,616 | 16,441 | 18,458 |
| (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 | 250 |
| (F)Aid to Volunteer Fire Companies..... | 750 | 750 | 750 |
| (F)Wetland Protection Fund..... | 200 | 200 | 200 |
| (A)Reimbursement for Services..... | 308 | 450 | 450 |
| (A)Reimbursement - Forest Fires..... | 1,312 | 775 | 775 |
| (A)Sale of Vehicles - Forests..... | 25 | 50 | 50 |
| (A)Private Donations..... | 1 | 5 | 5 |
| (A)Timber Sales..... | 32,260 | 35,308 | 35,308 |
| (A)PCC Programs - Forests..... | 26 | 50 | 50 |
| (A)Miscellaneous Tickets and Fines..... | 207 | 5 | 5 |
| Subtotal..... | <u>\$ 55,730</u> | <u>\$ 60,059</u> | <u>\$ 62,076</u> |
| Forest Pest Management..... | 2,111 | 5,193 | 5,286 |
| (F)Forest Insect and Disease Control..... | 3,000 | 3,000 | 4,000 |
| (A)Reimbursement from Counties..... | 412 | 2,550 | 3,000 |
| Subtotal..... | <u>\$ 5,523</u> | <u>\$ 10,743</u> | <u>\$ 12,286</u> |

Conservation and Natural Resources

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|--------------------------|--------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| Subtotal - State Funds..... | \$ 93,429 | \$ 104,156 | \$ 111,191 |
| Subtotal - Federal Funds..... | 47,236 | 71,423 | 62,027 |
| Subtotal - Augmentations..... | 61,344 | 62,862 | 59,991 |
| Total - General Government..... | <u>\$ 202,009</u> | <u>\$ 238,441</u> | <u>\$ 233,209</u> |
| Grants and Subsidies: | | | |
| Heritage and Other Parks..... | \$ 8,200 | \$ 9,610 | \$ 1,950 |
| Annual Fixed Charges - Flood Lands..... | 55 | 55 | 58 |
| Annual Fixed Charges - Project 70..... | 35 | 35 | 35 |
| Annual Fixed Charges - Forest Lands..... | 2,480 | 2,480 | 2,480 |
| Annual Fixed Charges - Park Lands..... | 300 | 400 | 400 |
| Total - Grants and Subsidies..... | <u>\$ 11,070</u> | <u>\$ 12,580</u> | <u>\$ 4,923</u> |
| STATE FUNDS..... | \$ 104,499 | \$ 116,736 | \$ 116,114 |
| FEDERAL FUNDS..... | 47,236 | 71,423 | 62,027 |
| AUGMENTATIONS..... | 61,344 | 62,862 | 59,991 |
| GENERAL FUND TOTAL..... | <u>\$ 213,079</u> | <u>\$ 251,021</u> | <u>\$ 238,132</u> |
| <u>ENVIRONMENTAL STEWARDSHIP FUND:</u> | | | |
| General Government: | | | |
| Parks & Forest Facility Rehabilitation (EA)..... | \$ 0 | \$ 3,109 | \$ 2,501 |
| Grants and Subsidies: | | | |
| Community Conservation Grants (EA)..... | \$ 12,620 | \$ 7,572 | \$ 10,450 |
| Natural Diversity Conservation Grants (EA)..... | 750 | 882 | 882 |
| Total - Grants and Subsidies..... | <u>\$ 13,370</u> | <u>\$ 8,454</u> | <u>\$ 11,332</u> |
| ENVIRONMENTAL STEWARDSHIP FUND TOTAL..... | <u>\$ 13,370</u> | <u>\$ 11,563</u> | <u>\$ 13,833</u> |
| <u>KEYSTONE RECREATION, PARK AND CONSERVATION FUND:</u> | | | |
| General Government: | | | |
| Park & Forest Facility Rehabilitation (EA)..... | \$ 31,230 | \$ 24,577 | \$ 26,643 |
| Grants and Subsidies: | | | |
| Grants for Local Recreation (EA)..... | \$ 26,025 | \$ 20,480 | \$ 22,203 |
| Grants to Land Trusts (EA)..... | 10,410 | 8,192 | 8,881 |
| Total - Grants and Subsidies..... | <u>\$ 36,435</u> | <u>\$ 28,672</u> | <u>\$ 31,084</u> |
| KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL..... | <u>\$ 67,665</u> | <u>\$ 53,249</u> | <u>\$ 57,727</u> |
| <u>MOTOR LICENSE FUND:</u> | | | |
| General Government: | | | |
| Dirt and Gravel Roads..... | \$ 1,000 | \$ 1,000 | \$ 1,000 |
| Grants and Subsidies: | | | |
| (R)Forestry Bridges - Excise Tax (EA)..... | \$ 4,000 | \$ 4,000 | \$ 7,000 |
| STATE FUNDS..... | \$ 1,000 | \$ 1,000 | \$ 1,000 |
| RESTRICTED REVENUES..... | 4,000 | 4,000 | 7,000 |
| MOTOR LICENSE FUND TOTAL..... | <u>\$ 5,000</u> | <u>\$ 5,000</u> | <u>\$ 8,000</u> |

Conservation and Natural Resources

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|--------------------------|--------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| <u>OTHER FUNDS:</u> | | | |
| GENERAL FUND: | | | |
| Snowmobile & ATV Regulation..... | \$ 5,770 | \$ 6,188 | \$ 5,509 |
| Forest Regeneration..... | 3,073 | 5,671 | 3,655 |
| Forestry Research..... | 399 | 2,408 | 1,000 |
| Forest Lands Beautification Act..... | 12 | 607 | 0 |
| GENERAL FUND TOTAL..... | <u>\$ 9,254</u> | <u>\$ 14,874</u> | <u>\$ 10,164</u> |
| ENVIRONMENTAL EDUCATION FUND: | | | |
| General Operations (EA)..... | \$ 370 | \$ 293 | \$ 150 |
| GROWING GREENER BOND FUND: | | | |
| Parks and Recreation Improvements (EA)..... | \$ 708 ^a | \$ 12,832 ^a | \$ 13,396 ^a |
| State Parks and Forests Facility Projects (EA)..... | 21,950 ^a | 15,714 ^a | 35,715 ^a |
| Open Space Conservation (EA)..... | 22,609 ^a | 30,285 ^a | 29,972 ^a |
| GROWING GREENER BOND FUND TOTAL..... | <u>\$ 45,267</u> | <u>\$ 58,831</u> | <u>\$ 79,083</u> |
| OIL AND GAS LEASE FUND: | | | |
| General Operations..... | \$ 4,329 | \$ 5,011 | \$ 5,085 |
| STATE GAMING FUND: | | | |
| Payments in Lieu of Taxes (EA)..... | \$ 5,000 | \$ 5,000 | \$ 5,000 |
| WILD RESOURCE CONSERVATION FUND: | | | |
| General Operations (EA)..... | \$ 382 | \$ 243 | \$ 244 |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 104,499 | \$ 116,736 | \$ 116,114 |
| SPECIAL FUNDS..... | 82,035 | 65,812 | 72,560 |
| FEDERAL FUNDS..... | 47,236 | 71,423 | 62,027 |
| AUGMENTATIONS..... | 61,344 | 62,862 | 59,991 |
| RESTRICTED..... | 4,000 | 4,000 | 7,000 |
| OTHER FUNDS..... | 64,602 | 84,252 | 99,726 |
| TOTAL ALL FUNDS..... | <u>\$ 363,716</u> | <u>\$ 405,085</u> | <u>\$ 417,418</u> |

^a Appropriated as a continuing executive authorization in 2005-06. Amount shown is an estimate of program disbursements within the fiscal year.

Conservation and Natural Resources

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| PARKS AND FORESTS MANAGEMENT | | | | | | | |
| GENERAL FUND..... | \$ 104,499 | \$ 116,736 | \$ 116,114 | \$ 113,714 | \$ 113,714 | \$ 113,714 | \$ 113,714 |
| SPECIAL FUNDS..... | 82,035 | 65,812 | 72,560 | 72,391 | 73,483 | 74,386 | 76,832 |
| FEDERAL FUNDS..... | 47,236 | 71,423 | 62,027 | 34,580 | 34,580 | 34,580 | 34,580 |
| OTHER FUNDS..... | 129,946 | 151,114 | 166,717 | 106,704 | 96,086 | 87,634 | 87,634 |
| SUBCATEGORY TOTAL..... | \$ 363,716 | \$ 405,085 | \$ 417,418 | \$ 327,389 | \$ 317,863 | \$ 310,314 | \$ 312,760 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 104,499 | \$ 116,736 | \$ 116,114 | \$ 113,714 | \$ 113,714 | \$ 113,714 | \$ 113,714 |
| SPECIAL FUNDS..... | 82,035 | 65,812 | 72,560 | 72,391 | 73,483 | 74,386 | 76,832 |
| FEDERAL FUNDS..... | 47,236 | 71,423 | 62,027 | 34,580 | 34,580 | 34,580 | 34,580 |
| OTHER FUNDS..... | 129,946 | 151,114 | 166,717 | 106,704 | 96,086 | 87,634 | 87,634 |
| DEPARTMENT TOTAL..... | \$ 363,716 | \$ 405,085 | \$ 417,418 | \$ 327,389 | \$ 317,863 | \$ 310,314 | \$ 312,760 |

Conservation and Natural Resources

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 and treats forest lands for native and non-native invasive pests, including the gypsy moth, emerald ash borer and hemlock wooly adelgid, which threatens our state tree.

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, non-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.

Conservation and Natural Resources

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, Heritage Parks 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 for 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 new "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.

Conservation and Natural Resources

Program: Parks and Forests Management (continued)

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Stewardship and Management of State Parks and Forest | | | | | | | |
| State park attendance | 35,800,000 | 35,900,000 | 36,000,000 | 36,100,000 | 36,200,000 | 36,300,000 | 36,400,000 |
| State park family campsite nights available to rent | 1,589,605 | 1,590,000 | 1,591,000 | 1,592,000 | 1,593,000 | 1,594,000 | 1,595,000 |
| State park family campsite nights rented ... | 348,119 | 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 | 94,446 | 94,000 | 94,000 | 94,000 | 94,000 | 94,000 | 94,000 |
| State park family cabin nights rented | 58,034 | 58,000 | 58,000 | 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 construction or completed (parks and forest)..... | 5 | 7 | 8 | 10 | 11 | 12 | 13 |
| Forest fires suppressed | 508 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Forest fire acres suppressed | 854 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 |
| Sales of certified timber (millions of board feet sold) | 66,513 | 72,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 |
| Statewide Land Conservation | | | | | | | |
| Land conservation through acquisition and easement (acres) | 18,490 | 15,000 | 15,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Sustainable and Attractive Communities | | | | | | | |
| Total grant funds awarded | \$60,876,000 | \$77,500,000 | \$77,500,000 | \$77,500,000 | \$77,500,000 | \$77,500,000 | \$77,500,000 |
| Community Conservation Partnership grants awarded..... | 354 | 440 | 440 | 440 | 440 | 440 | 440 |
| Heritage Park Grants awarded..... | 86 | 90 | 90 | 90 | 90 | 90 | 90 |
| STATEMAP - Square miles mapped..... | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| PAMAP - Square miles flown for aerial photographs | 5,553 | 14,300 | 12,900 | 17,300 | 14,300 | 12,900 | 17,300 |
| PA Natural Heritage Program (website database searches)..... | 45,887 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Outdoor Connections for Citizens and Visitors | | | | | | | |
| Get Outdoor PA recreation programs conducted | 1,053 | 1,100 | 1,200 | 1,300 | 1,400 | 1,500 | 1,600 |
| Environmental education and interpretive programming attendance..... | 364,368 | 370,000 | 375,000 | 380,000 | 385,000 | 390,000 | 400,000 |

State park information is reported by fiscal year. Peak season extends from Memorial Day to Labor Day.

The Bureau of Forestry fights fires on DCNR managed lands, other public lands and private lands.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | |
|---|--|
| <p>GENERAL FUND</p> <p>General Government Operations</p> <p>\$ 2,179 —to continue current program.</p> <p>\$ 50 —lease and moving cost related to the Philadelphia State Office Building cost containment initiative.</p> <hr/> <p>\$ 2,229 <i>Appropriation Increase</i></p> <p>Infrastructure Initiative Mapping</p> <p>\$ 2,400 —Initiative - Rebuilding Pennsylvania's Infrastructure. To provide for increased flood mapping activities.</p> <p>State Parks Operations</p> <p>\$ 296 —to continue current program.</p> | <p>State Forests Operations</p> <p>\$ 2,017 —to continue current program.</p> <p>Forest Pest Management</p> <p>\$ 93 —to continue current program.</p> <p>Heritage and Other Parks</p> <p>\$ -7,660 —nonrecurring heritage and other parks projects.</p> <p>Annual Fixed Charges - Flood Lands</p> <p>\$ 3 —to continue current program.</p> |
|---|--|

Conservation and Natural Resources

Program: Parks and Forests Management (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | |
|----------|---|----|-------|
| | ENVIRONMENTAL STEWARDSHIP FUND | | |
| | Parks & Forest Facility Rehabilitation (EA) | \$ | 1,723 |
| \$ -608 | —nonrecurring projects. | | |
| | Community Conservation Grants (EA) | \$ | 689 |
| \$ 2,878 | —to continue current program. | | |
| | KEYSTONE RECREATION, PARKS AND CONSERVATION FUND | | |
| | Parks & Forest Facility Rehabilitation (EA) | | |
| \$ 2,066 | —to continue current program. | | |

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 18,526 | \$ 20,004 | \$ 22,233 | \$ 22,233 | \$ 22,233 | \$ 22,233 | \$ 22,233 |
| Infrastructure Initiative Mapping | 0 | 0 | 2,400 | 0 | 0 | 0 | 0 |
| State Parks Operations | 58,176 | 62,518 | 62,814 | 62,814 | 62,814 | 62,814 | 62,814 |
| State Forests Operations..... | 14,616 | 16,441 | 18,458 | 18,458 | 18,458 | 18,458 | 18,458 |
| Forest Pest Management | 2,111 | 5,193 | 5,286 | 5,286 | 5,286 | 5,286 | 5,286 |
| Heritage and Other Parks..... | 8,200 | 9,610 | 1,950 | 1,950 | 1,950 | 1,950 | 1,950 |
| Annual Fixed Charges - Flood Lands..... | 55 | 55 | 58 | 58 | 58 | 58 | 58 |
| Annual Fixed Charges - Project 70..... | 35 | 35 | 35 | 35 | 35 | 35 | 35 |
| Annual Fixed Charges - Forest Lands..... | 2,480 | 2,480 | 2,480 | 2,480 | 2,480 | 2,480 | 2,480 |
| Annual Fixed Charges - Park Lands..... | 300 | 400 | 400 | 400 | 400 | 400 | 400 |
| TOTAL GENERAL FUND | \$ 104,499 | \$ 116,736 | \$ 116,114 | \$ 113,714 | \$ 113,714 | \$ 113,714 | \$ 113,714 |
| ENVIRONMENTAL STEWARDSHIP FUND: | | | | | | | |
| Parks & Forest Facility Rehabilitation (EA)..... | \$ 0 | \$ 3,109 | \$ 2,501 | \$ 1,400 | \$ 1,400 | \$ 1,400 | \$ 1,400 |
| Community Conservation Grants (EA)..... | 12,620 | 7,572 | 10,450 | 9,101 | 7,143 | 5,477 | 5,479 |
| Natural Diversity Conservation Grants (EA)..... | 750 | 882 | 882 | 882 | 882 | 882 | 882 |
| TOTAL ENVIRONMENTAL STEWARDSHIP FUND..... | \$ 13,370 | \$ 11,563 | \$ 13,833 | \$ 11,383 | \$ 9,425 | \$ 7,759 | \$ 7,761 |
| KEYSTONE RECREATION, PARK AND CONSERVATION FUND: | | | | | | | |
| Park & Forest Facility Rehabilitation (EA)..... | \$ 31,230 | \$ 24,577 | \$ 26,643 | \$ 27,696 | \$ 29,104 | \$ 30,290 | \$ 31,418 |
| Grants for Local Recreation (EA) | 26,025 | 20,480 | 22,203 | 23,080 | 24,253 | 25,240 | 26,180 |
| Grants to Land Trusts (EA)..... | 10,410 | 8,192 | 8,881 | 9,232 | 9,701 | 10,097 | 10,473 |
| TOTAL KEYSTONE RECREATION, PARK AND CONSERVATION FUND..... | \$ 67,665 | \$ 53,249 | \$ 57,727 | \$ 60,008 | \$ 63,058 | \$ 65,627 | \$ 68,071 |
| 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) | | |
|--|-------------------------------|---------------------|---------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| GENERAL FUND: | | | |
| <i>Institutional:</i> | | | |
| General Government Operations..... | \$ 34,195 | \$ 36,614 | \$ 37,366 |
| (A)County Training..... | 171 | 210 | 210 |
| (A)Purchasing Card Rebates..... | 2 | 8 | 0 |
| (A)Augmentations from State Agencies..... | 3 | 2 | 5 |
| (A)Miscellaneous..... | 37 | 0 | 0 |
| Subtotal..... | \$ 34,408 | \$ 36,834 | \$ 37,581 |
| Medical Care..... | 189,509 | 204,338 | 216,326 |
| (A)Medical Co-payment..... | 289 | 310 | 338 |
| (A)Purchasing Card Rebates..... | 2 | 8 | 0 |
| (A)Miscellaneous..... | 18 | 0 | 0 |
| Subtotal..... | \$ 189,818 | \$ 204,656 | \$ 216,664 |
| Inmate Education and Training..... | 42,082 | 45,555 | 46,582 |
| (F)Youth Offenders Education..... | 800 | 1,200 | 1,200 |
| (F)Correctional Education..... | 1,520 | 1,575 | 1,523 |
| (A)Correctional Industries..... | 4,700 | 0 | 0 |
| (A)Reimbursement for Services..... | 7 | 20 | 0 |
| Subtotal..... | \$ 49,109 | \$ 48,350 | \$ 49,305 |
| State Correctional Institutions..... | 1,154,473 | 1,313,674 | 1,368,537 |
| (F)SABG - Drug and Alcohol Programs..... | 2,100 | 2,100 | 2,100 |
| (F)DCSI - Hispanic Therapeutic Community (EA)..... | 200 | 50 | 0 |
| (F)JAG - Cognitive Behavior Therapy (EA)..... | 0 | 80 | 80 |
| (F)Reimbursement for Alien Inmates..... | 1,157 | 1,157 | 5,388 |
| (F)Volunteer Support..... | 20 | 20 | 20 |
| (F)Truth in Sentencing (EA)..... | 10,000 | 0 | 0 |
| (F)RSAT - State Prisoners (EA)..... | 928 | 700 | 700 |
| (F)Inmate Reentry Program..... | 550 | 400 | 300 |
| (F)Changing Offender Behavior..... | 0 | 349 | 250 |
| (F)Prison Rape Elimination..... | 115 | 650 | 370 |
| (A)Correctional Industries..... | 12,800 | 0 | 0 |
| (A)Commissary Reimbursement..... | 1,926 | 0 | 0 |
| (A)Community Service Centers..... | 641 | 580 | 680 |
| (A)Institutional Reimbursements..... | 894 | 255 | 720 |
| (A)Purchasing Card Rebates..... | 31 | 200 | 0 |
| (A)Social Security..... | 146 | 175 | 180 |
| Subtotal..... | \$ 1,185,981 | \$ 1,320,390 | \$ 1,379,325 |
| Subtotal - State Funds..... | \$ 1,420,259 | \$ 1,600,181 | \$ 1,668,811 |
| Subtotal - Federal Funds..... | 17,390 | 8,281 | 11,931 |
| Subtotal - Augmentations..... | 21,667 | 1,768 | 2,133 |
| Total - Institutional..... | \$ 1,459,316 | \$ 1,610,230 | \$ 1,682,875 |
| STATE FUNDS..... | \$ 1,420,259 | \$ 1,600,181 | \$ 1,668,811 |
| FEDERAL FUNDS..... | 17,390 | 8,281 | 11,931 |
| AUGMENTATIONS..... | 21,667 | 1,768 | 2,133 |
| GENERAL FUND TOTAL..... | \$ 1,459,316 | \$ 1,610,230 | \$ 1,682,875 |
| OTHER FUNDS: | | | |
| LOCAL CRIMINAL JUSTICE FUND: | | | |
| County Grants (EA)..... | \$ 2,565 | \$ 1,127 | \$ 735 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|-------------------------------------|-------------------------------|--------------------------|--------------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| MANUFACTURING FUND: | | | |
| General Operations (EA)..... | \$ 46,700 ^a | \$ 60,200 | \$ 66,491 |
| | <u> </u> | <u> </u> | <u> </u> |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 1,420,259 | \$ 1,600,181 | \$ 1,668,811 |
| SPECIAL FUNDS..... | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 17,390 | 8,281 | 11,931 |
| AUGMENTATIONS..... | 21,667 | 1,768 | 2,133 |
| OTHER FUNDS..... | 49,265 | 61,327 | 67,226 |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL ALL FUNDS..... | \$ 1,508,581 | \$ 1,671,557 | \$ 1,750,101 |
| | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> |

^a Not added to the total to avoid double counting: \$17,500,000.

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| INSTITUTIONALIZATION OF OFFENDERS | | | | | | | |
| GENERAL FUND..... | \$ 1,420,259 | \$ 1,600,181 | \$ 1,668,811 | \$ 1,694,509 | \$ 1,708,743 | \$ 1,726,203 | \$ 1,744,255 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 17,390 | 8,281 | 11,931 | 7,700 | 7,700 | 7,700 | 7,700 |
| OTHER FUNDS..... | 70,932 | 63,095 | 69,359 | 69,359 | 69,359 | 69,359 | 69,359 |
| SUBCATEGORY TOTAL..... | \$ 1,508,581 | \$ 1,671,557 | \$ 1,750,101 | \$ 1,771,568 | \$ 1,785,802 | \$ 1,803,262 | \$ 1,821,314 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 1,420,259 | \$ 1,600,181 | \$ 1,668,811 | \$ 1,694,509 | \$ 1,708,743 | \$ 1,726,203 | \$ 1,744,255 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 17,390 | 8,281 | 11,931 | 7,700 | 7,700 | 7,700 | 7,700 |
| OTHER FUNDS..... | 70,932 | 63,095 | 69,359 | 69,359 | 69,359 | 69,359 | 69,359 |
| DEPARTMENT TOTAL..... | \$ 1,508,581 | \$ 1,671,557 | \$ 1,750,101 | \$ 1,771,568 | \$ 1,785,802 | \$ 1,803,262 | \$ 1,821,314 |

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, 49 state-operated or contracted community corrections centers and a motivational boot camp. There were 45,484 inmates housed in the state system at the end of June 2007 and an operational capacity of 41,124. Operational bed capacity is expected to increase in 2008.

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 also one of only seven state correctional systems that are 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 17 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.

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 Pennsylvania Board of Probation and Parole 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 while incarcerated.

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 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. As 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 29,800 inmates are assessed as needing

Program: Institutionalization of Offenders (continued)

alcohol and other drug treatment, and approximately 2,900 inmates currently receive treatment services. Therapeutic communities provide more intensive alcohol and other drug programming, which is more effective in changing behavior. Approximately 1,890 inmates 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 11,257 inmates are in GED or adult basic education classes and 1,140 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 87 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 2009, there will be approximately 4,800 offenders in the community corrections centers, and approximately 45 percent will be parolees.

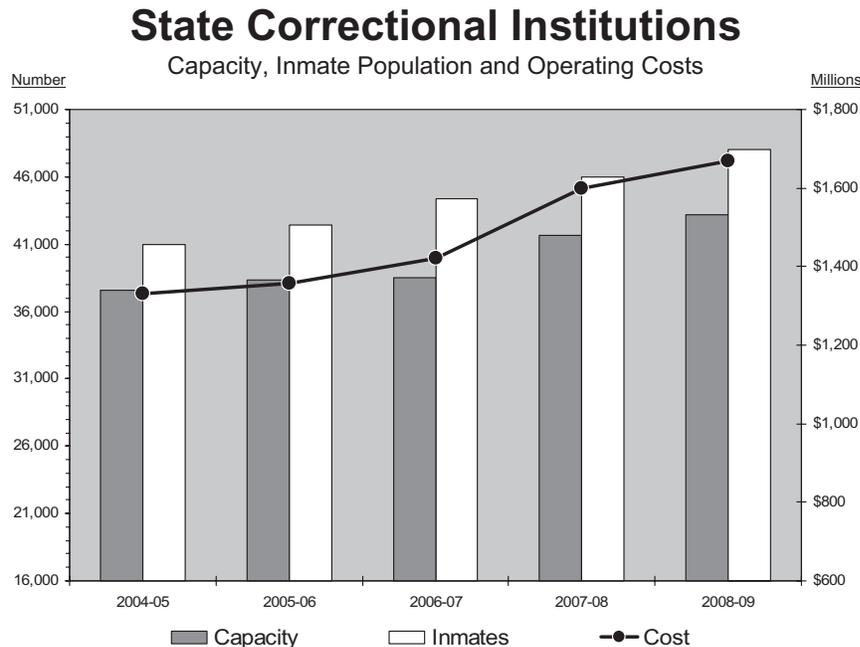
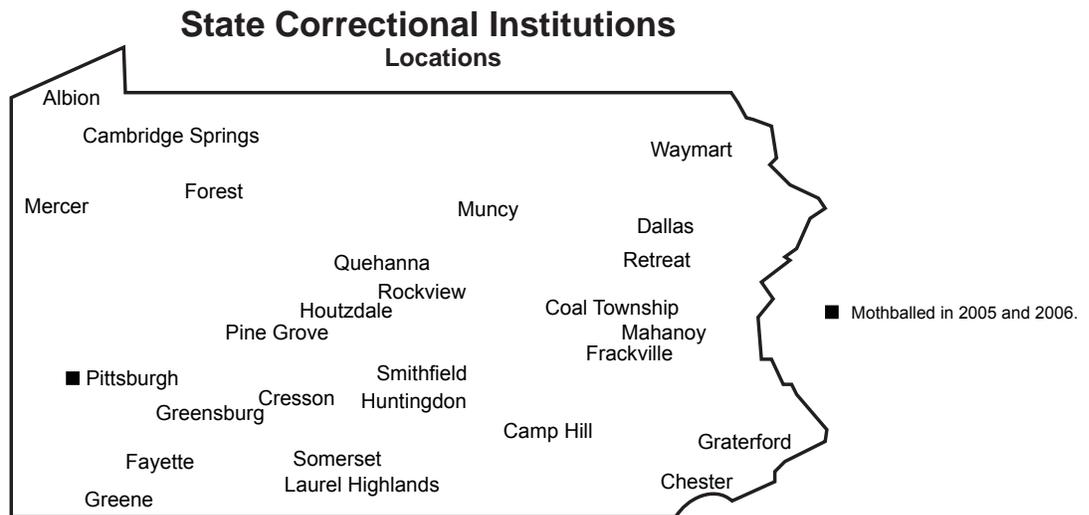
| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|---------|---------|
| Total inmate population..... | 44,365 | 46,028 | 48,731 | 50,179 | 52,218 | 54,626 | 56,839 |
| Inmates in institutions*..... | 42,939 | 44,480 | 46,081 | 47,529 | 49,568 | 51,976 | 54,189 |
| Inmates in community corrections centers*..... | 1,426 | 1,548 | 2,650 | 2,650 | 2,650 | 2,650 | 2,650 |
| Prison operational bed capacity | 38,547 | 41,692 | 44,220 | 44,399 | 44,399 | 44,399 | 44,399 |
| Inmates in excess of operational bed capacity..... | 5,818 | 4,336 | 4,511 | 5,780 | 7,819 | 10,227 | 12,440 |
| Inmates in state intermediate punishment program | 270 | 665 | 1,237 | 1,420 | 1,508 | 1,529 | 1,555 |
| Inmates employed or in educational programs* | N/A | 30,900 | 31,121 | 31,456 | 31,656 | 31,756 | 31,856 |
| Hours worked in community work projects* | 720,000 | 735,000 | 757,050 | 772,191 | 787,635 | 803,387 | 819,455 |
| Inmates enrolled in academic educational programs..... | 10,937 | 11,257 | 11,307 | 11,307 | 11,307 | 11,307 | 11,307 |
| Inmates enrolled in vocational programs.... | 3,516 | 3,756 | 3,800 | 3,800 | 3,800 | 3,800 | 3,800 |
| Inmates receiving high school diplomas/ GEDs | 1,140 | 1,150 | 1,160 | 1,160 | 1,160 | 1,160 | 1,160 |
| Inmates assessed as needing alcohol or other drug treatment services*..... | N/A | 29,813 | 31,188 | 32,116 | 33,419 | 34,960 | 36,377 |
| Inmates currently receiving alcohol or other drug treatment services*..... | N/A | 2,900 | 3,530 | 3,530 | 3,530 | 3,530 | 3,530 |
| Inmates who have completed alcohol or other drug treatment services during the year* | N/A | 6,600 | 8,160 | 8,160 | 8,160 | 8,160 | 8,160 |
| Percentage of inmates testing positive for drug and alcohol use while in prison (random test) | 0.22% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% |

Program: Institutionalization of Offenders (continued)

| Program Measures: (continued) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Monies collected from inmates to pay for victim restitution and other fines, fees, costs, penalties and reparations..... | \$4,593,000 | \$4,685,000 | \$4,777,740 | \$4,896,435 | \$5,043,200 | \$5,205,438 | \$5,361,384 |
| Cost per inmate per year (state funds)..... | \$30,792 | \$33,625 | \$33,076 | \$32,613 | \$31,613 | \$30,539 | \$29,667 |
| Cost per inmate per year for health care (state funds)..... | \$4,272 | \$4,439 | \$4,439 | \$4,468 | \$4,459 | \$4,440 | \$4,444 |
| Inmates to custody staff..... | 5.0 | 4.8 | 5.3 | 5.5 | 5.7 | 6.0 | 6.2 |
| Inmates to all Department of Corrections staff..... | 3.1 | 3.0 | 3.1 | 3.1 | 3.3 | 3.4 | 3.6 |

*New or substantially revised program measure.

Measures are recorded in December for 2006-07 and 2007-08, and in June for 2008-09 and thereafter.



The cost of operating the state correctional institution system has increased from over \$1.3 billion in 2004-05 to over \$1.6 billion in 2008-09. During this timeframe, the inmate population is projected to increase from 40,965 to 48,032 and the operational capacity from 37,570 to an estimated 43,155.

Program: Institutionalization of Offenders (continued)

| Population and Capacity Institutions | Population Dec 2007 | Estimated Population Dec 2008 | Capacity Dec 2007 | Estimated Capacity Dec 2008 |
|---|--------------------------------|--|------------------------------|--|
| Albion..... | 2,295 | 2,280 | 1,900 | 1,900 |
| Cambridge Springs..... | 1,026 | 1,030 | 894 | 894 |
| Camp Hill..... | 3,380 | 3,265 | 3,130 | 3,130 |
| Chester..... | 1,163 | 1,190 | 1,150 | 1,150 |
| Coal Township..... | 1,864 | 2,013 | 1,600 | 1,600 |
| Cresson..... | 1,571 | 1,624 | 1,400 | 1,400 |
| Dallas..... | 2,090 | 2,050 | 1,750 | 1,750 |
| Fayette..... | 2,036 | 2,030 | 1,914 | 1,914 |
| Forest..... | 2,072 | 2,073 | 1,980 | 1,980 |
| Frackville..... | 1,106 | 1,065 | 900 | 900 |
| Graterford..... | 2,898 | 2,940 | 2,800 | 2,800 |
| Greene..... | 1,917 | 1,880 | 1,823 | 1,823 |
| Greensburg..... | 979 | 976 | 800 | 800 |
| Houtzdale..... | 2,293 | 2,285 | 1,900 | 1,900 |
| Huntingdon..... | 2,184 | 2,050 | 1,700 | 1,700 |
| Laurel Highlands..... | 1,015 | 1,160 | 939 | 1,089 |
| Mahanoy..... | 2,290 | 2,280 | 1,900 | 1,900 |
| Mercer..... | 1,310 | 1,342 | 1,150 | 1,150 |
| Muncy..... | 1,208 | 1,400 | 1,148 | 1,298 |
| Pine Grove..... | 703 | 815 | 659 | 809 |
| Pittsburgh..... | 799 | 1,500 | 1,500 | 1,500 |
| Quehanna..... | 455 | 474 | 462 | 462 |
| Retreat..... | 889 | 1,135 | 806 | 1,092 |
| Rockview..... | 2,109 | 2,050 | 1,700 | 1,700 |
| Smithfield..... | 1,225 | 1,183 | 1,000 | 1,000 |
| Somerset..... | 2,314 | 2,280 | 1,900 | 1,900 |
| Waymart..... | 1,278 | 1,330 | 1,339 | 1,339 |
| Community Centers..... | 1,548 | 2,275 | 1,548 | 2,275 |
| Other jurisdictions..... | 11 | 12 | 0 | 0 |
| Total..... | <u>46,028</u> | <u>47,987</u> | <u>41,692</u> | <u>43,155</u> |

By June 2009, net operational capacity will increase to 44,220 after additional community corrections center beds and new housing units at three institutions have opened. Included in capacity are 1,022 contract beds in December 2007 and 1,452 contract beds in December 2008 that are available to house community corrections inmates.

Program: Institutionalization of Offenders (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | | 2006-07 Actual | 2007-08 Available | 2008-09 Budget |
|--------------------------|-------------------|----------------------|-------------------|-------------------------|-------------------|----------------------|-------------------|
| Albion | | | | Forest | | | |
| State Funds..... | \$ 50,904 | \$ 56,203 | \$ 56,884 | State Funds..... | \$ 50,463 | \$ 54,838 | \$ 57,773 |
| Federal Funds..... | 25 | 59 | 203 | Federal Funds..... | 12 | 50 | 210 |
| Augmentations..... | 763 | 21 | 23 | Augmentations..... | 681 | 18 | 21 |
| TOTAL..... | <u>\$ 51,692</u> | <u>\$ 56,283</u> | <u>\$ 57,110</u> | TOTAL..... | <u>\$ 51,156</u> | <u>\$ 54,906</u> | <u>\$ 58,004</u> |
| Cambridge Springs | | | | Frackville | | | |
| State Funds..... | \$ 26,961 | \$ 29,983 | \$ 31,341 | State Funds..... | \$ 36,408 | \$ 38,648 | \$ 40,257 |
| Federal Funds..... | 108 | 413 | 149 | Federal Funds..... | 15 | 33 | 135 |
| Augmentations..... | 360 | 12 | 19 | Augmentations..... | 450 | 14 | 10 |
| TOTAL..... | <u>\$ 27,429</u> | <u>\$ 30,408</u> | <u>\$ 31,509</u> | TOTAL..... | <u>\$ 36,873</u> | <u>\$ 38,695</u> | <u>\$ 40,402</u> |
| Camp Hill | | | | Graterford | | | |
| State Funds..... | \$ 82,040 | \$ 100,705 | \$ 102,216 | State Funds..... | \$ 97,746 | \$ 113,048 | \$ 115,792 |
| Federal Funds..... | 1,752 | 425 | 334 | Federal Funds..... | 26 | 434 | 620 |
| Augmentations..... | 1,154 | 53 | 43 | Augmentations..... | 1,583 | 43 | 100 |
| TOTAL..... | <u>\$ 84,946</u> | <u>\$ 101,183</u> | <u>\$ 102,593</u> | TOTAL..... | <u>\$ 99,355</u> | <u>\$ 113,525</u> | <u>\$ 116,512</u> |
| Chester | | | | Greene | | | |
| State Funds..... | \$ 39,301 | \$ 39,756 | \$ 43,616 | State Funds..... | \$ 62,275 | \$ 65,677 | \$ 66,864 |
| Federal Funds..... | 0 | 32 | 140 | Federal Funds..... | 18 | 51 | 219 |
| Augmentations..... | 586 | 15 | 12 | Augmentations..... | 672 | 18 | 21 |
| TOTAL..... | <u>\$ 39,887</u> | <u>\$ 39,803</u> | <u>\$ 43,768</u> | TOTAL..... | <u>\$ 62,965</u> | <u>\$ 65,746</u> | <u>\$ 67,104</u> |
| Coal Township | | | | Greensburg | | | |
| State Funds..... | \$ 47,297 | \$ 51,975 | \$ 54,226 | State Funds..... | \$ 35,411 | \$ 37,323 | \$ 37,694 |
| Federal Funds..... | 123 | 152 | 299 | Federal Funds..... | 121 | 156 | 239 |
| Augmentations..... | 963 | 25 | 30 | Augmentations..... | 576 | 9 | 9 |
| TOTAL..... | <u>\$ 48,383</u> | <u>\$ 52,152</u> | <u>\$ 54,555</u> | TOTAL..... | <u>\$ 36,108</u> | <u>\$ 37,488</u> | <u>\$ 37,942</u> |
| Cresson | | | | Houtzdale | | | |
| State Funds..... | \$ 44,848 | \$ 48,974 | \$ 51,927 | State Funds..... | \$ 51,785 | \$ 56,881 | \$ 57,945 |
| Federal Funds..... | 2,017 | 44 | 169 | Federal Funds..... | 106 | 157 | 314 |
| Augmentations..... | 808 | 18 | 18 | Augmentations..... | 1,295 | 23 | 30 |
| TOTAL..... | <u>\$ 47,673</u> | <u>\$ 49,036</u> | <u>\$ 52,114</u> | TOTAL..... | <u>\$ 53,186</u> | <u>\$ 57,061</u> | <u>\$ 58,289</u> |
| Dallas | | | | Huntingdon | | | |
| State Funds..... | \$ 61,054 | \$ 67,388 | \$ 68,130 | State Funds..... | \$ 56,808 | \$ 60,343 | \$ 61,528 |
| Federal Funds..... | 50 | 82 | 223 | Federal Funds..... | 23 | 55 | 208 |
| Augmentations..... | 1,284 | 28 | 25 | Augmentations..... | 874 | 35 | 93 |
| TOTAL..... | <u>\$ 62,388</u> | <u>\$ 67,498</u> | <u>\$ 68,378</u> | TOTAL..... | <u>\$ 57,705</u> | <u>\$ 60,433</u> | <u>\$ 61,829</u> |
| Fayette | | | | Laurel Highlands | | | |
| State Funds..... | \$ 60,473 | \$ 63,947 | \$ 65,774 | State Funds..... | \$ 43,379 | \$ 46,241 | \$ 51,448 |
| Federal Funds..... | 13 | 55 | 220 | Federal Funds..... | 3,007 | 22 | 158 |
| Augmentations..... | 773 | 22 | 28 | Augmentations..... | 481 | 12 | 11 |
| TOTAL..... | <u>\$ 61,259</u> | <u>\$ 64,024</u> | <u>\$ 66,022</u> | TOTAL..... | <u>\$ 46,867</u> | <u>\$ 46,275</u> | <u>\$ 51,617</u> |

Program: Institutionalization of Offenders (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | | 2006-07 Actual | 2007-08 Available | 2008-09 Budget |
|---------------------------|-------------------|----------------------|-------------------|----------------------------|-------------------|----------------------|-------------------|
| Mahanoy | | | | Smithfield | | | |
| State Funds..... | \$ 50,082 | \$ 55,102 | \$ 55,402 | State Funds..... | \$ 40,021 | \$ 43,192 | \$ 45,406 |
| Federal Funds..... | 17 | 51 | 194 | Federal Funds..... | 19 | 38 | 154 |
| Augmentations..... | 995 | 25 | 28 | Augmentations..... | 423 | 15 | 18 |
| TOTAL..... | <u>\$ 51,094</u> | <u>\$ 55,178</u> | <u>\$ 55,624</u> | TOTAL..... | <u>\$ 40,463</u> | <u>\$ 43,245</u> | <u>\$ 45,578</u> |
| Mercer | | | | Somerset | | | |
| State Funds..... | \$ 33,518 | \$ 38,975 | \$ 40,560 | State Funds..... | \$ 51,750 | \$ 58,815 | \$ 59,091 |
| Federal Funds..... | 24 | 39 | 141 | Federal Funds..... | 47 | 86 | 206 |
| Augmentations..... | 473 | 26 | 30 | Augmentations..... | 793 | 32 | 29 |
| TOTAL..... | <u>\$ 34,015</u> | <u>\$ 39,040</u> | <u>\$ 40,731</u> | TOTAL..... | <u>\$ 52,590</u> | <u>\$ 58,933</u> | <u>\$ 59,326</u> |
| Muncy | | | | Waymart | | | |
| State Funds..... | \$ 45,160 | \$ 45,707 | \$ 52,197 | State Funds..... | \$ 62,821 | \$ 64,791 | \$ 68,520 |
| Federal Funds..... | 139 | 181 | 284 | Federal Funds..... | 209 | 187 | 341 |
| Augmentations..... | 658 | 25 | 25 | Augmentations..... | 728 | 14 | 15 |
| TOTAL..... | <u>\$ 45,957</u> | <u>\$ 45,913</u> | <u>\$ 52,506</u> | TOTAL..... | <u>\$ 63,758</u> | <u>\$ 64,992</u> | <u>\$ 68,876</u> |
| Pine Grove | | | | Community Centers | | | |
| State Funds..... | \$ 31,022 | \$ 32,742 | \$ 35,305 | State Funds..... | \$ 88,242 | \$ 98,943 | \$ 107,155 |
| Federal Funds..... | 101 | 121 | 208 | Federal Funds..... | 665 | 681 | 1,383 |
| Augmentations..... | 419 | 9 | 8 | Augmentations..... | 641 | 580 | 680 |
| TOTAL..... | <u>\$ 31,542</u> | <u>\$ 32,872</u> | <u>\$ 35,521</u> | TOTAL..... | <u>\$ 89,548</u> | <u>\$ 100,204</u> | <u>\$ 109,218</u> |
| Pittsburgh | | | | Training Academy | | | |
| State Funds..... | \$ 3,646 | \$ 43,956 | \$ 51,093 | State Funds..... | \$ 6,355 | \$ 7,070 | \$ 7,121 |
| Federal Funds..... | 0 | 0 | 150 | Federal Funds..... | 0 | 1 | 19 |
| Augmentations..... | 425 | 0 | 5 | Augmentations..... | 190 | 210 | 210 |
| TOTAL..... | <u>\$ 4,071</u> | <u>\$ 43,956</u> | <u>\$ 51,248</u> | TOTAL..... | <u>\$ 6,545</u> | <u>\$ 7,281</u> | <u>\$ 7,350</u> |
| Quehanna Boot Camp | | | | Central Office | | | |
| State Funds..... | \$ 13,869 | \$ 16,011 | \$ 16,560 | State Funds..... | \$ 55,088 | \$ 63,318 | \$ 63,501 |
| Federal Funds..... | 2 | 18 | 61 | Federal Funds..... | 8,610 | 4,431 | 4,476 |
| Augmentations..... | 201 | 3 | 5 | Augmentations..... | 1,049 | 413 | 185 |
| TOTAL..... | <u>\$ 14,072</u> | <u>\$ 16,032</u> | <u>\$ 16,626</u> | TOTAL..... | <u>\$ 64,747</u> | <u>\$ 68,162</u> | <u>\$ 68,162</u> |
| Retreat | | | | Other jurisdictions | | | |
| State Funds..... | \$ 31,414 | \$ 35,097 | \$ 37,006 | State Funds..... | \$ 125 | \$ 250 | \$ 250 |
| Federal Funds..... | 35 | 54 | 148 | Federal Funds..... | 0 | 0 | 0 |
| Augmentations..... | 452 | 18 | 14 | Augmentations..... | 0 | 0 | 0 |
| TOTAL..... | <u>\$ 31,901</u> | <u>\$ 35,169</u> | <u>\$ 37,168</u> | TOTAL..... | <u>\$ 125</u> | <u>\$ 250</u> | <u>\$ 250</u> |
| Rockview | | | | | | | |
| State Funds..... | \$ 59,993 | \$ 64,282 | \$ 66,229 | | | | |
| Federal Funds..... | 106 | 173 | 326 | | | | |
| Augmentations..... | 917 | 32 | 388 | | | | |
| TOTAL..... | <u>\$ 61,016</u> | <u>\$ 64,487</u> | <u>\$ 66,943</u> | | | | |

Program: Institutionalization of Offenders (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | GENERAL FUND | | State Correctional Institutions |
|--------------|--|---------------|--|
| \$ 752 | General Government Operations —to continue current program. | \$ 11,226 | —Initiative—Community Corrections Expansion. To provide resources for an expansion of 1,000 beds in community corrections settings. |
| \$ 1,219 | Medical Care —Initiative—Capacity Expansion. To provide resources for medical care and treatment for offenders in new permanent housing units. | 4,500 | —Initiative—Automated Case Management. To provide resources for an Integrated Offender Case Management System that will upgrade and integrate Department of Corrections and Board of Probation and Parole case management systems. |
| -846 | —Initiative—Recidivism Reduction. Savings due to reduced operating costs from enactment of comprehensive crime-reducing legislation that reduces recidivism and results in less crime, safer neighborhoods, fewer victims, and fewer people incarcerated in Pennsylvania prisons. This budget assumes the enactment of comprehensive crime-reducing legislation in 2008. | 2,361 | —Initiative—Capacity Expansion. To provide operational resources for a total of 690 beds across three housing units to address increases in the offender population. |
| 7,774 | —contracted medical services and pharmacy costs. | -1,717 | —Initiative—Recidivism Reduction. Savings due to reduced operating costs from enactment of comprehensive crime-reducing legislation that reduces recidivism and results in less crime, safer neighborhoods, fewer victims, and fewer people incarcerated in Pennsylvania prisons. This budget assumes the enactment of comprehensive crime-reducing legislation in 2008. |
| <u>3,841</u> | —to continue current program. | <u>38,493</u> | —to continue current program. |
| \$ 11,988 | <i>Appropriation Increase</i> | \$ 54,863 | <i>Appropriation Increase</i> |
| \$ 1,027 | Inmate Education and Training —to continue current program. | <u>38,493</u> | |
| | | \$ 54,863 | <i>Appropriation Increase</i> |

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--------------------------------------|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 34,195 | \$ 36,614 | \$ 37,366 | \$ 37,366 | \$ 37,366 | \$ 37,366 | \$ 37,366 |
| Medical Care | 189,509 | 204,338 | 216,326 | 224,222 | 232,820 | 242,536 | 252,605 |
| Inmate Education and Training..... | 42,082 | 45,555 | 46,582 | 46,582 | 46,582 | 46,582 | 46,582 |
| State Correctional Institutions..... | 1,154,473 | 1,313,674 | 1,368,537 | 1,386,339 | 1,391,975 | 1,399,719 | 1,407,702 |
| | | | | | | | |
| GENERAL FUND TOTAL | <u>\$ 1,420,259</u> | <u>\$ 1,600,181</u> | <u>\$ 1,668,811</u> | <u>\$ 1,694,509</u> | <u>\$ 1,708,743</u> | <u>\$ 1,726,203</u> | <u>\$ 1,744,255</u> |



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)

| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
|--|-------------------|----------------------|-------------------|
|--|-------------------|----------------------|-------------------|

GENERAL FUND:

General Government:

| | | | |
|---|-------------------------------|-------------------|-------------------|
| General Government Operations..... | \$ 25,490 ^a | \$ 28,222 | \$ 29,513 |
| (F)Adult Basic Education - Administration..... | 1,800 | 1,650 | 1,600 |
| (F)Education of Exceptional Children..... | 10,000 | 10,000 | 10,000 |
| (F)Special Education Improvement..... | 2,200 | 2,200 | 2,200 |
| (F)ESEA - Title I - Administration..... | 8,100 | 8,000 | 8,000 |
| (F)State Approving Agency (VA)..... | 1,250 | 1,200 | 1,200 |
| (F)Food and Nutrition Service..... | 4,800 | 5,563 | 6,453 |
| (F)Migrant Education - Administration..... | 550 | 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..... | 1,589 | 1,586 | 1,563 |
| (F)ESEA - Title V - Administration/State..... | 930 | 779 | 779 |
| (F)Homeless Assistance..... | 2,320 | 3,426 | 3,426 |
| (F)Preschool Grant..... | 1,000 | 1,000 | 1,000 |
| (F)DFSC - Administration..... | 1,092 | 750 | 830 |
| (F)State Literacy Resource Centers..... | 125 | 150 | 110 |
| (F)School Health Education Programs..... | 500 | 500 | 500 |
| (F)Learn and Serve America - School Based..... | 882 | 882 | 882 |
| (F)Environmental Education Workshops..... | 450 | 350 | 350 |
| (F)Charter Schools Initiatives..... | 7,000 | 7,000 | 7,000 |
| (F)Educational Technology - Administration..... | 1,500 | 1,200 | 1,200 |
| (F)Advanced Placement Testing..... | 400 | 206 | 206 |
| (F)Medical Assistance - Nurses' Aide Training..... | 300 | 300 | 300 |
| (F)State and Community Highway Safety..... | 1,100 | 1,200 | 1,200 |
| (F)Reading First Initiative - Administration..... | 11,000 | 11,000 | 11,000 |
| (F)Title IV - 21st Century Community Learning Centers - Admin..... | 2,134 | 1,805 | 3,000 |
| (F)National Assessment of Educational Progress (NAEP)..... | 137 | 137 | 200 |
| (F)Evaluation of Student & Parent Access..... | 800 | 0 | 0 |
| (F)Youth Offenders Grant..... | 1,000 | 0 | 0 |
| (F)Drug and Violence Prevention Data..... | 1,208 | 381 | 317 |
| (F)Foreign Language Assistance..... | 250 | 247 | 247 |
| (F)Striving Readers..... | 0 | 3,800 | 3,800 |
| (F)WIA Incentive Grant..... | 489 | 489 | 0 |
| (F)Advanced Placement Initiative..... | 1,444 | 1,444 | 1,444 |
| (F)Statewide Longitudinal Data System..... | 2,200 | 2,200 | 0 |
| (F)School-Based Mental Health Services..... | 0 | 348 | 0 |
| (F)Refugee School Impact Development (EA)..... | 375 | 375 | 375 |
| (F)Even Start - Migrant Education..... | 345 | 0 | 0 |
| (F)Migrant Education Coordination Program..... | 250 | 87 | 87 |
| (F)Child Nutrition Discretionary Grant (EA)..... | 0 | 38 | 0 |
| (A)Management Services..... | 20 | 0 | 23 |
| (A)Environmental Education..... | 681 | 561 | 561 |
| (A)Approved Private Schools..... | 282 | 291 | 311 |
| (A)National Center for Educational Statistics..... | 28 | 10 | 10 |
| (A)Reimbursement from Department of Banking..... | 0 | 4 | 0 |
| (A)Teenage Parenting..... | 4,786 | 4,786 | 4,786 |
| (A)EPSDT Administration..... | 1,171 | 1,268 | 1,357 |
| (A)Services to Nonpublic Schools-Administration..... | 836 | 865 | 809 |
| (A)Troops for Teachers..... | 53 | 97 | 98 |
| (A)School Facilities Initiatives..... | 613 | 424 | 424 |
| (A)International Educators Training..... | 12 | 17 | 0 |
| (A)Costing Out Study..... | 325 | 0 | 0 |
| Subtotal..... | \$ 113,127 | \$ 116,748 | \$ 117,071 |
| Office of Safe Schools Advocate..... | 1,001 | 387 | 400 |
| Information and Technology Improvement..... | 5,024 | 4,960 | 5,446 |
| (F)Medical Assistance - Information Technology Support..... | 0 | 0 | 2,700 |
| PA Assessment..... | 20,094 | 31,619 | 58,400 |

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
|---|---------------------|----------------------|-------------------|
| (F) Title VI-Part A State Assessments..... | 22,000 | 13,264 | 12,668 |
| Subtotal..... | \$ 48,119 | \$ 50,230 | \$ 79,614 |
| State Library..... | 4,574 | 4,884 | 4,945 |
| (F) LSTA - Library Development..... | 1,650 | 1,950 | 1,950 |
| (F) Brownsfield Economic Development Initiative..... | 0 | 5,500 | 5,500 |
| (F) Save America's Treasures..... | 250 | 0 | 0 |
| (F) Save America's Treasures (EA)..... | 0 | 250 | 150 |
| (A) Penalties and Reimbursements..... | 2 | 3 | 3 |
| (A) Photocopy Service..... | 13 | 17 | 17 |
| (A) Keystone Fund..... | 66 | 68 | 74 |
| (A) Library Restoration..... | 0 | 4 | 4 |
| (A) PA Humanities Council..... | 0 | 20 | 20 |
| (A) Thaddeus Stevens Support..... | 4 | 3 | 3 |
| (A) Joint State Government Commission..... | 1 | 1 | 1 |
| Subtotal..... | \$ 6,560 | \$ 12,700 | \$ 12,667 |
| Subtotal - State Funds..... | \$ 56,183 | \$ 70,072 | \$ 98,704 |
| Subtotal - Federal Funds..... | 102,730 | 101,167 | 102,147 |
| Subtotal - Augmentations..... | 8,893 | 8,439 | 8,501 |
| Total - General Government..... | \$ 167,806 | \$ 179,678 | \$ 209,352 |
| Institutional: | | | |
| Youth Development Centers - Education..... | \$ 11,402 | \$ 11,463 | \$ 11,653 |
| Scranton State School for the Deaf..... | 6,889 | 7,262 | 7,500 |
| (F) Individuals with Disabilities Education - Scranton..... | 95 | 95 | 95 |
| (F) School Milk Lunch..... | 35 | 50 | 50 |
| (F) ESEA - Scranton..... | 300 | 452 | 452 |
| (F) Life Long Learning..... | 4 | 11 | 11 |
| (F) Adult Basic Education..... | 0 | 10 | 10 |
| (A) Cafeteria and Other Fees..... | 107 | 35 | 35 |
| (A) Tuition Recovery..... | 876 | 877 | 880 |
| Subtotal..... | \$ 8,306 | \$ 8,792 | \$ 9,033 |
| Subtotal - State Funds..... | \$ 18,291 | \$ 18,725 | \$ 19,153 |
| Subtotal - Federal Funds..... | 434 | 618 | 618 |
| Subtotal - Augmentations..... | 983 | 912 | 915 |
| Total - Institutional..... | \$ 19,708 | \$ 20,255 | \$ 20,686 |
| Grants and Subsidies: | | | |
| Support of Public Schools: | | | |
| Basic Education Funding..... | \$ 4,784,264 | \$ 4,951,429 | \$ 5,242,729 |
| Dual Enrollment Payments..... | 8,000 | 10,000 | 12,000 |
| Basic Ed Formula Enhancements..... | 2,000 | 2,000 | 2,000 |
| School Improvement Grants..... | 23,501 | 22,880 | 22,880 |
| Education Support Services..... | 4,000 | 0 | 0 |
| Pennsylvania Accountability Grants..... | 250,000 | 275,000 | 275,000 |
| Pre-K Counts..... | 0 | 75,000 | 87,550 |
| Head Start Supplemental Assistance..... | 40,000 | 40,000 | 40,000 |
| Education Assistance Program..... | 66,000 | 66,000 | 66,000 |
| Technology Initiative..... | 1,290 | 1,290 | 1,290 |
| Science: It's Elementary..... | 10,000 ^b | 13,500 | 15,000 |
| Science and Math Education Programs..... | 2,545 ^c | 2,545 | 0 |
| Classrooms for the Future..... | 20,000 ^d | 90,000 | 90,000 |
| Teacher Professional Development..... | 23,367 | 30,367 | 47,056 |
| (A) Governor's Institute-professional development..... | 118 | 118 | 118 |
| Urban and Minority Teacher Development..... | 0 | 3,000 | 0 |

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
|--|--------------------------|----------------------------|----------------------|
| Rx for PA - Physical and Health Education..... | 0 | 30 | 30 |
| Adult and Family Literacy..... | 18,534 | 23,434 | 23,434 |
| (F)Adult Basic Education - Local..... | 23,100 | 19,000 | 19,000 |
| Career and Technical Education..... | 61,127 | 62,961 | 64,535 |
| (F)Vocational Education Act - Local..... | 53,000 | 53,000 | 53,000 |
| New Choices / New Options..... | 2,500 | 2,500 | 0 |
| Authority Rentals and Sinking Fund Requirements..... | 296,483 | 323,368^e | 334,200 |
| Pupil Transportation..... | 507,244 | 507,067 | 529,481 |
| Nonpublic and Charter School Pupil Transportation..... | 69,938 | 69,041 | 67,920 |
| Special Education..... | 980,619 | 1,010,038 | 1,040,339 |
| (F)Individuals with Disabilities Education - Local..... | 436,000 | 406,893 | 409,172 |
| Early Intervention..... | 140,889 | 173,099 | 185,133 |
| (F)Individuals with Disabilities Education..... | 0 | 14,283 | 14,283 |
| Homebound Instruction..... | 878 | 784 | 758 |
| Tuition for Orphans and Children Placed in Private Homes..... | 51,255 | 55,649 | 55,805 |
| Payments in Lieu of Taxes..... | 175 | 172 | 179 |
| Education of Migrant Laborers' Children..... | 847 | 847 | 1,153 |
| PA Charter Schools for the Deaf and Blind..... | 33,755 | 34,236 | 36,053 |
| Special Education - Approved Private Schools..... | 92,723 | 89,901 | 93,835 |
| Approved Private Schools - Audit Resolution..... | 10,000 | 5,000 | 7,300 |
| Intermediate Units..... | 6,311 | 6,311 | 6,311 |
| (F)Public Health Preparedness and Response (EA)..... | 50 | 0 | 0 |
| School Food Services..... | 28,665 | 29,633 | 30,671 |
| (F)Food and Nutrition - Local..... | 370,000 | 415,766 | 440,712 |
| (F)Color Me Healthy (EA)..... | 35 | 185 | 35 |
| (A)Team Nutrition Training Grant..... | 35 | 0 | 0 |
| Rx for PA - School Food Services..... | 0 | 6,043 | 4,839 |
| School Employees' Social Security..... | 474,629 | 494,809 | 513,325 |
| School Employees' Retirement..... | 382,768 | 451,169 | 475,295 |
| School Entity Demonstration Projects..... | 6,000^f | 17,200 | 0 |
| Education of Indigent Children..... | 25 | 25 | 20 |
| High School Reform..... | 8,000 | 11,000 | 11,000 |
| Subtotal..... | <u>\$ 9,290,670</u> | <u>\$ 9,866,573</u> | <u>\$ 10,319,441</u> |
| | | | |
| (F)ESEA - Title V - School Districts..... | 4,226 | 3,434 | 3,434 |
| (F)ESEA - Title I - Local..... | 530,000 | 625,000 | 625,000 |
| (F)DFSC - School Districts..... | 15,000 | 10,076 | 10,076 |
| (F)School Improvement Grants..... | 0 | 6,000 | 18,000 |
| (F)Improving Teacher Quality - Title II - Local..... | 132,500 | 152,000 | 152,000 |
| (F)Educational Technology - Local..... | 13,000 | 16,480 | 16,480 |
| (F)Comprehensive School Reform - Local..... | 9,800 | 0 | 0 |
| (F)Comprehensive School Reform - Local (EA)..... | 0 | 491 | 0 |
| (F)Reading First Initiative - Local..... | 32,044 | 32,050 | 32,050 |
| (F)Title V - Empowerment Schools..... | 34,000 | 1,482 | 0 |
| (F)Title IV 21st Century Community Learning Centers - Local..... | 56,660 | 40,000 | 50,000 |
| (F)Title III - Language Instruction for LEP & Immigrant Student..... | 13,000 | 16,532 | 16,532 |
| (F)Title VI - Rural & Low Income School - Local..... | 580 | 559 | 559 |
| (F)Adult Basic Education Services (EA)..... | 7,200 | 6,000 | 6,000 |
| Subtotal..... | <u>\$ 848,010</u> | <u>\$ 910,104</u> | <u>\$ 930,131</u> |
| | | | |
| Other Grants and Subsidies: | | | |
| Education Mentoring..... | 1,200 | 1,200 | 0 |
| Lifelong Learning..... | 9,709 | 5,650 | 0 |
| Services to Nonpublic Schools..... | 83,643 | 86,487 | 91,590 |
| Textbooks, Materials and Equipment for Nonpublic Schools..... | 25,580 | 26,450 | 28,010 |
| Teen Pregnancy and Parenthood..... | 2,225 | 1,725 | 1,725 |
| (F)TANF - Teenage Parenting Education..... | 12,255 | 0 | 0 |
| (F)TANF - Teenage Parenting Education (EA)..... | 0 | 12,255 | 12,255 |

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
|--|-------------------|----------------------|-------------------|
| (F) Teenage Parenting - Food Stamps..... | 863 | 863 | 863 |
| Public Library Subsidy..... | 75,500 | 75,750 | 77,265 |
| Library Services for the Visually Impaired and Disabled..... | 2,965 | 2,965 | 2,965 |
| Recording for the Blind and Dyslexic..... | 70 | 70 | 70 |
| Library Access..... | 7,386 | 7,386 | 7,386 |
| Electronic Library Catalog..... | 3,842 | 3,842 | 3,842 |
| Ethnic Heritage..... | 165 | 165 | 165 |
| Governor's Schools of Excellence..... | 2,742 | 3,242 | 2,574 |
| Job Training Programs..... | 5,300 | 5,300 | 0 |
| Reimbursement of Charter Schools..... | 126,689 | 161,261 | 197,588 |
| Safe and Alternative Schools..... | 23,326 | 23,326 | 23,326 |
| Alternative Education Demonstration Grants..... | 43,300 | 17,500 | 0 |
| Parent Involvement Program (06/08)..... | 1,700 | 0 | 0 |
| Consolidation Incentives and Shared Services..... | 0 | 1,000 ^g | 1,000 |
| Concentrated Alternative Education Intervention Funding..... | 0 | 0 | 3,000 |
| Subtotal..... | \$ 428,460 | \$ 436,437 | \$ 453,624 |
| Higher Education - Other Grants and Subsidies: | | | |
| Community Colleges..... | 222,679 | 229,359 | 236,240 |
| Transfer to Community College Capital Fund..... | 42,006 | 44,506 | 44,506 |
| Regional Community Colleges Services..... | 900 | 750 | 0 |
| Technical Colleges..... | 0 | 2,000 | 2,400 |
| Subtotal..... | \$ 265,585 | \$ 276,615 | \$ 283,146 |
| (F) Teacher Quality Enhancement..... | 1,764 | 0 | 0 |
| (F) Teacher Recruitment..... | 192 | 0 | 0 |
| Subtotal..... | \$ 1,956 | \$ 0 | \$ 0 |
| Higher Education - Other Grants and Subsidies: | | | |
| Higher Education for the Disadvantaged..... | 9,320 | 9,320 | 9,320 |
| (A) Act 101 Partnership..... | 0 | 20 | 0 |
| Higher Education of Blind or Deaf Students..... | 54 | 54 | 54 |
| Higher Education Assistance..... | 19,661 | 20,017 | 0 |
| Enhanced Technology Initiative..... | 200 | 0 | 0 |
| Engineering Equipment Grants..... | 1,000 | 150 | 0 |
| Dormitory Sprinklers..... | 250 | 250 | 250 |
| Community Education Councils..... | 2,186 | 2,186 | 1,768 |
| Thaddeus Stevens College of Technology..... | 10,613 | 10,930 | 8,663 |
| Subtotal..... | \$ 43,284 | \$ 42,927 | \$ 20,055 |
| State System of Higher Education: | | | |
| State Universities..... | 467,622 | 483,989 | 498,509 |
| Recruitment of the Disadvantaged..... | 452 | 452 | 452 |
| PA Center for Environmental Education (PCEE)..... | 368 | 368 | 368 |
| McKeever Center..... | 216 | 216 | 216 |
| Affirmative Action..... | 1,167 | 1,167 | 1,167 |
| Program Initiatives..... | 18,048 | 18,048 | 18,048 |
| Subtotal..... | \$ 487,873 | \$ 504,240 | \$ 518,760 |
| The Pennsylvania State University: | | | |
| Educational and General..... | 258,332 | 263,499 | 267,451 |
| Agricultural Research..... | 25,094 | 25,595 | 25,094 |
| Agricultural Extension Services..... | 29,787 | 30,384 | 29,787 |
| Recruitment of the Disadvantaged..... | 454 | 454 | 454 |
| Pennsylvania College of Technology..... | 12,659 | 12,909 | 12,659 |
| Pennsylvania College of Technology - Debt Service..... | 1,389 | 1,389 | 1,389 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|----------------------|----------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| Subtotal..... | \$ 327,715 | \$ 334,230 | \$ 336,834 |
| University of Pittsburgh: | | | |
| Educational and General..... | 161,090 | 164,312 | 166,777 |
| Student Life Initiatives..... | 435 | 435 | 435 |
| Recruitment of the Disadvantaged..... | 442 | 442 | 442 |
| Western Teen Suicide Center..... | 523 | 523 | 523 |
| Rural Education Outreach..... | 2,157 | 2,457 | 2,157 |
| Subtotal..... | \$ 164,647 | \$ 168,169 | \$ 170,334 |
| Temple University: | | | |
| Educational and General..... | 169,093 | 172,475 | 175,062 |
| Recruitment of the Disadvantaged..... | 442 | 442 | 442 |
| Subtotal..... | \$ 169,535 | \$ 172,917 | \$ 175,504 |
| Lincoln University: | | | |
| Educational and General..... | 13,516 | 13,786 | 13,993 |
| Subtotal..... | \$ 13,516 | \$ 13,786 | \$ 13,993 |
| Non-State Related Universities and Colleges: | | | |
| Drexel University..... | 6,967 | 7,002 | 7,037 |
| University of Pennsylvania - Dental Clinics..... | 1,083 | 1,088 | 546 |
| University of Pennsylvania - Medical Programs..... | 4,037 | 4,057 | 2,038 |
| University of Pennsylvania - Veterinary Activities..... | 39,254 | 39,450 | 39,647 |
| University of Pennsylvania - Center for Infectious Disease..... | 3,200 | 3,216 | 3,232 |
| University of Pennsylvania - Cardiovascular Studies..... | 1,601 | 1,609 | 808 |
| Phila. Health & Educ. Corp. - Medical Programs..... | 7,720 | 7,759 | 3,899 |
| Phila. Health & Educ. Corp. - Operations & Maintenance..... | 1,718 | 1,727 | 868 |
| Phila. Health & Educ. Cor - Recruitment of the Disadvantaged..... | 305 | 307 | 154 |
| Philadelphia Health and Education Corporation..... | 2,001 | 2,011 | 1,010 |
| Thomas Jefferson University - Doctor of Medicine Instruction..... | 5,564 | 5,592 | 2,810 |
| Thomas Jefferson University - Operations & Maintenance..... | 4,239 | 4,260 | 2,140 |
| Philadelphia College of Osteopathic Medicine..... | 6,543 | 6,576 | 6,609 |
| Lake Erie College of Osteopathic Medicine..... | 1,852 | 1,861 | 1,870 |
| Pennsylvania College of Optometry..... | 1,685 | 1,693 | 1,701 |
| Philadelphia University of the Arts..... | 1,208 | 1,214 | 1,220 |
| Subtotal..... | \$ 88,977 | \$ 89,422 | \$ 75,589 |
| Non-State Related Institutions: | | | |
| Berean - Operations and Maintenance..... | 1,497 | 1,504 | 1,512 |
| Johnson Technical Institute..... | 193 | 194 | 195 |
| Williamson Free School of Mechanical Trades..... | 71 | 71 | 71 |
| Subtotal..... | \$ 1,761 | \$ 1,769 | \$ 1,778 |
| Subtotal - State Funds..... | \$ 10,386,567 | \$ 10,984,702 | \$ 11,419,620 |
| Subtotal - Federal Funds..... | 1,745,269 | 1,832,349 | 1,879,451 |
| Subtotal - Augmentations..... | 153 | 138 | 118 |
| Total - Grants and Subsidies..... | \$ 12,131,989 | \$ 12,817,189 | \$ 13,299,189 |
| STATE FUNDS..... | \$ 10,461,041 | \$ 11,073,499 | \$ 11,537,477 |
| FEDERAL FUNDS..... | 1,848,433 | 1,934,134 | 1,982,216 |
| AUGMENTATIONS..... | 10,029 | 9,489 | 9,534 |
| GENERAL FUND TOTAL..... | \$ 12,319,503 | \$ 13,017,122 | \$ 13,529,227 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|----------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| <u>MOTOR LICENSE FUND:</u> | | | |
| <i>Grants and Subsidies:</i> | | | |
| Safe Driving Course..... | \$ 1,230 | \$ 1,230 | \$ 1,230 |
| <u>KEYSTONE RECREATION, PARK AND CONSERVATION FUND:</u> | | | |
| <i>Grants and Subsidies:</i> | | | |
| Local Libraries Rehabilitation and Development (EA)..... | \$ 4,164 | \$ 3,277 | \$ 3,552 |
| SSHE-Deferred Maintenance - RTT (Current Year) (EA)..... | 18,573 | 15,568 | 15,986 |
| Total - Grants and Subsidies..... | \$ 22,737 | \$ 18,845 | \$ 19,538 |
| KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL..... | \$ 22,737 | \$ 18,845 | \$ 19,538 |
| <u>OTHER FUNDS:</u> | | | |
| GENERAL FUND: | | | |
| LSTA - Library Grants..... | \$ 4,334 | \$ 5,000 | \$ 7,000 |
| Private Licensed Schools..... | 526 | 598 | 675 |
| Empowerment School Districts..... | 5,200 | 0 | 0 |
| Medical Assistance Reimbursements..... | 100,365 | 90,000 | 110,000 |
| Telecommunications Education Fund Grant..... | 50 | 0 | 0 |
| GENERAL FUND TOTAL..... | \$ 110,475 | \$ 95,598 | \$ 117,675 |
| COMMUNITY COLLEGE CAPITAL FUND: | | | |
| Community College Capital..... | \$ 0 | \$ 0 | \$ 0 |
| EDUCATION TECHNOLOGY FUND: | | | |
| Broadband Technology Services (EA)..... | \$ 9,790 | \$ 9,790 | \$ 9,790 |
| Administration (EA)..... | 210 | 210 | 210 |
| EDUCATION TECHNOLOGY FUND TOTAL..... | \$ 10,000 | \$ 10,000 | \$ 10,000 |
| GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND: | | | |
| Governor Casey Organ and Tissue Donation Awareness Fund (EA)..... | \$ 150 | \$ 225 | \$ 200 |
| PROPERTY TAX RELIEF FUND: | | | |
| Property Tax Relief Payments (EA)..... | \$ 0 | \$ 0 | \$ 671,500 |
| SCHOOL EMPLOYEES' RETIREMENT FUND: | | | |
| Administration..... | \$ 39,455 | \$ 40,811 | \$ 42,297 |
| Directed Commissions..... | 1,147 | 2,090 | 1,000 |
| (A)Health Insurance - Administration Reimbursement..... | 889 | 874 | 897 |
| (A)Health Options - Administration Reimbursement..... | 291 | 354 | 369 |
| SCHOOL EMPLOYEES' RETIREMENT FUND TOTAL..... | \$ 41,782 | \$ 44,129 | \$ 44,563 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|------------------------------|-------------------------------|----------------------|----------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 10,461,041 | \$ 11,073,499 | \$ 11,537,477 |
| SPECIAL FUNDS..... | 23,967 | 20,075 | 20,768 |
| FEDERAL FUNDS..... | 1,848,433 | 1,934,134 | 1,982,216 |
| AUGMENTATIONS..... | 10,029 | 9,489 | 9,534 |
| OTHER FUNDS..... | 162,407 | 149,952 | 843,938 |
| TOTAL ALL FUNDS..... | \$ 12,505,877 | \$ 13,187,149 | \$ 14,393,933 |

^a Appropriated as \$500,000 for Teacher Certification System and \$24,990,000 for General Government Operations.

^b Appropriated as part of the \$12.545 million Science and Math Education Programs appropriation.

^c Appropriated as \$12.545 million. Amount shown is net of transfer to Science: It's Elementary.

^d Appropriated as part of the \$26 million School Entity Demonstration Projects appropriation.

^e Includes recommended supplemental appropriation of \$15,000,000.

^f Appropriated as \$26 million. Amount shown is net of transfer to Classrooms for the Future.

^g Appropriated as Shared Services.

^h Not added to the total to avoid double counting: 2006-07 Actual is \$42,006,000, 2007-08 Available is \$44,506,000 and 2008-09 Budget is \$44,506,000.

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| EDUCATION SUPPORT SERVICES | | | | | | | |
| GENERAL FUND..... | \$ 30,514 | \$ 33,182 | \$ 34,959 | \$ 34,959 | \$ 34,959 | \$ 34,959 | \$ 34,959 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 78,880 | 80,203 | 81,879 | 81,879 | 81,879 | 81,879 | 81,879 |
| OTHER FUNDS..... | 51,115 | 53,050 | 53,617 | 53,617 | 53,617 | 53,617 | 53,617 |
| SUBCATEGORY TOTAL..... | \$ 160,509 | \$ 166,435 | \$ 170,455 | \$ 170,455 | \$ 170,455 | \$ 170,455 | \$ 170,455 |
| BASIC EDUCATION | | | | | | | |
| GENERAL FUND..... | \$ 8,773,297 | \$ 9,341,365 | \$ 9,810,052 | \$ 10,169,080 | \$ 10,695,388 | \$ 11,211,132 | \$ 11,785,132 |
| SPECIAL FUNDS..... | 1,230 | 1,230 | 1,230 | 1,230 | 1,230 | 1,230 | 1,230 |
| FEDERAL FUNDS..... | 1,765,697 | 1,846,231 | 1,892,737 | 1,892,737 | 1,892,737 | 1,892,737 | 1,892,737 |
| OTHER FUNDS..... | 116,901 | 101,255 | 792,733 | 795,933 | 875,733 | 921,433 | 983,833 |
| SUBCATEGORY TOTAL..... | \$ 10,657,125 | \$ 11,290,081 | \$ 12,496,752 | \$ 12,858,980 | \$ 13,465,088 | \$ 14,026,532 | \$ 14,662,932 |
| LIBRARY SERVICES | | | | | | | |
| GENERAL FUND..... | \$ 94,337 | \$ 94,897 | \$ 96,473 | \$ 96,473 | \$ 96,473 | \$ 96,473 | \$ 96,473 |
| SPECIAL FUNDS..... | 4,164 | 3,277 | 3,552 | 3,693 | 3,881 | 4,039 | 4,189 |
| FEDERAL FUNDS..... | 1,900 | 7,700 | 7,600 | 7,600 | 7,600 | 7,600 | 7,600 |
| OTHER FUNDS..... | 4,420 | 5,116 | 7,122 | 7,122 | 7,122 | 7,122 | 7,122 |
| SUBCATEGORY TOTAL..... | \$ 104,821 | \$ 110,990 | \$ 114,747 | \$ 114,888 | \$ 115,076 | \$ 115,234 | \$ 115,384 |
| HIGHER EDUCATION | | | | | | | |
| GENERAL FUND..... | \$ 1,562,893 | \$ 1,604,055 | \$ 1,595,993 | \$ 1,581,720 | \$ 1,581,720 | \$ 1,581,720 | \$ 1,581,720 |
| SPECIAL FUNDS..... | 18,573 | 15,568 | 15,986 | 16,617 | 17,462 | 18,174 | 18,851 |
| FEDERAL FUNDS..... | 1,956 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 0 | 20 | 0 | 0 | 0 | 0 | 0 |
| SUBCATEGORY TOTAL..... | \$ 1,583,422 | \$ 1,619,643 | \$ 1,611,979 | \$ 1,598,337 | \$ 1,599,182 | \$ 1,599,894 | \$ 1,600,571 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 10,461,041 | \$ 11,073,499 | \$ 11,537,477 | \$ 11,882,232 | \$ 12,408,540 | \$ 12,924,284 | \$ 13,498,284 |
| SPECIAL FUNDS..... | 23,967 | 20,075 | 20,768 | 21,540 | 22,573 | 23,443 | 24,270 |
| FEDERAL FUNDS..... | 1,848,433 | 1,934,134 | 1,982,216 | 1,982,216 | 1,982,216 | 1,982,216 | 1,982,216 |
| OTHER FUNDS..... | 172,436 | 159,441 | 853,472 | 856,672 | 936,472 | 982,172 | 1,044,572 |
| DEPARTMENT TOTAL..... | \$ 12,505,877 | \$ 13,187,149 | \$ 14,393,933 | \$ 14,742,660 | \$ 15,349,801 | \$ 15,912,115 | \$ 16,549,342 |

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. Over 168,000 retirees and beneficiaries receive benefits from the School Employees' Retirement System. 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 FUND | | Information and Technology Improvement |
|--------------|--|------------|--|
| | General Government Operations | \$ 186 | —to continue current program. |
| \$ 1,267 | —to continue current program. | 300 | —Initiative—Preschool Early Intervention Information System. To develop an information system for the preschool early intervention program that will manage funding, services, providers and Medical Assistance billing. |
| 24 | —lease and moving costs related to the Philadelphia State Office Building cost containment initiative. | | |
| <u>1,291</u> | <i>Appropriation Increase</i> | <u>486</u> | <i>Appropriation Increase</i> |

This budget also recommends \$2,700,000 in federal funds to develop an information system for the preschool early intervention program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 25,490 | \$ 28,222 | \$ 29,513 | \$ 29,513 | \$ 29,513 | \$ 29,513 | \$ 29,513 |
| Information and Technology Improvement | 5,024 | 4,960 | 5,446 | 5,446 | 5,446 | 5,446 | 5,446 |
| TOTAL GENERAL FUND | <u>\$ 30,514</u> | <u>\$ 33,182</u> | <u>\$ 34,959</u> | <u>\$ 34,959</u> | <u>\$ 34,959</u> | <u>\$ 34,959</u> | <u>\$ 34,959</u> |

PROGRAM OBJECTIVE: To provide students with the skills, attitudes and abilities needed for effective living in our complex society.

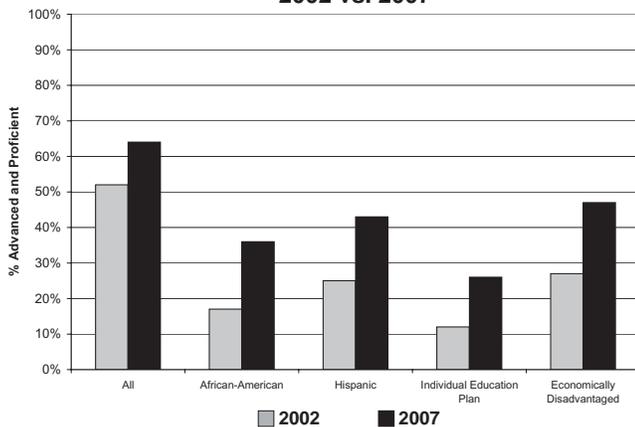
Program: PreK–12 Education (Basic Education)

Program Element: PreK-12 Education (Basic Education)

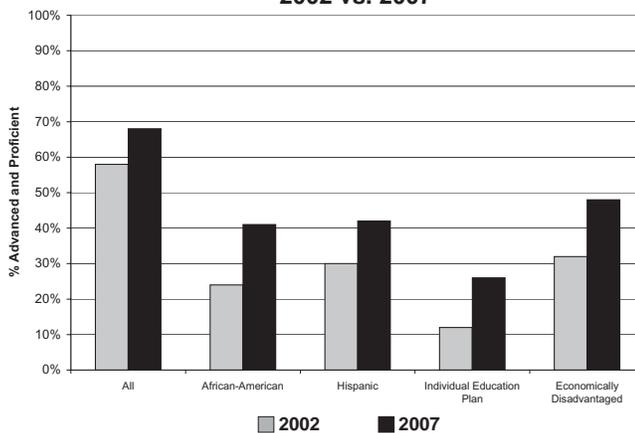
Pennsylvania's preK-12 education system is designed to provide every child in the commonwealth with the skills they need to be active citizens and future leaders in our global economy. In 2006-07, 69 percent of Pennsylvania's students met the state standards in math and 68 percent met the state standards 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. 2007



Percent of PA Students Meeting State Standards in Reading 2002 vs. 2007



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 to support local school districts. The subsidy has two core principles:

- **Help communities achieve school funding adequacy.** The “Costing-Out Study” ordered by the General Assembly provides the first-ever Pennsylvania-specific research-based funding targets for every school district. As a result, we now have a blueprint on the level of resources necessary to ensure that every student succeeds.
- **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 targeted to low-wealth, high-need districts in order to ensure that students in all communities have the academic opportunities they deserve.

The 2008-2009 budget takes the first steps to implement a new school funding system based on the Costing-Out Study to ensure that every school district has adequate resources to provide a quality education.

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 2007-08 Pennsylvania's Education Block Grant provided \$275 million for school districts to invest in educational programs that are proven to help children learn. The 2008-2009 school year will mark the fifth year of this targeted funding stream.

The Accountability Block Grant legislation includes a menu of program options, providing flexibility to school districts while ensuring that taxpayer resources will be used for academic initiatives that are shown to be effective. More than \$2 out of every \$3 in block grant funding is being invested in early childhood education: high-quality pre-kindergarten, full-day kindergarten and class-size reduction in kindergarten through third grade. Of the nearly 14,000 school district and Head Start pre-kindergarten enrollments created since Governor Rendell took office, approximately 3,400 are the result of the Accountability Block Grant program.

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

Program: PreK–12 Education (continued)

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 through the establishment of the Office of Child Development and Early Learning as one office that is part of both agencies. Some of the efforts of this office that are found in the Education appropriation include:

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 2007-08, the state investment of \$40 million will serve 5,790 children.

Pre-K Counts. With a beginning investment of \$75 million in 2007-08, this program provides high quality early childhood education to more than 11,000 Pennsylvania children in a diversity of settings, ranging from school-based programs to Keystone STARS child care centers.

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. The project was funded at \$10 million in 2006-07, supporting implementation in 78 schools involving 1,490 teachers. By the fifth year, it is anticipated that all school districts that wish to participate will be able to do so. In year one of the program, each classroom teacher receives (on a loan basis) one science kit and professional development necessary to teach that kit. In year two of the program, each teacher receives two kits and the necessary professional development. In year three they receive three kits with professional development and in year four they receive four kits with professional development (one per quarter) to support the full year of instruction.

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.

Classrooms for the Future. This initiative will transform the way high school teachers teach and how students learn by providing \$200 million over three years to equip these schools' English, math, science and social

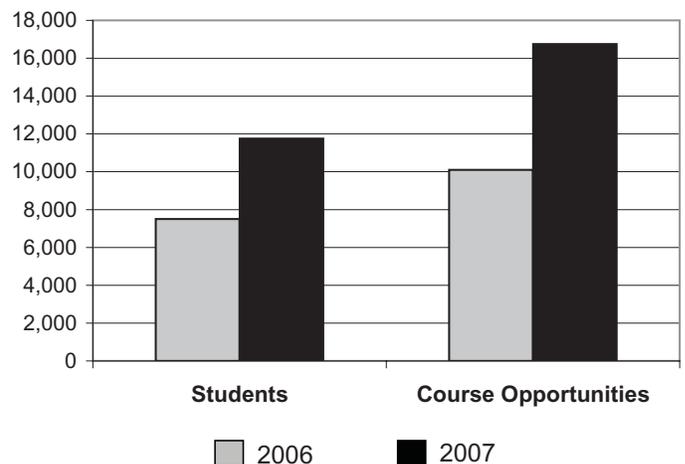
studies classrooms with enhanced technology, laptop computers and other state-of-the-art resources as well as to provide teachers and school leaders extensive training on how to best harness the power of technology to increase student achievement and ensure students are ready for college and the high-tech global job market. In 2006-07, 79 school districts with 103 school buildings received equipment and training. Funding provided in 2007-08 is bringing 254 additional high schools into the 21st century, funding 83,000 laptops and other equipment, training more teachers, and vastly expanding opportunities for more students across Pennsylvania.

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 2006-07, Project 720 provided \$8 million in state grants to 116 high schools, three comprehensive Career and Technical Centers, and one charter high school. Participating high schools agreed to upgrade the high school experience, including requiring a college- and career-ready curriculum for every student. The \$11 million provided in the 2007-08 budget expanded Project 720 to additional students in additional high schools.

Dual Enrollment. Fiscal year 2007-08 was the third 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 the 2007-2008 school year, Pennsylvania high school students are taking nearly 18,400 college courses through this program.

Participation in Pennsylvania's Dual Enrollment Program



Program: PreK–12 Education (continued)

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: Support for Increasing Student Achievement

Pennsylvania provides support as a proven way to help school districts assist students who are struggling in reading and math.

The Educational Assistance Program—Pennsylvania’s \$66 million state-funded academic support initiative – is targeted to 175 academically challenged 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 2008-09 budget provides new flexibility to enable school districts

to use Educational Assistance Program resources not only for tutoring, but also for other strategies aimed at strengthening teaching and assisting students who need extra help.

Program Element: Special Education

Special education serves approximately 269,000 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 501 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, students may be assigned to department-approved private schools.

Funds are also provided under this program element for the state-operated Scranton State School for the Deaf, Early Intervention and Approved/Private Charter Schools for the Deaf and Blind.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Basic Education | | | | | | | |
| Targeted Investment | | | | | | | |
| Public school enrollment (preK-12) | 1,810,430 | 1,797,520 | 1,785,190 | 1,771,720 | 1,761,820 | 1,754,740 | 1,751,540 |
| State average spending per student..... | \$10,700 | \$11,200 | \$11,700 | \$12,200 | \$12,700 | \$13,200 | \$13,700 |
| State preK-12 spending per student..... | \$4,300 | \$4,500 | \$4,700 | \$4,900 | \$5,100 | \$5,300 | \$5,500 |
| Percentage of students in districts spending less than \$8,500 per student..... | 6% | 5% | 4% | 3% | 2% | 1% | 0% |
| Percentage of the State Basic Education Funding increase directed to poorer- than-average districts | 69% | 72% | 73% | 74% | 75% | 76% | 77% |
| Early Childhood Education | | | | | | | |
| Number of school districts offering pre-kindergarten ¹ | 89 | 125 | 135 | 135 | 135 | 135 | 135 |
| Number of students enrolled in pre- kindergarten (excluding Head Start) ¹ | 12,228 | 15,300 | 15,300 | 15,300 | 15,300 | 15,300 | 15,300 |
| Number of students in state-funded Head Start expansion | 5,780 | 5,790 | 5,620 | 5,620 | 5,620 | 5,620 | 5,620 |
| Number of school districts offering full-day kindergarten | 385 | 400 | 440 | 480 | 501 | 501 | 501 |
| Percentage of kindergarten students in full-day programs | 55% | 65% | 80% | 95% | 100% | 100% | 100% |
| Number of students in new PA Pre-K Counts program..... | N/A | 11,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 |
| Early Intervention | | | | | | | |
| Number of children participating in Early Intervention | 39,477 | 43,496 | 44,976 | 44,976 | 44,976 | 44,976 | 44,976 |
| Children on their 3rd birthday who transitioned from infant/toddler Early Intervention to preschool Early Intervention | 5,864 | 6,700 | 7,200 | 7,200 | 7,200 | 7,200 | 7,200 |

Program: PreK–12 Education (Basic Education) (continued)

| Program Measures: (continued) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Number of children who met their individual goals and no longer need Early Intervention prior to school age | 1,080 | 1,188 | 1,273 | 1,273 | 1,273 | 1,273 | 1,273 |
| Percentage of early intervention children included in typical early childhood educational settings such as home, child care or Head Start | 54% | 58% | 60% | 60% | 60% | 60% | 60% |
| Percentage of children not participating in Special Education after participating in Early Intervention..... | 23% | 24% | 25% | 25% | 25% | 25% | 25% |
| Secondary Education-Transforming Pennsylvania's High Schools | | | | | | | |
| Number of high schools participating in Project 720..... | 116 | 161 | 161 | 161 | 161 | 161 | 161 |
| Percentage of high schools participating in Project 720..... | 17.3% | 24.0% | 24.0% | 24.0% | 24.0% | 24.0% | 24.0% |
| Percentage of high schools offering at least one Advanced Placement (AP) course | 81.0% | 83.0% | 85.0% | 87.0% | 89.0% | 91.0% | 93.0% |
| Number of Advanced Placement tests given in high schools | 69,430 | 70,930 | 72,430 | 73,930 | 75,430 | 76,930 | 78,430 |
| Percentage of Advanced Placement tests with scores of "3" or higher demonstrating mastery of the course | 68.3% | 69.3% | 70.3% | 71.3% | 72.3% | 73.3% | 74.3% |
| Secondary Education-Helping High School Students Earn College Credit | | | | | | | |
| Number of college-credit courses subsidized by the Dual Enrollment Program* | 17,178 | 20,000 | 23,300 | 23,300 | 23,300 | 23,300 | 23,300 |
| Number of college-credit courses filled by students designated as low income* | 3,605 | 4,000 | 4,660 | 4,660 | 4,660 | 4,660 | 4,660 |
| Percentage of courses passed with a grade of "C" or better | 93.3% | 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 | 44% | 48% | 52% | 60% | 68% | 76% | 84% |
| Average percentage of students who are proficient in reading among the lowest performing schools | 47% | 50% | 53% | 61% | 69% | 77% | 85% |
| Accountability | | | | | | | |
| Percentage of students proficient/advanced in mathematics ² | 69% | 71% | 73% | 76% | 78% | 81% | 89% |
| Percentage gains in mathematics proficiency from 5th to 8th grade-same students | 6% | 7% | 8% | 9% | 10% | 11% | 12% |
| Percentage of students proficient/advanced in reading ² | 68% | 71% | 73% | 76% | 78% | 81% | 91% |
| Percentage gains in reading proficiency from 5th to 8th grade-same students | 12% | 13% | 14% | 15% | 16% | 17% | 18% |
| Percentage of schools making Adequate Yearly Progress..... | 77% | 75% | 78% | 82% | 87% | 93% | 95% |
| Percentage of school districts making Adequate Yearly Progress | 92% | 93% | 94% | 95% | 96% | 97% | 98% |
| Career & Technical (Vocational) Education | | | | | | | |
| Enrollment | 93,910 | 95,544 | 97,207 | 98,898 | 100,619 | 102,369 | 104,151 |
| Percentage of vocational education program completers..... | 48.8% | 49.2% | 49.7% | 50.1% | 50.5% | 51.0% | 51.4% |
| Percentage of vocational education 11th graders proficient/advanced in math..... | 24.9% | 35.0% | 45.5% | 56.0% | 66.5% | 78.0% | 85.5% |
| Percentage of vocational education 11th graders proficient/advanced in reading | 35.0% | 44.5% | 54.0% | 63.5% | 73.0% | 82.5% | 92.0% |

Program: PreK–12 Education (Basic Education) (continued)

| Program Measures: (continued) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|---------|---------|
| Skilled workforce - percentage of PA Skills Certificates awarded | 54.7% | 55.0% | 55.5% | 56.0% | 56.5% | 57.0% | 57.5% |
| Special Education | | | | | | | |
| Pupils with disabilities enrolled in special education programs..... | 272,795 | 270,000 | 268,000 | 266,000 | 264,000 | 263,000 | 263,000 |
| Special education incidence rate..... | 15.0% | 14.8% | 14.7% | 14.3% | 14.2% | 14.0% | 14.0% |
| Percentage of children with IEPs ages 6 through 21 spending most of their day in a regular classroom..... | 49.7% | 50.7% | 51.7% | 52.7% | 52.7% | 52.7% | 52.7% |
| Classrooms for the Future | | | | | | | |
| Number of participating schools | 103 | 357 | 611 | 611 | 611 | 611 | 611 |
| Number of core content area teachers participating in the Classrooms for the Future Program..... | 1,987 | 12,100 | 25,485 | 25,485 | 25,485 | 25,485 | 25,485 |
| Number of students participating in the Classrooms for the Future Program | 56,084 | 309,688 | 603,424 | 603,424 | 603,424 | 603,424 | 603,424 |
| Number of computers for students in classrooms..... | 16,344 | 99,822 | 193,750 | 193,750 | 193,750 | 193,750 | 193,750 |
| Science: It's Elementary | | | | | | | |
| Number of students participating in Science: It's Elementary | 31,079 | 57,962 | 64,462 | 64,462 | 64,462 | 64,462 | 64,462 |
| Number of teachers statewide who received intensive training/inquiry-based science instruction through Science: It's Elementary (Quality and Effectiveness of Program Implementation) | 1,312 | 2,508 | 2,649 | 2,649 | 2,649 | 2,649 | 2,649 |
| Other Education Programs | | | | | | | |
| Nonpublic school enrollment | 274,152 | 266,060 | 259,070 | 252,680 | 246,740 | 242,180 | 238,720 |

*New program measure.

¹ Includes pre-kindergarten and K4 (kindergarten for 4-year-olds) in school districts only.

² Projections for 2007-08 through 2012-13 are based on the rate of progress over the last four years.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | |
|---|--|--|
| <p>GENERAL FUND</p> <p>Office of Safe Schools Advocate</p> <p>\$ 13 —to continue current program.</p> <p>PA Assessment</p> <p>\$ 15,000 —Initiative—Improving Student Achievement. To provide resources to develop three graduation competency assessments in high school major subject areas.</p> <p>11,781 —Initiative—Improving Student Achievement. To provide additional resources for school district assessments and analysis, including resources for Project 720 schools to participate in the Achieve Algebra II multi-state assessment and to develop an alternative assessment with modified achievement standards for certain students with Individual Education Plans.</p> <hr/> <p>\$ 26,781 <i>Appropriation Increase</i></p> <p>Youth Development Centers — Education</p> <p>\$ 190 —to continue current program.</p> <p>Scranton State School for the Deaf</p> <p>\$ 238 —to continue current program.</p> | <p>\$ 291,300</p> <p>\$ 2,000</p> <p>\$ 12,550</p> | <p>Basic Education Funding</p> <p>—Initiative—Improving Student Achievement. To provide a 6 percent 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.</p> <p>Dual Enrollment Payments</p> <p>—Initiative—Improving Student Achievement. To provide grants to school districts to assist additional students to earn college credit as they complete their high school graduation requirements.</p> <p>Pre-K Counts</p> <p>—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.</p> |
|---|--|--|

Program: PreK–12 Education (Basic Education) (continued)

| Program Recommendations: (continued) | | This budget recommends the following changes: (Dollar Amounts in Thousands) | |
|--------------------------------------|---|---|--|
| \$ 1,500 | Science: It's Elementary —Initiative—Improving Student Achievement. To provide additional resources to assist 6,500 more students in 15 additional schools to become active science explorers. | \$ 3,934 | Special Education-Approved Private Schools —to provide a 4.4 percent increase. |
| \$ -2,545 | Science and Math Education Programs —nonrecurring item. | \$ 2,300 | Approved Private Schools-Audit Resolution —increase in program funding. |
| \$ 16,689 | Teacher Professional Development —Initiative—Improving Student Achievement. To provide resources for enhanced teacher professional development, including resources to assist teachers integrate technology into lessons and daily activities and for leadership development and support systems for school leaders. | \$ 1,038 | School Food Services —to continue current program. |
| \$ -3,000 | Urban and Minority Teacher Development —nonrecurring item. | \$ -1,204 | Rx for PA-School Food Services —to continue current program. |
| \$ 1,574 | Career and Technical Education —to continue current program. | \$ 18,516 | School Employees' Social Security —to continue current program. |
| \$ -2,500 | New Choices/New Options —nonrecurring item. | \$ 24,126 | School Employees' Retirement —to provide the amount necessary to actuarially fulfill the obligation to current and future retirees and to keep growth in the state contribution amount at a manageable rate of change. |
| \$ 10,832 | Authority Rentals and Sinking Fund Requirements —to continue current program. | \$ -17,200 | School Entity Demonstration Projects —nonrecurring projects. |
| \$ 22,414 | Pupil Transportation —to continue current program. | \$ -5 | Education of Indigent Children —to continue current program. |
| \$ -1,121 | Nonpublic and Charter School Pupil Transportation —to continue current program. | \$ -1,200 | Education Mentoring —program elimination. |
| \$ 30,301 | Special Education —Initiative—Improving Student Achievement. To provide a 3 percent increase for special education programs. | \$ -5,650 | Lifelong Learning —nonrecurring projects. |
| \$ 12,034 | Early Intervention —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 1,480 additional children from ages 3 through 5. | \$ 5,103 | Services to Nonpublic Schools —to provide a 6 percent increase. |
| \$ -26 | Homebound Instruction —to continue current program. | \$ 1,560 | Textbooks, Materials and Equipment for Nonpublic Schools —to provide a 6 percent increase. |
| \$ 156 | Tuition for Orphans and Children Placed in Private Homes —to continue current program. | \$ -668 | Governor's Schools of Excellence —nonrecurring projects. |
| \$ 7 | Payments in Lieu of Taxes —to continue current program. | \$ -5,300 | Job Training Programs —nonrecurring projects. |
| \$ 306 | Education of Migrant Laborers' Children —to continue current program. | \$ 36,327 | Reimbursement of Charter Schools —to continue current program at the same reimbursement percentage to school districts. |
| \$ 1,817 | PA Charter Schools for the Deaf and Blind —to provide a 5.3 percent increase. | \$ -17,500 | Alternative Education Demonstration Grants —nonrecurring projects. |
| | | \$ 3,000 | Concentrated Alternative Education Intervention Funding —Initiative—Improving Student Achievement. To provide resources for enhanced alternative education programs. |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Office of Safe Schools Advocate | \$ 1,001 | \$ 387 | \$ 400 | \$ 400 | \$ 400 | \$ 400 | \$ 400 |
| PA Assessment..... | 20,094 | 31,619 | 58,400 | 70,400 | 84,000 | 81,400 | 84,400 |
| Youth Development Centers - Education .. | 11,402 | 11,463 | 11,653 | 11,653 | 11,653 | 11,653 | 11,653 |
| Scranton State School for the Deaf..... | 6,889 | 7,262 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 |
| Basic Education Funding..... | 4,784,264 | 4,951,429 | 5,242,729 | 5,660,729 | 6,138,729 | 6,616,729 | 7,094,729 |
| Dual Enrollment Payments..... | 8,000 | 10,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 |
| Basic Ed Formula Enhancements | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| School Improvement Grants..... | 23,501 | 22,880 | 22,880 | 22,880 | 22,880 | 22,880 | 22,880 |
| Education Support Services | 4,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pennsylvania Accountability Grants | 250,000 | 275,000 | 275,000 | 275,000 | 275,000 | 275,000 | 275,000 |
| Pre-K Counts..... | 0 | 75,000 | 87,550 | 87,550 | 87,550 | 87,550 | 87,550 |
| Head Start Supplemental Assistance | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| Education Assistance Program..... | 66,000 | 66,000 | 66,000 | 66,000 | 66,000 | 66,000 | 66,000 |
| Technology Initiative | 1,290 | 1,290 | 1,290 | 1,290 | 1,290 | 1,290 | 1,290 |
| Science: It's Elementary | 10,000 | 13,500 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Science and Math Education Programs | 2,545 | 2,545 | 0 | 0 | 0 | 0 | 0 |
| Classrooms for the Future..... | 20,000 | 90,000 | 90,000 | 0 | 0 | 0 | 0 |
| Teacher Professional Development..... | 23,367 | 30,367 | 47,056 | 33,004 | 26,712 | 24,056 | 24,056 |
| Urban and Minority Teacher Development | 0 | 3,000 | 0 | 0 | 0 | 0 | 0 |
| Rx for PA - Physical and Health Education | 0 | 30 | 30 | 30 | 30 | 30 | 30 |
| Adult and Family Literacy | 18,534 | 23,434 | 23,434 | 23,434 | 23,434 | 23,434 | 23,434 |
| Career and Technical Education..... | 61,127 | 62,961 | 64,535 | 64,535 | 64,535 | 64,535 | 64,535 |
| New Choices / New Options..... | 2,500 | 2,500 | 0 | 0 | 0 | 0 | 0 |
| Authority Rentals and Sinking Fund | | | | | | | |
| Requirements | 296,483 | 323,368 | 334,200 | 334,200 | 334,200 | 334,200 | 334,200 |
| Pupil Transportation..... | 507,244 | 507,067 | 529,481 | 529,481 | 529,481 | 529,481 | 529,481 |
| Nonpublic and Charter School Pupil | | | | | | | |
| Transportation..... | 69,938 | 69,041 | 67,920 | 67,920 | 67,920 | 67,920 | 67,920 |
| Special Education..... | 980,619 | 1,010,038 | 1,040,339 | 1,040,339 | 1,040,339 | 1,040,339 | 1,040,339 |
| Early Intervention..... | 140,889 | 173,099 | 185,133 | 185,133 | 185,133 | 185,133 | 185,133 |
| Homebound Instruction | 878 | 784 | 758 | 758 | 758 | 758 | 758 |
| Tuition for Orphans and Children Placed | | | | | | | |
| in Private Homes | 51,255 | 55,649 | 55,805 | 55,805 | 55,805 | 55,805 | 55,805 |
| Payments in Lieu of Taxes..... | 175 | 172 | 179 | 179 | 179 | 179 | 179 |
| Education of Migrant Laborers' Children ... | 847 | 847 | 1,153 | 1,153 | 1,153 | 1,153 | 1,153 |
| PA Charter Schools for the Deaf and Blind | | | | | | | |
| Special Education - Approved Private | | | | | | | |
| Schools..... | 92,723 | 89,901 | 93,835 | 93,835 | 93,835 | 93,835 | 93,835 |
| Approved Private Schools - Audit | | | | | | | |
| Resolution..... | 10,000 | 5,000 | 7,300 | 0 | 0 | 0 | 0 |
| Intermediate Units | 6,311 | 6,311 | 6,311 | 6,311 | 6,311 | 6,311 | 6,311 |
| School Food Services..... | 28,665 | 29,633 | 30,671 | 30,671 | 30,671 | 30,671 | 30,671 |
| Rx for PA - School Food Services | 0 | 6,043 | 4,839 | 4,839 | 4,839 | 4,839 | 4,839 |
| School Employees' Social Security | 474,629 | 494,809 | 513,325 | 534,000 | 555,000 | 577,000 | 601,000 |
| School Employees' Retirement | 382,768 | 451,169 | 475,295 | 495,000 | 515,000 | 536,000 | 605,000 |
| School Entity Demonstration Projects | 6,000 | 17,200 | 0 | 0 | 0 | 0 | 0 |
| Education of Indigent Children | 25 | 25 | 20 | 20 | 20 | 20 | 20 |
| High School Reform | 8,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| Education Mentoring..... | 1,200 | 1,200 | 0 | 0 | 0 | 0 | 0 |
| Lifelong Learning..... | 9,709 | 5,650 | 0 | 0 | 0 | 0 | 0 |
| Services to Nonpublic Schools..... | 83,643 | 86,487 | 91,590 | 91,590 | 91,590 | 91,590 | 91,590 |
| Textbooks, Materials and Equipment for | | | | | | | |
| Nonpublic Schools..... | 25,580 | 26,450 | 28,010 | 28,010 | 28,010 | 28,010 | 28,010 |
| Teen Pregnancy and Parenthood..... | 2,225 | 1,725 | 1,725 | 1,725 | 1,725 | 1,725 | 1,725 |
| Ethnic Heritage | 165 | 165 | 165 | 165 | 165 | 165 | 165 |
| Governor's Schools of Excellence..... | 2,742 | 3,242 | 2,574 | 2,574 | 2,574 | 2,574 | 2,574 |
| Job Training Programs | 5,300 | 5,300 | 0 | 0 | 0 | 0 | 0 |
| Reimbursement of Charter Schools | 126,689 | 161,261 | 197,588 | 197,588 | 197,588 | 197,588 | 197,588 |
| Safe and Alternative Schools..... | 23,326 | 23,326 | 23,326 | 23,326 | 23,326 | 23,326 | 23,326 |

Program: PreK–12 Education (Basic Education) (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: (continued) | | | | | | | |
| Alternative Education Demonstration | | | | | | | |
| Grants | \$ 43,300 | \$ 17,500 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Parent Involvement Program (06/08) | 1,700 | 0 | 0 | 0 | 0 | 0 | 0 |
| Consolidation Incentives and Shared Services | 0 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Concentrated Alternative Education Intervention Funding | 0 | 0 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| TOTAL GENERAL FUND | \$ 8,773,297 | \$ 9,341,365 | \$ 9,810,052 | \$10,169,080 | \$10,695,388 | \$ 11,211,132 | \$11,785,132 |
| MOTOR LICENSE FUND: | | | | | | | |
| Safe Driving Course | \$ 1,230 | \$ 1,230 | \$ 1,230 | \$ 1,230 | \$ 1,230 | \$ 1,230 | \$ 1,230 |

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 2008-09 budget offers a variety of valued public library services to all Pennsylvanians.

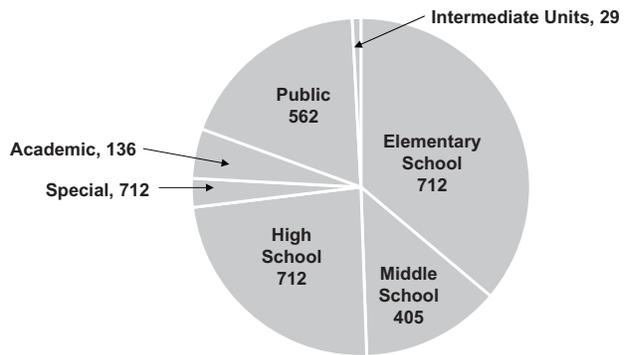
The Public Library Subsidy helps defray the cost of basic operations of local public libraries. This subsidy – among the largest per capita state investment in public libraries in the nation – makes it possible for Pennsylvania’s more than 600 public library outlets to meet the information, education 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 24/7/365 through the Ask Here PA program. Through the 81 participating libraries, Pennsylvanians have logged more

Number of Libraries in Access PA Database



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 within its first year of service.

Pennsylvania is fortunate to have two libraries providing invaluable Library Services for Visually Impaired and Disabled. In partnership with the 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. Both Pennsylvania libraries for the blind and physically handicapped received national awards in 2007 for their outreach and services.

The State Library appropriation supports the services and operations of the Office of Commonwealth Libraries. This appropriation is the 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 purchased beginning in 1745 by Ben Franklin when he was Clerk of the Assembly and 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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Items accessed - State Library of Pennsylvania | 306,389 | 309,439 | 312,534 | 315,659 | 318,816 | 322,206 | 325,428 |
| Visits to public libraries (in thousands) | 41,712 | 42,129 | 42,550 | 42,976 | 43,406 | 43,840 | 44,278 |
| Materials borrowed from public libraries (in thousands) | 64,589 | 65,235 | 65,887 | 66,546 | 67,212 | 67,884 | 68,563 |
| Items borrowed from public library children's collections - included above (in thousands) | 24,151 | 24,393 | 24,636 | 24,883 | 25,132 | 25,383 | 25,637 |
| Total public library hours open annually (in thousands) | 1,494 | 1,529 | 1,564 | 1,564 | 1,564 | 1,564 | 1,564 |
| Materials borrowed from libraries for blind and physically handicapped - included above in materials borrowed (in thousands) | 1,889 | 1,917 | 1,946 | 1,975 | 2,005 | 2,035 | 2,066 |
| POWER Library use - items examined (in thousands) | 32,977 | 33,472 | 33,974 | 34,483 | 35,001 | 35,526 | 36,058 |
| Items loaned under the statewide library ACCESS program | 14,456 | 14,601 | 14,747 | 14,894 | 15,043 | 15,193 | 15,345 |
| Online inquiries by consumers to professional reference librarians* | 42,271 | 43,539 | 44,845 | 46,191 | 47,576 | 49,004 | 50,474 |

* New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | |
|--|---|
| <p>GENERAL FUND State Library \$ 61 —to continue current program.</p> <p>Public Library Subsidy \$ 1,515 —to continue current program.</p> | <p>KEYSTONE RECREATION, PARK AND CONSERVATION FUND Local Libraries Rehabilitation and Development (EA) \$ 275 —to continue current program.</p> |
|--|---|

All other appropriations are recommended at current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| State Library | \$ 4,574 | \$ 4,884 | \$ 4,945 | \$ 4,945 | \$ 4,945 | \$ 4,945 | \$ 4,945 |
| Public Library Subsidy | 75,500 | 75,750 | 77,265 | 77,265 | 77,265 | 77,265 | 77,265 |
| Library Services for the Visually Impaired and Disabled | 2,965 | 2,965 | 2,965 | 2,965 | 2,965 | 2,965 | 2,965 |
| Recording for the Blind and Dyslexic | 70 | 70 | 70 | 70 | 70 | 70 | 70 |
| Library Access | 7,386 | 7,386 | 7,386 | 7,386 | 7,386 | 7,386 | 7,386 |
| Electronic Library Catalog | 3,842 | 3,842 | 3,842 | 3,842 | 3,842 | 3,842 | 3,842 |
| TOTAL GENERAL FUND | \$ 94,337 | \$ 94,897 | \$ 96,473 | \$ 96,473 | \$ 96,473 | \$ 96,473 | \$ 96,473 |
| KEYSTONE RECREATION, PARK AND CONSERVATION FUND: | | | | | | | |
| Local Libraries Rehab. and Development (Current Year) (EA) | \$ 4,164 | \$ 3,277 | \$ 3,552 | \$ 3,693 | \$ 3,881 | \$ 4,039 | \$ 4,189 |

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 271 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 through state-funded student grant programs administered by the Pennsylvania Higher Education Assistance Agency (PHEAA).

Table 1
Full-Time Enrollments at State-Supported
Institutions of Higher Education, Actual and Projected

| Institutional Category | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| State System of Higher Education..... | 102,445 | 103,510 | 104,820 | 105,983 | 107,276 | 108,621 | 109,981 |
| Community Colleges | 91,161 | 92,346 | 93,855 | 95,394 | 97,246 | 99,292 | 100,845 |
| State-Related Universities..... | 144,993 | 146,468 | 146,198 | 146,392 | 146,472 | 146,764 | 146,698 |
| Non-State Related Universities & Colleges... | 48,078 | 49,221 | 50,250 | 51,069 | 51,621 | 52,364 | 53,115 |
| TOTAL | 386,677 | 391,545 | 395,123 | 398,838 | 402,615 | 407,041 | 410,639 |

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 considers 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. 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 their educational programs. The first three of these commonwealth universities are major research universities that provide programs 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's degree levels.

Technical College Programs. Funding for Technical College programs was enacted per Act 45 of 2007, which establishes technical college programs in Pennsylvania to increase access to high-quality, affordable college-level education in areas of the state that are educationally underserved.

Program: Higher Education (continued)

Impact: Number of Degrees Awarded

The state-supported universities and colleges graduated over 85,000 students in 2006-07 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 over 136,000.

Table 2
Higher Education Degrees Awarded by State-Supported and Private Institutions of Higher Education, Actual and Projected

| Institutional Category | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| State-Supported: | | | | | | | |
| State System of Higher Education..... | 22,319 | 22,731 | 23,080 | 23,336 | 23,628 | 23,882 | 24,115 |
| Community Colleges | 13,093 | 13,500 | 13,881 | 14,060 | 14,318 | 14,652 | 14,887 |
| State-Related Universities..... | 35,924 | 36,353 | 36,696 | 37,105 | 37,393 | 37,467 | 37,575 |
| Non-State Related Universities & Colleges | 14,393 | 14,912 | 15,290 | 15,457 | 15,318 | 15,501 | 15,656 |
| Non-State-Supported: | | | | | | | |
| Private Universities & Colleges | 50,705 | 51,973 | 53,272 | 54,604 | 55,969 | 57,368 | 58,802 |
| TOTAL | 136,434 | 139,469 | 142,219 | 144,562 | 146,626 | 148,870 | 151,035 |

Program Element: Increasing Access to Higher Education

In 2006, of 126,926 public high school graduates, 95,312, or approximately 75 percent, planned to attend a degree-granting postsecondary 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 postsecondary 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 29 institutions, or to any state-related or independent institution that chooses to participate in the statewide transfer system. To date, an average of 30 courses for each of the 29 participating institutions has been established as transferable statewide, for a total of nearly 870 courses 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. To further extend opportunities for higher education, the department has also launched technical college programs described above. In the first year of operation, Technical College Programs will be established in three to four educationally underserved areas of the state and will serve approximately 200 students who previously did not have access to affordable and high quality postsecondary education.

Combined with higher education enrollment size, the diversity of enrollments by discipline will shape the future of higher education. Table 3 shows projections of enrollment in all sectors of higher education from 2006-07 through 2012-13. It reflects the increased choices of career-oriented disciplines with good 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.

Program: Higher Education (continued)

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 | 2006-07 Actual | 2007-08 Projected | 2008-09 Projected | 2009-10 Projected | 2010-11 Projected | 2011-12 Projected | 2012-13 Projected | Percent Change |
|---|-----------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------|
| Agricultural and Natural Resources | # % | 3,381 0.87% | 3,433 0.88% | 3,448 0.87% | 3,464 0.87% | 3,477 0.86% | 3,492 0.86% | 3,508 0.85% | 3.76% |
| Arts and Letters | # % | 76,067 19.67% | 77,243 19.73% | 78,225 19.80% | 79,313 19.89% | 80,410 19.97% | 81,623 20.05% | 82,786 20.16% | 8.83% |
| Business, Management and Data Processing | # % | 57,642 14.91% | 58,533 14.95% | 58,933 14.92% | 59,487 14.92% | 60,089 14.92% | 60,699 14.91% | 61,242 14.91% | 6.25% |
| Communications and Related Technologies | # % | 13,914 3.60% | 14,029 3.58% | 14,092 3.57% | 14,173 3.55% | 14,223 3.53% | 14,321 3.52% | 14,414 3.51% | 3.59% |
| Computer and Information Sciences | # % | 11,304 2.92% | 11,430 2.92% | 11,567 2.93% | 11,706 2.94% | 11,855 2.94% | 12,008 2.95% | 12,147 2.96% | 7.46% |
| Education | # % | 33,824 8.75% | 34,052 8.70% | 34,355 8.69% | 34,613 8.68% | 34,961 8.68% | 35,361 8.69% | 35,727 8.70% | 5.63% |
| Engineering, Architecture and Environmental Design | # % | 20,108 5.20% | 20,390 5.21% | 20,593 5.21% | 20,803 5.22% | 21,005 5.22% | 21,215 5.21% | 21,420 5.22% | 6.52% |
| Engineering Technologies and Related Technologies | # % | 6,125 1.58% | 6,307 1.61% | 6,387 1.62% | 6,491 1.63% | 6,568 1.63% | 6,654 1.63% | 6,725 1.64% | 9.80% |
| Health Professions, Health Sciences and Biological Sciences | # % | 65,127 16.84% | 65,885 16.83% | 66,412 16.81% | 66,842 16.76% | 67,190 16.69% | 68,008 16.71% | 68,285 16.63% | 4.85% |
| Home Economics, Human Services and Public Affairs | # % | 29,352 7.59% | 29,785 7.61% | 30,093 7.62% | 30,430 7.63% | 30,800 7.65% | 31,170 7.66% | 31,509 7.67% | 7.35% |
| Industrial, Repair, Construction and Transport Technologies | # % | 3,866 1.00% | 3,914 1.00% | 3,964 1.00% | 4,050 1.02% | 4,111 1.02% | 4,160 1.02% | 4,197 1.02% | 8.56% |
| Law | # % | 5,403 1.40% | 5,514 1.41% | 5,689 1.44% | 5,769 1.45% | 5,866 1.46% | 5,908 1.45% | 5,942 1.45% | 9.98% |
| Physical Sciences, Mathematics and Related Technologies | # % | 16,959 4.39% | 17,164 4.38% | 17,259 4.37% | 17,349 4.35% | 17,427 4.33% | 17,505 4.30% | 17,586 4.28% | 3.70% |
| Social Sciences, Psychology, Area Studies and Foreign Languages | # % | 38,570 9.97% | 38,781 9.90% | 38,965 9.86% | 39,165 9.82% | 39,409 9.79% | 39,657 9.74% | 39,850 9.70% | 3.32% |
| Multi-Interdisciplinary Studies/ Military Sciences | # % | 5,035 1.30% | 5,085 1.30% | 5,141 1.30% | 5,183 1.30% | 5,224 1.30% | 5,260 1.29% | 5,301 1.29% | 5.28% |
| TOTAL | | 386,677 | 391,545 | 395,123 | 398,838 | 402,615 | 407,041 | 410,639 | 6.20% |

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 2005-06, the 74 higher education institutions that receive Act 101 dollars reported serving over 13,000 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 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.

Program: Higher Education (continued)

This scholarship program funding 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 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 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 provides 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 and introduce programmatic initiatives through a combined effort of elementary/secondary and postsecondary and higher education, jointly with the United States Department of Education, to fulfill the initiatives of "No Child Left Behind."

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Access & Affordability | | | | | | | |
| Minority enrollment at public institutions..... | 63,701 | 64,975 | 66,275 | 67,600 | 68,952 | 70,331 | 71,738 |
| Disadvantaged students served by specialized programs..... | 12,829 | 12,735 | 12,826 | 12,917 | 13,008 | 13,099 | 13,164 |
| Outcomes | | | | | | | |
| Six-year graduation rate for full-time, first-time students at State System institutions..... | 54.0% | 54.7% | 55.4% | 56.1% | 57.1% | 58.1% | 59.1% |
| Six-year graduation rate for full-time, first-time students at state-related institutions..... | 63.3% | 64.2% | 65.5% | 66.5% | 67.6% | 68.7% | 69.8% |
| Three-year graduation rate for full-time, first-time students at community colleges. | 16.0% | 16.1% | 16.2% | 16.3% | 16.4% | 16.5% | 16.6% |

Program: Higher Education (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | |
|---------------------|--|------------|---|
| GENERAL FUND | | | |
| | Community Colleges | | University of Pittsburgh |
| \$ 6,881 | —to continue current program. | \$ 2,165 | —to provide an increase in state support. |
| | Regional Community Colleges Services | | Temple University |
| \$ -750 | —nonrecurring project. | \$ 2,587 | —to provide an increase in state support. |
| | Technical Colleges | | Lincoln University |
| \$ 400 | —to provide an increase in state support. | \$ 207 | —to provide an increase in state support. |
| | Higher Education Assistance | | Non-state-related universities and colleges |
| \$ -20,017 | —nonrecurring projects. | \$ -14,279 | —Initiative—Federalizing Physician Practice Plans. Savings achieved by claiming \$8.8 million in new federal Medicaid funds for university-affiliated physician practice plans. |
| | Engineering Equipment Grants | | |
| \$ -150 | —nonrecurring project. | | |
| | Community Education Councils | | |
| \$ -418 | —nonrecurring projects. | 446 | —to provide an increase in state support. |
| | Thaddeus Stevens College of Technology | \$ -13,833 | <i>Appropriation Decrease</i> |
| \$ -2,310 | —nonrecurring project. | | Non-state-related institutions |
| 43 | —to continue current program. | \$ 9 | —to provide an increase in state support. |
| \$ -2,267 | <i>Appropriation Decrease</i> | | |
| | State System of Higher Education (SSHE) | | KEYSTONE RECREATION, PARK AND CONSERVATION FUND |
| \$ 14,520 | —to provide an increase in state support. | | State System of Higher Education - Deferred Maintenance (EA) |
| | Pennsylvania State University | \$ 418 | —to continue current program. |
| \$ 2,604 | —to provide an increase in state support. | | |

All other appropriations are recommended at the current year funding level.

This budget also recommends \$8,763,000 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.

Program: Higher Education (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Community Colleges | \$ 222,679 | \$ 229,359 | \$ 236,240 | \$ 236,240 | \$ 236,240 | \$ 236,240 | \$ 236,240 |
| Transfer to Community College Capital Fund..... | 42,006 | 44,506 | 44,506 | 44,506 | 44,506 | 44,506 | 44,506 |
| Regional Community Colleges Services ... | 900 | 750 | 0 | 0 | 0 | 0 | 0 |
| Technical Institutes | 0 | 2,000 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 |
| Higher Education for the Disadvantaged... | 9,320 | 9,320 | 9,320 | 9,320 | 9,320 | 9,320 | 9,320 |
| Higher Education of Blind or Deaf Students..... | 54 | 54 | 54 | 54 | 54 | 54 | 54 |
| Higher Education Assistance | 19,661 | 20,017 | 0 | 0 | 0 | 0 | 0 |
| Enhanced Technology Initiative | 200 | 0 | 0 | 0 | 0 | 0 | 0 |
| Engineering Equipment Grants | 1,000 | 150 | 0 | 0 | 0 | 0 | 0 |
| Dormitory Sprinklers..... | 250 | 250 | 250 | 250 | 250 | 250 | 250 |
| Community Education Councils..... | 2,186 | 2,186 | 1,768 | 1,768 | 1,768 | 1,768 | 1,768 |
| Thaddeus Stevens College of Technology | 10,613 | 10,930 | 8,663 | 8,663 | 8,663 | 8,663 | 8,663 |
| State System of Higher Education..... | 487,873 | 504,240 | 518,760 | 518,760 | 518,760 | 518,760 | 518,760 |
| Pennsylvania State University | 327,715 | 334,230 | 336,834 | 336,834 | 336,834 | 336,834 | 336,834 |
| University of Pittsburgh..... | 164,647 | 168,169 | 170,334 | 170,334 | 170,334 | 170,334 | 170,334 |
| Temple University | 169,535 | 172,917 | 175,504 | 175,504 | 175,504 | 175,504 | 175,504 |
| Lincoln University | 13,516 | 13,786 | 13,993 | 13,993 | 13,993 | 13,993 | 13,993 |
| Non-State-related universities and colleges | 88,977 | 89,422 | 75,589 | 61,316 | 61,316 | 61,316 | 61,316 |
| Non-State-related institutions | 1,761 | 1,769 | 1,778 | 1,778 | 1,778 | 1,778 | 1,778 |
| TOTAL GENERAL FUND | \$ 1,562,893 | \$ 1,604,055 | \$ 1,595,993 | \$ 1,581,720 | \$ 1,581,720 | \$ 1,581,720 | \$ 1,581,720 |
| KEYSTONE RECREATION, PARK AND CONSERVATION FUND: | | | | | | | |
| State System of Higher Education — Deferred Maintenance (EA) | \$ 18,573 | \$ 15,568 | \$ 15,986 | \$ 16,617 | \$ 17,462 | \$ 18,174 | \$ 18,851 |



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 Department of Emergency Management and Homeland Security develops and maintains 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.

Emergency Management and Homeland Security

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|-----------------------------|-------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| GENERAL FUND: | | | |
| General Government: | | | |
| General Government Operations..... | \$ 5,942 | \$ 6,687^a | \$ 6,866 |
| (F) Civil Preparedness..... | 6,847 | 6,847 | 10,243 |
| (F) Flash Flood Project - Warning System..... | 96 | 95 | 0 |
| (F) Hazardous Materials Planning and Training..... | 405 | 405 | 405 |
| (F) Domestic Preparedness (F)..... | 0 | 0 | 774 |
| (F) Domestic Preparedness - First Responders (EA)..... | 150,000 | 150,000 | 180,050 |
| (F) Office of Homeland Security (EA)..... | 0 | 850 ^b | 850 |
| (F) Incident Response Reporting (EA)..... | 74 | 0 | 0 |
| (F) Bioterrorism Preparedness Training (EA)..... | 154 | 53 | 0 |
| (F) State Emergency Voice Alerting System (SEVAN) (EA)..... | 334 | 0 | 0 |
| (A) Nuclear Facility..... | 69 | 74 | 74 |
| (A) Purchasing Card Rebate..... | 1 | 0 | 0 |
| Avian Flu / Pandemic Preparedness..... | 500 | 430 | 430 |
| (F) Avian Flu / Pandemic Preparedness..... | 12,250 | 12,500 | 12,500 |
| Information Systems Management..... | 1,103 | 1,103 | 1,103 |
| Subtotal..... | <u>\$ 177,775</u> | <u>\$ 179,044</u> | <u>\$ 213,295</u> |
| State Fire Commissioner..... | 2,026 | 2,181 | 2,201 |
| (F) Fire Prevention..... | 66 | 66 | 66 |
| (F) Assistance to Firefighters Grant Program..... | 38 | 70 | 28 |
| (A) Fire Academy Fees..... | 258 | 5 | 5 |
| (A) Arson Fines..... | 0 | 2 | 2 |
| Subtotal..... | <u>\$ 2,388</u> | <u>\$ 2,324</u> | <u>\$ 2,302</u> |
| Security..... | 1,132 | 1,170 | 1,223 |
| Subtotal - State Funds..... | <u>\$ 10,703</u> | <u>\$ 11,571</u> | <u>\$ 11,823</u> |
| Subtotal - Federal Funds..... | 170,264 | 170,886 | 204,916 |
| Subtotal - Augmentations..... | 328 | 81 | 81 |
| Total - General Government..... | <u>\$ 181,295</u> | <u>\$ 182,538</u> | <u>\$ 216,820</u> |
| Grants and Subsidies: | | | |
| (F) July 2003 Storm Disaster - Hazard Mitigation (EA)..... | \$ 2,218 | \$ 750 | \$ 340 |
| (F) July 2003 Storm Disaster - Public Assistance (EA)..... | 16,600 | 17,500 | 0 |
| (F) August 2004 Storm Disaster - Hazard Mitigation (EA)..... | 770 | 55 | 40 |
| (F) September 2004 Tropical Storm Frances-Hazard Mitigation (EA)..... | 280 | 60 | 21 |
| (F) September 2004 Tropical Storm Ivan - Hazard Mitigation (EA)..... | 17,100 | 5,000 | 4,700 |
| (F) September 2004 Tropical Storm Ivan - Public Assistance (EA)..... | 20,000 | 1,000 | 2,454 |
| April 2005 Storm Disaster - Public Assistance (6/08)..... | 0 | 0 | 150 |
| (F) April 2005 Storm Disaster - Public Assistance (EA)..... | 10,000 | 1,000 | 3,518 |
| (F) April 2005 Storm Disaster - Hazard Mitigation (EA)..... | 1,800 | 1,700 | 720 |
| (F) September 2005 Hurricane Katrina - Disaster (EA)..... | 2,500 | 0 | 0 |
| June 2006 Flood Disaster Relief..... | 5,000 | 0 | 0 |
| June 2006 Flood Disaster - Public Assistance..... | 5,500 | 4,800 | 3,000 |
| (F) June 2006 Summer Storm - Public Assistance (EA)..... | 80,000 | 30,000 | 14,161 |
| (F) June 2006 Flood Disaster Hazard Mitigation (EA) (F)..... | 0 | 8,000 | 8,000 |
| September 2006 Tropical System Ernesto Disaster Relief..... | 50 | 0 | 0 |
| November 2006 Winter Storm Disaster Relief..... | 250 | 0 | 0 |
| November 2006 Winter Storm Disaster - Public Assistance..... | 1,000 | 3,100 | 300 |
| (F) November 2006 Winter Storm Disaster - Public Assistance (F)..... | 15,900 | 9,000 | 5,625 |
| (F) November 2006 Winter Storm - Hazard Mitigation (EA)(F)..... | 0 | 5,000 | 3,000 |
| February 2007 Winter Storm Disaster Relief..... | 643 | 0 | 0 |
| March 2007 Winter Storm Disaster Relief..... | 175 | 0 | 0 |
| April 2007 Winter Storm Disaster Relief..... | 150 | 0 | 0 |
| Hazard Mitigation..... | 3,500 | 4,500 | 0 |
| Firefighters' Memorial Flag..... | 10 | 10 | 10 |

Emergency Management and Homeland Security

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|----------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| Red Cross Extended Care Program | 1,000 | 500 | 500 |
| Regional Events Security | 6,045 | 6,295 | 6,045 |
| (F)Public Safety Interoperable Communications Grant Program (F)..... | 0 | 34,200 | 0 |
| Subtotal..... | \$ 0 | \$ 34,200 | \$ 0 |
| Subtotal - State Funds..... | \$ 23,323 | \$ 19,205 | \$ 10,005 |
| Subtotal - Federal Funds..... | 167,168 | 113,265 | 42,579 |
| Total - Grants and Subsidies..... | \$ 190,491 | \$ 132,470 | \$ 52,584 |
| STATE FUNDS..... | \$ 34,026 | \$ 30,776 | \$ 21,828 |
| FEDERAL FUNDS..... | 337,432 | 284,151 | 247,495 |
| AUGMENTATIONS..... | 328 | 81 | 81 |
| GENERAL FUND TOTAL | \$ 371,786 | \$ 315,008 | \$ 269,404 |
| OTHER FUNDS: | | | |
| GENERAL FUND: | | | |
| Emergency Management and Disaster Assistance..... | \$ 2,970 | \$ 2,500 | \$ 2,500 |
| Radiological Emergency Response Planning..... | 554 | 500 | 1,000 |
| Radiation Emergency Response Fund..... | 505 | 500 | 750 |
| GENERAL FUND TOTAL | \$ 4,029 | \$ 3,500 | \$ 4,250 |
| 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..... | \$ 16,361 | \$ 17,500 | \$ 17,500 |
| WIRELESS E-911 EMERGENCY SERVICES FUND: | | | |
| General Operations..... | \$ 1,840 | \$ 2,200 | \$ 2,201 |
| Wireless E-911 Emergency Services Grants..... | 89,386 | 107,800 | 107,800 |
| WIRELESS E-911 EMERGENCY SERVICES FUND TOTAL | \$ 91,226 | \$ 110,000 | \$ 110,001 |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 34,026 | \$ 30,776 | \$ 21,828 |
| SPECIAL FUNDS..... | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 337,432 | 284,151 | 247,495 |
| AUGMENTATIONS..... | 328 | 81 | 81 |
| OTHER FUNDS..... | 138,091 | 157,475 | 158,226 |
| TOTAL ALL FUNDS | \$ 509,877 | \$ 472,483 | \$ 427,630 |

^a Includes recommended supplemental appropriation of \$308,000.

^b Appropriated in Executive Offices.

Emergency Management and Homeland Security

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-----------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| EMERGENCY MANAGEMENT | | | | | | | |
| GENERAL FUND..... | \$ 30,990 | \$ 28,085 | \$ 19,117 | \$ 18,367 | \$ 17,417 | \$ 16,667 | \$ 16,667 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 337,328 | 284,015 | 247,401 | 228,902 | 216,747 | 210,432 | 208,322 |
| OTHER FUNDS..... | 30,574 | 30,049 | 30,799 | 30,799 | 30,799 | 30,799 | 30,799 |
| SUBCATEGORY TOTAL..... | \$ 398,892 | \$ 342,149 | \$ 297,317 | \$ 278,068 | \$ 264,963 | \$ 257,898 | \$ 255,788 |
| FIRE PREVENTION AND SAFETY | | | | | | | |
| GENERAL FUND..... | \$ 3,036 | \$ 2,691 | \$ 2,711 | \$ 2,711 | \$ 2,711 | \$ 2,711 | \$ 2,711 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 104 | 136 | 94 | 94 | 94 | 94 | 94 |
| OTHER FUNDS..... | 107,845 | 127,507 | 127,508 | 127,508 | 127,508 | 127,508 | 127,508 |
| SUBCATEGORY TOTAL..... | \$ 110,985 | \$ 130,334 | \$ 130,313 | \$ 130,313 | \$ 130,313 | \$ 130,313 | \$ 130,313 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 34,026 | \$ 30,776 | \$ 21,828 | \$ 21,078 | \$ 20,128 | \$ 19,378 | \$ 19,378 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 337,432 | 284,151 | 247,495 | 228,996 | 216,841 | 210,526 | 208,416 |
| OTHER FUNDS..... | 138,419 | 157,556 | 158,307 | 158,307 | 158,307 | 158,307 | 158,307 |
| DEPARTMENT TOTAL..... | \$ 509,877 | \$ 472,483 | \$ 427,630 | \$ 408,381 | \$ 395,276 | \$ 388,211 | \$ 386,101 |

Emergency Management and Homeland Security

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, alleviate human suffering and hardship resulting from natural and man-made disasters, and deploy 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 surcharge funds grants to public safety answering points to upgrade 911 technologies by providing 911 telecommunicators with location information for wireless 911 callers.

Emergency Management and Homeland Security

Program: Emergency Management (continued)

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 for public assistance, to enable the commonwealth, local communities and municipalities to resume normal function, to assist in the delivery of emergency services and assistance to the citizens of the commonwealth.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|-----------|----------|----------|----------|----------|----------|----------|
| County emergency plans developed* | N/A | 22 | 23 | 22 | 22 | 23 | 22 |
| Emergency management and health preparedness training recipients..... | 19,260 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Participants in all hazard emergency exercises..... | 70,393 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Emergency exercises held* | N/A | 35 | 35 | 35 | 35 | 35 | 35 |
| Incidents reported through PA Emergency Incident Reporting System (PEIRS) | 10,136 | 10,000 | 10,000 | 10,200 | 10,500 | 10,800 | 11,100 |
| Emergency management grants awarded.. | 382 | 500 | 500 | 500 | 500 | 500 | 500 |
| Emergency management grant funds disbursed (in thousands)* | N/A | \$5,430 | \$6,685 | \$6,685 | \$6,685 | \$6,685 | \$6,685 |
| Federal disaster funds disbursed (in thousands)..... | \$102,328 | \$79,065 | \$42,579 | \$65,000 | \$65,000 | \$65,000 | \$65,000 |

*New program measures.

Emergency management and health preparedness training recipients increased in 2006-07 due to requirements of the National Incident Management Systems (NIMS) requirements for compliance to Tier 1 standards.

Participants in all hazard emergency exercises decrease in 2007-08 due to increased U.S. Department of Homeland Security exercise standards which require more time and resources to plan, coordinate, direct, control, evaluate and document.

Federal disaster funds disbursed increased in 2006-07 due to damage caused by hurricanes and storms and support provided for Hurricane Katrina evacuees.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | | | |
|----|------|--|----|--------|--|
| \$ | -625 | General Government Operations —reflects the transfer of Information Technology operations to the Office of Administration to streamline work processes. | \$ | 150 | April 2005 Storm Disaster - Public Assistance —state match for federally funded projects. |
| | 364 | —Initiative—Witt Recommendations. To provide administrative resources to enhance the operational capacity of the department as recommended in the Witt report. | \$ | -4,500 | Hazard Mitigation —nonrecurring state match for federally funded projects. |
| | 167 | —Initiative—Rebuilding Pennsylvania's Infrastructure. To provide administrative resources to area offices to assist counties with developing flood mitigation plans to be better prepared for flooding situations. | \$ | -1,800 | June 2006 Flood Disaster - Public Assistance —nonrecurring state match for federally funded projects. |
| | 273 | —to continue current program. | \$ | -2,800 | November 2006 Winter Storm Disaster - Public Assistance —nonrecurring state match for federally funded projects. |
| | 179 | <i>Appropriation Increase</i> | | | |
| | 179 | Security | \$ | -250 | Regional Events Security —nonrecurring project. |
| \$ | 53 | —to continue current program. | | | |

All other appropriations are recommended at the current year funding levels.

This budget recommends \$774,000 in federal funds to provide administrative resources to enhance the operational capacity of the department as recommended in the Witt report.

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.

Emergency Management and Homeland Security

Program: Emergency Management (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| General Government Operations | \$ 5,942 | \$ 6,687 | \$ 6,866 | \$ 6,866 | \$ 6,866 | \$ 6,866 | \$ 6,866 |
| Avian Flu / Pandemic Preparedness | 500 | 430 | 430 | 430 | 430 | 430 | 430 |
| Information Systems Management..... | 1,103 | 1,103 | 1,103 | 1,103 | 1,103 | 1,103 | 1,103 |
| Security..... | 1,132 | 1,170 | 1,223 | 1,223 | 1,223 | 1,223 | 1,223 |
| April 2005 Storm Disaster - Public Assistance (6/08) | 0 | 0 | 150 | 50 | 0 | 0 | 0 |
| Hazard Mitigation..... | 3,500 | 4,500 | 0 | 1,000 | 1,000 | 1,000 | 1,000 |
| June 2006 Flood Disaster Relief | 5,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| June 2006 Flood Disaster - Public Assistance..... | 5,500 | 4,800 | 3,000 | 1,500 | 750 | 0 | 0 |
| September 2006 Tropical System Ernesto Disaster Relief | 50 | 0 | 0 | 0 | 0 | 0 | 0 |
| November 2006 Winter Storm Disaster - Public Assistance..... | 0 | 3,100 | 0 | 0 | 0 | 0 | 0 |
| November 2006 Winter Storm Disaster Relief..... | 250 | 0 | 0 | 0 | 0 | 0 | 0 |
| November 2006 Winter Storm Disaster - Public Assistance..... | 1,000 | 0 | 300 | 150 | 0 | 0 | 0 |
| February 2007 Winter Storm Disaster Relief..... | 643 | 0 | 0 | 0 | 0 | 0 | 0 |
| March 2007 Winter Storm Disaster Relief . | 175 | 0 | 0 | 0 | 0 | 0 | 0 |
| April 2007 Winter Storm Disaster Relief | 150 | 0 | 0 | 0 | 0 | 0 | 0 |
| Regional Events Security | 6,045 | 6,295 | 6,045 | 6,045 | 6,045 | 6,045 | 6,045 |
| TOTAL GENERAL FUND | \$ 30,990 | \$ 28,085 | \$ 19,117 | \$ 18,367 | \$ 17,417 | \$ 16,667 | \$ 16,667 |

Emergency Management and Homeland Security

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 (VLAP), 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. Each year selected programs of timely interest and concern are made available to the state's fire service locally through the Academy on the Road program. 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 (VLAP) 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 Loan Assistance Program, 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.

Emergency Management and Homeland Security

Program: Fire Prevention and Safety (continued)

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------|----------|----------|----------|----------|----------|----------|
| State Fire Academy entry-level training graduates..... | 8,110 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| State Fire Academy Certification program certified at firefighter or higher..... | 4,185 | 4,200 | 4,200 | 4,300 | 4,300 | 4,300 | 4,300 |
| Incidents reported through the PA Fire Information Reporting System..... | 136,551 | 175,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| Volunteer company loans approved (in thousands)..... | \$17,490 | \$15,500 | \$16,000 | \$16,500 | \$17,000 | \$17,000 | \$17,000 |
| Volunteer company grants awarded..... | 2,913 | 2,750 | 2,750 | 2,750 | 2,750 | 2,750 | 2,750 |

State Fire Academy entry-level training - graduates increased in 2006-07 due to new curricula for the entry-level firefighter, which led to an increase in enrollment. Training levels are expected to return to historical levels beginning in 2007-08.

Incidents reported through the PA Fire Information Reporting System increase beginning in 2007-08 due to voluntary reporting which qualifies fire companies to receive federal grants.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | |
|----|-----|---|
| \$ | -80 | —reflects the transfer of Information Technology operations to the Office of Administration to streamline work processes. |
| \$ | 100 | —to continue current program. |
| \$ | 20 | <i>Appropriation Increase</i> |

All appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--------------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| State Fire Commissioner | \$ 2,026 | \$ 2,181 | \$ 2,201 | \$ 2,201 | \$ 2,201 | \$ 2,201 | \$ 2,201 |
| Firefighters' Memorial Flag | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Red Cross Extended Care Program..... | 1,000 | 500 | 500 | 500 | 500 | 500 | 500 |
| TOTAL GENERAL FUND | \$ 3,036 | \$ 2,691 | \$ 2,711 | \$ 2,711 | \$ 2,711 | \$ 2,711 | \$ 2,711 |



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) | | |
|--|-------------------------------|-------------------|-------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| GENERAL FUND: | | | |
| General Government: | | | |
| General Government Operations..... | \$ 18,329 | \$ 18,915 | \$ 19,961 |
| (F)Surface Mine Conservation..... | 413 | 413 | 630 |
| (A)Reimbursement - EDP Services..... | 8,519 | 8,508 | 8,507 |
| (A)Department Services..... | 15 | 75 | 75 |
| (A)Purchasing Card Rebate..... | 12 | 14 | 15 |
| (A)Vehicle Sales..... | 0 | 10 | 10 |
| Subtotal..... | \$ 27,288 | \$ 27,935 | \$ 29,198 |
| Environmental Hearing Board..... | 1,810 | 1,976 | 2,074 |
| (A)Reimbursement for Services..... | 3 | 1 | 1 |
| Subtotal..... | \$ 1,813 | \$ 1,977 | \$ 2,075 |
| Cleanup of Scrap Tires..... | 800 | 0 | 0 |
| Environmental Program Management..... | 36,868 | 39,909 | 42,673 |
| (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 | 3,500 | 5,000 |
| (F)Air Pollution Control Grants - Management..... | 2,400 | 2,400 | 2,700 |
| (F)Surface Mine Conservation..... | 6,500 | 6,500 | 6,500 |
| (F)Wetland Protection Fund..... | 840 | 840 | 840 |
| (F)Diagnostic X-Ray Equipment Testing..... | 340 | 340 | 340 |
| (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..... | 600 | 800 | 800 |
| (F)Energy & Environmental Opportunities..... | 0 | 1,200 | 1,200 |
| (A)Payments - Department Services..... | 14 | 100 | 14 |
| (A)Vehicle Sales..... | 5 | 20 | 5 |
| (A)Reimbursement from Water Pollution Control Revolving Fund..... | 2 | 185 | 3 |
| (A)Reimbursement - PENNVEST..... | 55 | 75 | 137 |
| (A)Safe Drinking Water Revolving Fund Administration..... | 66 | 127 | 75 |
| (R)Sewage Facilities Program Administration (EA)..... | 1,500 | 1,500 | 1,500 |
| (R)Used Tire Pile Remediation (EA)..... | 50 | 15 | 15 |
| Subtotal..... | \$ 154,417 | \$ 159,188 | \$ 163,479 |
| Chesapeake Bay Agricultural Source Abatement..... | 3,271 | 3,410 | 3,410 |
| (F)Chesapeake Bay Pollution Abatement..... | 6,200 | 6,200 | 6,200 |
| Subtotal..... | \$ 9,471 | \$ 9,610 | \$ 9,610 |
| Environmental Protection Operations..... | 89,847 | 98,582 | 104,352 |
| (F)EPA Planning Grant - Administration..... | 7,800 | 7,800 | 7,800 |
| (F)Water Pollution Control Grants..... | 4,800 | 4,800 | 4,800 |
| (F)Air Pollution Control Grants..... | 3,370 | 3,370 | 3,370 |
| (F)Surface Mine Control and Reclamation..... | 9,444 | 9,444 | 9,444 |

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
|--|-------------------|----------------------|-------------------|
| (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 | 2,985 |
| (F) Oil Pollution Spills Removal..... | 1,000 | 1,000 | 1,000 |
| (F) Emergency Disaster Relief (EA)..... | 800 | 213 | 213 |
| (F) Technical Assistance to Small Systems (EA)..... | 1,000 | 650 | 650 |
| (F) Assistance to State Programs (EA)..... | 3,000 | 4,000 | 5,000 |
| (F) Local Assistance and Source Water Protection (EA)..... | 5,500 | 5,500 | 5,500 |
| (A) Clean Air Fund..... | 1,700 | 2,244 | 2,244 |
| (A) Clean Water Fund..... | 1,305 | 2,300 | 0 |
| (A) Vehicle Sale..... | 75 | 80 | 80 |
| (A) Reimbursement from Water Pollution Control Revolving Fund..... | 601 | 199 | 199 |
| (A) Safe Drinking Water Account..... | 200 | 200 | 200 |
| (A) Solid Waste Abatement..... | 1,200 | 500 | 500 |
| (A) Reimbursement - PENNVEST..... | 59 | 128 | 128 |
| (A) Reimbursement - Department Services..... | 64 | 55 | 55 |
| (A) PADOT ISTEPA Program..... | 585 | 440 | 340 |
| (A) Safe Drinking Water Revolving Fund..... | 127 | 696 | 558 |
| (A) Reimbursement - Laboratory Services..... | 9,333 | 10,196 | 7,282 |
| (A) Lab Accreditation..... | 1,378 | 1,237 | 850 |
| Subtotal..... | \$ 148,223 | \$ 158,669 | \$ 159,600 |
| Black Fly Control and Research..... | 7,333 | 7,750 | 6,900 |
| (A) County Contributions..... | 995 | 820 | 820 |
| Subtotal..... | \$ 8,328 | \$ 8,570 | \$ 7,720 |
| West Nile Virus Control..... | 7,473 | 7,617 | 7,046 |
| Subtotal..... | \$ 7,473 | \$ 7,617 | \$ 7,046 |
| Subtotal - State Funds..... | \$ 165,731 | \$ 178,159 | \$ 186,416 |
| Subtotal - Federal Funds..... | 164,219 | 165,682 | 168,699 |
| Subtotal - Augmentations..... | 26,313 | 28,210 | 22,098 |
| Subtotal - Restricted Revenues..... | 1,550 | 1,515 | 1,515 |
| Total - General Government..... | \$ 357,813 | \$ 373,566 | \$ 378,728 |
| Grants and Subsidies: | | | |
| Safe Water..... | \$ 10,475 | \$ 12,000 | \$ 0 |
| Storm Water Management Demo Project..... | 2,000 | 0 | 0 |
| Flood Control Projects..... | 2,787 | 2,793 | 5,793 |
| Storm Water Management..... | 1,200 | 2,200 | 2,200 |
| Sewage Facilities Planning Grants..... | 1,950 | 1,950 | 1,950 |
| Sewage Facilities Enforcement Grants..... | 5,000 | 5,000 | 5,000 |
| Water Contamination Remediation Grants..... | 300 | 0 | 0 |
| Transfer to Hazardous Sites Cleanup Fund..... | 0 | 12,844 | 0 |
| Alternative Energy Initiatives..... | 3,000 | 0 | 0 |
| Municipal Climate Change Action Plan..... | 0 | 300 | 0 |
| Delaware River Master..... | 94 | 94 | 94 |
| Ohio River Basin Commission..... | 14 | 14 | 14 |
| Susquehanna River Basin Commission..... | 1,232 | 1,232 | 732 |
| Ag Consumptive Water Use Project..... | 6,100 | 0 | 0 |
| Interstate Commission on the Potomac River..... | 48 | 52 | 52 |
| Delaware River Basin Commission..... | 1,532 | 1,532 | 1,132 |
| Ohio River Valley Water Sanitation Commission..... | 164 | 170 | 170 |
| Chesapeake Bay Commission..... | 285 | 285 | 265 |
| Chesapeake Bay Education Program..... | 300 | 0 | 0 |
| Transfer to Conservation District Fund..... | 3,600 | 3,600 | 3,100 |
| (A) Soil and Water Assistance Augmentations..... | 158 | 0 | 0 |
| Interstate Mining Commission..... | 38 | 38 | 38 |
| Sea Grant Program..... | 200 | 200 | 200 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|----------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| Subtotal - State Funds..... | \$ 40,319 | \$ 44,304 | \$ 20,740 |
| Subtotal - Augmentations..... | 158 | 0 | 0 |
| Total - Grants and Subsidies..... | \$ 40,477 | \$ 44,304 | \$ 20,740 |
| | | | |
| STATE FUNDS..... | \$ 206,050 | \$ 222,463 | \$ 207,156 |
| FEDERAL FUNDS..... | 164,219 | 165,682 | 168,699 |
| AUGMENTATIONS..... | 26,471 | 28,210 | 22,098 |
| RESTRICTED REVENUES..... | 1,550 | 1,515 | 1,515 |
| GENERAL FUND TOTAL..... | \$ 398,290 | \$ 417,870 | \$ 399,468 |
| | | | |
| <u>ENVIRONMENTAL STEWARDSHIP FUND:</u> | | | |
| <i>General Government:</i> | | | |
| Abandoned Mine Reclamation and Remediation (EA)..... | \$ 1,500 | \$ 1,904 | \$ 2,125 |
| <i>Grants and Subsidies:</i> | | | |
| Watershed Protection and Restoration (EA)..... | \$ 17,083 | \$ 13,292 | \$ 17,143 |
| Sewage and Drinking Water Grants (EA)..... | 2,165 | 2,747 | 2,197 |
| Transfer to Hazardous Sites Cleanup Fund (EA)..... | 30,000 | 0 | 0 |
| | | | |
| Total - Grants and Subsidies..... | \$ 49,248 | \$ 16,039 | \$ 19,340 |
| | | | |
| ENVIRONMENTAL STEWARDSHIP FUND TOTAL..... | \$ 50,748 | \$ 17,943 | \$ 21,465 |
| | | | |
| <u>MOTOR LICENSE FUND:</u> | | | |
| <i>General Government:</i> | | | |
| Dirt and Gravel Road..... | \$ 4,000 | \$ 4,000 | \$ 4,000 |
| | | | |
| <u>OTHER FUNDS:</u> | | | |
| GENERAL FUND: | | | |
| Safe Drinking Water Account..... | \$ 479 | \$ 707 | \$ 650 |
| Radiation Protection Fund..... | 5,855 | 7,932 | 9,033 |
| Clean Water Fund..... | 3,700 | 3,631 | 3,000 |
| Solid Waste Abatement Fund..... | 5,311 | 4,320 | 5,198 |
| Well Plugging Account..... | 746 | 883 | 895 |
| Abandoned Well Plugging..... | 329 | 165 | 165 |
| Orphan Well Plugging..... | 1,316 | 1,000 | 1,000 |
| Alternative Fuels..... | 2,812 | 9,188 | 8,290 |
| Industrial Land Recycling..... | 0 | 640 | 450 |
| | | | |
| GENERAL FUND TOTAL..... | \$ 20,548 | \$ 28,466 | \$ 28,681 |
| | | | |
| ACID MINE DRAINAGE ABATEMENT AND TREATMENT FUND: | | | |
| Acid Mine Drainage Abatement and Treatment (F) (EA)..... | \$ 8,812 | \$ 8,833 | \$ 8,833 |
| | | | |
| CLEAN AIR FUND: | | | |
| Major Emission Facilities (EA)..... | \$ 26,218 | \$ 24,434 | \$ 24,201 |
| Mobile and Area Facilities (EA)..... | 12,863 | 9,604 | 9,623 |
| | | | |
| CLEAN AIR FUND TOTAL..... | \$ 39,081 | \$ 34,038 | \$ 33,824 |
| | | | |
| COAL AND CLAY MINE SUBSIDENCE INSURANCE FUND: | | | |
| General Operations (EA)..... | \$ 3,351 | \$ 3,424 | \$ 3,442 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|----------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| Payment of Claims (EA)..... | 2,000 | 2,000 | 2,000 |
| COAL AND CLAY MINE SUBSIDENCE INSURANCE FUND TOTAL..... | \$ 5,351 | \$ 5,424 | \$ 5,442 |
| COAL LANDS IMPROVEMENT FUND: | | | |
| Coal Lands Restoration..... | \$ 1 | \$ 350 | \$ 350 |
| CONSERVATION DISTRICT FUND: | | | |
| Conservation District Grants (EA)..... | \$ 0 | \$ 3,600 | \$ 3,100 |
| ENERGY CONSERVATION AND ASSISTANCE FUND: | | | |
| Energy Conservation..... | \$ 235 | \$ 163 | \$ 195 |
| ENERGY DEVELOPMENT FUND: | | | |
| Energy Development - Administration (EA)..... | \$ 75 | \$ 115 | \$ 115 |
| Energy Development Loans/Grants (EA)..... | 940 | 1,328 | 1,100 |
| ENERGY DEVELOPMENT FUND TOTAL..... | \$ 1,015 | \$ 1,443 | \$ 1,215 |
| ENVIRONMENTAL EDUCATION FUND: | | | |
| General Operations (EA)..... | \$ 1,118 | \$ 1,220 | \$ 1,221 |
| GROWING GREENER BOND FUND: | | | |
| Environmental Improvement Projects (EA)..... | \$ 7,668 a | \$ 17,319 a | \$ 20,100 a |
| Acid Mine Drainage Abatement and Mine Cleanup (EA)..... | 10,451 a | 15,985 a | 16,700 a |
| Authority Projects (EA)..... | 1,808 a | 1,268 a | 10,000 a |
| GROWING GREENER BOND FUND TOTAL..... | \$ 19,927 | \$ 34,572 | \$ 46,800 |
| HAZARDOUS SITES CLEANUP FUND: | | | |
| General Operations (EA)..... | \$ 14,694 | \$ 23,179 | \$ 18,459 |
| Hazardous Sites Cleanup (EA)..... | 17,603 | 13,908 | 22,000 |
| Host Municipality Grants (EA)..... | 26 | 55 | 30 |
| Small Business Pollution Prevention (EA)..... | 492 | 500 | 500 |
| Transfer-Industrial Sites Environmental Assessment Fund (EA)..... | 0 | 0 | 2,000 |
| HAZARDOUS SITES CLEANUP FUND TOTAL..... | \$ 32,815 | \$ 37,642 | \$ 42,989 |
| LOW LEVEL WASTE FUND: | | | |
| General Operations (EA)..... | \$ 332 | \$ 447 | \$ 364 |
| 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)..... | \$ 2,087 | \$ 2,370 | \$ 1,596 |
| RECYCLING FUND: | | | |
| Recycling Coordinator Reimbursement (EA)..... | \$ 1,300 | \$ 1,300 | \$ 1,300 |
| Reimbursement for Municipal Inspection (EA)..... | 821 | 821 | 821 |
| Reimburse-Host Municipality Permit Applications Review (EA)..... | 10 | 30 | 20 |
| Administration of Recycling Program (EA)..... | 862 | 849 | 901 |
| County Planning Grants (EA)..... | 980 | 1,000 | 1,000 |
| Municipal Recycling Grants (EA)..... | 26,873 | 31,500 | 31,500 |
| Municipal Recycling Performance Program (EA)..... | 22,500 | 22,500 | 23,000 |
| Public Education/Technical Assistance (EA)..... | 3,934 | 6,138 | 6,578 |
| Small Business Pollution Prevention (EA)..... | 803 | 1,003 | 1,000 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|--------------------------|--------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| RECYCLING FUND TOTAL..... | <u>\$ 58,083</u> | <u>\$ 65,141</u> | <u>\$ 66,120</u> |
| REMINING ENVIRONMENTAL ENHANCEMENT FUND: | | | |
| Remining and Reclamation Incentives (EA)..... | <u>\$ 28</u> | <u>\$ 3</u> | <u>\$ 0</u> |
| REMINING FINANCIAL ASSURANCE FUND: | | | |
| Remining Financial Assurance (EA)..... | <u>\$ 125</u> | <u>\$ 175</u> | <u>\$ 125</u> |
| STORAGE TANK FUND: | | | |
| General Operations (EA)..... | \$ 7,473 | \$ 8,220 | \$ 8,220 |
| Underground Storage Tanks (F) (EA)..... | 315 | 600 | 600 |
| Leaking Underground Storage Tanks (F) (EA)..... | 2,700 | 2,990 | 2,990 |
| STORAGE TANK FUND TOTAL..... | <u>\$ 10,488</u> | <u>\$ 11,810</u> | <u>\$ 11,810</u> |
| SURFACE MINING CONSERVATION & RECLAMATION FUND: | | | |
| General Operations (EA)..... | <u>\$ 2,729</u> | <u>\$ 2,777</u> | <u>\$ 2,777</u> |
| UNDERGROUND STORAGE TANK INDEMNIFICATION FUND: | | | |
| Environmental Cleanup Program (EA)..... | \$ 5,500 | \$ 5,500 | \$ 5,500 |
| Pollution Prevention Program (EA)..... | 1,000 | 1,000 | 1,000 |
| Catastrophic Release Program..... | 5,500 | 5,500 | 5,500 |
| UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL..... | <u>\$ 12,000</u> | <u>\$ 12,000</u> | <u>\$ 12,000</u> |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 206,050 | \$ 222,463 | \$ 207,156 |
| SPECIAL FUNDS..... | 54,748 | 21,943 | 25,465 |
| FEDERAL FUNDS..... | 164,219 | 165,682 | 168,699 |
| AUGMENTATIONS..... | 26,471 | 28,210 | 22,098 |
| RESTRICTED..... | 1,550 | 1,515 | 1,515 |
| OTHER FUNDS..... | 216,975 | 252,674 | 269,642 |
| TOTAL ALL FUNDS..... | <u><u>\$ 670,013</u></u> | <u><u>\$ 692,487</u></u> | <u><u>\$ 694,575</u></u> |

^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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| ENVIRONMENTAL SUPPORT SERVICES | | | | | | | |
| GENERAL FUND..... | \$ 20,139 | \$ 20,891 | \$ 22,035 | \$ 22,035 | \$ 22,035 | \$ 22,035 | \$ 22,035 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 413 | 413 | 630 | 630 | 630 | 630 | 630 |
| OTHER FUNDS..... | 8,549 | 8,608 | 8,608 | 8,608 | 8,608 | 8,608 | 8,608 |
| SUBCATEGORY TOTAL..... | \$ 29,101 | \$ 29,912 | \$ 31,273 | \$ 31,273 | \$ 31,273 | \$ 31,273 | \$ 31,273 |
| ENVIRONMENTAL PROTECTION AND MANAGEMENT | | | | | | | |
| GENERAL FUND..... | \$ 185,911 | \$ 201,572 | \$ 185,121 | \$ 185,121 | \$ 185,121 | \$ 185,121 | \$ 185,121 |
| SPECIAL FUNDS..... | 54,748 | 21,943 | 25,465 | 21,664 | 18,626 | 16,042 | 16,045 |
| FEDERAL FUNDS..... | 163,806 | 165,269 | 168,069 | 168,069 | 168,069 | 168,069 | 168,069 |
| OTHER FUNDS..... | 236,447 | 273,791 | 284,647 | 314,484 | 278,609 | 238,621 | 238,621 |
| SUBCATEGORY TOTAL..... | \$ 640,912 | \$ 662,575 | \$ 663,302 | \$ 689,338 | \$ 650,425 | \$ 607,853 | \$ 607,856 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 206,050 | \$ 222,463 | \$ 207,156 | \$ 207,156 | \$ 207,156 | \$ 207,156 | \$ 207,156 |
| SPECIAL FUNDS..... | 54,748 | 21,943 | 25,465 | 21,664 | 18,626 | 16,042 | 16,045 |
| FEDERAL FUNDS..... | 164,219 | 165,682 | 168,699 | 168,699 | 168,699 | 168,699 | 168,699 |
| OTHER FUNDS..... | 244,996 | 282,399 | 293,255 | 323,092 | 287,217 | 247,229 | 247,229 |
| DEPARTMENT TOTAL..... | \$ 670,013 | \$ 692,487 | \$ 694,575 | \$ 720,611 | \$ 681,698 | \$ 639,126 | \$ 639,129 |

Environmental Protection

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)

\$ 1,046 **General Government Operations**
—to continue current program.

\$ 98 **Environmental Hearing Board**
—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 18,329 | \$ 18,915 | \$ 19,961 | \$ 19,961 | \$ 19,961 | \$ 19,961 | \$ 19,961 |
| Environmental Hearing Board | 1,810 | 1,976 | 2,074 | 2,074 | 2,074 | 2,074 | 2,074 |
| TOTAL GENERAL FUND | \$ 20,139 | \$ 20,891 | \$ 22,035 | \$ 22,035 | \$ 22,035 | \$ 22,035 | \$ 22,035 |

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 the 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 which ensures against 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 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.

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. In 2007, an estimated 35,200 tons of toxic air pollutants were emitted statewide.

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 over 3,000 sources of air emissions. The department approves plans for new construction or modification of existing facilities and issues operating

Program: Environmental Protection and Management (continued)

permits for major sources. The department is implementing an initiative to streamline the permit process. Inspections 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 over 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 10,762 miles identified as impaired by either point sources or non-point sources in the department's 2007 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 (NPDES), 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, just over 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 4.9 million tons in 2007. 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 that 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 nearly 7,300 permits in 2007.

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 152 contaminated sites in 2007.

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 400 tank releases were remediated in 2007.

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 Remaining Operator Assistance Program (ROAP) 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 1,000 acres were reclaimed by the department and permitted operators in 2007. There are approximately 40,000 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 8,300 oil and gas wells in the department's abandoned or orphaned well inventory. The department plugged 73 orphan and abandoned wells in 2007.

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 2007, 98 percent of the population was served by water supply systems that met all health-based standards. The department also provides some consultative services and inspections for the 700,000 residential water supplies in Pennsylvania. There have been great strides 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

Program: Environmental Protection and Management (continued)

financial issues. Community water systems have adopted source water protection strategies covering approximately 15 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 8,000 mitigation systems, preventing 130 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 2007, 120,208 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 1,700 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 3,500 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 over 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 50,000 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 through 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% 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 over \$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 overlooked as a resource by the oil and gas industry. The department has issued approximately 63 coal bed and

Program: Environmental Protection and Management (continued)

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 nonprofit 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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Protection of Air Quality | | | | | | | |
| Percentage of population in counties attaining the ambient ozone standard..... | 60% | 67% | 67% | 67% | 68% | 100% | 100% |
| Percentage of population in counties attaining the ambient PM-2.5 (fine particulate) standard | 44% | 44% | 44% | 48% | 48% | 90% | 90% |
| Tons of hazardous air pollutants emitted.... | 35,000 | 34,900 | 34,800 | 34,700 | 34,600 | 34,600 | 34,600 |
| Tons of emissions avoided by pollution prevention activities encouraged by the department..... | 12,000 | 12,000 | 12,100 | 12,700 | 12,700 | 12,700 | 12,700 |
| Protection of Water Quality | | | | | | | |
| Cumulative miles of assessed streams attaining assessed water uses | 67,883 | 68,000 | 70,000 | 71,000 | 71,100 | 71,200 | 71,300 |
| Percentage of assessed stream miles that are impaired | 19% | 19% | 19% | 19% | 18% | 18% | 18% |
| Annual miles of assessed (and reassessed) streams | 1,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Acres of stream buffers installed | 1,851 | 1,900 | 2,000 | 2,100 | 2,200 | 2,300 | 2,400 |
| Acres of wetlands restored or enhanced ... | 280 | 300 | 400 | 500 | 600 | 700 | 800 |
| Percentage of erosion and sedimentation control permit applications processed within regulatory timeframes | 52% | 60% | 60% | 70% | 80% | 80% | 85% |
| Water Allocation | | | | | | | |
| Percentage of direct water withdrawal sources protected by in-stream flow protection requirements | 50% | 50% | 50% | 60% | 60% | 60% | 60% |
| Safe Waste Management | | | | | | | |
| Tons of municipal solid waste disposed per capita | 1.17 | 1.17 | 1.18 | 1.18 | 1.18 | 1.17 | 1.16 |
| Tons of municipal solid waste imported into Pennsylvania (in millions) | 9.31 | 9.40 | 9.50 | 9.50 | 9.60 | 9.75 | 9.75 |
| Tons of municipal solid waste recycled (in millions) | 5.15 | 5.15 | 5.45 | 5.70 | 6.50 | 6.80 | 7.50 |
| Tons of non-wastewater residual waste generated per million dollars of gross state product..... | 40 | 40 | 38 | 36 | 35 | 34 | 32 |
| Tons of hazardous waste generated per million dollars of gross state product .. | 0.62 | 0.60 | 0.58 | 0.55 | 0.53 | 0.53 | 0.49 |

Environmental Protection

Program: Environmental Protection and Management (continued)

| Program Measures: (continued) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Protection of Land | | | | | | | |
| Percentage of storage tanks with new releases | 2.40% | 2.30% | 2.15% | 2.13% | 2.11% | 2.09% | 2.07% |
| Mine subsidence insurance policies in effect | 56,970 | 56,900 | 60,000 | 62,500 | 64,500 | 66,500 | 68,500 |
| Restoration of Land | | | | | | | |
| Cleanups completed at sites contaminated with hazardous substances | 152 | 155 | 160 | 180 | 200 | 250 | 300 |
| Cleanups completed at land recycling sites | 136 | 180 | 190 | 190 | 200 | 200 | 200 |
| Sites contaminated by hazardous substances known by the department | 11,800 | 11,900 | 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 | 3,100 | 3,000 | 2,800 | 2,700 | 2,600 | 2,600 |
| Fatalities related to abandoned mine lands | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Acres of abandoned mine land reclaimed . | 1,358 | 1,400 | 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 | 73 | 100 | 150 | 200 | 250 | 250 | 300 |
| Abandoned or orphaned oil and gas wells known by the department | 8,484 | 8,500 | 8,300 | 8,100 | 7,900 | 7,700 | 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..... | 19% | 20% | 24% | 30% | 35% | 50% | 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 commercial) | 2,715 | 2,715 | 3,000 | 4,000 | 5,000 | 6,000 | 6,000 |
| Nuisance and Vector Control | | | | | | | |
| New human infections with West Nile Virus | 10 | 50 | 50 | 50 | 50 | 50 | 50 |
| Breeding areas treated to control West Nile Virus | 120,208 | 120,000 | 120,000 | 120,000 | 120,000 | 120,000 | 120,000 |
| Black fly complaints received | 191 | 190 | 180 | 170 | 160 | 150 | 140 |
| Stream miles treated to control black flies.. | 3,000 | 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..... | 1,581,909 | 1,166,500 | 1,166,500 | 1,166,500 | 1,166,500 | 1,166,500 | 1,166,500 |
| Emergency responses to environmental releases | 4,529 | 4,440 | 4,300 | 4,000 | 3,900 | 3,800 | 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 | 18 | 31 | 43 | 20 | 20 | 20 |
| Mine Safety | | | | | | | |
| Lost time accidents per 200,000 employee-hours of exposure | 3.8 | 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..... | 65,212 | 70,000 | 80,000 | 100,000 | 120,000 | 130,000 | 140,000 |

Environmental Protection

Program: Environmental Protection and Management (continued)

| Program Measures: (continued) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------|----------|----------|----------|----------|----------|----------|
| Advanced Energy Development | | | | | | | |
| Megawatt-hours generated from renewable energy resources and coal mine methane | 1,360 | 1,360 | 2,000 | 3,000 | 3,500 | 4,000 | 5,500 |
| Megawatt-hours generated from advanced non-renewable energy resources including waste coal | 27,395 | 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 | 291 | 290 | 290 | 290 | 290 | 290 | 290 |
| Entities provided assistance for energy efficiency by direct contact from department staff | 6,340 | 6,400 | 6,400 | 7,000 | 8,000 | 9,000 | 10,000 |
| Department-wide Totals | | | | | | | |
| Percentage of facilities with no health, safety or environmental violations | 88% | 80% | 85% | 85% | 85% | 85% | 85% |
| Complaints received | 5,306 | 6,100 | 6,100 | 6,100 | 6,100 | 6,100 | 6,100 |
| Permit applications or requests for authorizations processed | 40,000 | 40,000 | 41,000 | 44,000 | 44,000 | 44,000 | 44,000 |
| Inspections completed | 76,000 | 80,000 | 80,000 | 81,000 | 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 | 229,719 | 230,000 | 230,000 | 240,000 | 250,000 | 250,500 | 260,000 |

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | |
|---|--|--|
| <p>GENERAL FUND</p> <p>Environmental Program Management</p> <p>\$ 1,514 —to continue current program.</p> <p>1,250 —Initiative—Rebuilding Pennsylvania's Infrastructure. To provide administrative resources for increased flood mitigation projects.</p> <hr/> <p>\$ 2,764 <i>Appropriation Increase</i></p> <p>Environmental Protection Operations</p> <p>\$ 5,770 —to continue current program.</p> <p>Black Fly Control and Research</p> <p>\$ -850 —reduced contract costs resulting in no reduction in program activity.</p> <p>West Nile Virus Control</p> <p>\$ -571 —reduced contract costs resulting in no reduction in program activity.</p> <p>Safe Water</p> <p>\$ -12,000 —nonrecurring projects.</p> <p>Flood Control Projects</p> <p>\$ 3,000 —Initiative - Rebuilding Pennsylvania's Infrastructure. To provide increased assistance to communities for flood control projects.</p> | <p>\$ -12,844</p> <p>\$ -300</p> <p>\$ -500</p> <p>\$ -400</p> <p>\$ -20</p> <p>\$ -500</p> <p>\$ 221</p> <p>\$ 3,851</p> <p>\$ -550</p> | <p>Transfer to Hazardous Sites Cleanup Fund</p> <p>—nonrecurring General Fund transfer.</p> <p>Municipal Climate Change Action Plan</p> <p>—nonrecurring projects.</p> <p>Susquehanna River Basin Commission</p> <p>—nonrecurring projects.</p> <p>Delaware River Basin Commission</p> <p>—nonrecurring projects.</p> <p>Chesapeake Bay Commission</p> <p>—nonrecurring projects.</p> <p>Transfer to Conservation District Fund</p> <p>—nonrecurring projects.</p> <p>ENVIRONMENTAL STEWARDSHIP FUND</p> <p>Abandoned Mine Reclamation and Remediation (EA)</p> <p>—to continue current program.</p> <p>Watershed Protection and Restoration (EA)</p> <p>—to continue current program.</p> <p>Sewage and Drinking Water Grants (EA)</p> <p>—nonrecurring projects.</p> |
|---|--|--|

All other appropriations are recommended at the current year funding levels.

Environmental Protection

Program: Environmental Protection and Management (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Cleanup of Scrap Tires | \$ 800 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Environmental Program Management | 36,868 | 39,909 | 42,673 | 42,673 | 42,673 | 42,673 | 42,673 |
| Chesapeake Bay Agricultural Source Abatement | 3,271 | 3,410 | 3,410 | 3,410 | 3,410 | 3,410 | 3,410 |
| Environmental Protection Operations | 89,847 | 98,582 | 104,352 | 104,352 | 104,352 | 104,352 | 104,352 |
| Black Fly Control and Research | 7,333 | 7,750 | 6,900 | 6,900 | 6,900 | 6,900 | 6,900 |
| West Nile Virus Control | 7,473 | 7,617 | 7,046 | 7,046 | 7,046 | 7,046 | 7,046 |
| Safe Water | 10,475 | 12,000 | 0 | 0 | 0 | 0 | 0 |
| Storm Water Management Demo Project .. | 2,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Flood Control Projects | 2,787 | 2,793 | 5,793 | 5,793 | 5,793 | 5,793 | 5,793 |
| Storm Water Management | 1,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 |
| Sewage Facilities Planning Grants | 1,950 | 1,950 | 1,950 | 1,950 | 1,950 | 1,950 | 1,950 |
| Sewage Facilities Enforcement Grants | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Water Contamination Remediation Grants Transfer to Hazardous Sites Cleanup Fund | 300 | 0 | 0 | 0 | 0 | 0 | 0 |
| Alternative Energy Initiatives | 3,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Municipal Climate Change Action Plan | 0 | 300 | 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 | 1,232 | 732 | 732 | 732 | 732 | 732 |
| Ag Consumptive Water Use Project | 6,100 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interstate Commission on the Potomac River | 48 | 52 | 52 | 52 | 52 | 52 | 52 |
| Delaware River Basin Commission | 1,532 | 1,532 | 1,132 | 1,132 | 1,132 | 1,132 | 1,132 |
| Ohio River Valley Water Sanitation Commission | 164 | 170 | 170 | 170 | 170 | 170 | 170 |
| Chesapeake Bay Commission | 285 | 285 | 265 | 265 | 265 | 265 | 265 |
| Chesapeake Bay Education Program | 300 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer to Conservation District Fund | 3,600 | 3,600 | 3,100 | 3,100 | 3,100 | 3,100 | 3,100 |
| Interstate Mining Commission | 38 | 38 | 38 | 38 | 38 | 38 | 38 |
| Sea Grant Program | 200 | 200 | 200 | 200 | 200 | 200 | 200 |
| TOTAL GENERAL FUND | \$ 185,911 | \$ 201,572 | \$ 185,121 | \$ 185,121 | \$ 185,121 | \$ 185,121 | \$ 185,121 |
| ENVIRONMENTAL STEWARDSHIP FUND: | | | | | | | |
| Abandoned Mine Reclamation and Remediation (EA) | \$ 1,500 | \$ 1,904 | \$ 2,125 | \$ 2,125 | \$ 2,125 | \$ 2,125 | \$ 2,125 |
| Watershed Protection and Restoration (EA) | 17,083 | 13,292 | 17,143 | 13,539 | 10,501 | 7,917 | 7,920 |
| Sewage and Drinking Water Grants (EA) .. | 2,165 | 2,747 | 2,197 | 2,000 | 2,000 | 2,000 | 2,000 |
| Transfer to Hazardous Sites Cleanup Fund (EA) | 30,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL ENVIRONMENTAL STEWARDSHIP FUND | \$ 50,748 | \$ 17,943 | \$ 21,465 | \$ 17,664 | \$ 14,626 | \$ 12,042 | \$ 12,045 |
| 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.

Fish and Boat Commission

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|----------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| GENERAL FUND: | | | |
| <i>Grants and Subsidies:</i> | | | |
| Atlantic States Marine Fisheries Commission..... | \$ 16 | \$ 16 | \$ 17 |
| BOAT FUND: | | | |
| <i>General Government:</i> | | | |
| General Operations (EA)..... | \$ 12,955 | \$ 14,189 | \$ 13,775 |
| (F)US Coast Guard Grant - Boating Safety..... | 1,977 | 2,291 | 2,554 |
| (F)Sport Fish Restoration..... | 1,009 | 1,820 | 1,067 |
| (F)Boating Infrastructure Grant (BIG) Program..... | 97 | 100 | 0 |
| (F)Land and Water Conservation Fund..... | 10 | 0 | 0 |
| (F)Clean Vessels..... | 12 | 25 | 25 |
| (A)Sale of Vehicles..... | 0 | 25 | 25 |
| Subtotal - State Funds..... | \$ 12,955 | \$ 14,189 | \$ 13,775 |
| Subtotal - Federal Funds..... | 3,105 | 4,236 | 3,646 |
| Subtotal - Augmentations..... | 0 | 25 | 25 |
| Total - General Government..... | \$ 16,060 | \$ 18,450 | \$ 17,446 |
| STATE FUNDS..... | \$ 12,955 | \$ 14,189 | \$ 13,775 |
| FEDERAL FUNDS..... | 3,105 | 4,236 | 3,646 |
| AUGMENTATIONS..... | 0 | 25 | 25 |
| BOAT FUND TOTAL..... | \$ 16,060 | \$ 18,450 | \$ 17,446 |
| FISH FUND: | | | |
| <i>General Government:</i> | | | |
| General Operations (EA)..... | \$ 27,504 | \$ 29,748 | \$ 31,121 |
| (F)Sport Fish Restoration..... | 6,287 | 6,254 | 6,237 |
| (F)Wildlife Conservation and Restoration - Non-Game..... | 264 | 105 | 27 |
| (F)Surface Mine Regulation..... | 52 | 50 | 60 |
| (F)NOAA..... | 0 | 0 | 154 |
| (F)USFWS - Partner for Fish & Wildlife..... | 0 | 300 | 0 |
| (F)State Wildlife Grant..... | 152 | 2,084 | 1,588 |
| (F)Land and Water Conservation Fund..... | 10 | 0 | 0 |
| (F)Chesapeake Bay Program..... | 0 | 191 | 71 |
| (F)Landowner Incentive Program..... | 0 | 90 | 0 |
| (F)Federal Reimbursement For Services..... | 401 | 533 | 0 |
| (A)Sale of Vehicles..... | 22 | 55 | 55 |
| (A)Reimbursement - DEP/EPA Projects..... | 0 | 190 | 93 |
| (A)Reimbursement for Services - PennDOT..... | 171 | 725 | 96 |
| (A)Transportation - Endangered/Threatened Species..... | 0 | 0 | 79 |
| (A)Transportation - Environmental Assessment..... | 0 | 45 | 0 |
| (A)Purchasing Card Rebate..... | 6 | 0 | 0 |
| (A)Three River Ecological Center..... | 40 | 40 | 40 |
| Subtotal - State Funds..... | \$ 27,504 | \$ 29,748 | \$ 31,121 |
| Subtotal - Federal Funds..... | 7,166 | 9,607 | 8,137 |
| Subtotal - Augmentations..... | 239 | 1,055 | 363 |
| Total - General Government..... | \$ 34,909 | \$ 40,410 | \$ 39,621 |

Fish and Boat Commission

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|-------------------------|-------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| STATE FUNDS..... | \$ 27,504 | \$ 29,748 | \$ 31,121 |
| FEDERAL FUNDS..... | 7,166 | 9,607 | 8,137 |
| AUGMENTATIONS..... | 239 | 1,055 | 363 |
| FISH FUND TOTAL..... | <u>\$ 34,909</u> | <u>\$ 40,410</u> | <u>\$ 39,621</u> |
| OTHER FUNDS: | | | |
| GROWING GREENER BOND FUND: | | | |
| Capital Improvement Projects..... | \$ 378 ^a | \$ 3,729 ^a | \$ 7,437 ^a |
| STATE GAMING FUND: | | | |
| Payments in Lieu of Taxes (EA)..... | \$ 40 | \$ 40 | \$ 40 |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 16 | \$ 16 | \$ 17 |
| SPECIAL FUNDS..... | 40,459 | 43,937 | 44,896 |
| FEDERAL FUNDS..... | 10,271 | 13,843 | 11,783 |
| AUGMENTATIONS..... | 239 | 1,080 | 388 |
| OTHER FUNDS..... | 418 | 3,769 | 7,477 |
| TOTAL ALL FUNDS..... | <u>\$ 51,403</u> | <u>\$ 62,645</u> | <u>\$ 64,561</u> |

^a Appropriated as a \$27,500,000 continuing executive authorization in 2005-06. Amount shown is an estimate of program disbursements within the fiscal year.

Fish and Boat Commission

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| RECREATIONAL FISHING AND BOATING | | | | | | | |
| GENERAL FUND..... | \$ 16 | \$ 16 | \$ 17 | \$ 17 | \$ 17 | \$ 17 | \$ 17 |
| SPECIAL FUNDS..... | 40,459 | 43,937 | 44,896 | 44,896 | 44,896 | 44,896 | 44,896 |
| FEDERAL FUNDS..... | 10,271 | 13,843 | 11,783 | 10,872 | 10,872 | 10,812 | 10,872 |
| OTHER FUNDS..... | 657 | 4,849 | 7,865 | 10,766 | 5,995 | 428 | 428 |
| SUBCATEGORY TOTAL..... | \$ 51,403 | \$ 62,645 | \$ 64,561 | \$ 66,551 | \$ 61,780 | \$ 56,153 | \$ 56,213 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 16 | \$ 16 | \$ 17 | \$ 17 | \$ 17 | \$ 17 | \$ 17 |
| SPECIAL FUNDS..... | 40,459 | 43,937 | 44,896 | 44,896 | 44,896 | 44,896 | 44,896 |
| FEDERAL FUNDS..... | 10,271 | 13,843 | 11,783 | 10,872 | 10,872 | 10,812 | 10,872 |
| OTHER FUNDS..... | 657 | 4,849 | 7,865 | 10,766 | 5,995 | 428 | 428 |
| DEPARTMENT TOTAL..... | \$ 51,403 | \$ 62,645 | \$ 64,561 | \$ 66,551 | \$ 61,780 | \$ 56,153 | \$ 56,213 |

Fish and Boat Commission

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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Fishing licenses sold | 864,416 | 865,000 | 865,000 | 865,000 | 865,000 | 865,000 | 865,000 |
| Cost per fishing license sold..... | \$0.81 | \$0.90 | \$0.90 | \$0.90 | \$0.90 | \$0.90 | \$1.00 |
| Pounds of fish stocked in commonwealth streams and lakes | 2,330,622 | 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 | \$4.64 | \$4.75 | \$4.85 | \$4.95 | \$5.05 | \$5.15 | \$5.25 |
| Actively registered boats | 344,337 | 350,000 | 350,000 | 350,000 | 350,000 | 350,000 | 350,000 |
| Warnings issued for violations of fishing and boating laws..... | 31,965 | 32,000 | 33,000 | 34,000 | 34,000 | 34,000 | 34,000 |
| Convictions for violations of fishing and boating laws..... | 7,609 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 |

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | | | | |
|----|------|--|--|----|-------|--------------------------------|
| | | GENERAL FUND | | | | FISH FUND |
| | | Atlantic States Marine Fisheries Commission | | | | General Operations (EA) |
| \$ | 1 | —to continue current program. | | \$ | 1,373 | —to continue current program. |
| | | BOAT FUND | | | | |
| | | General Operations (EA) | | | | |
| \$ | -414 | —nonrecurring project. | | | | |

Fish and Boat Commission

Program: Recreational Fishing and Boating (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|----------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Atlantic States Marine Fisheries | | | | | | | |
| Commission | \$ 16 | \$ 16 | \$ 17 | \$ 17 | \$ 17 | \$ 17 | \$ 17 |
| BOAT FUND: | | | | | | | |
| General Operations (EA) | | | | | | | |
| | \$ 12,955 | \$ 14,189 | \$ 13,775 | \$ 13,775 | \$ 13,775 | \$ 13,775 | \$ 13,775 |
| FISH FUND: | | | | | | | |
| General Operations (EA) | | | | | | | |
| | \$ 27,504 | \$ 29,748 | \$ 31,121 | \$ 31,121 | \$ 31,121 | \$ 31,121 | \$ 31,121 |



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) | | |
|---|--------------------------------|--------------------------------|--------------------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| GAME FUND: | | | |
| General Government: | | | |
| General Operations(EA) | \$ 53,232 | \$ 58,058 | \$ 62,780 |
| (F)Pittman-Robinson Act Reimbursements..... | 9,601 | 8,400 | 8,000 |
| (F)Endangered Species..... | 63 | 43 | 34 |
| (F)Surface Mine Regulatory Program..... | 65 | 90 | 90 |
| (F)USFWS - State Wildlife Grants..... | 934 | 1,424 | 1,200 |
| (F)NRCS Farm Bill..... | 244 | 0 | 0 |
| (F)Chronic Wasting Disease..... | 60 | 0 | 50 |
| (F)Federal Reimbursement - other Wildlife Grants..... | 850 | 2,993 | 280 |
| (A)Sale of Vehicles..... | 103 | 100 | 100 |
| (A)Pennsylvania Conservation Corps..... | 104 | 112 | 112 |
| (A)Donations..... | 133 | 75 | 75 |
| (A)Reimbursements..... | 325 | 633 | 614 |
| (A)Transportation Reimbursement - Animal Removal..... | 115 | 115 | 115 |
| (A)Purchasing Card Rebate..... | 9 | 0 | 0 |
| (A)Penndot Reimbursement - Environmental Assessment..... | 61 | 70 | 65 |
| (A)Reimbursement from PFBC..... | 334 | 201 | 125 |
| Subtotal..... | <u>\$ 66,233</u> | <u>\$ 72,314</u> | <u>\$ 73,640</u> |
| Land Acquisition and Development(EA) | 200 | 200 | 200 |
| (A)Land Acquisition Donations..... | 0 | 30 | 0 |
| Subtotal..... | <u>\$ 200</u> | <u>\$ 230</u> | <u>\$ 200</u> |
| Subtotal - State Funds..... | \$ 53,432 | \$ 58,258 | \$ 62,980 |
| Subtotal - Federal Funds..... | 11,817 | 12,950 | 9,654 |
| Subtotal - Augmentations..... | 1,184 | 1,336 | 1,206 |
| Total - General Government..... | <u>\$ 66,433</u> | <u>\$ 72,544</u> | <u>\$ 73,840</u> |
| STATE FUNDS..... | \$ 53,432 | \$ 58,258 | \$ 62,980 |
| FEDERAL FUNDS..... | 11,817 | 12,950 | 9,654 |
| AUGMENTATIONS..... | 1,184 | 1,336 | 1,206 |
| GAME FUND TOTAL | <u>\$ 66,433</u> | <u>\$ 72,544</u> | <u>\$ 73,840</u> |
| OTHER FUNDS: | | | |
| GAME FUND: | | | |
| Resident License Fee-Natural Propagation of Wildlife..... | <u>\$ 7,328</u> | <u>\$ 7,500</u> | <u>\$ 7,500</u> |
| GROWING GREENER BOND FUND: | | | |
| Capital Improvement Projects (EA)..... | <u>\$ 3,420^a</u> | <u>\$ 4,391^a</u> | <u>\$ 4,500^a</u> |
| STATE GAMING FUND: | | | |
| Payments in Lieu of Taxes (EA)..... | <u>\$ 3,450</u> | <u>\$ 3,450</u> | <u>\$ 3,450</u> |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 0 | \$ 0 | \$ 0 |
| SPECIAL FUNDS..... | 53,432 | 58,258 | 62,980 |
| FEDERAL FUNDS..... | 11,817 | 12,950 | 9,654 |
| AUGMENTATIONS..... | 1,184 | 1,336 | 1,206 |
| OTHER FUNDS..... | 14,198 | 15,341 | 15,450 |
| TOTAL ALL FUNDS | <u><u>\$ 80,631</u></u> | <u><u>\$ 87,885</u></u> | <u><u>\$ 89,290</u></u> |

^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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| WILDLIFE MANAGEMENT | | | | | | | |
| GENERAL FUND..... | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| SPECIAL FUNDS..... | 53,432 | 58,258 | 62,980 | 60,980 | 53,274 | 53,274 | 53,274 |
| FEDERAL FUNDS..... | 11,817 | 12,950 | 9,654 | 11,580 | 11,580 | 11,580 | 11,580 |
| OTHER FUNDS..... | 15,382 | 16,677 | 16,656 | 15,048 | 13,528 | 11,756 | 11,756 |
| SUBCATEGORY TOTAL..... | \$ 80,631 | \$ 87,885 | \$ 89,290 | \$ 87,608 | \$ 78,382 | \$ 76,610 | \$ 76,610 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| SPECIAL FUNDS..... | 53,432 | 58,258 | 62,980 | 60,980 | 53,274 | 53,274 | 53,274 |
| FEDERAL FUNDS..... | 11,817 | 12,950 | 9,654 | 11,580 | 11,580 | 11,580 | 11,580 |
| OTHER FUNDS..... | 15,382 | 16,677 | 16,656 | 15,048 | 13,528 | 11,756 | 11,756 |
| DEPARTMENT TOTAL..... | \$ 80,631 | \$ 87,885 | \$ 89,290 | \$ 87,608 | \$ 78,382 | \$ 76,610 | \$ 76,610 |

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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Hunting licenses sold..... | 945,892 | 945,000 | 945,000 | 945,000 | 945,000 | 945,000 | 945,000 |
| Arrests for violation of game laws..... | 7,193 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 |
| Development of wildlife management plans | 7 | 3 | 4 | 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)
 \$ 4,722 —to continue current program.

| | (Dollar Amounts in Thousands) | | | | | | |
|--|-------------------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
| GAME FUND: | | | | | | | |
| General Operations(EA)..... | \$ 53,232 | \$ 58,058 | \$ 62,780 | \$ 60,780 | \$ 53,074 | \$ 53,074 | \$ 53,074 |
| Land Acquisition and Development(EA).... | 200 | 200 | 200 | 200 | 200 | 200 | 200 |
| TOTAL GAME FUND..... | \$ 53,432 | \$ 58,258 | \$ 62,980 | \$ 60,980 | \$ 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 create new revenues to provide assistance to the commonwealth's horse racing industry, provide tax relief and economic development opportunities.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
|--|-------------------|----------------------|-------------------|
|--|-------------------|----------------------|-------------------|

OTHER FUNDS:

STATE GAMING FUND:

| | | | |
|--|-------------------------|-------------------------|-------------------------|
| Administration - Gaming Control Board..... | \$ 0 | \$ 22,575 | \$ 25,511 |
| (R)General Operations..... | 9,725 | 7,409 | 9,208 |
| (A)General Operations..... | 23,494 ^a | 0 | 0 |
| Local Law Enforcement Grants (EA)..... | 5,000 | 5,000 | 5,000 |
| STATE GAMING FUND TOTAL..... | <u>\$ 38,219</u> | <u>\$ 34,984</u> | <u>\$ 39,719</u> |

^a Includes funding from the 2004-05 General Fund start-up appropriation.

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 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..... | 38,219 | 34,984 | 39,719 | 39,719 | 39,719 | 39,719 | 39,719 |
| SUBCATEGORY TOTAL..... | \$ 38,219 | \$ 34,984 | \$ 39,719 | \$ 39,719 | \$ 39,719 | \$ 39,719 | \$ 39,719 |
| 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..... | 38,219 | 34,984 | 39,719 | 39,719 | 39,719 | 39,719 | 39,719 |
| DEPARTMENT TOTAL..... | \$ 38,219 | \$ 34,984 | \$ 39,719 | \$ 39,719 | \$ 39,719 | \$ 39,719 | \$ 39,719 |

PROGRAM OBJECTIVE: To provide tax relief, increase economic opportunity, and assist the commonwealth's horse racing industry by overseeing the implementation and operation 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 is 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 specifies two other uses of gaming revenues. The Gaming Economic Development and Tourism Fund established in the act receives 5 percent of the GTR for specific development projects contained in a subsequently enacted Economic Development Capital Budget. The fund is administered by the Department of Community and Economic Development. Second, the Race Horse Development Fund established by the act 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 \$34.719 million for the operation of the Gaming Control Board for the 2008-09 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) | | |
|---|-------------------------------|--------------------------|--------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| GENERAL FUND: | | | |
| General Government: | | | |
| General Government Operations..... | \$ 71,577 | \$ 70,040 | \$ 77,367 |
| (F)June 2006 Summer Storm Public Assistance (F) (EA)..... | 150 | 0 | 0 |
| (A)Federal Surplus Property..... | 1,371 | 1,345 | 1,308 |
| (A)State Surplus Property..... | 15 | 0 | 5 |
| (A)State Buildings Use..... | 39 | 35 | 40 |
| (A)Sound Equipment..... | 45 | 40 | 40 |
| (A)Employe Liability Self Insurance Program..... | 297 | 251 | 312 |
| (A)Newsroom Services..... | 8 | 15 | 8 |
| (A)Computer Services..... | 111 | 122 | 151 |
| (A)Plans Forefeiture..... | 18 | 40 | 4 |
| (A)Media Center Reimbursements..... | 1,643 | 1,600 | 1,600 |
| (A)Recycling Program..... | 0 | 575 | 400 |
| (A)Metrology Services..... | 57 | 48 | 60 |
| (A)CoStar Program..... | 203 | 227 | 279 |
| (A)Capitol Police Services..... | 133 | 60 | 80 |
| (A)Centralized Procurement..... | 13,621 | 13,620 | 12,723 |
| (A)Real Estate Services..... | 0 | 380 | 0 |
| (A)Real Estate Lease Reimbursements..... | 0 | 0 | 4,171 |
| Facilities Maintenance..... | 5,000 | 8,024 | 8,128 |
| (A)DGS Annex Complex..... | 2,095 | 550 | 575 |
| Harristown Rental Charges..... | 6,693 | 6,837 | 6,702 |
| (A)Agency Rental Charges..... | 105 | 0 | 140 |
| Utility Costs..... | 18,136 | 19,336 | 20,723 |
| Harristown Utility and Municipal Charges..... | 11,805 | 12,388 | 12,602 |
| (A)Agency Utility Charges..... | 183 | 0 | 224 |
| Printing the Pennsylvania Manual..... | 159 | 0 | 159 |
| Asbestos Response..... | 150 | 150 | 150 |
| Excess Insurance Coverage..... | 1,541 | 2,470 | 489 |
| Subtotal - State Funds..... | \$ 115,061 | \$ 119,245 | \$ 126,320 |
| Subtotal - Federal Funds..... | 150 | 0 | 0 |
| Subtotal - Augmentations..... | 19,944 | 18,908 | 22,120 |
| Total - General Government..... | <u>\$ 135,155</u> | <u>\$ 138,153</u> | <u>\$ 148,440</u> |
| Grants and Subsidies: | | | |
| Capitol Fire Protection..... | \$ 1,020 | \$ 1,270 | \$ 1,270 |
| STATE FUNDS..... | \$ 116,081 | \$ 120,515 | \$ 127,590 |
| FEDERAL FUNDS..... | 150 | 0 | 0 |
| AUGMENTATIONS..... | 19,944 | 18,908 | 22,120 |
| GENERAL FUND TOTAL..... | <u>\$ 136,175</u> | <u>\$ 139,423</u> | <u>\$ 149,710</u> |
| MOTOR LICENSE FUND: | | | |
| General Government: | | | |
| Harristown Rental Charges (EA)..... | \$ 77 | \$ 82 | \$ 81 |
| Harristown Utility and Municipal Charges (EA)..... | 150 | 164 | 173 |
| Total - General Government..... | <u>\$ 227</u> | <u>\$ 246</u> | <u>\$ 254</u> |
| Grants and Subsidies: | | | |
| Tort Claims Payments..... | \$ 20,000 | \$ 20,000 | \$ 20,000 |
| MOTOR LICENSE FUND TOTAL..... | <u>\$ 20,227</u> | <u>\$ 20,246</u> | <u>\$ 20,254</u> |

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
|--|-------------------|----------------------|-------------------|
|--|-------------------|----------------------|-------------------|

OTHER FUNDS:

GENERAL FUND:

| | | | |
|-------------------------------|--------|--------|--------|
| Temporary Fleet Vehicles..... | \$ 369 | \$ 235 | \$ 244 |
|-------------------------------|--------|--------|--------|

DEPARTMENT TOTAL - ALL FUNDS

| | | | |
|-----------------------------|-------------------|-------------------|-------------------|
| GENERAL FUND..... | \$ 116,081 | \$ 120,515 | \$ 127,590 |
| SPECIAL FUNDS..... | 20,227 | 20,246 | 20,254 |
| FEDERAL FUNDS..... | 150 | 0 | 0 |
| AUGMENTATIONS..... | 19,944 | 18,908 | 22,120 |
| OTHER FUNDS..... | 369 | 235 | 244 |
| TOTAL ALL FUNDS..... | \$ 156,771 | \$ 159,904 | \$ 170,208 |

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| FACILITY, PROPERTY AND COMMODITY MANAGEMENT | | | | | | | |
| GENERAL FUND..... | \$ 116,081 | \$ 120,515 | \$ 127,590 | \$ 128,622 | \$ 128,931 | \$ 128,932 | \$ 129,271 |
| SPECIAL FUNDS..... | 20,227 | 20,246 | 20,254 | 20,254 | 20,254 | 20,254 | 20,254 |
| FEDERAL FUNDS..... | 150 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 20,313 | 19,143 | 22,364 | 24,688 | 24,692 | 24,694 | 24,696 |
| SUBCATEGORY TOTAL..... | \$ 156,771 | \$ 159,904 | \$ 170,208 | \$ 173,564 | \$ 173,877 | \$ 173,880 | \$ 174,221 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 116,081 | \$ 120,515 | \$ 127,590 | \$ 128,622 | \$ 128,931 | \$ 128,932 | \$ 129,271 |
| SPECIAL FUNDS..... | 20,227 | 20,246 | 20,254 | 20,254 | 20,254 | 20,254 | 20,254 |
| FEDERAL FUNDS..... | 150 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 20,313 | 19,143 | 22,364 | 24,688 | 24,692 | 24,694 | 24,696 |
| DEPARTMENT TOTAL..... | \$ 156,771 | \$ 159,904 | \$ 170,208 | \$ 173,564 | \$ 173,877 | \$ 173,880 | \$ 174,221 |

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 update each year of the commonwealth's Five Year Capital Plan. The goal of the Capital Plan and annual fall planning process 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 \$4.5 billion in goods and services for the commonwealth each year, ranging from office supplies to computers to vehicles. For the past four years, 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.

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 enacted 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 Harrisstown, five regional state office buildings in Pittsburgh, Philadelphia, Scranton and Reading, 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 over 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 (GESA) 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 alternative fuel pilot program, which is designed to increase the number of hybrid electric vehicles in the fleet. The commonwealth fleet includes 30 hybrid electric vehicles and each year that number will increase.

Minority & Women Business Opportunities

The Bureau of Minority and Women Business Opportunities (BMWBO) 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 2006-07, federal property originally valued at \$29.5 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 \$7.66 million for 2006-07.

Capitol Police

Capitol Police are responsible for protecting and serving state employees, public officials and visitors to the Capitol Complex and outlying areas, including Harrisburg, Pittsburgh, Philadelphia and Scranton state office buildings. This mission is accomplished with security guards and sworn police officers. The Capitol Police force is an accredited law enforcement agency through the Pennsylvania Law Enforcement Accreditation 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 Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public Works | | | | | | | |
| Capital and agency projects completed - annually..... | 75 | 100 | 100 | 100 | 100 | 100 | 100 |
| Capital and agency projects in design and/or construction..... | 440 | 450 | 425 | 400 | 400 | 400 | 400 |
| Capital and agency projects value (in thousands)..... | \$1,251,391 | \$1,260,000 | \$1,190,000 | \$1,120,000 | \$1,120,000 | \$1,120,000 | \$1,120,000 |

Program: Facility, Property and Commodity Management (continued)

| Program Measures: (continued) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Capital and agency projects completed within 10% of schedule date..... | 93% | 90% | 90% | 90% | 90% | 90% | 90% |
| Public Works construction awards less than 10% above allocation..... | 98% | 95% | 95% | 95% | 95% | 95% | 95% |
| Percentage of change orders approved for payment..... | 4.5% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% | 8.0% |
| Procurement | | | | | | | |
| Total dollar value of commonwealth spending - commodities (in thousands).... | \$4,000,000 | \$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..... | 26% | 28% | 29% | 30% | 32% | 34% | 35% |
| Enterprise wide annual procurement related savings (in thousands)..... | \$219,960 | \$282,000 | \$324,000 | \$366,000 | \$408,000 | \$450,000 | \$500,000 |
| Percentage return on investment for procurement services | 331% | 305% | 310% | 315% | 320% | 325% | 330% |
| Real Estate | | | | | | | |
| Total square footage of state owned space (in thousands) | 1,501,411 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| Percentage of state owned space occupied | 96% | 95% | 95% | 95% | 95% | 95% | 95% |
| Total commonwealth spending for leases renewed or initiated (in thousands)..... | \$106,700 | \$101,973 | \$101,463 | \$100,955 | \$100,451 | \$99,951 | \$99,951 |
| Leases located in downtown areas as a percentage of new or renewed contracts.. | 93% | 90% | 90% | 90% | 90% | 90% | 90% |
| Torts | | | | | | | |
| Tort claims filed..... | 7,076 | 7,839 | 7,917 | 8,075 | 8,156 | 8,236 | 8,318 |
| Claims settled per year..... | 2,680 | 2,447 | 2,447 | 2,447 | 2,447 | 2,447 | 2,447 |
| Average cost per settlement..... | \$440 | \$459 | \$459 | \$459 | \$459 | \$459 | \$459 |
| Tort claims pending..... | 6,861 | 6,418 | 5,917 | 5,406 | 4,890 | 4,374 | 4,155 |
| Tort claims closed (includes settlements, judgements and denials)..... | 6,907 | 8,253 | 8,418 | 8,586 | 8,672 | 8,586 | 8,586 |
| Energy | | | | | | | |
| BTU's consumed in buildings maintained by General Services (in thousands)..... | 527,218,000 | 578,977,500 | 561,608,175 | 555,992,093 | 550,432,172 | 539,478,572 | 534,083,786 |
| Average BTU's consumed per sq. ft. (in thousands)..... | 80.0 | 77.8 | 75.5 | 74.7 | 74.0 | 63.0 | 63.0 |
| Vehicles | | | | | | | |
| Vehicles in fleet..... | 16,384 | 16,307 | 16,307 | 16,307 | 16,307 | 16,307 | 16,307 |
| Total cost per active vehicle..... | \$3,291 | \$4,274 | \$4,359 | \$4,447 | \$4,536 | \$4,626 | \$4,718 |
| Minority and Women Owned Businesses | | | | | | | |
| Commonwealth spending awarded to minority/women business enterprises..... | 7% | 10% | 11% | 14% | 14% | 14% | 14% |
| State Surplus Property | | | | | | | |
| Units sold/recycled (in thousands)..... | 14,689 | 11,886 | 12,122 | 12,363 | 12,610 | 12,857 | 13,114 |
| State surplus property distributed (in thousands)..... | \$5,684 | \$5,607 | \$5,658 | \$5,712 | \$5,770 | \$5,828 | \$5,886 |

General Services

Program: Facility, Property and Commodity Management (continued)

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | | | |
|--------------------------------------|--|------------------|--|--|--|
| GENERAL FUND | | | | | |
| General Government Operations | | | | | |
| \$ 103 | —lease and moving costs related to Philadelphia State Office Building cost containment initiative. | \$ 1,574 | | | Utility Costs |
| 2,393 | —costs associated with the security and maintenance of the Judicial Center. | -187 | | | —utility rate increases. |
| 394 | —costs for security enhancements for the Finance Building. | <u>1,387</u> | | | —savings in utility costs from sale of Philadelphia State Office Building. |
| 1,121 | —increase in maintenance costs associated with commonwealth owned buildings. | | | | <i>Appropriation Increase</i> |
| 600 | —Project Management System software upgrade. | \$ 214 | | | Harristown Utility and Municipal Charges |
| 2,716 | —to continue current program. | \$ 159 | | | —to provide pro rata share of charges. |
| <u>\$ 7,327</u> | <i>Appropriation Increase</i> | <u>\$ -1,981</u> | | | Printing the Pennsylvania Manual |
| | | | | | —biennial cost scheduled for budget year. |
| | | | | | Excess Insurance Coverage |
| | | | | | —prepayment of insurance premium. |
| | | | | | MOTOR LICENSE FUND |
| | | | | | Harristown Rental Charges (EA) |
| \$ 104 | —to continue current program. | \$ -1 | | | —decreased pro rata share of charges. |
| | | | | | Harristown Utility and Municipal Charges (EA) |
| \$ -135 | —decrease in debt service schedule. | \$ 9 | | | —increased pro rata share of charges. |

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 71,577 | \$ 70,040 | \$ 77,367 | \$ 77,367 | \$ 77,367 | \$ 77,367 | \$ 77,367 |
| Facilities Maintenance | 5,000 | 8,024 | 8,128 | 8,128 | 8,128 | 8,128 | 8,128 |
| Harristown Rental Charges | 6,693 | 6,837 | 6,702 | 6,702 | 6,702 | 6,702 | 6,702 |
| Utility Costs..... | 18,136 | 19,336 | 20,723 | 20,723 | 20,723 | 20,723 | 20,723 |
| Harristown Utility and Municipal Charges.. | 11,805 | 12,388 | 12,602 | 12,602 | 12,602 | 12,602 | 12,602 |
| Printing the Pennsylvania Manual | 159 | 0 | 159 | 0 | 159 | 0 | 159 |
| Asbestos Response..... | 150 | 150 | 150 | 150 | 150 | 150 | 150 |
| Excess Insurance Coverage..... | 1,541 | 2,470 | 489 | 1,680 | 1,830 | 1,990 | 2,170 |
| Capitol Fire Protection..... | 1,020 | 1,270 | 1,270 | 1,270 | 1,270 | 1,270 | 1,270 |
| TOTAL GENERAL FUND | <u>\$ 116,081</u> | <u>\$ 120,515</u> | <u>\$ 127,590</u> | <u>\$ 128,622</u> | <u>\$ 128,931</u> | <u>\$ 128,932</u> | <u>\$ 129,271</u> |
| MOTOR LICENSE FUND: | | | | | | | |
| Harristown Rental Charges (EA) | \$ 77 | \$ 82 | \$ 81 | \$ 81 | \$ 81 | \$ 81 | \$ 81 |
| Harristown Utility and Municipal Charges (EA)..... | 150 | 164 | 173 | 173 | 173 | 173 | 173 |
| Tort Claims Payments..... | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| TOTAL MOTOR LICENSE FUND..... | <u>\$ 20,227</u> | <u>\$ 20,246</u> | <u>\$ 20,254</u> | <u>\$ 20,254</u> | <u>\$ 20,254</u> | <u>\$ 20,254</u> | <u>\$ 20,254</u> |



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)

| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
|--|-------------------|----------------------|-------------------|
| GENERAL FUND: | | | |
| General Government: | | | |
| General Government Operations..... | \$ 26,473 | \$ 27,253 | \$ 28,708 |
| (F)WIC Administration and Operation..... | 14,751 | 15,000 | 13,714 |
| (F)Health Assessment..... | 463 | 535 | 535 |
| (F)PHHSBG - Administration and Operation..... | 2,780 | 2,748 | 2,779 |
| (F)SABG - Administration and Operation..... | 7,126 | 7,051 | 7,848 |
| (F)MCHSBG - Administration and Operation..... | 17,344 | 17,171 | 15,958 |
| (F)Adult Blood Lead Epidemiology..... | 36 | 86 | 21 |
| (F)EMS for Children..... | 237 | 155 | 155 |
| (F)TB - Administration and Operation..... | 891 | 764 | 793 |
| (F)Trauma Planning..... | 56 | 60 | 60 |
| (F)Lead - Administration and Operation..... | 769 | 833 | 1,172 |
| (F)AIDS Health Education - Administration and Operation..... | 3,882 | 4,040 | 4,110 |
| (F)Primary Care Cooperative Agreements..... | 247 | 343 | 343 |
| (F)HIV / AIDS Surveillance..... | 1,152 | 1,383 | 1,383 |
| (F)HIV Care - Administration and Operation..... | 1,289 | 1,295 | 1,872 |
| (F)Crash Outcomes Data Evaluation..... | 53 | 54 | 54 |
| (F)Substance Abuse Special Projects- Administration & Operation..... | 665 | 562 | 457 |
| (F)Rural Access to Emergency Devices..... | 117 | 160 | 160 |
| (F)Cancer Prevention and Control..... | 4,865 | 5,442 | 5,298 |
| (F)Environmental Public Health Tracking..... | 666 | 1,050 | 1,050 |
| (F)Health Equity..... | 124 | 225 | 225 |
| (F)Public Health Emergency Preparedness and Response (EA)..... | 57,259 | 70,637 | 70,637 |
| (F)Learning Management System (EA)..... | 30 | 60 | 60 |
| (A)Data Center Services..... | 10 | 10 | 10 |
| (A)Departmental Services..... | 1 | 0 | 0 |
| (A)Robert Wood Johnson Foundation..... | 362 | 0 | 0 |
| (A)Reporting Pathology Protocols..... | 61 | 18 | 0 |
| (A)PEBTF - Reimbursement for Influenza Vaccine..... | 0 | 600 | 600 |
| (A)NCDD Senior Oral Health Study..... | 14 | 0 | 0 |
| (A)Epidemiology Conference..... | 0 | 18 | 0 |
| (A)Avian Flu Rapid Response..... | 0 | 20 | 0 |
| Subtotal..... | <u>\$ 141,723</u> | <u>\$ 157,573</u> | <u>\$ 158,002</u> |
| Rx for PA - Health Literacy..... | 0 | 500 | 515 |
| Organ Donation..... | 109 | 109 | 109 |
| Diabetes Programs..... | 426 | 426 | 426 |
| (F)Diabetes Control..... | 638 | 674 | 691 |
| Subtotal..... | <u>\$ 1,064</u> | <u>\$ 1,100</u> | <u>\$ 1,117</u> |
| Quality Assurance..... | 15,557 | 18,308 | 19,427 |
| (F)Medicare - Health Service Agency Certification..... | 8,582 | 9,979 | 9,961 |
| (F)Medicaid Certification..... | 5,947 | 6,609 | 6,354 |
| (A)Publication Fees..... | 45 | 38 | 45 |
| Subtotal..... | <u>\$ 30,131</u> | <u>\$ 34,934</u> | <u>\$ 35,787</u> |
| Rx for PA - Health Care Associated Infections..... | 0 | 2,000 | 2,644 |
| Vital Statistics..... | 6,677 | 6,984 | 7,431 |
| (F)Cooperative Health Statistics..... | 1,193 | 1,550 | 1,616 |
| (F)Health Statistics..... | 52 | 254 | 57 |
| (A)Reimbursement for Microfilming..... | 84 | 99 | 90 |
| (A)Vital-Chek Surcharge..... | 367 | 374 | 368 |
| (R)County Coroner/ Medical Examiner Distribution (EA)..... | 1,123 | 1,128 | 1,138 |
| (R)Vital Statistics Improvement Administration (EA)..... | 618 | 758 | 1,717 |
| Subtotal..... | <u>\$ 10,114</u> | <u>\$ 11,147</u> | <u>\$ 12,417</u> |
| State Laboratory..... | 4,072 | 4,002 | 4,545 |

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
|---|-------------------|----------------------|-------------------|
| (F)Clinical Laboratory Improvement..... | 526 | 665 | 638 |
| (F)Epidemiology and Laboratory Surveillance and Response..... | 1,351 | 1,432 | 1,532 |
| (A)Blood Lead Testing..... | 11 | 11 | 11 |
| (A)Blood Lead Specimen Testing..... | 16 | 16 | 16 |
| (A)Erythrocyte Protoporphyrin Testing..... | 6 | 7 | 6 |
| (A)Alcohol Proficiency Testing..... | 58 | 58 | 58 |
| (A)Drug Abuse Proficiency..... | 142 | 140 | 142 |
| (A)Licensure for Clinical Laboratories..... | 263 | 265 | 263 |
| (A)Low Volume Proficiency Testing..... | 135 | 124 | 135 |
| (A)Training Course Fees..... | 6 | 13 | 6 |
| Subtotal..... | \$ 6,586 | \$ 6,733 | \$ 7,352 |
| State Health Care Centers..... | 22,383 | 23,682 | 24,706 |
| (F)Disease Control Immunization..... | 9,763 | 11,477 | 11,571 |
| (F)PHHSBG - Block Program Services..... | 2,990 | 3,177 | 3,523 |
| (F)Preventive Health Special Projects..... | 3,748 | 3,951 | 4,348 |
| (F)Steps to a Healthier US..... | 2,087 | 2,118 | 2,138 |
| (F)Sexual Violence Prevention and Education..... | 1,154 | 4,032 | 3,368 |
| (F)Heart Disease and Stroke Prevention..... | 0 | 400 | 0 |
| (F)Disabilities Prevention..... | 0 | 420 | 0 |
| (F)Governor's Fitness Challenge-Keystones To a Healthy PA (EA)..... | 15 | 0 | 0 |
| Subtotal..... | \$ 42,140 | \$ 49,257 | \$ 49,654 |
| Antiviral Stockpile..... | 0 | 14,056 | 5,573 |
| Sexually Transmitted Disease Screening and Treatment..... | 2,195 | 2,460 | 2,460 |
| (F)Survey and Follow-Up - Sexually Transmitted Diseases..... | 2,740 | 2,656 | 2,823 |
| Subtotal..... | \$ 4,935 | \$ 5,116 | \$ 5,283 |
| Subtotal - State Funds..... | \$ 77,892 | \$ 99,780 | \$ 96,544 |
| Subtotal - Federal Funds..... | 155,588 | 179,048 | 177,304 |
| Subtotal - Augmentations..... | 1,581 | 1,811 | 1,750 |
| Subtotal - Restricted Revenues..... | 1,741 | 1,886 | 2,855 |
| Total - General Government..... | \$ 236,802 | \$ 282,525 | \$ 278,453 |
| Grants and Subsidies: | | | |
| PA Injury Reporting and Intervention System..... | \$ 1,300 | \$ 1,300 | \$ 1,300 |
| Rx for PA - Health Equity Strategies..... | 0 | 500 | 500 |
| Primary Health Care Practitioner..... | 4,630 | 4,630 | 4,630 |
| (F)Loan Repayment Program..... | 206 | 312 | 312 |
| (F)Rural Hospital Flexibility Program..... | 364 | 558 | 558 |
| (F)Medical Assistance - Primary Health Care..... | 800 | 800 | 0 |
| (F)Compassion Capital Fund..... | 0 | 0 | 526 |
| Subtotal..... | \$ 6,000 | \$ 6,300 | \$ 6,026 |
| Rx for PA - Primary Care Access..... | 0 | 2,900 | 4,750 |
| Newborn Screening..... | 4,000 | 4,000 | 4,000 |
| Expanded Cervical Cancer Screening..... | 0 | 0 | 750 |
| Cancer Programs..... | 2,085 | 2,085 | 2,085 |
| Breast and Cervical Cancer Screenings..... | 1,700 | 1,700 | 1,700 |
| AIDS Programs..... | 9,500 | 10,000 | 9,500 |
| (F)AIDS Health Education..... | 1,740 | 1,740 | 1,640 |
| (F)HIV Care..... | 11,321 | 10,418 | 10,818 |
| (F)Housing Opportunities for People with AIDS..... | 1,677 | 1,725 | 1,725 |
| Subtotal..... | \$ 24,238 | \$ 23,883 | \$ 23,683 |
| Regional Cancer Institutes..... | 2,400 | 2,400 | 2,000 |
| Rural Cancer Outreach..... | 200 | 200 | 200 |
| School District Health Services..... | 38,842 | 38,842 | 38,842 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|-------------------|-------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| Local Health Departments..... | 28,006 | 29,887 | 29,942 |
| Local Health - Environmental..... | 7,719 | 8,036 | 8,111 |
| Maternal and Child Health..... | 2,090 | 2,090 | 2,473 |
| (F)MCH Lead Poisoning Prevention and Abatement..... | 1,863 | 1,850 | 1,975 |
| (F)MCHSBG - Program Services..... | 21,668 | 17,942 | 17,942 |
| (F)Women, Infants and Children (WIC)..... | 163,000 | 163,000 | 163,530 |
| (F)Abstinence Education..... | 50 | 3,464 | 1,694 |
| (F)Traumatic Brain Injury..... | 172 | 125 | 115 |
| (F)Environmental Assessment - Child Lead Poisoning..... | 234 | 234 | 234 |
| (F)Family Health Special Projects..... | 472 | 692 | 358 |
| (F)Screening Newborns..... | 219 | 219 | 648 |
| (F)Newborn Hearing Screening & Intervention..... | 348 | 444 | 274 |
| Subtotal..... | <u>\$ 190,116</u> | <u>\$ 190,060</u> | <u>\$ 189,243</u> |
| Assistance to Drug and Alcohol Programs..... | 41,623 | 42,602 | 42,602 |
| (F)SABG - Drug and Alcohol Services..... | 56,396 | 56,719 | 57,041 |
| (F)Substance Abuse Special Project Grants..... | 6,143 | 7,418 | 5,655 |
| (F)DFSC - Special Programs for Student Assistance (EA)..... | 1,125 | 1,125 | 1,125 |
| (F)DCSI - Adult Offender Treatment (EA)..... | 94 | 0 | 0 |
| (A)State Stores Fund Transfer..... | 2,040 | 2,121 | 2,121 |
| (A)Community Restitution Payments..... | 4 | 4 | 4 |
| Subtotal..... | <u>\$ 107,425</u> | <u>\$ 109,989</u> | <u>\$ 108,548</u> |
| Tuberculosis Screening and Treatment..... | 1,009 | 1,009 | 1,009 |
| (F)Tuberculosis Control Program..... | 215 | 199 | 199 |
| Subtotal..... | <u>\$ 1,224</u> | <u>\$ 1,208</u> | <u>\$ 1,208</u> |
| Renal Dialysis..... | 8,895 | 8,009 | 5,509 |
| Services for Children with Special Needs..... | 1,645 | 1,645 | 1,645 |
| Adult Cystic Fibrosis..... | 685 | 685 | 685 |
| Cooley's Anemia..... | 165 | 155 | 155 |
| Arthritis Outreach and Education..... | 425 | 400 | 325 |
| Hemophilia..... | 1,428 | 1,428 | 1,428 |
| Lupus..... | 350 | 294 | 238 |
| Sickle Cell..... | 2,203 | 2,006 | 1,808 |
| Regional Poison Control Centers..... | 1,250 | 1,204 | 1,066 |
| Trauma Program Coordination..... | 400 | 400 | 318 |
| Trauma Center Certification..... | 100 | 50 | 0 |
| Rural Trauma Preparedness and Outreach..... | 200 | 200 | 0 |
| Epilepsy Support Services..... | 600 | 600 | 500 |
| Keystone State Games..... | 220 | 220 | 220 |
| Bio-Technology Research..... | 5,700 | 5,325 | 0 |
| Tourette Syndrome..... | 100 | 58 | 58 |
| Emergency Care Research..... | 2,000 | 1,000 | 0 |
| Newborn Hearing Screening..... | 500 | 500 | 500 |
| Osteoporosis Prevention and Education..... | 95 | 95 | 95 |
| Health Research and Services..... | 28,221 | 13,500 | 0 |
| Charcot-Marie-Tooth Syndrome Awareness Program..... | 250 | 250 | 0 |
| Children's Hospital of Pittsburgh..... | 0 | 451 | 0 |
| Fox Chase Institute for Cancer Research..... | 776 | 776 | 776 |
| The Wistar Institute - Research: Operation and Maintenance..... | 214 | 214 | 214 |
| The Wistar Institute - Research: AIDS Research..... | 92 | 92 | 92 |
| Central Penn Oncology Group..... | 130 | 130 | 130 |
| Lancaster - Cleft Palate Clinic..... | 59 | 150 | 59 |
| Burn Foundation..... | 418 | 418 | 418 |
| The Children's Institute, Pittsburgh..... | 970 | 970 | 970 |
| Children's Hospital of Philadelphia..... | 451 | 451 | 451 |
| Phila. Health & Educ Corp-Pediatric Outpatient & Inpatient..... | 712 | 712 | 712 |
| Phila. Health & Educ Corp -Med-Handicapped Children's Clinic..... | 149 | 149 | 74 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|--------------------------|--------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| Subtotal - State Funds..... | \$ 204,507 | \$ 194,718 | \$ 172,840 |
| Subtotal - Federal Funds..... | 268,107 | 268,984 | 266,369 |
| Subtotal - Augmentations..... | 2,044 | 2,125 | 2,125 |
| Total - Grants and Subsidies..... | <u>\$ 474,658</u> | <u>\$ 465,827</u> | <u>\$ 441,334</u> |
| STATE FUNDS..... | \$ 282,399 | \$ 294,498 | \$ 269,384 |
| FEDERAL FUNDS..... | 423,695 | 448,032 | 443,673 |
| AUGMENTATIONS..... | 3,625 | 3,936 | 3,875 |
| RESTRICTED REVENUES..... | 1,741 | 1,886 | 2,855 |
| GENERAL FUND TOTAL..... | <u>\$ 711,460</u> | <u>\$ 748,352</u> | <u>\$ 719,787</u> |
| <u>TOBACCO SETTLEMENT FUND:</u> | | | |
| <i>Grants and Subsidies:</i> | | | |
| Tobacco Use Prevention and Cessation (EA)..... | \$ 30,260 | \$ 31,673 | \$ 33,469 |
| Health Research - Health Priorities (EA)..... | 60,521 | 63,347 | 66,939 |
| Health Research - National Cancer Institute (EA)..... | 3,362 | 3,519 | 3,719 |
| Total - Grants and Subsidies..... | <u>\$ 94,143</u> | <u>\$ 98,539</u> | <u>\$ 104,127</u> |
| TOBACCO SETTLEMENT FUND TOTAL..... | <u>\$ 94,143</u> | <u>\$ 98,539</u> | <u>\$ 104,127</u> |
| <u>OTHER FUNDS:</u> | | | |
| COMPULSIVE GAMBLING TREATMENT FUND: | | | |
| Compulsive and Problem Gambling Treatment..... | \$ 61 | \$ 1,500 | \$ 1,700 |
| EMERGENCY MEDICAL SERVICES OPERATING FUND: | | | |
| Emergency Medical Services..... | \$ 11,600 | \$ 11,600 | \$ 11,888 |
| Catastrophic Medical and Rehabilitation..... | 6,000 | 6,000 | 6,000 |
| EMERGENCY MEDICAL SERVICES OPERATING FUND TOTAL..... | <u>\$ 17,600</u> | <u>\$ 17,600</u> | <u>\$ 17,888</u> |
| GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND: | | | |
| Implementation Costs (EA)..... | \$ 5 | \$ 105 | \$ 96 |
| Hospital and Other Medical Costs (EA)..... | 60 | 60 | 76 |
| Grants to Certified Procurement Organizations (EA)..... | 895 | 935 | 378 |
| Project Make-A-Choice (EA)..... | 90 | 90 | 114 |
| GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND TOTAL..... | <u>\$ 1,050</u> | <u>\$ 1,190</u> | <u>\$ 664</u> |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 282,399 | \$ 294,498 | \$ 269,384 |
| SPECIAL FUNDS..... | 94,143 | 98,539 | 104,127 |
| FEDERAL FUNDS..... | 423,695 | 448,032 | 443,673 |
| AUGMENTATIONS..... | 3,625 | 3,936 | 3,875 |
| RESTRICTED..... | 1,741 | 1,886 | 2,855 |
| OTHER FUNDS..... | 18,711 | 20,290 | 20,252 |
| TOTAL ALL FUNDS..... | <u>\$ 824,314</u> | <u>\$ 867,181</u> | <u>\$ 844,166</u> |

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| HEALTH SUPPORT SERVICES | | | | | | | |
| GENERAL FUND..... | \$ 46,102 | \$ 52,063 | \$ 55,839 | \$ 55,839 | \$ 55,839 | \$ 55,839 | \$ 55,839 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 131,208 | 148,339 | 147,169 | 147,169 | 147,169 | 147,169 | 147,169 |
| OTHER FUNDS..... | 1,130 | 1,338 | 1,292 | 1,292 | 1,292 | 1,292 | 1,292 |
| SUBCATEGORY TOTAL..... | \$ 178,440 | \$ 201,740 | \$ 204,300 | \$ 204,300 | \$ 204,300 | \$ 204,300 | \$ 204,300 |
| HEALTH RESEARCH | | | | | | | |
| GENERAL FUND..... | \$ 46,886 | \$ 31,548 | \$ 11,069 | \$ 11,069 | \$ 11,069 | \$ 11,069 | \$ 11,069 |
| SPECIAL FUNDS..... | 63,883 | 66,866 | 70,658 | 72,962 | 74,587 | 76,248 | 77,947 |
| FEDERAL FUNDS..... | 1,883 | 2,478 | 2,364 | 2,364 | 2,364 | 2,364 | 2,364 |
| OTHER FUNDS..... | 2,192 | 2,359 | 3,313 | 3,313 | 3,313 | 3,313 | 3,313 |
| SUBCATEGORY TOTAL..... | \$ 114,844 | \$ 103,251 | \$ 87,404 | \$ 89,708 | \$ 91,333 | \$ 92,994 | \$ 94,693 |
| PREVENTIVE HEALTH | | | | | | | |
| GENERAL FUND..... | \$ 127,699 | \$ 149,392 | \$ 144,171 | \$ 144,421 | \$ 144,671 | \$ 144,671 | \$ 144,671 |
| SPECIAL FUNDS..... | 30,260 | 31,673 | 33,469 | 34,561 | 35,331 | 36,118 | 36,923 |
| FEDERAL FUNDS..... | 226,846 | 231,953 | 230,319 | 230,319 | 230,319 | 230,319 | 230,319 |
| OTHER FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUBCATEGORY TOTAL..... | \$ 384,805 | \$ 413,018 | \$ 407,959 | \$ 409,301 | \$ 410,321 | \$ 411,108 | \$ 411,913 |
| HEALTH TREATMENT SERVICES | | | | | | | |
| GENERAL FUND..... | \$ 20,089 | \$ 18,893 | \$ 15,703 | \$ 15,629 | \$ 15,629 | \$ 15,629 | \$ 15,629 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 18,711 | 20,290 | 20,252 | 21,452 | 21,752 | 21,852 | 21,952 |
| SUBCATEGORY TOTAL..... | \$ 38,800 | \$ 39,183 | \$ 35,955 | \$ 37,081 | \$ 37,381 | \$ 37,481 | \$ 37,581 |
| DRUG AND ALCOHOL ABUSE PREVENTION AND TREATMENT | | | | | | | |
| GENERAL FUND..... | \$ 41,623 | \$ 42,602 | \$ 42,602 | \$ 42,602 | \$ 42,602 | \$ 42,602 | \$ 42,602 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 63,758 | 65,262 | 63,821 | 63,821 | 63,821 | 63,821 | 63,821 |
| OTHER FUNDS..... | 2,044 | 2,125 | 2,125 | 2,125 | 2,125 | 2,125 | 2,125 |
| SUBCATEGORY TOTAL..... | \$ 107,425 | \$ 109,989 | \$ 108,548 | \$ 108,548 | \$ 108,548 | \$ 108,548 | \$ 108,548 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 282,399 | \$ 294,498 | \$ 269,384 | \$ 269,560 | \$ 269,810 | \$ 269,810 | \$ 269,810 |
| SPECIAL FUNDS..... | 94,143 | 98,539 | 104,127 | 107,523 | 109,918 | 112,366 | 114,870 |
| FEDERAL FUNDS..... | 423,695 | 448,032 | 443,673 | 443,673 | 443,673 | 443,673 | 443,673 |
| OTHER FUNDS..... | 24,077 | 26,112 | 26,982 | 28,182 | 28,482 | 28,582 | 28,682 |
| DEPARTMENT TOTAL..... | \$ 824,314 | \$ 867,181 | \$ 844,166 | \$ 848,938 | \$ 851,883 | \$ 854,431 | \$ 857,035 |

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 which 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 leading causes of death, births to teens, and infant mortality. 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/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 website which includes an interactive health statistics web tool – EpiQMS (Epidemiologic Query and Mapping System).

The Bureau of Epidemiology administers studies related to the etiology, 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 and may be submitted via a web-based system. 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. 33 percent of End-Stage Renal Disease (ESRD) 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 supports hospitals, nursing care facilities and ambulatory surgical facilities in reducing the occurrence of health care associated infection through the implementation of effective identification and reporting of health care associated infections (HAI); by reviewing and approving individual facility infection control plans; developing best practices for monitoring, surveillance and response to HAI; and through the development of a reporting program, establishment of benchmarks and performance monitoring in hospitals and nursing homes to effect the reduction and prevention of health care associated infections. The department will review each health care facility's (hospitals, nursing homes and ambulatory surgical facilities) infection control plan to ensure compliance during its regular licensure inspection process. The department will also develop tools to assess the progress of facilities in reducing the occurrence of HAI

Program: Health Support Services (continued)

and establish a methodology and process for development of benchmarks and on-going data reporting to evaluate facility performance in reducing HAI.

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 (POS) 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 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 the public health. The Bureau of Laboratories performs approximately 185,000 tests each year for diseases including HIV, 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 (WNV) in humans, mosquitoes and birds. 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 (CDC) and the Health Resources and Services Administration (HRSA) provide funding to the Department of Health 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 (OPHP) to coordinate public health preparedness activities across the commonwealth, including hospital and workforce preparedness. The OPHP works closely with local and other state agencies, and serves as the liaison with the Department of Emergency Management and Homeland Security. The OPHP supports the Pennsylvania Department of Health’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/investigation, expanding public health laboratory capacity, enhancing communications systems, and facilitating state and regional hospital preparedness planning and response efforts.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Surveys completed in a timely manner by facility type | | | | | | | |
| Hospitals within 24 months | 116 | 116 | 116 | 116 | 116 | 116 | 116 |
| Nursing homes within 15 months | 732 | 740 | 740 | 740 | 740 | 740 | 740 |
| Intermediate care facilities/MR within 12 months | 207 | 210 | 210 | 210 | 210 | 210 | 210 |
| Home health agencies within 12 months.... | 380 | 380 | 380 | 380 | 380 | 380 | 380 |
| Residential drug and alcohol programs licensed/approved..... | 231 | 250 | 250 | 250 | 250 | 250 | 250 |
| Nonresidential drug and alcohol programs licensed/approved..... | 622 | 650 | 650 | 650 | 650 | 650 | 650 |
| Laboratory services | | | | | | | |
| Clinical laboratories licensed..... | 8,486 | 8,741 | 9,003 | 9,273 | 9,551 | 9,838 | 10,133 |
| Specimens tested by the State Laboratory per year | 78,969 | 79,570 | 80,570 | 82,000 | 83,000 | 84,000 | 85,000 |
| Rabies tests by the State Laboratory per year..... | 3,343 | 3,500 | 3,550 | 3,600 | 3,625 | 3,650 | 3,675 |
| West Nile Virus tests by the State Laboratory per year | 27,907 | 24,100 | 24,300 | 24,400 | 24,500 | 24,600 | 24,700 |

Program: Health Support Services (continued)

| Program Measures: (continued) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|---------|---------|
| Activities related to bioterrorism | | | | | | | |
| Grants awarded for hospitals..... | 166 | 166 | 166 | 166 | 166 | 166 | 166 |
| Surge beds available..... | 7,615 | 7,985 | 7,985 | 7,985 | 7,985 | 7,985 | 7,985 |
| Percentage of eligible hospitals registered to use PA-NEDSS..... | 98% | 98% | 98% | 98% | 98% | 98% | 98% |
| Percentage of eligible laboratories registered to use PA-NEDSS..... | 75% | 76% | 77% | 78% | 79% | 80% | 81% |

West Nile Virus tests by the State Laboratory per year in 2006-07 were higher than in the following years' estimates due to climate conditions which were favorable to mosquito population and disease incidence increases.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | |
|--|--|
| <p>\$ 1,455 General Government Operations —to continue current program.</p> <p>\$ 15 Rx for PA - Health Literacy —to continue current program.</p> <p>\$ 1,119 Quality Assurance —to continue current program.</p> | <p>\$ 644 Rx for PA - Health Care Associated Infections —to continue current program.</p> <p>\$ 543 State Laboratory —to continue current program.</p> |
|--|--|

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 26,473 | \$ 27,253 | \$ 28,708 | \$ 28,708 | \$ 28,708 | \$ 28,708 | \$ 28,708 |
| Rx for PA - Health Literacy | 0 | 500 | 515 | 515 | 515 | 515 | 515 |
| Quality Assurance..... | 15,557 | 18,308 | 19,427 | 19,427 | 19,427 | 19,427 | 19,427 |
| Rx for PA - Health Care Associated Infections | 0 | 2,000 | 2,644 | 2,644 | 2,644 | 2,644 | 2,644 |
| State Laboratory | 4,072 | 4,002 | 4,545 | 4,545 | 4,545 | 4,545 | 4,545 |
| TOTAL GENERAL FUND | \$ 46,102 | \$ 52,063 | \$ 55,839 | \$ 55,839 | \$ 55,839 | \$ 55,839 | \$ 55,839 |

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 over 32 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 approximately 645,000 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 2006-07, the department completed interim performance reviews on the five nonformula (competitive) grants initiated in June 2005 and final performance reviews for 33 grants (93 research projects) that had been completed during the prior state fiscal year. All of the five competitive grants received "favorable" or "outstanding" ratings.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Health Disparities | | | | | | | |
| Diabetes prevalence rate per 1,000 population for white adults aged 18+ | 70 | 70 | 70 | 70 | 70 | 70 | 70 |
| Diabetes prevalence rate per 1,000 population for black and non-hispanic adults aged 18+ | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Diabetes prevalence rate per 1,000 population for hispanic adults aged 18+ ... | 144 | 85 | 85 | 85 | 85 | 85 | 85 |
| Vital events (births, deaths and fetal deaths) | | | | | | | |
| Vital events registered and processed | 275,261 | 275,000 | 274,500 | 274,000 | 274,000 | 274,000 | 274,000 |
| 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 | 635,794 | 645,000 | 645,000 | 645,000 | 645,000 | 645,000 | 645,000 |
| 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 | 42 | 42 | 40 | 40 | 39 | 39 | 38 |
| Percentage of completed state-funded research grants that have received a favorable or outstanding performance evaluation from expert peer reviewers | 94% | 95% | 95% | 95% | 95% | 95% | 95% |
| Percentage of completed CURE grants exceeding \$100,000 that have leveraged additional outside funding | 85% | 85% | 85% | 85% | 85% | 85% | 85% |

Program: Health Research (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | |
|-----------|--|------------|---|
| | GENERAL FUND | | |
| | Vital Statistics | \$ -13,500 | Health Research and Services |
| \$ 309 | —to continue current program. | | —nonrecurring project. |
| 138 | —lease and moving costs related to the Philadelphia State Office Building cost containment initiative. | | Charcot-Marie-Tooth Syndrome Awareness Program |
| \$ 447 | <i>Appropriation Increase</i> | \$ -250 | —nonrecurring project. |
| | Regional Cancer Institutes | \$ -451 | Children's Hospital of Pittsburgh |
| \$ -400 | —nonrecurring project. | | —nonrecurring project. |
| | Bio-Technology Research | \$ 3,592 | TOBACCO SETTLEMENT FUND |
| \$ -5,325 | —nonrecurring project. | | Health Research - Health Priorities |
| | Emergency Care Research | \$ 200 | —based on current estimates. |
| \$ -1,000 | —nonrecurring project. | | Health Research - National Cancer Institute |
| | | | —based on current estimates. |

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Diabetes Programs..... | \$ 426 | \$ 426 | \$ 426 | \$ 426 | \$ 426 | \$ 426 | \$ 426 |
| Vital Statistics | 6,677 | 6,984 | 7,431 | 7,431 | 7,431 | 7,431 | 7,431 |
| Regional Cancer Institutes | 2,400 | 2,400 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Bio-Technology Research..... | 5,700 | 5,325 | 0 | 0 | 0 | 0 | 0 |
| Emergency Care Research | 2,000 | 1,000 | 0 | 0 | 0 | 0 | 0 |
| Health Research and Services..... | 28,221 | 13,500 | 0 | 0 | 0 | 0 | 0 |
| Charcot-Marie-Tooth Syndrome Awareness Program | 250 | 250 | 0 | 0 | 0 | 0 | 0 |
| Children's Hospital of Pittsburgh | 0 | 451 | 0 | 0 | 0 | 0 | 0 |
| Fox Chase Institute for Cancer Research . | 776 | 776 | 776 | 776 | 776 | 776 | 776 |
| The Wistar Institute - Research: Operation and Maintenance | 214 | 214 | 214 | 214 | 214 | 214 | 214 |
| The Wistar Institute - Research: AIDS Research | 92 | 92 | 92 | 92 | 92 | 92 | 92 |
| Central Penn Oncology Group | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| TOTAL GENERAL FUND | \$ 46,886 | \$ 31,548 | \$ 11,069 | \$ 11,069 | \$ 11,069 | \$ 11,069 | \$ 11,069 |
| TOBACCO SETTLEMENT FUND: | | | | | | | |
| Health Research - Health Priorities (EA) ... | \$ 60,521 | \$ 63,347 | \$ 66,939 | \$ 69,122 | \$ 70,661 | \$ 72,235 | \$ 73,845 |
| Health Research - National Cancer Institute (EA) | 3,362 | 3,519 | 3,719 | 3,840 | 3,926 | 4,013 | 4,102 |
| TOTAL TOBACCO SETTLEMENT FUND | \$ 63,883 | \$ 66,866 | \$ 70,658 | \$ 72,962 | \$ 74,587 | \$ 76,248 | \$ 77,947 |

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 insuring 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 of Health 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 a limited range of 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 which 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 supply 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: Woman and Infant Programs

The department, through a maternal and child health outreach program called "Love 'em with a Checkup", addresses the problems of infant mortality and low birth weight. This outreach campaign alerts women to the importance of early prenatal care and primary care for children. It also provides information on access and appropriate use of health services including the Children's Health Insurance Program (CHIP) and Adult Basic Health Insurance.

The Genetics Program ensures access to genetic screening, education and counseling services for families. It encourages the assessment of patient genetic risks

through primary health care providers and pays directly for testing and counseling services for eligible low-income patients. The program targets education and services to underserved populations and areas of the state. The program, in conjunction with the Women, Infants, and Children (WIC) Program, supports outreach activities to promote the intake of folic acid by women of child bearing years.

The Women, Infants, and Children (WIC) Program is a federally-funded program administered by the department. It 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 outcome, improve participant use of pediatric and obstetrical services and enhance early interventions into potential health problems.

In order to minimize severe health risks to infants, the department conducts a Newborn Screening Program that includes testing for Phenylketonuria (PKU), Hypothyroidism, Sickle Cell Disease, Maple Syrup Urine Disease (MSUD), Congenital Adrenal Hyperplasia (CAH), and Galactosemia. 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 PKU or MSUD 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 tracking of infants not passing their follow-up re-screening to assure that appropriate assessment and evaluation are completed.

The Sudden Infant Death Syndrome (SIDS) Program provides supportive services to families following a sudden infant death. Education regarding SIDS is provided to health professionals and others who normally interact with families following such a death.

Program: Preventive Health: (continued)

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 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, correction officials, State 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 in order 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 agency 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 abate 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, hypertension, and to prevent heart disease, overweight/obesity, stroke, and related chronic diseases.

The Cancer Prevention and Control Program focuses 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 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 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

Program: Preventive Health: (continued)

(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 (CAN) 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 Acquired Immune Deficiency Syndrome (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 the Human Immunodeficiency Virus (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, 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 Disease (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 accorded 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 (gum) 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 and Prevention 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 website.

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 agency 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 to less than 12 percent by the year 2010.

Act 77 of 2001 established the Tobacco Settlement Fund and programs to improve the health of Pennsylvanians through research, and tobacco prevention and cessation programs. Grants are used to establish a statewide comprehensive tobacco use prevention and cessation program consistent with best practices as defined by the Federal Centers for Disease Control and Prevention's Best Practices for Comprehensive Tobacco Control Programs. These include community programs to reduce tobacco use, chronic disease programs to reduce the burden of tobacco related diseases, school programs, enforcement, statewide programs, counter marketing, cessation programs, surveillance and evaluation, and administration and management. Those contractors also survey establishments to determine compliance with the Clean Indoor Air Law and encourage them to become smoke free. 70 percent of the funds go to "primary contractors" (lead agencies) at the local level to develop, implement and monitor programs in all 67 counties.

Program: Preventive Health: (continued)

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| State Health Care Centers | | | | | | | |
| Total encounters by State Health Care Centers | 511,736 | 516,853 | 522,021 | 527,242 | 532,514 | 537,839 | 543,217 |
| Family health encounters including immunizations, injury prevention and special health care needs | 148,234 | 149,716 | 151,213 | 152,725 | 154,252 | 155,795 | 157,353 |
| Communicable disease encounters including adult immunizations, HIV/AIDS, STD, Tuberculosis, and epidemiology | 209,836 | 211,934 | 214,053 | 216,194 | 218,356 | 220,539 | 222,745 |
| Chronic disease encounters including cancer, diabetes, and tobacco .. | 59,095 | 59,685 | 60,282 | 60,885 | 61,494 | 62,109 | 62,730 |
| Primary care physicians receiving loan repayment forgiveness | 84 | 100 | 100 | 100 | 100 | 100 | 100 |
| Percentage of primary care practitioners receiving repayment forgiveness remaining in practice in Pennsylvania | 80% | 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..... | 240,920 | 243,900 | 244,000 | 245,000 | 246,000 | 247,000 | 248,000 |
| Average actual food cost per WIC participant, per month | \$34.70 | \$35.65 | \$36.57 | \$37.58 | \$38.61 | \$39.67 | \$40.76 |
| Average Nutrition Services and Administration (NSA) operational costs per WIC participant, per month | \$15.01 | \$15.90 | \$16.84 | \$16.84 | \$16.84 | \$16.84 | \$16.84 |
| Percentage of WIC-enrolled breastfeeding mothers who breastfed their infants for the first six months | 20.8% | 21.4% | 22.1% | 22.7% | 23.4% | 24.1% | 24.8% |
| Newborns receiving hearing screening | 139,400 | 140,000 | 140,000 | 140,000 | 140,000 | 140,000 | 140,000 |
| Newborns receiving state-mandated screening for genetic conditions | 147,962 | 145,000 | 145,000 | 145,000 | 145,000 | 145,000 | 145,000 |
| High risk uninsured women aged 40 to 49 who receive breast and cervical cancer screening as determined by state funding | 4,079 | 4,200 | 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 | 84 | 94 | 96 | 96 | 96 | 96 | 96 |
| School Health | | | | | | | |
| Percentage of school districts, charter schools, and comprehensive vocational technical schools in compliance with certified school nurse coverage requirements | 94.0% | 94.5% | 95.0% | 95.5% | 96.0% | 96.5% | 97.0% |
| Health Disparities | | | | | | | |
| By race, the percentage of obese adults in PA: | | | | | | | |
| Percentage obesity among whites..... | 24.0% | 23.5% | 23.4% | 23.3% | 23.2% | 23.1% | 23.0% |
| Percentage obesity among blacks..... | 32.7% | 32.6% | 32.5% | 32.4% | 32.3% | 32.2% | 32.1% |
| Percentage obesity among hispanics..... | 28.6% | 29.5% | 29.4% | 29.3% | 29.2% | 29.1% | 29.0% |
| Other communicable disease programs and incidences reported | | | | | | | |
| HIV tests at publicly-funded sites | 60,580 | 62,000 | 64,000 | 65,000 | 65,000 | 65,000 | 65,000 |
| Percentage of clients testing positive for HIV at department-supported HIV counseling and testing sites returning for results..... | 88.0% | 90.0% | 91.0% | 92.0% | 92.0% | 92.0% | 92.0% |
| Incidences of Gonorrhea | 6,095 | 6,080 | 6,075 | 6,070 | 6,065 | 6,060 | 6,060 |
| Incidences of Infectious Syphilis | 110 | 100 | 90 | 85 | 80 | 80 | 80 |
| Tuberculosis (per 100,000 in population) ... | 2.7 | 2.6 | 2.5 | 2.4 | 2.3 | 2.2 | 2.1 |

Program: Preventive Health: (continued)

| Program Measures: (continued) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Injury Prevention | | | | | | | |
| Children and adults receiving injury prevention education and awareness | 25,650 | 25,650 | 25,650 | 25,650 | 25,650 | 25,650 | 25,650 |
| Tobacco Program | | | | | | | |
| Percentage of smokers utilizing the PA Free Quitline who are not smoking 12 months after quitting *..... | 27.0% | 27.0% | 28.0% | 29.0% | 30.0% | 31.0% | 32.0% |
| Percentage of adults who smoke | 22.0% | 22.0% | 21.0% | 20.5% | 20.5% | 20.5% | 20.5% |
| Percentage of high school students who smoke..... | 17.5% | 17.5% | 17.5% | 15.0% | 15.0% | 15.0% | 15.0% |

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | |
|--|---|
| <p>GENERAL FUND</p> <p>State Health Care Centers</p> <p>\$ 1,024 —to continue current program.</p> <p>Antiviral Stockpile</p> <p>\$ -8,766 —nonrecurring costs associated with purchase of first phase of antiviral medications in 2007-08.</p> <p style="padding-left: 20px;">283 —storage of antiviral stockpile.</p> <p>\$ -8,483 <i>Appropriation Decrease</i></p> <p>Rx for PA - Primary Care Access</p> <p>\$ 1,850 —Initiative—Improving Access to Primary Care. To increase access to primary medical and dental care in underserved areas through a new nurse loan repayment program, an enhanced primary care practitioner loan repayment program and an expanded community challenge grant program.</p> <p>Expanded Cervical Cancer Screening</p> <p>\$ 750 —Initiative—Expanded Cervical Cancer Screening. To provide cervical cancer education, screening and treatment services to 10,350 uninsured women under age 40.</p> <p>AIDS Programs</p> <p>\$ -500 —nonrecurring project.</p> | <p>Local Health Departments</p> <p>\$ 55 —increased costs based on current population and local budget projections.</p> <p>Local Health - Environmental</p> <p>\$ 75 —increased costs based on current population and local budget projections.</p> <p>Maternal and Child Health</p> <p>\$ 383 —to continue current program.</p> <p>Arthritis Outreach and Education</p> <p>\$ -75 —nonrecurring project.</p> <p>Rural Trauma Preparedness and Outreach</p> <p>\$ -200 —nonrecurring project.</p> <p>Epilepsy Support Services</p> <p>\$ -100 —nonrecurring project.</p> <p>TOBACCO SETTLEMENT FUND</p> <p>Tobacco Use Prevention and Cessation</p> <p>\$ 1,796 —funding proposed for re-distribution as outlined in the Tobacco Settlement Fund presentation in Section C.</p> |
|--|---|

All other appropriations are recommended at the current year funding levels.

Program: Preventive Health: (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| State Health Care Centers | \$ 22,383 | \$ 23,682 | \$ 24,706 | \$ 24,706 | \$ 24,706 | \$ 24,706 | \$ 24,706 |
| Antiviral Stockpile | 0 | 14,056 | 5,573 | 5,573 | 5,573 | 5,573 | 5,573 |
| Sexually Transmitted Disease Screening and Treatment..... | 2,195 | 2,460 | 2,460 | 2,460 | 2,460 | 2,460 | 2,460 |
| PA Injury Reporting and Intervention System..... | 1,300 | 1,300 | 1,300 | 1,300 | 1,300 | 1,300 | 1,300 |
| Rx for PA - Health Equity Strategies..... | 0 | 500 | 500 | 500 | 500 | 500 | 500 |
| Primary Health Care Practitioner..... | 4,630 | 4,630 | 4,630 | 4,630 | 4,630 | 4,630 | 4,630 |
| Rx for PA - Primary Care Access..... | 0 | 2,900 | 4,750 | 5,000 | 5,250 | 5,250 | 5,250 |
| Newborn Screening..... | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| Expanded Cervical Cancer Screening..... | 0 | 0 | 750 | 750 | 750 | 750 | 750 |
| Cancer Programs | 2,085 | 2,085 | 2,085 | 2,085 | 2,085 | 2,085 | 2,085 |
| Breast and Cervical Cancer Screenings.... | 1,700 | 1,700 | 1,700 | 1,700 | 1,700 | 1,700 | 1,700 |
| AIDS Programs..... | 9,500 | 10,000 | 9,500 | 9,500 | 9,500 | 9,500 | 9,500 |
| Rural Cancer Outreach..... | 200 | 200 | 200 | 200 | 200 | 200 | 200 |
| School District Health Services | 38,842 | 38,842 | 38,842 | 38,842 | 38,842 | 38,842 | 38,842 |
| Local Health Departments..... | 28,006 | 29,887 | 29,942 | 29,942 | 29,942 | 29,942 | 29,942 |
| Local Health - Environmental | 7,719 | 8,036 | 8,111 | 8,111 | 8,111 | 8,111 | 8,111 |
| Maternal and Child Health..... | 2,090 | 2,090 | 2,473 | 2,473 | 2,473 | 2,473 | 2,473 |
| Tuberculosis Screening and Treatment..... | 1,009 | 1,009 | 1,009 | 1,009 | 1,009 | 1,009 | 1,009 |
| Arthritis Outreach and Education..... | 425 | 400 | 325 | 325 | 325 | 325 | 325 |
| Rural Trauma Preparedness and Outreach..... | 200 | 200 | 0 | 0 | 0 | 0 | 0 |
| Epilepsy Support Services..... | 600 | 600 | 500 | 500 | 500 | 500 | 500 |
| Keystone State Games..... | 220 | 220 | 220 | 220 | 220 | 220 | 220 |
| Newborn Hearing Screening | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| Osteoporosis Prevention and Education ... | 95 | 95 | 95 | 95 | 95 | 95 | 95 |
| TOTAL GENERAL FUND | \$ 127,699 | \$ 149,392 | \$ 144,171 | \$ 144,421 | \$ 144,671 | \$ 144,671 | \$ 144,671 |
| TOBACCO SETTLEMENT FUND: | | | | | | | |
| Tobacco Use Prevention and Cessation (EA)..... | \$ 30,260 | \$ 31,673 | \$ 33,469 | \$ 34,561 | \$ 35,331 | \$ 36,118 | \$ 36,923 |

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 the responsibility of 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 utilized.

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 utilized 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 (SKN) and supporting Children with Special Health Care Needs Consultant (SNC) staff in each of the department's six district offices. SKN 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. SKN is one of the information and referral helplines which constitute the commonwealth's Health and Human Services Call Center. The information and referral specialists who respond to calls to the SKN helpline are able to provide callers with access to more than 10,000 local, regional, and statewide

resources that serve children with special healthcare 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 SNCs 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 nursing care in their homes.

The Hemophilia Program utilizes eight 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 (SCD) is a genetically determined red blood cell disorder which occurs most frequently in the African-American population. 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 conducts a public information and education

Program: Health Treatment Services (continued)

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 prehospital practitioners and distribution of funding. With the passage of prehospital "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.

The department has the responsibility of 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 utilized.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|---------|---------|
| Minimum Number of Children and Adults Receiving Outpatient Supported Programs | | | | | | | |
| Hemophilia..... | 1,055 | 1,120 | 1,120 | 1,120 | 1,120 | 1,120 | 1,120 |
| Phenylketonuria, Maple Syrup Urine Disease, Galactosemia | 1,296 | 1,296 | 1,300 | 1,300 | 1,300 | 1,300 | 1,300 |
| Renal disease..... | 4,638 | 4,641 | 4,641 | 4,641 | 4,641 | 4,641 | 4,641 |
| Cooley's Anemia..... | 36 | 36 | 36 | 36 | 36 | 36 | 36 |
| Sickle Cell Disease..... | 1,760 | 1,760 | 1,760 | 1,760 | 1,760 | 1,760 | 1,760 |
| Spina Bifida | 861 | 1,039 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |
| Home Ventilators | 231 | 228 | 228 | 228 | 228 | 228 | 228 |
| Children's rehabilitative services | 1,902 | 2,156 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 |
| Help Line Activities | | | | | | | |
| Total number of calls to the help lines | 116,467 | 120,000 | 125,000 | 130,000 | 135,000 | 140,000 | 145,000 |
| Calls to Healthy Kids help line | 101,107 | 105,000 | 110,000 | 115,000 | 120,000 | 125,000 | 130,000 |
| Calls to Special Kids Network help line | 6,539 | 6,750 | 6,900 | 7,000 | 7,250 | 7,500 | 7,750 |
| Percentage of callers who express satisfaction with the services provided by the Special Kids Network | 90% | 91% | 92% | 93% | 94% | 95% | 96% |
| EMS Services | | | | | | | |
| Ambulances licensed annually | 1,050 | 1,050 | 1,050 | 1,050 | 1,050 | 1,050 | 1,050 |
| Quick response services recognized to provide medical command annually | 390 | 390 | 390 | 390 | 390 | 390 | 390 |
| Hospitals recognized to provide medical command annually..... | 150 | 150 | 150 | 150 | 150 | 150 | 150 |

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | |
|---|----------------|---|
| <p>GENERAL FUND</p> <p>Renal Dialysis</p> <p>\$ -2,500 —Medicare Part D pharmaceutical savings.</p> | <p>\$ -138</p> | <p>Regional Poison Control Centers</p> <p>—nonrecurring project.</p> |
| <p>Lupus</p> <p>\$ -56 —nonrecurring project.</p> | <p>\$ -82</p> | <p>Trauma Program Coordination</p> <p>—nonrecurring project.</p> |
| <p>Sickle Cell</p> <p>\$ -198 —nonrecurring project.</p> | <p>\$ -50</p> | <p>Trauma Center Certification</p> <p>—nonrecurring project.</p> |

Program: Health Treatment Services (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | |
|----|-----|--|--|
| \$ | -91 | Lancaster - Cleft Palate Clinic —program reduction. | This budget also recommends \$8,763,000 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. |
| \$ | -75 | Philadelphia Health and Education Corp - Med - Handicapped Children's Clinic —Initiative—Federalizing Physician Practice Plans. Savings achieved by claiming \$8.8 million in new federal Medicaid funds for university-affiliated physician practice plans. | |

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| Organ Donation | \$ 109 | \$ 109 | \$ 109 | \$ 109 | \$ 109 | \$ 109 | \$ 109 |
| Renal Dialysis..... | 8,895 | 8,009 | 5,509 | 5,509 | 5,509 | 5,509 | 5,509 |
| Services for Children with Special Needs.. | 1,645 | 1,645 | 1,645 | 1,645 | 1,645 | 1,645 | 1,645 |
| Adult Cystic Fibrosis..... | 685 | 685 | 685 | 685 | 685 | 685 | 685 |
| Cooley's Anemia..... | 165 | 155 | 155 | 155 | 155 | 155 | 155 |
| Hemophilia..... | 1,428 | 1,428 | 1,428 | 1,428 | 1,428 | 1,428 | 1,428 |
| Lupus..... | 350 | 294 | 238 | 238 | 238 | 238 | 238 |
| Sickle Cell..... | 2,203 | 2,006 | 1,808 | 1,808 | 1,808 | 1,808 | 1,808 |
| Regional Poison Control Centers | 1,250 | 1,204 | 1,066 | 1,066 | 1,066 | 1,066 | 1,066 |
| Trauma Program Coordination | 400 | 400 | 318 | 318 | 318 | 318 | 318 |
| Trauma Center Certification | 100 | 50 | 0 | 0 | 0 | 0 | 0 |
| Tourette Syndrome | 100 | 58 | 58 | 58 | 58 | 58 | 58 |
| Lancaster - Cleft Palate Clinic | 59 | 150 | 59 | 59 | 59 | 59 | 59 |
| Burn Foundation | 418 | 418 | 418 | 418 | 418 | 418 | 418 |
| The Children's Institute, Pittsburgh..... | 970 | 970 | 970 | 970 | 970 | 970 | 970 |
| Children's Hospital of Philadelphia | 451 | 451 | 451 | 451 | 451 | 451 | 451 |
| Philadelphia Health & Educ Corp-Pediatric Outpatient & Inpatient..... | 712 | 712 | 712 | 712 | 712 | 712 | 712 |
| Philadelphia Health & Educ Corp - Med-Handicapped Children's Clinic..... | 149 | 149 | 74 | 0 | 0 | 0 | 0 |
| TOTAL GENERAL FUND | \$ 20,089 | \$ 18,893 | \$ 15,703 | \$ 15,629 | \$ 15,629 | \$ 15,629 | \$ 15,629 |

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 (SCA) 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. The

Student Assistance Program (SAP), which encompasses all 501 commonwealth school districts, provides school personnel with the knowledge and skills needed to identify students using alcohol or drugs. Students are referred to professional evaluators and, if needed, receive treatment services. Special services are designed to divert certain criminal offenders into rehabilitation 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 \$64 million.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|---------|---------|
| Admissions to treatment | 84,755 | 84,755 | 84,755 | 84,755 | 84,755 | 84,755 | 84,755 |
| Average length of outpatient treatment (days) | 63 | 63 | 63 | 63 | 63 | 63 | 63 |
| Average length of inpatient treatment (days) | 25 | 25 | 25 | 25 | 25 | 25 | 25 |

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Assistance to Drug and Alcohol Programs

—This appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Assistance to Drug and Alcohol Programs | \$ 41,623 | \$ 42,602 | \$ 42,602 | \$ 42,602 | \$ 42,602 | \$ 42,602 | \$ 42,602 |



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.

Higher Education Assistance Agency

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|-------------------|-------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| GENERAL FUND: | | | |
| <i>Grants and Subsidies:</i> | | | |
| Grants to Students-transfer to Higher Ed. Assist. Fund..... | \$ 386,198 | \$ 386,198 | \$ 397,784 |
| (A)Grants to Students Supplement..... | 59,193 | 75,000 | 35,000 |
| (F)Byrd Scholarships (EA)..... | 1,589 | 1,586 | 1,563 |
| Pennsylvania Internship Program Grants..... | 300 | 0 | 0 |
| Matching Payments-transfer to Higher Ed. Assist. Fund..... | 14,122 | 14,122 | 14,122 |
| Institutional Assistance-transfer to Higher Ed. Assist. Fund..... | 41,392 | 42,013 | 42,013 |
| Bond-Hill Scholarship-transfer to Higher Ed. Assist. Fund..... | 750 | 750 | 750 |
| Agricultural Loan Forgiveness-transfer to Higher Ed. Fund..... | 85 | 85 | 85 |
| SciTech Scholarships-transfer to Higher Ed. Assist. Fund..... | 6,800 | 4,350 | 4,350 |
| (A)Grants to Students Supplement..... | 0 | 2,450 | 0 |
| Cheyney Keystone Academy-transfer to Higher Ed. Assist. Fund..... | 2,000 | 2,000 | 2,000 |
| Nursing Shortage Initiative..... | 0 | 2,450 | 2,450 |
| Subtotal - State Funds..... | \$ 451,647 | \$ 451,968 | \$ 463,554 |
| Subtotal - Federal Funds..... | 1,589 | 1,586 | 1,563 |
| Subtotal - Augmentations..... | 59,193 | 77,450 | 35,000 |
| Total - Grants and Subsidies..... | \$ 512,429 | \$ 531,004 | \$ 500,117 |
| STATE FUNDS..... | \$ 451,647 | \$ 451,968 | \$ 463,554 |
| FEDERAL FUNDS..... | 1,589 | 1,586 | 1,563 |
| AUGMENTATIONS..... | 59,193 | 77,450 | 35,000 |
| GENERAL FUND TOTAL..... | \$ 512,429 | \$ 531,004 | \$ 500,117 |
| OTHER FUNDS: | | | |
| HIGHER EDUCATION ASSISTANCE FUND: | | | |
| Educational Training Vouchers Program..... | \$ 1,604 | \$ 1,940 | \$ 1,940 |
| Leveraging Educational Assistance Partnership..... | 3,547 | 3,064 | 3,064 |
| Transfers Augmenting Appropriations..... | 5,707 | 2,113 | 1,627 |
| Primary Health Care..... | 936 | 936 | 936 |
| Tobacco Settlement Funds..... | 449 | 340 | 334 |
| Gear Up..... | 1,513 | 420 | 372 |
| HIGHER EDUCATION ASSISTANCE FUND TOTAL..... | \$ 13,756 | \$ 8,813 | \$ 8,273 |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 451,647 | \$ 451,968 | \$ 463,554 |
| SPECIAL FUNDS..... | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 1,589 | 1,586 | 1,563 |
| AUGMENTATIONS..... | 59,193 | 77,450 | 35,000 |
| OTHER FUNDS..... | 13,756 | 8,813 | 8,273 |
| TOTAL ALL FUNDS..... | \$ 526,185 | \$ 539,817 | \$ 508,390 |

Higher Education Assistance Agency

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| FINANCIAL ASSISTANCE TO STUDENTS | | | | | | | |
| GENERAL FUND..... | \$ 410,255 | \$ 407,505 | \$ 419,091 | \$ 419,091 | \$ 419,091 | \$ 419,091 | \$ 419,091 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 1,589 | 1,586 | 1,563 | 1,563 | 1,563 | 1,563 | 1,563 |
| OTHER FUNDS..... | 72,949 | 86,263 | 43,273 | 43,273 | 43,273 | 43,273 | 43,273 |
| SUBCATEGORY TOTAL..... | \$ 484,793 | \$ 495,354 | \$ 463,927 | \$ 463,927 | \$ 463,927 | \$ 463,927 | \$ 463,927 |
| FINANCIAL AID TO INSTITUTIONS | | | | | | | |
| GENERAL FUND..... | \$ 41,392 | \$ 44,463 | \$ 44,463 | \$ 44,463 | \$ 44,463 | \$ 44,463 | \$ 44,463 |
| 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..... | \$ 41,392 | \$ 44,463 | \$ 44,463 | \$ 44,463 | \$ 44,463 | \$ 44,463 | \$ 44,463 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 451,647 | \$ 451,968 | \$ 463,554 | \$ 463,554 | \$ 463,554 | \$ 463,554 | \$ 463,554 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 1,589 | 1,586 | 1,563 | 1,563 | 1,563 | 1,563 | 1,563 |
| OTHER FUNDS..... | 72,949 | 86,263 | 43,273 | 43,273 | 43,273 | 43,273 | 43,273 |
| DEPARTMENT TOTAL..... | \$ 526,185 | \$ 539,817 | \$ 508,390 | \$ 508,390 | \$ 508,390 | \$ 508,390 | \$ 508,390 |

Higher Education Assistance Agency

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 (PHEAA) 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, Federal Leveraging Educational Assistance Partnership (LEAP) Grant funds, and a portion of PHEAA's business earnings as a student grants supplement. 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 postsecondary 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 place 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 postsecondary 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 has as its purpose the recruitment of gifted students for enrollment at Cheyney University.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Grants to Students: | | | | | | | |
| Applications for grants | 503,861 | 520,140 | 540,950 | 562,590 | 585,090 | 608,490 | 632,830 |
| Applications complete and needs tested for eligibility | 310,280 | 317,920 | 330,640 | 343,870 | 357,620 | 371,920 | 386,800 |
| Eligible applicants — meeting qualifications | 182,588 | 185,750 | 193,180 | 200,910 | 208,950 | 217,310 | 226,000 |
| Eligible applicants enrolled and accepting grants | 162,502 | 164,960 | 171,560 | 178,420 | 185,560 | 192,980 | 200,700 |
| Eligible applicants not enrolled at a college/university | 20,086 | 20,790 | 21,620 | 22,490 | 23,390 | 24,330 | 25,300 |
| Grant amount as percentage of applicant's total educational cost | 13.3% | 13.0% | 11.9% | 11.9% | 11.9% | 11.9% | 11.9% |
| Students receiving SciTech scholarships ... | 3,045 | 4,559 | 4,765 | 5,240 | 5,765 | 6,340 | 6,975 |
| Work Study: | | | | | | | |
| Students assisted by federal, state and..... private funds | 49,540 | 45,500 | 45,955 | 46,410 | 46,870 | 47,335 | 47,800 |
| Student work study earnings (in millions) ... | \$73.3 | \$73.8 | \$74.5 | \$75.2 | \$76.0 | \$76.8 | \$77.6 |

Higher Education Assistance Agency

Program: Financial Assistance to Students (continued)

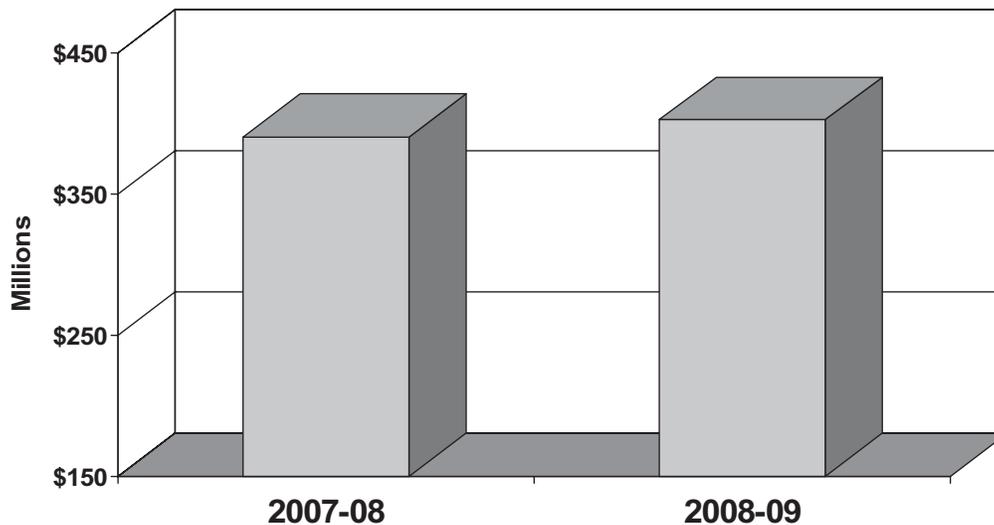
Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND
Grants to Students
 \$ 11,586 —to provide an increase in state support.

All other appropriations are recommended at the current year funding level.

Grants to Students



This budget recommends increasing State funding for grants to students programs by \$11.6 million, or 3.0%, to \$402.1 million.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Grants to Students-transfer to | | | | | | | |
| Higher Education Assistance Fund..... | \$ 386,198 | \$ 386,198 | \$ 397,784 | \$ 397,784 | \$ 397,784 | \$ 397,784 | \$ 397,784 |
| Pennsylvania Internship Program Grants.. | 300 | 0 | 0 | 0 | 0 | 0 | 0 |
| Matching Payments-transfer to Higher Education Assistance Fund | 14,122 | 14,122 | 14,122 | 14,122 | 14,122 | 14,122 | 14,122 |
| Bond-Hill Scholarship-transfer to Higher Education Assistance Fund | 750 | 750 | 750 | 750 | 750 | 750 | 750 |
| Agricultural Loan Forgiveness-transfer to Higher Education Assistance Fund..... | 85 | 85 | 85 | 85 | 85 | 85 | 85 |
| SciTech Scholarships-transfer to Higher Education Assistance Fund | 6,800 | 4,350 | 4,350 | 4,350 | 4,350 | 4,350 | 4,350 |
| Cheyney Keystone Academy-transfer to Higher Education Assistance Fund..... | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| TOTAL GENERAL FUND..... | \$ 410,255 | \$ 407,505 | \$ 419,091 | \$ 419,091 | \$ 419,091 | \$ 419,091 | \$ 419,091 |

Higher Education Assistance Agency

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 nonprofit, nondenominational and non-recipients of direct state appropriations.

The appropriated funds provide 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 2008-09 program.

The program helps to preserve and develop the diverse system of higher education in Pennsylvania by

allowing private 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 by assisting student attendance at Pennsylvania's independent colleges and universities.

The Nursing Shortage Initiative program is part of the commonwealth's workforce development efforts and will help increase the number of nurses in the commonwealth workforce.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Eligible grant recipients enrolled at eligible independent institutions | 39,606 | 39,774 | 40,172 | 40,172 | 40,172 | 40,172 | 40,172 |
| Per capita grant | \$1,051 | \$1,057 | \$1,046 | \$1,046 | \$1,046 | \$1,046 | \$1,046 |

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Institutional Assistance and Nursing Shortage Initiative are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Actual | Available | Budget | Estimated | Estimated | Estimated | Estimated |
| GENERAL FUND: | | | | | | | |
| Institutional Assistance-transfer to Higher Education Assistance Fund..... | \$ 41,392 | \$ 42,013 | \$ 42,013 | \$ 42,013 | \$ 42,013 | \$ 42,013 | \$ 42,013 |
| Nursing Shortage Initiative | 0 | 2,450 | 2,450 | 2,450 | 2,450 | 2,450 | 2,450 |
| TOTAL GENERAL FUND..... | \$ 41,392 | \$ 44,463 | \$ 44,463 | \$ 44,463 | \$ 44,463 | \$ 44,463 | \$ 44,463 |



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.

Historical and Museum Commission

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|------------------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| GENERAL FUND: | | | |
| General Government: | | | |
| General Government Operations..... | \$ 24,065^a | \$ 25,260^a | \$ 26,384 |
| (F)Historic Preservation..... | 880 | 1,000 | 1,000 |
| (F)Surface Mining Review..... | 150 | 150 | 150 |
| (F)Environmental Review..... | 500 | 350 | 300 |
| (F)Save Our Treasures..... | 500 | 200 | 0 |
| (F)National Historic Publications and Records..... | 200 | 120 | 0 |
| (F)Railroad Museum Improvement (EA)..... | 1,280 | 300 | 0 |
| (F)Pennsylvania Archaeology (EA)..... | 160 | 150 | 150 |
| (F)Institute of Museum Library Services..... | 45 | 60 | 23 |
| (F)21st Century Museum Professional..... | 500 | 200 | 0 |
| (F)Coastal Zone Management..... | 0 | 50 | 30 |
| (F)Lumber Museum..... | 0 | 198 | 198 |
| (F)Storm Damage Relief (EA)..... | 0 | 446 | 0 |
| (F)Historical Records and Advisory Board Admin..... | 14 | 20 | 20 |
| (F)American Battlefield Protection..... | 32 | 37 | 37 |
| (F)Preserve America..... | 150 | 90 ^b | 180 |
| (A)Historic Preservation Fund..... | 174 | 140 | 30 |
| (A)Architectural Services..... | 2 | 5 | 5 |
| (A)Keystone Recreation, Park & Conservation Fund..... | 650 | 533 | 577 |
| Subtotal..... | \$ 29,302 | \$ 29,309 | \$ 29,084 |
| Subtotal - State Funds..... | \$ 24,065 | \$ 25,260 | \$ 26,384 |
| Subtotal - Federal Funds..... | 4,411 | 3,371 | 2,088 |
| Subtotal - Augmentations..... | 826 | 678 | 612 |
| Total - General Government..... | \$ 29,302 | \$ 29,309 | \$ 29,084 |
| Grants and Subsidies: | | | |
| Museum Assistance Grants..... | \$ 6,135 | \$ 4,135 | \$ 3,835 |
| Historical Education & Museum Assistance..... | 3,385 | 1,226 | 0 |
| Regional History Centers..... | 600 | 500 | 0 |
| University of Pennsylvania Museum..... | 254 | 254 | 254 |
| Carnegie Museum of Natural History..... | 254 | 254 | 254 |
| Carnegie Science Center..... | 254 | 254 | 254 |
| Franklin Institute Science Museum..... | 769 | 769 | 769 |
| Academy of Natural Sciences..... | 471 | 471 | 471 |
| African American Museum in Philadelphia..... | 359 | 359 | 359 |
| Everhart Museum..... | 46 | 46 | 46 |
| Mercer Museum..... | 196 | 196 | 196 |
| Whitaker Center for Science and the Arts..... | 141 | 141 | 141 |
| Total - Grants and Subsidies..... | \$ 12,864 | \$ 8,605 | \$ 6,579 |
| STATE FUNDS..... | \$ 36,929 | \$ 33,865 | \$ 32,963 |
| FEDERAL FUNDS..... | 4,411 | 3,371 | 2,088 |
| AUGMENTATIONS..... | 826 | 678 | 612 |
| GENERAL FUND TOTAL..... | \$ 42,166 | \$ 37,914 | \$ 35,663 |
| KEYSTONE RECREATION, PARK AND CONSERVATION FUND: | | | |
| Grants and Subsidies: | | | |
| Historic Site Development - Realty Transfer Tax (EA)..... | \$ 13,533 | \$ 10,650 | \$ 11,545 |

Historical and Museum Commission

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|--------------------------------|--------------------------------|--------------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| <u>OTHER FUNDS:</u> | | | |
| GENERAL FUND: | | | |
| Historical Preservation Act of 1966 (F)..... | \$ 91 | \$ 80 | \$ 80 |
| Rent and Other Income..... | 203 | 200 | 200 |
| GENERAL FUND TOTAL..... | <u>\$ 294</u> | <u>\$ 280</u> | <u>\$ 280</u> |
| HISTORICAL PRESERVATION FUND: | | | |
| Historical Preservation Fund..... | <u>\$ 3,498^c</u> | <u>\$ 3,660^c</u> | <u>\$ 3,270^c</u> |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 36,929 | \$ 33,865 | \$ 32,963 |
| SPECIAL FUNDS..... | 13,533 | 10,650 | 11,545 |
| FEDERAL FUNDS..... | 4,411 | 3,371 | 2,088 |
| AUGMENTATIONS..... | 826 | 678 | 612 |
| OTHER FUNDS..... | <u>3,792</u> | <u>3,940</u> | <u>3,550</u> |
| TOTAL ALL FUNDS..... | <u><u>\$ 59,491</u></u> | <u><u>\$ 52,504</u></u> | <u><u>\$ 50,758</u></u> |

^a 2006-07 Actual and 2007-08 Available include \$2,000,000 appropriated as Maintenance Program.

^b Includes recommended supplemental appropriation of \$90,000.

^c Not added to the total to avoid double counting: 2006-07 Actual is \$174,000, 2007-08 Available is \$140,000, and 2008-09 Budget is \$30,000.

Historical and Museum Commission

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|------------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| STATE HISTORIC PRESERVATION | | | | | | | |
| GENERAL FUND..... | \$ 24,065 | \$ 25,260 | \$ 26,384 | \$ 26,384 | \$ 26,384 | \$ 26,384 | \$ 26,384 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 4,411 | 3,371 | 2,088 | 2,088 | 2,088 | 2,088 | 2,088 |
| OTHER FUNDS..... | 4,618 | 4,618 | 4,162 | 4,162 | 4,162 | 4,162 | 4,162 |
| SUBCATEGORY TOTAL..... | \$ 33,094 | \$ 33,249 | \$ 32,634 | \$ 32,634 | \$ 32,634 | \$ 32,634 | \$ 32,634 |
| MUSEUM ASSISTANCE | | | | | | | |
| GENERAL FUND..... | \$ 12,864 | \$ 8,605 | \$ 6,579 | \$ 6,579 | \$ 6,579 | \$ 6,579 | \$ 6,579 |
| SPECIAL FUNDS..... | 13,533 | 10,650 | 11,545 | 12,001 | 12,612 | 13,126 | 13,614 |
| FEDERAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUBCATEGORY TOTAL..... | \$ 26,397 | \$ 19,255 | \$ 18,124 | \$ 18,580 | \$ 19,191 | \$ 19,705 | \$ 20,193 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 36,929 | \$ 33,865 | \$ 32,963 | \$ 32,963 | \$ 32,963 | \$ 32,963 | \$ 32,963 |
| SPECIAL FUNDS..... | 13,533 | 10,650 | 11,545 | 12,001 | 12,612 | 13,126 | 13,614 |
| FEDERAL FUNDS..... | 4,411 | 3,371 | 2,088 | 2,088 | 2,088 | 2,088 | 2,088 |
| OTHER FUNDS..... | 4,618 | 4,618 | 4,162 | 4,162 | 4,162 | 4,162 | 4,162 |
| DEPARTMENT TOTAL..... | \$ 59,491 | \$ 52,504 | \$ 50,758 | \$ 51,214 | \$ 51,825 | \$ 52,339 | \$ 52,827 |

Historical and Museum Commission

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 continuing public access to the permanently valuable and historical records created by government. This mandate 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, revolutionary 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. There are several electronic document records retention and management systems currently under development.

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 on a regular schedule, including the State Museum of Pennsylvania. This program provides educational collections and exhibition programs; provides living history and other types of tours to interpret Pennsylvania history; and 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 nonprofit 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 nonprofit statewide revolving fund.

Historical and Museum Commission

Program: State Historic Preservation (continued)

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|---------|---------|
| State and Local Records | | | | | | | |
| Pages of archives and historical manuscripts (in thousands)..... | 212,653 | 213,027 | 219,500 | 222,500 | 222,500 | 222,500 | 222,500 |
| Records maintained by the State Records Center (in thousands) | 791,553 | 801,747 | 810,747 | 810,747 | 810,747 | 810,747 | 810,747 |
| Savings realized by storing records at the State Records Center (in thousands) | \$4,211 | \$4,262 | \$4,313 | \$4,313 | \$4,313 | \$4,313 | \$4,313 |
| Expired/inactive records destroyed by the State Records Center | 78,210 | 82,000 | 87,000 | 90,000 | 93,000 | 93,000 | 93,000 |
| Savings realized through proper disposal of expired records (in thousands) | \$4,283 | \$4,500 | \$4,764 | \$4,929 | \$5,093 | \$5,093 | \$5,093 |
| Historic Site and Museum Operations | | | | | | | |
| Annual visits to commission historical sites and museums (in thousands) | 1,420 | 1,555 | 1,560 | 1,565 | 1,570 | 1,575 | 1,575 |
| Visitors per salaried staff member (in thousands) | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Historic markers..... | 2,228 | 2,248 | 2,268 | 2,288 | 2,308 | 2,328 | 2,328 |
| Historic Preservation | | | | | | | |
| Buildings maintained and conserved..... | 522 | 522 | 522 | 522 | 522 | 522 | 522 |
| Evaluations for the National Register of Historic Properties | 869 | 1,000 | 1,200 | 1,400 | 1,420 | 1,420 | 1,420 |
| Professional History and Museum Support Services | | | | | | | |
| Historic artifacts maintained and conserved (in thousands) | 3,939 | 3,980 | 4,300 | 4,400 | 4,400 | 4,400 | 4,400 |

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND
General Government Operations
 \$ 1,124 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 24,065 | \$ 25,260 | \$ 26,384 | \$ 26,384 | \$ 26,384 | \$ 26,384 | \$ 26,384 |

Historical and Museum Commission

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 three major components: the Museum Assistance and Local History Grant program, Museum Assistance General Operating Support program and the Keystone Recreation, Park and Conservation Fund Grant program. The three programs provide financial assistance designed to enhance the quality of history and museum activities in Pennsylvania.

The Museum Assistance and Local History Grant program, established in 1985, is a competitive financial assistance process available to all qualified history related institutions within Pennsylvania. Organizations may apply to the Historical and Museum Commission for projects in various grant categories ranging from the research of an historic event to a comprehensive exhibit plan and program having significant statewide impact. Special Project Support Grants and Local History General Operating Grants, the largest of the financial award categories, require the successful grantee to provide dollar-for-dollar matching funds. All other categories are non-matching,

but grantees are encouraged to provide in-kind support where possible.

The Museum Assistance General Operating Support program provides support to qualified history and cultural related institutions in the commonwealth. Financial assistance to these institutions supports a portion of their general operating budgets.

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 non-profit organizations and public agencies that operate a publicly accessible historic property listed in, or eligible for, the National Register of Historic Places, or 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 the areas of redevelopment, preservation, rehabilitation, restoration and other related projects.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Museum Assistance and Keystone project grants awarded | 173 | 200 | 200 | 200 | 213 | 213 | 213 |
| Museum Assistance general operating support grants awarded | 159 | 155 | 155 | 155 | 155 | 155 | 155 |
| Non-state dollars generated through matching grants (in thousands) | \$8,450 | \$8,450 | \$8,450 | \$8,450 | \$8,450 | \$8,450 | \$8,450 |

The number of Museum Assistance and Keystone project grants awarded and Museum Assistance general operating support grants can vary from year to year based on the average award amount.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | |
|---|--|
| <p>GENERAL FUND Museum Assistance Grants \$ -300 —nonrecurring project.</p> <p>Historical Education and Museum Assistance \$ -1,226 —nonrecurring project.</p> <p>Regional History Centers \$ -500 —nonrecurring project.</p> | <p>KEYSTONE RECREATION, PARK AND CONSERVATION FUND Historic Site Development-Realty Transfer Tax (EA) \$ 895 —to continue current program.</p> |
|---|--|

All other appropriations are recommended at the current year funding levels.

Historical and Museum Commission

Program: Museum Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Museum Assistance Grants..... | \$ 6,135 | \$ 4,135 | \$ 3,835 | \$ 3,835 | \$ 3,835 | \$ 3,835 | \$ 3,835 |
| Historical Education & Museum | | | | | | | |
| Assistance..... | 3,385 | 1,226 | 0 | 0 | 0 | 0 | 0 |
| Regional History Centers..... | 600 | 500 | 0 | 0 | 0 | 0 | 0 |
| University of Pennsylvania Museum..... | 254 | 254 | 254 | 254 | 254 | 254 | 254 |
| Carnegie Museum of Natural History | 254 | 254 | 254 | 254 | 254 | 254 | 254 |
| Carnegie Science Center | 254 | 254 | 254 | 254 | 254 | 254 | 254 |
| Franklin Institute Science Museum..... | 769 | 769 | 769 | 769 | 769 | 769 | 769 |
| Academy of Natural Sciences | 471 | 471 | 471 | 471 | 471 | 471 | 471 |
| African American Museum in Philadelphia | 359 | 359 | 359 | 359 | 359 | 359 | 359 |
| Everhart Museum | 46 | 46 | 46 | 46 | 46 | 46 | 46 |
| Mercer Museum..... | 196 | 196 | 196 | 196 | 196 | 196 | 196 |
| Whitaker Center for Science and the Arts . | 141 | 141 | 141 | 141 | 141 | 141 | 141 |
| TOTAL GENERAL FUND | <u>\$ 12,864</u> | <u>\$ 8,605</u> | <u>\$ 6,579</u> | <u>\$ 6,579</u> | <u>\$ 6,579</u> | <u>\$ 6,579</u> | <u>\$ 6,579</u> |
| KEYSTONE RECREATION, PARK AND CONSERVATION FUND: | | | | | | | |
| Historic Site Development - Realty | | | | | | | |
| Transfer Tax (EA)..... | <u>\$ 13,533</u> | <u>\$ 10,650</u> | <u>\$ 11,545</u> | <u>\$ 12,001</u> | <u>\$ 12,612</u> | <u>\$ 13,126</u> | <u>\$ 13,614</u> |



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 and stormwater projects.

The Pennsylvania Infrastructure Investment Authority administers the PENNVEST program authorized by Act 16 of 1988.

Infrastructure Investment Authority

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|----------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| GENERAL FUND: | | | |
| <i>Grants and Subsidies:</i> | | | |
| Local Dam Improvement Grants..... | \$ 0 | \$ 0 | \$ 2,200 |
| (F)Sewage Projects Revolving Loan Fund..... | 90,050 | 100,050 | 59,050 |
| (F)Drinking Water Projects Revolving Loan Fund..... | 40,490 | 38,635 | 43,064 |
| Subtotal - State Funds..... | \$ 0 | \$ 0 | \$ 2,200 |
| Subtotal - Federal Funds..... | 130,540 | 138,685 | 102,114 |
| Total - Grants and Subsidies..... | \$ 130,540 | \$ 138,685 | \$ 104,314 |
| STATE FUNDS..... | \$ 0 | \$ 0 | \$ 2,200 |
| FEDERAL FUNDS..... | 130,540 | 138,685 | 102,114 |
| GENERAL FUND TOTAL..... | \$ 130,540 | \$ 138,685 | \$ 104,314 |
| ENVIRONMENTAL STEWARDSHIP FUND: | | | |
| <i>Grants and Subsidies:</i> | | | |
| Storm Water, Water and Sewer Grants (EA)..... | \$ 13,148 | \$ 11,370 | \$ 13,602 |
| OTHER FUNDS: | | | |
| PENNVEST FUND: | | | |
| PENNVEST Operations (EA)..... | \$ 3,211 | \$ 3,589 | \$ 3,419 |
| Grants - Other Revenue Sources (EA)..... | 4,000 | 3,500 | 2,000 |
| Revenue Bond Loan Pool (EA)..... | 10 | 10 | 10 |
| Revolving Loans and Administration (EA)..... | 0 | 50,000 | 45,000 |
| Revolving Loans and Administration..... | 18,466 | 0 | 0 |
| Private Revolving Loans..... | 6,170 | 4,000 | 0 |
| Growing Greener Grants..... | 16,544 | 20,000 | 17,000 |
| Revolving Loans - Conditional Funds..... | 0 | 0 | 1,000 |
| PENNVEST FUND TOTAL..... | \$ 48,401 | \$ 81,099 | \$ 68,429 |
| PENNVEST WATER POLLUTION CONTROL REVOLVING FUND: | | | |
| PENNVEST Water Pollution Control Revolving Fund..... | \$ 23,917 | \$ 10,000 | \$ 12,084 |
| Additional Sewage Projects Revolving Loans (EA)..... | 85,000 | 175,000 | 136,000 |
| Sewage Projects Revolving Loan Fund (F)(EA)..... | 0 ^a | 0 ^a | 0 ^a |
| On-lot Sewage Disposal Systems (F)(EA)..... | 0 ^b | 0 ^b | 0 ^b |
| PENNVEST WATER POLLUTION CONTROL REVOLVING FUND TOTAL..... | \$ 108,917 | \$ 185,000 | \$ 148,084 |
| PENNVEST DRINKING WATER REVOLVING FUND: | | | |
| PENNVEST Drinking Water Project Revolving Fund..... | \$ 2,188 | \$ 8,694 | \$ 8,462 |
| Additional Drinking Water Projects Revolving Loans (EA)..... | 25,000 | 35,000 | 25,000 |
| Transfer to PENNVEST Water Pollution Control Revolving Fund..... | 0 | 20,000 | 0 |
| Drinking Water Projects Revolving Loan Fund (F)(EA)..... | 0 ^c | 0 ^c | 0 ^c |
| Loan Program Administration (F)(EA)..... | 0 ^d | 0 ^d | 0 ^d |
| Technical Assistance to Small Systems (F)(EA)..... | 1,000 | 650 | 550 |
| Assistance to State Programs (F)(EA)..... | 3,000 | 4,000 | 6,000 |
| Local Assistance and Source Water Pollution (F)(EA)..... | 5,000 | 5,000 | 5,000 |
| PENNVEST DRINKING WATER REVOLVING FUND TOTAL..... | \$ 36,188 | \$ 73,344 | \$ 45,012 |
| PENNVEST NON-REVOLVING FUND: | | | |
| Drinking Water Supplies Nonrevolving Fund..... | \$ 34,553 | \$ 3,629 | \$ 10,000 |

Infrastructure Investment Authority

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|------------------------|-------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| WATER SUPPLY AND WASTE WATER TREATMENT FUND: | | | |
| Water Supply and Wastewater Projects (EA)..... | \$ 20,773 ^e | \$ 29,227 ^e | \$ 0 ^e |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 0 | \$ 0 | \$ 2,200 |
| SPECIAL FUNDS..... | 13,148 | 11,370 | 13,602 |
| FEDERAL FUNDS..... | 130,540 | 138,685 | 102,114 |
| OTHER FUNDS..... | 248,832 | 372,299 | 271,525 |
| TOTAL ALL FUNDS..... | \$ 392,520 | \$ 522,354 | \$ 389,441 |

^a Not added to the total to avoid double counting federal funds: 2006-07 Actual is \$90,000,000, 2007-08 Available is \$100,000,000 and 2008-09 Budget is \$59,000,000.

^b Not added to the total to avoid double counting federal funds: 2006-07 Actual is \$50,000, 2007-08 Available is \$50,000 and 2008-09 Budget is \$50,000.

^c Not added to the total to avoid double counting federal funds: 2006-07 Actual is \$30,079,000, 2007-08 Available is \$40,000,000 and 2008-09 Budget is \$30,000,000.

^d Not added to the total to avoid double counting federal funds: 2006-07 Actual is \$1,411,000, 2007-08 Available is \$1,488,000 and 2008-09 Budget is \$1,514,000.

^e Appropriated as \$50,000,000 continuing executive authorization in 2005-06. Amount shown is an estimate of program disbursements within the fiscal year.

Infrastructure Investment Authority

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| PENNVEST | | | | | | | |
| GENERAL FUND..... | \$ 0 | \$ 0 | \$ 2,200 | \$ 4,400 | \$ 0 | \$ 0 | \$ 0 |
| SPECIAL FUNDS..... | 13,148 | 11,370 | 13,602 | 11,194 | 9,268 | 7,631 | 7,632 |
| FEDERAL FUNDS..... | 130,540 | 138,685 | 102,114 | 102,114 | 102,114 | 102,114 | 102,114 |
| OTHER FUNDS..... | 248,832 | 372,299 | 271,525 | 282,125 | 282,125 | 282,125 | 282,125 |
| SUBCATEGORY TOTAL..... | \$ 392,520 | \$ 522,354 | \$ 389,441 | \$ 399,833 | \$ 393,507 | \$ 391,870 | \$ 391,871 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 0 | \$ 0 | \$ 2,200 | \$ 4,400 | \$ 0 | \$ 0 | \$ 0 |
| SPECIAL FUNDS..... | 13,148 | 11,370 | 13,602 | 11,194 | 9,268 | 7,631 | 7,632 |
| FEDERAL FUNDS..... | 130,540 | 138,685 | 102,114 | 102,114 | 102,114 | 102,114 | 102,114 |
| OTHER FUNDS..... | 248,832 | 372,299 | 271,525 | 282,125 | 282,125 | 282,125 | 282,125 |
| DEPARTMENT TOTAL..... | \$ 392,520 | \$ 522,354 | \$ 389,441 | \$ 399,833 | \$ 393,507 | \$ 391,870 | \$ 391,871 |

Infrastructure Investment Authority

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 the revitalization of Pennsylvania's older, established communities.

Initial funding for the PENNVEST Fund came from several sources: the \$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 also provided additional grant funds for storm-water, 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. Added to this are interest earnings on

the fund's cash flow, and interest and principal payments made on loans, as well as grant funds received through the Environmental Stewardship Fund, which is primarily funded from tipping fee revenues.

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 the applicant 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 the 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.

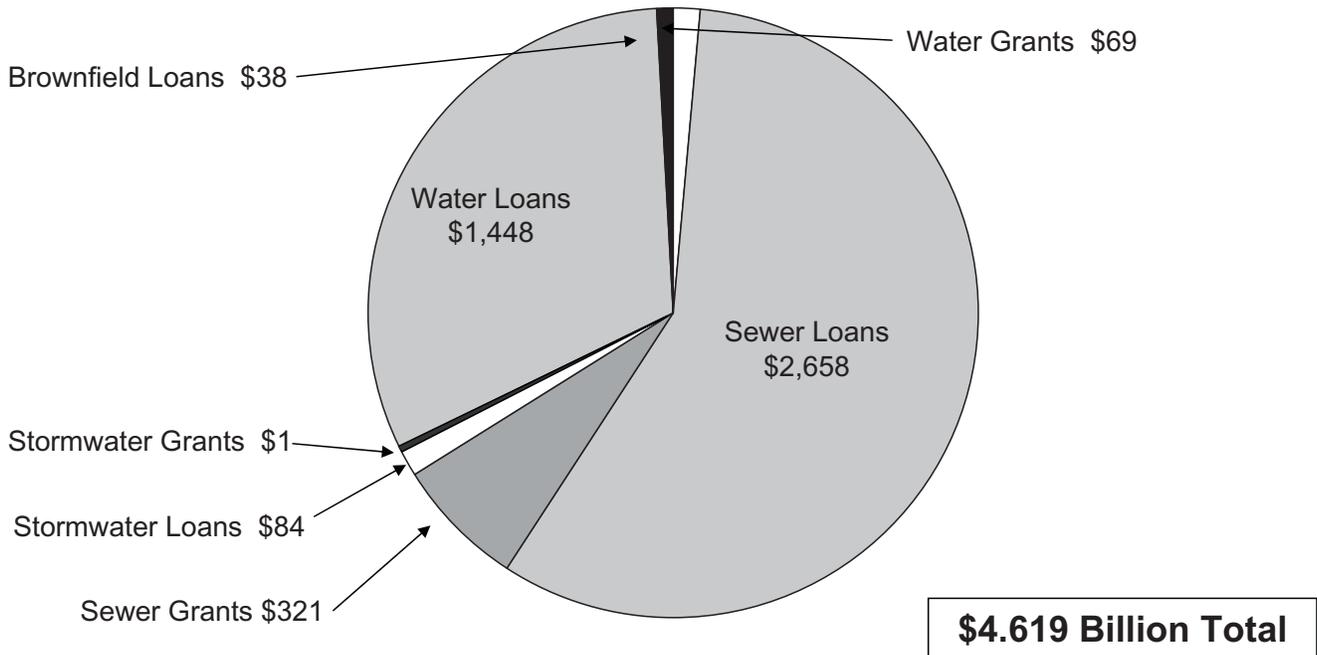
| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| PENNVEST awards (in millions): | | | | | | | |
| Loans | \$281 | \$280 | \$280 | \$280 | \$280 | \$280 | \$280 |
| Grants | 17 | 15 | 15 | 15 | 15 | 15 | 15 |
| Total | \$298 | \$295 | \$295 | \$295 | \$295 | \$295 | \$295 |
| Projects as a percentage of total funding: | | | | | | | |
| Wastewater projects | 84% | 83% | 83% | 83% | 83% | 83% | 83% |
| Drinking Water projects | 16% | 16% | 16% | 16% | 16% | 16% | 16% |
| Stormwater projects..... | 0% | 1% | 1% | 1% | 1% | 1% | 1% |
| Combined Sewer Overflow (CSO) projects awarded (as a percentage of wastewater funding)..... | | | | | | | |
| | 26% | 30% | 30% | 30% | 30% | 30% | 30% |

Infrastructure Investment Authority

Program: PENNVEST (continued)

| Program Measures: (continued) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|---------|---------|
| Sanitary Sewer Overflow (SSO) projects awarded (as a percentage of wastewater funding)..... | 24% | 35% | 35% | 35% | 35% | 35% | 35% |
| Nutrient Reduction Technology (NRT) projects awarded (as a percentage of wastewater funding)..... | 8% | 10% | 10% | 10% | 10% | 10% | 10% |
| Other projects awarded (as a percentage of wastewater funding)..... | 43% | 25% | 25% | 25% | 25% | 25% | 25% |
| PENNVEST projects implemented | 112 | 91 | 91 | 91 | 91 | 91 | 91 |
| Median time from application submittal to funding approval (in days) | 76 | 45 | 45 | 45 | 45 | 45 | 45 |
| Median time from funding approval to settlement (in days) | 238 | 160 | 160 | 160 | 160 | 160 | 160 |

**Total Loans and Grants Approved
1988 Through December 2007
(millions of dollars)**



Infrastructure Investment Authority

Program: PENNVEST (continued)

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | |
|----------|--|--|
| | GENERAL FUND | ENVIRONMENTAL STEWARDSHIP FUND |
| | Local Dam Improvement Grants | PENNVEST |
| \$ 2,200 | —Initiative—Rebuilding Pennsylvania's Infrastructure. To provide grants for the repair of unsafe municipal dams. | \$ 2,232 —to continue current program. |

Grant disbursements totaling \$2 million and administrative costs are to be funded from existing non-General Fund sources.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Local Dam Improvement Grants..... | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 2,200</u> | <u>\$ 4,400</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| ENVIRONMENTAL STEWARDSHIP FUND: | | | | | | | |
| Storm Water, Water and Sewer Grants (EA)..... | <u>\$ 13,148</u> | <u>\$ 11,370</u> | <u>\$ 13,602</u> | <u>\$ 11,194</u> | <u>\$ 9,268</u> | <u>\$ 7,631</u> | <u>\$ 7,632</u> |



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), 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

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|------------------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| GENERAL FUND: | | | |
| <i>General Government:</i> | | | |
| General Government Operations..... | \$ 23,066 | \$ 23,520 | \$ 23,839 |
| (A)Companies in Liquidation..... | 852 | 975 | 980 |
| (A)Duplicating and Mailing Services..... | 11 | 15 | 15 |
| (A)Reimbursement Examination Fees..... | 1,438 | 2,712 | 2,812 |
| (A)Reimbursements - Market Conduct Travel..... | 627 | 575 | 600 |
| Rx for PA- Small Business Regulation..... | 0 | 268 | 266 |
| Children's Health Insurance Administration..... | 2,300 | 2,381 | 2,604 |
| (F)Children's Health Insurance Administration..... | 5,008 | 5,683 | 5,438 |
| Adult Health Insurance Administration..... | 2,707 | 3,458 | 3,463 |
| Subtotal - State Funds..... | \$ 28,073 | \$ 29,627 | \$ 30,172 |
| Subtotal - Federal Funds..... | 5,008 | 5,683 | 5,438 |
| Subtotal - Augmentations..... | 2,928 | 4,277 | 4,407 |
| Total - General Government..... | \$ 36,009 | \$ 39,587 | \$ 40,017 |
| <i>Grants and Subsidies:</i> | | | |
| Children's Health Insurance..... | \$ 47,557^a | \$ 63,531^b | \$ 85,100 |
| (F)Children's Health Insurance Program..... | 177,032 ^c | 212,440 ^d | 245,888 |
| USTIF Loan Repayment..... | 6,000 | 6,000 | 10,000 |
| Subtotal - State Funds..... | \$ 53,557 | \$ 69,531 | \$ 95,100 |
| Subtotal - Federal Funds..... | 177,032 | 212,440 | 245,888 |
| Total - Grants and Subsidies..... | \$ 230,589 | \$ 281,971 | \$ 340,988 |
| STATE FUNDS..... | \$ 81,630 | \$ 99,158 | \$ 125,272 |
| FEDERAL FUNDS..... | 182,040 | 218,123 | 251,326 |
| AUGMENTATIONS..... | 2,928 | 4,277 | 4,407 |
| GENERAL FUND TOTAL..... | \$ 266,598 | \$ 321,558 | \$ 381,005 |
| TOBACCO SETTLEMENT FUND: | | | |
| <i>Grants and Subsidies:</i> | | | |
| Transfer to Cover All Pennsylvanians Fund (EA)..... | \$ 0 | \$ 0 | \$ 49,462 |
| Adult Health Insurance Program (EA)..... | 61,597 | 60,208 | 0 |
| Total - Grants and Subsidies..... | \$ 61,597 | \$ 60,208 | \$ 49,462 |
| TOBACCO SETTLEMENT FUND TOTAL..... | \$ 61,597 | \$ 60,208 | \$ 49,462 |
| OTHER FUNDS: | | | |
| GENERAL FUND: | | | |
| Anti-Fraud Prevention (R)..... | \$ 166 | \$ 170 | \$ 179 |
| Children's Health Insurance Program (R)..... | 36,129 | 35,500 | 30,700 |
| GENERAL FUND TOTAL..... | \$ 36,295 | \$ 35,670 | \$ 30,879 |
| TOBACCO SETTLEMENT FUND: | | | |
| Transfer to Cover All Pennsylvanians Fund-CHR (R)..... | \$ 0 | \$ 0 | \$ 121,912 |
| Community Health Reinvestment (R)..... | 94,963 | 103,055 | 0 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|--------------------------|----------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| TOBACCO SETTLEMENT FUND TOTAL..... | <u>\$ 94,963</u> | <u>\$ 103,055</u> | <u>\$ 121,912</u> |
| CATASTROPHIC LOSS BENEFITS CONTINUATION FUND: | | | |
| CAT Administration (EA)..... | \$ 2,355 | \$ 1,620 | \$ 746 |
| CAT Claims (EA)..... | 7,909 | 7,457 | 7,239 |
| CATASTROPHIC LOSS BENEFITS CONTINUATION FUND TOTAL..... | <u>\$ 10,264</u> | <u>\$ 9,077</u> | <u>\$ 7,985</u> |
| COVER ALL PENNSYLVANIANS FUND: | | | |
| CAP Administration (EA)..... | \$ 0 | \$ 0 | \$ 20,745 ^e |
| CAP Premium Assistance (EA)..... | 0 | 0 | 154,612 ^e |
| Medical Assistance-CAP Premiums (F) (EA)..... | 0 | 0 | 181,380 ^e |
| COVER ALL PENNSYLVANIANS FUND TOTAL..... | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 356,737</u> |
| MEDICAL CARE AVAILABILITY AND REDUCTION OF ERROR FUND: | | | |
| General Operations (EA)..... | \$ 24,882 | \$ 25,358 | \$ 27,011 |
| Payment of Claims (EA)..... | 209,522 | 275,000 | 260,000 |
| MEDICAL CARE AVAILABILITY AND REDUCTION OF ERROR FUND TOTAL..... | <u>\$ 234,404</u> | <u>\$ 300,358</u> | <u>\$ 287,011</u> |
| UNDERGROUND STORAGE TANK INDEMNIFICATION FUND: | | | |
| Administration (EA)..... | \$ 7,986 | \$ 6,651 | \$ 5,065 |
| Claims (EA)..... | 76,954 | 72,732 | 80,442 |
| UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL..... | <u>\$ 84,940</u> | <u>\$ 79,383</u> | <u>\$ 85,507</u> |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 81,630 | \$ 99,158 | \$ 125,272 |
| SPECIAL FUNDS..... | 61,597 | 60,208 | 49,462 |
| FEDERAL FUNDS..... | 182,040 | 218,123 | 251,326 |
| AUGMENTATIONS..... | 2,928 | 4,277 | 4,407 |
| OTHER FUNDS..... | 460,866 | 527,543 | 890,031 |
| TOTAL ALL FUNDS..... | <u><u>\$ 789,061</u></u> | <u><u>\$ 909,309</u></u> | <u><u>\$ 1,320,498</u></u> |

^a Appropriated as \$45,423,000 for Children's Health Insurance and \$2,134,000 for Enhanced Children's Health Insurance.

^b Appropriated as \$57,259,000 for Children's Health Insurance and \$6,272,000 for Enhanced Children's Health Insurance.

^c Appropriated as \$172,487,000 for Children's Health Insurance and \$4,545,000 for Enhanced Children's Health Insurance.

^d Appropriated as \$199,113,000 for Children's Health Insurance and \$13,327,000 for Enhanced Children's Health Insurance.

^e Please see the Prescription for Pennsylvania theme in the Overview and Summaries section for additional information on the Cover All Pennsylvanians proposal.

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--------------------------------------|-------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| INSURANCE INDUSTRY REGULATION | | | | | | | |
| GENERAL FUND..... | \$ 81,630 | \$ 99,158 | \$ 125,272 | \$ 135,096 | \$ 145,260 | \$ 156,267 | \$ 173,187 |
| SPECIAL FUNDS..... | 61,597 | 60,208 | 49,462 | 71,772 | 69,547 | 67,045 | 64,252 |
| FEDERAL FUNDS..... | 182,040 | 218,123 | 251,326 | 272,201 | 293,800 | 317,190 | 342,520 |
| OTHER FUNDS..... | 463,794 | 531,820 | 894,438 | 1,081,333 | 1,160,268 | 1,212,423 | 1,270,162 |
| SUBCATEGORY TOTAL..... | \$ 789,061 | \$ 909,309 | \$ 1,320,498 | \$ 1,560,402 | \$ 1,668,875 | \$ 1,752,925 | \$ 1,850,121 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 81,630 | \$ 99,158 | \$ 125,272 | \$ 135,096 | \$ 145,260 | \$ 156,267 | \$ 173,187 |
| SPECIAL FUNDS..... | 61,597 | 60,208 | 49,462 | 71,772 | 69,547 | 67,045 | 64,252 |
| FEDERAL FUNDS..... | 182,040 | 218,123 | 251,326 | 272,201 | 293,800 | 317,190 | 342,520 |
| OTHER FUNDS..... | 463,794 | 531,820 | 894,438 | 1,081,333 | 1,160,268 | 1,212,423 | 1,270,162 |
| DEPARTMENT TOTAL..... | \$ 789,061 | \$ 909,309 | \$ 1,320,498 | \$ 1,560,402 | \$ 1,668,875 | \$ 1,752,925 | \$ 1,850,121 |

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; ensuring that appropriate products are available; providing a fair regulatory climate that will encourage insurance companies to conduct business in the commonwealth; and administering 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 about 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 over 735,000 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 Insurance Department is working toward educating consumers with respect to the vast array of products available and providing 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 Insurance 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 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-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 in accordance with a sliding fee scale. As of December 2007 enrollment was about 165,459 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. These funds are used to expand the

Program: Insurance Industry Regulation (continued)

provision of health insurance to qualified adults throughout the Commonwealth of Pennsylvania. Enrollment as of December 2007 was 50,714.

A new health insurance program, Cover All Pennsylvanians, is anticipated to provide access to basic and affordable health care coverage for all uninsured adults in Pennsylvania. Through extensive outreach efforts, increased income eligibility for subsidized care and new opportunities to purchase at-cost, Cover All Pennsylvanians will enroll approximately 144,000 adults in 2008-09 and additional adults thereafter. Please see the Prescription for Pennsylvania theme in the Overview and Summaries section for additional information on Cover All Pennsylvanians.

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 then revert to the General Fund. Revenue from investment income will continue to accrue to this fund.

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 through the Department of Environmental Protection.

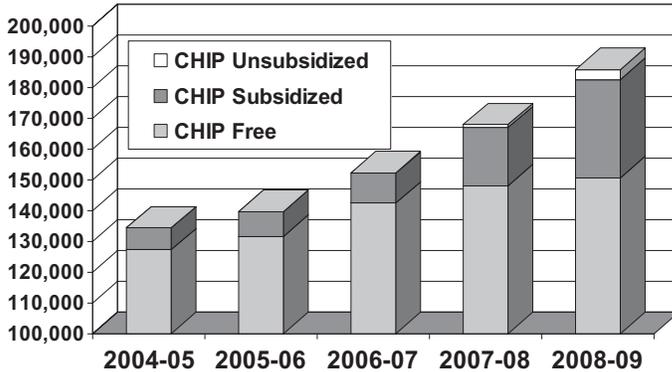
Act 13 of 2002 established the Medical Care Availability and Reduction of Error (Mcare) Fund; the act established requirements for basic insurance coverage for health care providers and for their purchase of excess insurance through this program. The program is responsible for payment of claims against participating health care providers for losses or damages awarded in medical professional liability actions against them in excess of basic insurance coverage. Revenue 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 will receive 18.52% of the cigarette tax for a program to subsidize Mcare premiums. This program has 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. Abatements are 100% of the Mcare billing for providers in high rate classes and 50% abatement for others.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Companies in liquidation | 11 | 9 | 6 | 4 | 3 | 0 | 0 |
| Administrative hearings held | 203 | 180 | 180 | 180 | 180 | 180 | 180 |
| Rate filings reviewed | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 |
| Form filings reviewed..... | 7,900 | 7,900 | 7,900 | 7,900 | 7,900 | 7,900 | 7,900 |
| Enforcement investigations completed..... | 350 | 350 | 350 | 350 | 350 | 350 | 350 |
| Insurer Market Conduct Examinations completed | 35 | 35 | 35 | 35 | 35 | 35 | 35 |
| Company financial and corporate filings reviewed | 3,015 | 3,042 | 2,900 | 2,900 | 2,900 | 2,900 | 2,900 |
| Cost per company licensing and financial analysis..... | \$435 | \$453 | \$475 | \$500 | \$525 | \$550 | \$550 |
| Consumer interventions..... | 150,000 | 162,000 | 163,000 | 164,000 | 165,000 | 166,000 | 167,000 |
| Children's Health Insurance Program enrollment..... | 152,196 | 167,898 | 185,764 | 199,667 | 208,030 | 211,896 | 215,823 |
| Percentage of CHIP applications filed electronically | 15% | 15% | 16% | 16% | 17% | 17% | 18% |
| Adult Health Insurance enrollment**..... | 52,190 | 49,809 | 0 | 0 | 0 | 0 | 0 |
| Cover All Pennsylvanians enrollment ** | N/A | N/A | 144,167 | 220,740 | 250,656 | 254,533 | 260,023 |

**In 2008-09 the Adult Health Insurance program will be expanded to become Cover All Pennsylvanians. As of July 2008 those enrolled in the current program will be transferred into Cover All Pennsylvanians and are counted in this program from 2008-09 and beyond.

Program: Insurance Industry Regulation (continued)

Children's Health Insurance Children Served



Pennsylvania's Children 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 186,000 uninsured children will be served in 2008-09.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | |
|----|---|---|
| | GENERAL FUND | |
| | General Government Operations | |
| \$ | 212 | —to continue current program. |
| | 107 | —lease and moving costs related to the Philadelphia State Office Building cost containment initiative. |
| \$ | 319 | <i>Appropriation Increase</i> |
| | Rx for PA- Small Business Regulation | |
| \$ | -2 | —to continue current program. |
| | Children's Health Insurance Administration | |
| \$ | 223 | —to continue current program. |
| | Adult Health Insurance Administration | |
| \$ | 5 | —to continue current program. |
| | Children's Health Insurance | |
| \$ | 21,569 | —to continue current program. |
| | USTIF Loan Repayment | |
| \$ | 4,000 | —for loan repayment. |
| | TOBACCO SETTLEMENT FUND | |
| | Transfer to Cover All Pennsylvanians Fund (EA) | |
| \$ | 49,462 | —Initiative — Cover All Pennsylvanians. To provide health insurance coverage for more than 144,000 uninsured adults through Cover All Pennsylvanians. |

| | | |
|----|-------------------------------|---|
| | Adult Health Insurance | |
| \$ | -60,208 | —conversion of current program to the new Cover All Pennsylvanians program. |

This budget recommends the following from a restricted account:

| | | |
|----|--|---|
| | Transfer to Cover All Pennsylvanians Fund-CHR | |
| \$ | 121,912 | —Initiative — Cover All Pennsylvanians. To provide health care coverage for more than 144,000 uninsured individuals through Cover All Pennsylvanians. |
| | Community Health Reinvestment | |
| \$ | -103,055 | —conversion of current program to the new Cover All Pennsylvanians program. |

This budget recommends \$181,380,000 in federal funds and \$154,612,000 in other funds for the Cover All Pennsylvanians program which will provide health care coverage for more than 144,000 uninsured adults. Please see the Prescription for Pennsylvania theme in the Overview and Summaries section for additional information on Cover All Pennsylvanians.

In addition, this budget recommends \$20,745,000 in other funds for the implementation of Cover All Pennsylvanians. Please see the Prescription for Pennsylvania theme in the Overview and Summaries section for additional information on Cover All Pennsylvanians.

Program: Insurance Industry Regulation (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 23,066 | \$ 23,520 | \$ 23,839 | \$ 23,839 | \$ 23,839 | \$ 23,839 | \$ 23,839 |
| Rx for PA- Small Business Regulation | 0 | 268 | 266 | 266 | 266 | 266 | 266 |
| Children's Health Insurance Administration | 2,300 | 2,381 | 2,604 | 2,604 | 2,604 | 2,604 | 2,604 |
| Adult Health Insurance Administration..... | 2,707 | 3,458 | 3,463 | 3,463 | 3,463 | 3,463 | 3,463 |
| Children's Health Insurance | 47,557 | 63,531 | 85,100 | 94,924 | 105,088 | 116,095 | 128,015 |
| USTIF Loan Repayment..... | 6,000 | 6,000 | 10,000 | 10,000 | 10,000 | 10,000 | 15,000 |
| TOTAL GENERAL FUND | \$ 81,630 | \$ 99,158 | \$ 125,272 | \$ 135,096 | \$ 145,260 | \$ 156,267 | \$ 173,187 |
| TOBACCO SETTLEMENT FUND: | | | | | | | |
| Transfer to Cover All Pennsylvanians Fund (EA) | \$ 0 | \$ 0 | \$ 49,462 | \$ 71,772 | \$ 69,547 | \$ 67,045 | \$ 64,252 |
| Adult Health Insurance Program (EA) | 61,597 | 60,208 | 0 | 0 | 0 | 0 | 0 |
| TOTAL GENERAL FUND | \$ 61,597 | \$ 60,208 | \$ 49,462 | \$ 71,772 | \$ 69,547 | \$ 67,045 | \$ 64,252 |



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 which 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) | | |
|--|-------------------------------|----------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| GENERAL FUND: | | | |
| <i>General Government:</i> | | | |
| General Government Operations..... | \$ 14,919 | \$ 15,585 | \$ 16,344 |
| (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..... | 92,997 | 96,888 | 102,308 |
| (F)New Hires..... | 1,738 | 1,647 | 1,597 |
| (F)Career Resource Network (EA)..... | 100 | 150 | 150 |
| (A)Federal Indirect Cost Reimbursements..... | 3,850 | 3,500 | 3,500 |
| (A)Interpreter Registry..... | 3 | 20 | 3 |
| Subtotal..... | <u>\$ 134,674</u> | <u>\$ 138,857</u> | <u>\$ 144,969</u> |
| Occupational and Industrial Safety..... | 12,334 | 12,894 | 12,959 |
| (A)Federal Indirect Cost Reimbursements..... | 800 | 1,000 | 1,000 |
| PENNSAFE..... | 1,341 | 1,465 | 1,567 |
| (F)Underground Utility Line Protection..... | 500 | 500 | 500 |
| (R)Asbestos and Lead Certification (EA)..... | 1,788 | 1,955 | 1,989 |
| Pennsylvania Conservation Corps..... | 5,962 | 6,774 | 6,774 |
| Subtotal - State Funds..... | <u>\$ 34,556</u> | <u>\$ 36,718</u> | <u>\$ 37,644</u> |
| Subtotal - Federal Funds..... | 116,402 | 120,252 | 125,622 |
| Subtotal - Augmentations..... | 4,653 | 4,520 | 4,503 |
| Subtotal - Restricted Revenues..... | 1,788 | 1,955 | 1,989 |
| Total - General Government..... | <u>\$ 157,399</u> | <u>\$ 163,445</u> | <u>\$ 169,758</u> |
| <i>Grants and Subsidies:</i> | | | |
| Occupational Disease Payments..... | \$ 1,328 | \$ 1,144 | \$ 1,100 |
| Vocational Rehabilitation Services..... | 3,600 | 3,600 | 3,600 |
| Entrepreneurial Assistance..... | 955 | 955 | 955 |
| Transfer to Vocational Rehabilitation Fund..... | 38,083 | 38,083 | 43,083 |
| Supported Employment..... | 1,039 | 1,039 | 1,039 |
| Centers for Independent Living..... | 2,250 | 2,250 | 1,800 |
| Workers' Compensation Payments..... | 1,081 | 1,900 | 2,375 |
| Training Activities..... | 17,025 | 17,025 | 17,025 |
| Assistive Technology..... | 1,301 | 1,301 | 801 |
| Self Employment Assistance..... | 3,000 | 500 | 0 |
| Employment Services..... | 20,900 | 10,655 | 0 |
| (F)Reed Act - Unemployment Insurance..... | 12,000 | 12,000 | 12,000 |
| (F)Reed Act - Employment Services..... | 300,000 | 250,000 | 200,000 |
| (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)..... | 115,199 | 107,120 | 115,199 |
| (F)New Directions (EA)..... | 999 | 999 | 999 |
| (F)Comprehensive Workforce Development (EA)..... | 1,500 | 1,923 | 681 |
| (A)Joint Jobs Initiative..... | 43,359 | 40,135 | 40,135 |
| (A)Careerlink..... | 640 | 0 | 0 |
| (A)New Directions..... | 1,591 | 1,590 | 1,590 |
| Subtotal..... | <u>\$ 756,088</u> | <u>\$ 684,322</u> | <u>\$ 630,504</u> |
| Industry Partnerships..... | 5,000 | 5,000 | 5,000 |
| Nursing Shortage Initiative..... | 7,500 | 0 | 0 |
| Beacon Lodge Camp..... | 105 | 105 | 105 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|-----------------------|-----------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| Subtotal..... | \$ 7,605 | \$ 105 | \$ 105 |
| Subtotal - State Funds..... | \$ 103,167 | \$ 83,557 | \$ 76,883 |
| Subtotal - Federal Funds..... | 689,598 | 631,942 | 588,779 |
| Subtotal - Augmentations..... | 45,590 | 41,725 | 41,725 |
| Total - Grants and Subsidies..... | \$ 838,355 | \$ 757,224 | \$ 707,387 |
| STATE FUNDS..... | \$ 137,723 | \$ 120,275 | \$ 114,527 |
| FEDERAL FUNDS..... | 806,000 | 752,194 | 714,401 |
| AUGMENTATIONS..... | 50,243 | 46,245 | 46,228 |
| RESTRICTED REVENUES..... | 1,788 | 1,955 | 1,989 |
| GENERAL FUND TOTAL..... | \$ 995,754 | \$ 920,669 | \$ 877,145 |
| OTHER FUNDS: | | | |
| GENERAL FUND: | | | |
| Vending Machine Proceeds..... | \$ 700 | \$ 830 | \$ 855 |
| ADMINISTRATION FUND: | | | |
| Administration of Unemployment..... | \$ 197,221 | \$ 200,000 | \$ 200,000 |
| COVER ALL PENNSYLVANIANS FUND: | | | |
| CAP Administration..... | \$ 0 | \$ 0 | \$ 2,902 ^a |
| EMPLOYMENT FUND FOR THE BLIND: | | | |
| General Operations..... | \$ 1,108 | \$ 1,270 | \$ 1,300 |
| JOB TRAINING FUND: | | | |
| Job Training Programs..... | \$ 4,000 | \$ 6,000 | \$ 3,300 |
| HAZARDOUS MATERIAL RESPONSE FUND: | | | |
| Hazardous Material Response Administration..... | \$ 148 | \$ 170 | \$ 170 |
| REHABILITATION CENTER FUND: | | | |
| General Operations..... | \$ 22,232 | \$ 22,509 | \$ 22,200 |
| VOCATIONAL REHABILITATION FUND: | | | |
| General Operations (EA)..... | \$ 800 ^b | \$ 1,200 ^b | \$ 1,700 ^b |
| Vocational Rehabilitation Services (F)..... | 137,302 | 136,899 | 137,299 |
| VOCATIONAL REHABILITATION FUND TOTAL..... | \$ 138,102 | \$ 138,099 | \$ 138,999 |
| WORKMEN'S COMPENSATION ADMINISTRATION FUND: | | | |
| Administration of Workers' Compensation..... | \$ 60,231 | \$ 63,383 | \$ 76,366 |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 137,723 | \$ 120,275 | \$ 114,527 |
| SPECIAL FUNDS..... | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 806,000 | 752,194 | 714,401 |
| AUGMENTATIONS..... | 50,243 | 46,245 | 46,228 |
| RESTRICTED..... | 1,788 | 1,955 | 1,989 |
| OTHER FUNDS..... | 423,742 | 432,261 | 446,092 |
| TOTAL ALL FUNDS..... | \$ 1,419,496 | \$ 1,352,930 | \$ 1,323,237 |

^a Please see the Prescription for Pennsylvania theme in the Overview and Summaries section for additional information on the Cover All Pennsylvanians proposal.

^b Transfer to Vocational Rehabilitation Fund not added to the total to avoid double counting: 2006-07 Actual is \$38,883,000, 2007-08 Available is \$39,283,000, and 2008-09 Budget is \$44,783,000.

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| COMMUNITY AND OCCUPATIONAL SAFETY AND STABILITY | | | | | | | |
| GENERAL FUND..... | \$ 28,594 | \$ 29,944 | \$ 30,870 | \$ 30,870 | \$ 30,870 | \$ 30,870 | \$ 30,870 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 600 | 650 | 650 | 650 | 650 | 650 | 650 |
| OTHER FUNDS..... | 6,589 | 6,645 | 6,662 | 6,662 | 6,662 | 6,662 | 6,662 |
| SUBCATEGORY TOTAL..... | \$ 35,783 | \$ 37,239 | \$ 38,182 | \$ 38,182 | \$ 38,182 | \$ 38,182 | \$ 38,182 |
| WORKERS COMPENSATION AND ASSISTANCE | | | | | | | |
| GENERAL FUND..... | \$ 2,409 | \$ 3,044 | \$ 3,475 | \$ 3,475 | \$ 3,475 | \$ 3,475 | \$ 3,475 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 94,735 | 98,535 | 103,905 | 103,905 | 103,905 | 103,905 | 103,905 |
| OTHER FUNDS..... | 261,452 | 269,383 | 279,666 | 279,666 | 279,666 | 279,666 | 279,666 |
| SUBCATEGORY TOTAL..... | \$ 358,596 | \$ 370,962 | \$ 387,046 | \$ 387,046 | \$ 387,046 | \$ 387,046 | \$ 387,046 |
| WORKFORCE INVESTMENT | | | | | | | |
| GENERAL FUND..... | \$ 59,387 | \$ 39,954 | \$ 28,799 | \$ 28,799 | \$ 28,799 | \$ 28,799 | \$ 28,799 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 710,665 | 653,009 | 609,846 | 609,846 | 609,846 | 609,846 | 609,846 |
| OTHER FUNDS..... | 45,590 | 41,725 | 44,627 | 43,413 | 42,639 | 42,660 | 42,682 |
| SUBCATEGORY TOTAL..... | \$ 815,642 | \$ 734,688 | \$ 683,272 | \$ 682,058 | \$ 681,284 | \$ 681,305 | \$ 681,327 |
| VOCATIONAL REHABILITATION | | | | | | | |
| GENERAL FUND..... | \$ 47,333 | \$ 47,333 | \$ 51,383 | \$ 51,383 | \$ 51,383 | \$ 51,383 | \$ 51,383 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 162,142 | 162,708 | 163,354 | 163,354 | 163,354 | 163,354 | 163,354 |
| SUBCATEGORY TOTAL..... | \$ 209,475 | \$ 210,041 | \$ 214,737 | \$ 214,737 | \$ 214,737 | \$ 214,737 | \$ 214,737 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 137,723 | \$ 120,275 | \$ 114,527 | \$ 114,527 | \$ 114,527 | \$ 114,527 | \$ 114,527 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 806,000 | 752,194 | 714,401 | 714,401 | 714,401 | 714,401 | 714,401 |
| OTHER FUNDS..... | 475,773 | 480,461 | 494,309 | 493,095 | 492,321 | 492,342 | 492,364 |
| DEPARTMENT TOTAL..... | \$ 1,419,496 | \$ 1,352,930 | \$ 1,323,237 | \$ 1,322,023 | \$ 1,321,249 | \$ 1,321,270 | \$ 1,321,292 |

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 over 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 Employee 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, 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 (BOIS) 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 will ensure compliance with approved plans prior to issuance of an occupancy permit. Of the 2,564 municipalities in the commonwealth, 2,350 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 of Labor and Industry enforces the UCC in the 214 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 PEMA. The department enforces worker right-to-know provisions for

Labor and Industry

Program: Community and Occupational Safety and Stability (continued)

public employees and provides education and outreach programs. The Bureau of PENNSAFE also provides over 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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|---------|---------|
| Income Security - Workers' Rights | | | | | | | |
| Minimum wage violations cited..... | 549 | 558 | 558 | 600 | 600 | 600 | 600 |
| Child labor law violations..... | 143 | 260 | 260 | 265 | 270 | 275 | 280 |
| Nonpayment of wage violations..... | 4,934 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Prevailing Wage Law violations..... | 466 | 470 | 470 | 470 | 470 | 470 | 470 |
| Prevailing Wage Law violations cases closed | 470 | 400 | 400 | 400 | 400 | 400 | 400 |
| 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..... | 1.5% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Private bargaining units..... | 5.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |
| Unfair labor practice cases opened | 571 | 550 | 550 | 550 | 550 | 550 | 550 |
| Unfair labor practice cases concluded..... | 555 | 550 | 550 | 550 | 550 | 550 | 550 |
| Union representation cases opened | 213 | 200 | 200 | 200 | 200 | 200 | 200 |
| Union representation cases concluded | 245 | 200 | 200 | 200 | 200 | 200 | 200 |
| Public Health and Safety Inspections | | | | | | | |
| Building inspections performed | 31,632 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 |
| Elevator inspections performed..... | 6,316 | 10,000 | 10,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| Boiler inspections performed..... | 36,228 | 33,000 | 33,000 | 33,000 | 33,000 | 33,000 | 33,000 |
| Other inspections performed..... | 6,232 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| Total inspections performed..... | 80,408 | 81,000 | 81,000 | 82,000 | 82,000 | 82,000 | 82,000 |
| Building approvals issued..... | 3,222 | 2,900 | 2,900 | 2,900 | 2,900 | 2,900 | 2,900 |
| New buildings certified..... | 1,329 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Renovations of existing buildings certified.. | 1,468 | 1,100 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |
| Municipalities choosing to provide their own enforcement under the Uniform Construction Code Act..... | | | | | | | |
| Construction Code Act..... | 2,335 | 2,360 | 2,300 | 2,300 | 2,300 | 2,300 | 2,300 |
| Incident reports received | 751 | 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 | | | | Occupational and Industrial Safety |
| | General Government Operations | | \$ | 65 | —to continue current program. |
| \$ | 676 | —to continue current program. | | | |
| | 83 | —lease and moving costs related to the Philadelphia State Office Building cost containment initiative. | \$ | 102 | PENNSAFE |
| | | | | | —to continue current program. |
| \$ | 759 | <i>Appropriation Increase</i> | | | |

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 14,919 | \$ 15,585 | \$ 16,344 | \$ 16,344 | \$ 16,344 | \$ 16,344 | \$ 16,344 |
| Occupational and Industrial Safety..... | 12,334 | 12,894 | 12,959 | 12,959 | 12,959 | 12,959 | 12,959 |
| PENNSAFE | 1,341 | 1,465 | 1,567 | 1,567 | 1,567 | 1,567 | 1,567 |
| TOTAL GENERAL FUND | \$ 28,594 | \$ 29,944 | \$ 30,870 | \$ 31,170 | \$ 31,170 | \$ 31,170 | \$ 31,170 |

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 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 the 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.

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 41 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.

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 2007 was \$520 for an unemployed individual with no dependents and \$528 for an individual with two dependents.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Reportable injuries arising in the course of employment under the Workers' Compensation Act | 112,910 | 112,000 | 112,000 | 112,000 | 112,000 | 112,000 | 112,000 |
| Total petitions assigned resulting from reportable injuries under the Workers' Compensation Act | 49,934 | 49,934 | 49,934 | 49,934 | 49,934 | 49,934 | 49,934 |
| Final decisions in litigated Workers' Compensation claims | 52,295 | 52,295 | 52,295 | 52,295 | 52,295 | 52,295 | 52,295 |
| Claimants qualifying for occupational disease payments from commonwealth funds | 727 | 720 | 684 | 650 | 617 | 586 | 553 |

Program: Workers' Compensation and Assistance (continued)

| Program Measures: (continued) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Average time in days—Cases filed/ concluded (Workers' Compensation and Occupational Disease in which PA contests the liability for benefits)..... | 239 | 239 | 239 | 239 | 239 | 239 | 239 |
| New claims for unemployment compensation | 606,091 | 624,000 | 622,000 | 608,000 | 608,000 | 608,000 | 608,000 |

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | |
|--------|---|--|---|
| | GENERAL FUND | | |
| \$ -44 | Occupational Disease Payments —nonrecurring payments. | In addition, this budget recommends the following change to the Workers' Compensation Program through the Workmen's Compensation Administration Fund. | |
| \$ 475 | Workers Compensation Payments —to provide additional payments to recipients whose eligibility falls between March 1968 through August 1993. | | Administration of Workers' Compensation —to continue current program. |
| | | \$ 12,983 | |

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--------------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Occupational Disease Payments..... | \$ 1,328 | \$ 1,144 | \$ 1,100 | \$ 1,100 | \$ 1,100 | \$ 1,100 | \$ 1,100 |
| Workers' Compensation Payments | 1,081 | 1,900 | 2,375 | 2,375 | 2,375 | 2,375 | 2,375 |
| TOTAL GENERAL FUND | \$ 2,409 | \$ 3,044 | \$ 3,475 | \$ 3,475 | \$ 3,475 | \$ 3,475 | \$ 3,475 |

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 (TANF) 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 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.

A new health insurance program, Cover All Pennsylvanians, is anticipated to provide access to basic and affordable health care coverage for all uninsured adults in Pennsylvania. Through extensive outreach efforts, increased income eligibility for subsidized care and new opportunities to purchase at-cost, Cover All Pennsylvanians will enroll nearly 149,500 adults in 2008-09 and additional adults thereafter. Please see the Prescription for Pennsylvania theme in the Overview and Summaries section for additional information on Cover All Pennsylvanians.

Program Element – Workforce Investment Act

Local Workforce Investment Boards plan and oversee the local delivery of services with approval by the Governor. The boards, in partnership with local elected officials, identify 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.

85 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 services system. The transition has improved service for employers, 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, 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 it 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 and receive available services.

The PA CareerLink system is a cooperative effort involving the Departments of Education, Labor and

Program: Workforce Investment (continued)

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.

20 percent of federal funds appropriated for dislocated workers are retained at the federal level to provide national emergency grants, dislocated worker demonstration projects and technical assistance.

80 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. Rapid Response 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 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 twofold 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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Work Investment Act Title I | | | | | | | |
| Percentage employed after program exit ... | 79.3% | 87.0% | 88.0% | 89.0% | 89.0% | 89.0% | 89.0% |
| Entered employment by targeted industry cluster | 55.0% | 59.0% | 60.0% | 60.0% | 61.0% | 61.0% | 61.0% |
| Employed for nine months after program exit | 84.5% | 88.0% | 89.0% | 90.0% | 90.0% | 90.0% | 90.0% |
| Training cost per participant | \$4,382 | \$4,250 | \$4,000 | \$4,000 | \$3,750 | \$3,500 | \$3,500 |
| Average cost per participant placed in industry | \$5,543 | \$5,400 | \$5,000 | \$5,000 | \$4,750 | \$4,500 | \$4,500 |
| Percentage of participants employed, in military or in post-secondary education. ... | 51.5% | 53.0% | 55.0% | 57.0% | 59.0% | 60.0% | 61.0% |
| Percentage of participants who earned a degree, GED or certificate. | 59.0% | 64.0% | 65.0% | 66.0% | 67.0% | 67.0% | 68.0% |
| Percentage of participants who increase educational functional levels..... | 23.5% | 51.0% | 52.0% | 52.0% | 54.0% | 55.0% | 55.0% |
| Job orders filled by CareerLinks | 48.0% | 50.0% | 51.0% | 51.0% | 52.0% | 52.0% | 53.0% |
| Job openings unfilled after three months.... | 6.0% | 5.0% | 6.0% | 5.0% | 4.0% | 4.0% | 4.0% |

Labor and Industry

Program: Workforce Investment (continued)

| Program Measures: (continued) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Wagner Peyser | | | | | | | |
| Percentage employed after program exit ... | 63.5% | 75% | 76% | 77% | 80% | 82% | 82% |
| Entered employment by targeted industry cluster | 43.8% | 45% | 48% | 50% | 50% | 52% | 54% |
| Employed for nine months after program exit | 81.5% | 86% | 87% | 87% | 88% | 88% | 89% |
| Training cost per participant | \$109 | \$100 | \$90.0 | \$90.0 | \$90.0 | \$90.0 | \$90.0 |
| Average cost per participant placed in industry | \$171 | \$150 | \$140 | \$140 | \$150 | \$160 | \$180 |
| Pennsylvania Conservation Corps (PCC) | | | | | | | |
| Percentage employed after program exit ... | 54.8% | 55% | 57% | 60% | 62% | 65% | 68% |
| Entered employment by targeted industry cluster | 37.9% | 38% | 40% | 42% | 44% | 46% | 48% |
| Employed for nine months after program exit | 51.5% | 67% | 68% | 69% | 70% | 70% | 70% |
| Percentage of participants employed, in military or in post-secondary education | 63.5% | 65% | 67% | 70% | 71% | 71% | 71% |
| Percentage of participants who earned a degree, GED or certificate. | 100.0% | 100% | 100% | 100% | 100% | 100% | 100% |
| Percentage of participants who increase educational functional levels..... | 90.4% | 90% | 92% | 93% | 95% | 96% | 97% |
| Incumbent Workers | | | | | | | |
| Employed for nine months after program exit | 95.0% | 95% | 95% | 95% | 95% | 95% | 95% |
| Training cost per participant | \$2,300 | \$2,300 | \$2,300 | \$2,300 | \$2,300 | \$2,300 | \$2,300 |
| Earnings increase..... | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 |
| Industry Partnerships | | | | | | | |
| Number of partnerships..... | 82 | 95 | 98 | 103 | 108 | 113 | 120 |
| Number of employers | 5,188 | 6,000 | 6,100 | 6,250 | 6,500 | 6,750 | 7,000 |

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | |
|---------|-----------------------------------|------------|----------------------------|
| | GENERAL FUND | | Employment Services |
| | Self Employment Assistance | \$ -10,655 | —nonrecurring projects. |
| \$ -500 | —nonrecurring projects. | | |

In addition, this budget recommends \$2,902,000 in other funds for the implementation of Cover All Pennsylvanians. Please see the Prescription for Pennsylvania theme in the Overview and Summaries section for additional information on Cover All Pennsylvanians.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---------------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Pennsylvania Conservation Corps | \$ 5,962 | \$ 6,774 | \$ 6,774 | \$ 6,774 | \$ 6,774 | \$ 6,774 | \$ 6,774 |
| Training Activities..... | 17,025 | 17,025 | 17,025 | 17,025 | 17,025 | 17,025 | 17,025 |
| Self Employment Assistance | 3,000 | 500 | 0 | 0 | 0 | 0 | 0 |
| Employment Services..... | 20,900 | 10,655 | 0 | 0 | 0 | 0 | 0 |
| Industry Partnerships..... | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Nursing Shortage Initiative | 7,500 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL GENERAL FUND | \$ 59,387 | \$ 39,954 | \$ 28,799 | \$ 28,799 | \$ 28,799 | \$ 28,799 | \$ 28,799 |

PROGRAM OBJECTIVE: To enable eligible persons with disabilities to obtain competitive employment.

Program: Vocational Rehabilitation

This program, conducted in conjunction with the federal government, targets the estimated 540,000 citizens (Census 2000) of the commonwealth who have physical or mental impairments that present a substantial impediment to employment. During 2007, approximately 87,000 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 very 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 (ICAN) 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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Caseload | | | | | | | |
| Carry-over..... | 55,246 | 55,246 | 55,246 | 55,246 | 55,246 | 55,246 | 55,246 |
| New referrals | 27,995 | 27,995 | 27,995 | 27,995 | 27,995 | 27,995 | 27,995 |
| Total caseload..... | 83,241 | 83,241 | 83,241 | 83,241 | 83,241 | 83,241 | 83,241 |
| Cases closed | | | | | | | |
| Ineligible or plan not initiated..... | 11,917 | 11,917 | 11,917 | 11,917 | 11,917 | 11,917 | 11,917 |
| Placed in competitive employment | 10,821 | 10,821 | 10,821 | 10,821 | 10,821 | 10,821 | 10,821 |
| Nonrehabilitated | 8,173 | 8,173 | 8,173 | 8,173 | 8,173 | 8,173 | 8,173 |
| Total cases closed | 30,911 | 30,911 | 30,911 | 30,911 | 30,911 | 30,911 | 30,911 |
| Cases carried over | 52,330 | 52,330 | 52,330 | 52,330 | 52,330 | 52,330 | 52,330 |
| Most severely disabled rehabilitated | 11,105 | 11,105 | 11,105 | 11,105 | 11,105 | 11,105 | 11,105 |
| Services for the Visually Impaired | | | | | | | |
| Persons who are blind or visually impaired | 17,817 | 17,817 | 17,817 | 17,817 | 17,817 | 17,817 | 17,817 |
| Persons who are blind or visually impaired placed in employment..... | 415 | 415 | 415 | 415 | 415 | 415 | 415 |

Labor and Industry

Program: Vocational Rehabilitation (continued)

| Program Measures: (continued) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------|----------|----------|----------|----------|----------|----------|
| Economic/client earnings information | | | | | | | |
| Average weekly earnings for clients closed as competitively employed..... | \$331 | \$331 | \$331 | \$331 | \$331 | \$331 | \$331 |
| Total weekly earnings for clients closed as competitively employed (in thousands)..... | \$3,587 | \$3,587 | \$3,587 | \$3,587 | \$3,587 | \$3,587 | \$3,587 |
| Average taxes paid by a competitively employed client..... | \$4,475 | \$4,475 | \$4,475 | \$4,475 | \$4,475 | \$4,475 | \$4,475 |
| Total taxes paid by competitively employed clients (in thousands)..... | \$48,487 | \$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 | | Centers for Independent Living | |
| | Transfer to the Vocational Rehabilitation Fund | \$ -450 | —nonrecurring project. |
| \$ 5,000 | —provides additional resources to support federal match requirements. | \$ -500 | Assistive Technology —nonrecurring project. |

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Vocational Rehabilitation Services | \$ 3,600 | \$ 3,600 | \$ 3,600 | \$ 3,600 | \$ 3,600 | \$ 3,600 | \$ 3,600 |
| Entrepreneurial Assistance..... | 955 | 955 | 955 | 955 | 955 | 955 | 955 |
| Transfer to Vocational Rehabilitation Fund | 38,083 | 38,083 | 43,083 | 43,083 | 43,083 | 43,083 | 43,083 |
| Supported Employment..... | 1,039 | 1,039 | 1,039 | 1,039 | 1,039 | 1,039 | 1,039 |
| Centers for Independent Living | 2,250 | 2,250 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 |
| Assistive Technology | 1,301 | 1,301 | 801 | 801 | 801 | 801 | 801 |
| Beacon Lodge Camp..... | 105 | 105 | 105 | 105 | 105 | 105 | 105 |
| TOTAL GENERAL FUND | \$ 47,333 | \$ 47,333 | \$ 51,383 | \$ 51,383 | \$ 51,383 | \$ 51,383 | \$ 51,383 |



LIQUOR CONTROL BOARD

The mission of the Liquor Control Board is to regulate the alcohol beverage industry in a fair and consistent manner; 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) | | |
|---|-------------------------------|----------------------------|----------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| GENERAL FUND: | | | |
| <i>General Government:</i> | | | |
| (F)Enforcing Underage Drinking Laws (EA)..... | \$ 245 | \$ 480 | \$ 0 |
| (F)Rural Communities Initiative (EA)..... | 360 | 166 | 0 |
| Subtotal - Federal Funds..... | 605 | 646 | 0 |
| Total - General Government..... | <u>\$ 605</u> | <u>\$ 646</u> | <u>\$ 0</u> |
| GENERAL FUND TOTAL..... | <u>\$ 605</u> | <u>\$ 646</u> | <u>\$ 0</u> |
| OTHER FUNDS: | | | |
| STATE STORES FUND: | | | |
| General Operations (EA)..... | \$ 353,206 | \$ 377,083 | \$ 391,582 |
| Purchase of Liquor (EA)..... | 906,000 | 969,901 | 1,017,762 |
| Comptroller Operations (EA)..... | 8,070 | 8,379 | 8,391 |
| Transfer of Profits to General Fund (EA)..... | 150,000 | 80,000 | 80,000 |
| STATE STORES FUND TOTAL..... | <u>\$ 1,417,276</u> | <u>\$ 1,435,363</u> | <u>\$ 1,497,735</u> |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 0 | \$ 0 | \$ 0 |
| SPECIAL FUNDS..... | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 605 | 646 | 0 |
| OTHER FUNDS..... | 1,417,276 | 1,435,363 | 1,497,735 |
| TOTAL ALL FUNDS..... | <u>\$ 1,417,881</u> | <u>\$ 1,436,009</u> | <u>\$ 1,497,735</u> |

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| LIQUOR CONTROL | | | | | | | |
| GENERAL FUND..... | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 605 | 646 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 1,417,276 | 1,435,363 | 1,497,735 | 1,490,170 | 1,490,170 | 1,490,170 | 1,490,170 |
| SUBCATEGORY TOTAL..... | \$ 1,417,881 | \$ 1,436,009 | \$ 1,497,735 | \$ 1,490,170 | \$ 1,490,170 | \$ 1,490,170 | \$ 1,490,170 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 605 | 646 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 1,417,276 | 1,435,363 | 1,497,735 | 1,490,170 | 1,490,170 | 1,490,170 | 1,490,170 |
| DEPARTMENT TOTAL..... | \$ 1,417,881 | \$ 1,436,009 | \$ 1,497,735 | \$ 1,490,170 | \$ 1,490,170 | \$ 1,490,170 | \$ 1,490,170 |

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 623 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 seven outlet stores, 19 one-stop shops located in grocery stores, 73 Premium Collection stores and 151 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 Pennsylvania Department of Health to support drug and alcohol programs as well as supplementing 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 2006-07, more than 975,370 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, the opening of Premium Collection stores, an E-Commerce site for purchase of products, and the opening of Liquor Control Board operated stores within existing grocery store outlets. 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% 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 2008, the Board has objected to the renewal of over 1,218 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 2006-07, RAMP training was provided to over 18,482 licensees and their employees.

Liquor Control Board

Program: Liquor Control (continued)

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Pennsylvania State Liquor Stores | 630 | 623 | 625 | 625 | 625 | 625 | 625 |
| Gross sales (includes taxes) (in thousands)..... | \$1,686,614 | \$1,801,666 | \$1,877,336 | \$1,856,184 | \$2,038,344 | \$2,123,954 | \$2,213,160 |
| Net sales per dollar spent - all stores | \$5.63 | \$5.85 | \$5.85 | \$5.85 | \$5.85 | \$5.85 | \$5.85 |
| Net sales per dollar spent - Premium Collection stores | \$6.63 | \$6.89 | \$6.89 | \$6.89 | \$6.89 | \$6.89 | \$6.89 |
| Alcohol education materials distributed | 2,480,335 | 2,800,000 | 2,800,000 | 2,800,000 | 2,800,000 | 2,800,000 | 2,800,000 |
| Licensees receiving RAMP (Responsible Alcohol Management Program) training ... | 18,482 | 19,000 | 19,000 | 19,000 | 19,000 | 19,000 | 19,000 |

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | |
|-----------|-------------------------------|-----------|---------------------------|
| | STATE STORES FUND | | Purchase of Liquor |
| | General Operations | | —to maintain inventory. |
| \$ 14,499 | —to continue current program. | \$ 47,861 | |
| | Comptroller Operations | | |
| \$ 12 | —to continue current program. | | |

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| STATE STORES FUND: | | | | | | | |
| General Operations (EA) | \$ 353,206 | \$ 377,083 | \$ 391,582 | \$ 391,582 | \$ 391,582 | \$ 391,582 | \$ 391,582 |
| Purchase of Liquor (EA) | 906,000 | 969,901 | 1,017,762 | 1,010,197 | 1,010,197 | 1,010,197 | 1,010,197 |
| Comptroller Operations (EA) | 8,070 | 8,379 | 8,391 | 8,391 | 8,391 | 8,391 | 8,391 |
| Transfer of Profits to General Fund (EA) ... | 150,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 |
| TOTAL STATE STORES FUND | \$ 1,417,276 | \$ 1,435,363 | \$ 1,497,735 | \$ 1,490,170 | \$ 1,490,170 | \$ 1,490,170 | \$ 1,490,170 |



DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

The Department of Military and Veterans Affairs has two roles in state government. One role 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, a school for veterans' children and six veterans homes.

The other role 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. Their federal mission is to be trained and equipped to join the active military forces in time of war or national emergency, and their 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, the Delaware Valley Veterans Home in Philadelphia and the Scotland School for Veterans' Children near Chambersburg.

Military and Veterans Affairs

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|----------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| GENERAL FUND: | | | |
| General Government: | | | |
| General Government Operations..... | \$ 18,701 ^a | \$ 19,783 | \$ 21,031 |
| (F)Facilities Maintenance..... | 55,000 | 52,276 | 58,495 |
| (F)Federal Construction Grants..... | 80,000 | 180,000 | 180,000 |
| (F)DCSI - Drug Enforcement Training (EA)..... | 200 | 0 | 0 |
| (F)Domestic Preparedness (EA)..... | 1,500 | 1,500 | 1,500 |
| (F)June 2006 Flood (EA)..... | 450 | 0 | 0 |
| (F)State Energy Program (EA)..... | 71 | 0 | 0 |
| (A)Rental of Armories and Other Facilities..... | 122 | 122 | 122 |
| (A)Housing Fees..... | 120 | 90 | 102 |
| (A)Utility Reimbursements..... | 216 | 195 | 195 |
| (A)Publication Reimbursements..... | 0 | 1 | 0 |
| (A)Purchasing Card Rebates..... | 6 | 25 | 0 |
| (A)Persian Gulf Veterans' Bonus Program..... | 0 | 767 | 539 |
| (A)Miscellaneous Reimbursements..... | 441 | 11 | 11 |
| Supplemental Life Insurance Premiums..... | 0 | 1,675 | 371 |
| Burial Detail Honor Guard..... | 36 | 36 | 38 |
| American Battle Monuments..... | 30 | 50 | 50 |
| Armory Maintenance and Repair..... | 3,279 | 1,379 | 1,379 |
| Special State Duty..... | 36 | 36 | 36 |
| Subtotal..... | \$ 160,208 | \$ 257,946 | \$ 263,869 |
| Subtotal - State Funds..... | \$ 22,082 | \$ 22,959 | \$ 22,905 |
| Subtotal - Federal Funds..... | 137,221 | 233,776 | 239,995 |
| Subtotal - Augmentations..... | 905 | 1,211 | 969 |
| Total - General Government..... | \$ 160,208 | \$ 257,946 | \$ 263,869 |
| Institutional: | | | |
| Veterans Homes..... | \$ 83,514 | \$ 90,892 | \$ 86,678 |
| (F)Enhanced Veterans Reimbursement..... | 0 | 0 | 12,500 |
| (F)Operations and Maintenance..... | 26,944 | 28,304 | 30,728 |
| (F)Medical Reimbursements..... | 440 | 468 | 462 |
| (A)Aid and Attendance Payments..... | 7,875 | 7,213 | 8,170 |
| (A)Residential Fees..... | 17,808 | 17,463 | 18,689 |
| (A)Purchasing Card Rebates..... | 7 | 15 | 0 |
| (A)Miscellaneous Reimbursements..... | 36 | 27 | 28 |
| (A)Estate Collections..... | 3,095 | 2,275 | 2,263 |
| Subtotal..... | \$ 139,719 | \$ 146,657 | \$ 159,518 |
| Scotland School for Veterans' Children..... | 9,637 | 10,325 | 10,707 |
| (F)ESEA Education Program..... | 205 | 216 | 223 |
| (F)School Milk Program..... | 227 | 285 | 260 |
| (F)Drug Free Schools..... | 1 | 1 | 1 |
| (F)Education Enhancement..... | 19 | 18 | 18 |
| (A)Institutional Reimbursements..... | 111 | 115 | 113 |
| (A)Tuition Recovery..... | 2,296 | 2,275 | 2,325 |
| (A)Purchasing Card Rebates..... | 1 | 3 | 0 |
| Subtotal..... | \$ 12,497 | \$ 13,238 | \$ 13,647 |
| Subtotal - State Funds..... | \$ 93,151 | \$ 101,217 | \$ 97,385 |
| Subtotal - Federal Funds..... | 27,836 | 29,292 | 44,192 |
| Subtotal - Augmentations..... | 31,229 | 29,386 | 31,588 |
| Total - Institutional..... | \$ 152,216 | \$ 159,895 | \$ 173,165 |
| Grants and Subsidies: | | | |
| Education of Veterans Children..... | \$ 190 | \$ 160 | \$ 160 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|-------------------|-------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| Transfer to Educational Assistance Program Fund..... | 8,100 | 8,100 | 8,100 |
| Veterans Assistance..... | 1,230 | 1,230 | 1,230 |
| Blind Veterans Pension..... | 204 | 306 | 306 |
| Paralyzed Veterans Pension..... | 397 | 527 | 527 |
| National Guard Pension..... | 5 | 5 | 5 |
| Civil Air Patrol..... | 500 | 500 | 0 |
| Disabled American Veterans Transportation..... | 350 | 350 | 350 |
| Merchant Marine World War II Veterans' Bonus..... | 111 | 389 | 0 |
| Veterans Outreach Services..... | 0 | 450 | 1,700 |
| Subtotal..... | \$ 11,087 | \$ 12,017 | \$ 12,378 |
| Total - Grants and Subsidies..... | \$ 11,087 | \$ 12,017 | \$ 12,378 |
| STATE FUNDS..... | \$ 126,320 | \$ 136,193 | \$ 132,668 |
| FEDERAL FUNDS..... | 165,057 | 263,068 | 284,187 |
| AUGMENTATIONS..... | 32,134 | 30,597 | 32,557 |
| GENERAL FUND TOTAL..... | \$ 323,511 | \$ 429,858 | \$ 449,412 |
| OTHER FUNDS: | | | |
| GENERAL FUND: | | | |
| Military Family Relief Assistance..... | \$ 29 | \$ 350 | \$ 350 |
| EDUCATIONAL ASSISTANCE PROGRAM FUND: | | | |
| National Guard Education (EA)..... | \$ 12,800 | \$ 12,000 | \$ 11,000 |
| PENNSYLVANIA VETERANS MEMORIAL TRUST FUND: | | | |
| Veterans Memorial (EA)..... | \$ 90 | \$ 120 | \$ 120 |
| PERSIAN GULF CONFLICT VETERANS' COMPENSATION BOND FUND: | | | |
| Persian Gulf Veterans' Bonus Program (EA)..... | \$ 0 | \$ 2,500 | \$ 3,000 |
| STATE TREASURY ARMORY FUND: | | | |
| Armory Improvements..... | \$ 336 | \$ 650 | \$ 650 |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 126,320 | \$ 136,193 | \$ 132,668 |
| SPECIAL FUNDS..... | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 165,057 | 263,068 | 284,187 |
| AUGMENTATIONS..... | 32,134 | 30,597 | 32,557 |
| OTHER FUNDS..... | 13,255 | 15,620 | 15,120 |
| TOTAL ALL FUNDS..... | \$ 336,766 | \$ 445,478 | \$ 464,532 |

^a Appropriated as \$18,401,000 for General Government Operations and \$300,000 for Veterans and Military Personnel Services.

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|------------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| STATE MILITARY READINESS | | | | | | | |
| GENERAL FUND..... | \$ 22,082 | \$ 21,284 | \$ 22,534 | \$ 22,534 | \$ 22,534 | \$ 22,534 | \$ 22,534 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 137,221 | 233,776 | 239,995 | 239,995 | 239,995 | 239,995 | 239,995 |
| OTHER FUNDS..... | 1,360 | 2,331 | 2,089 | 1,829 | 1,706 | 1,550 | 1,550 |
| SUBCATEGORY TOTAL..... | \$ 160,663 | \$ 257,391 | \$ 264,618 | \$ 264,358 | \$ 264,235 | \$ 264,079 | \$ 264,079 |
| VETERANS HOMES AND SCHOOL | | | | | | | |
| GENERAL FUND..... | \$ 93,151 | \$ 101,217 | \$ 97,385 | \$ 87,385 | \$ 87,385 | \$ 87,385 | \$ 87,385 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 27,836 | 29,292 | 44,192 | 56,693 | 56,693 | 56,693 | 56,693 |
| OTHER FUNDS..... | 31,229 | 29,386 | 31,588 | 31,588 | 31,588 | 31,588 | 31,588 |
| SUBCATEGORY TOTAL..... | \$ 152,216 | \$ 159,895 | \$ 173,165 | \$ 175,666 | \$ 175,666 | \$ 175,666 | \$ 175,666 |
| COMPENSATION AND ASSISTANCE | | | | | | | |
| GENERAL FUND..... | \$ 11,087 | \$ 13,692 | \$ 12,749 | \$ 16,649 | \$ 16,649 | \$ 16,649 | \$ 16,649 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 12,800 | 14,500 | 14,000 | 19,000 | 15,000 | 12,000 | 12,000 |
| SUBCATEGORY TOTAL..... | \$ 23,887 | \$ 28,192 | \$ 26,749 | \$ 35,649 | \$ 31,649 | \$ 28,649 | \$ 28,649 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 126,320 | \$ 136,193 | \$ 132,668 | \$ 126,568 | \$ 126,568 | \$ 126,568 | \$ 126,568 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 165,057 | 263,068 | 284,187 | 296,688 | 296,688 | 296,688 | 296,688 |
| OTHER FUNDS..... | 45,389 | 46,217 | 47,677 | 52,417 | 48,294 | 45,138 | 45,138 |
| DEPARTMENT TOTAL..... | \$ 336,766 | \$ 445,478 | \$ 464,532 | \$ 475,673 | \$ 471,550 | \$ 468,394 | \$ 468,394 |

Military and Veterans Affairs

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 capability to serve during emergencies. Such emergencies may result in full or partial mobilization of the Pennsylvania National Guard for state service in the commonwealth or 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 perform its state and federal missions. 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 and 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.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Pennsylvania National Guard personnel | 18,946 | 20,650 | 20,650 | 20,650 | 20,650 | 20,650 | 20,650 |
| Percentage of authorized strength level..... | 92% | 95% | 95% | 95% | 95% | 95% | 95% |
| Percentage of armories and field sites rated adequate..... | 37% | 61% | 67% | 77% | 87% | 97% | 100% |
| Armories and field sites under major repair | 35 | 46 | 46 | 46 | 30 | 30 | 30 |
| Department of Defense personnel receiving training at Fort Indiantown Gap | 113,016 | 115,000 | 140,000 | 140,000 | 140,000 | 140,000 | 140,000 |
| Non-Department of Defense personnel (local law enforcement, State Police, etc.) receiving training at Fort Indiantown Gap . | 10,860 | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 |

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | | | | | |
|----|-------|--|----|---|--|--|----------------------------------|
| \$ | 710 | General Government Operations | | | | | |
| | 468 | —to continue current program. | | | | | |
| | | —for administrative and operating costs for the Willow Grove base. | \$ | 2 | | | Burial Detail Honor Guard |
| | 70 | —for Veterans Outreach Services administration. | | | | | —to continue current program. |
| \$ | 1,248 | <i>Appropriation Increase</i> | | | | | |

All other appropriations are recommended at the current year funding level.

Military and Veterans Affairs

Program: State Military Readiness (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 18,701 | \$ 19,783 | \$ 21,031 | \$ 21,031 | \$ 21,031 | \$ 21,031 | \$ 21,031 |
| Burial Detail Honor Guard | 36 | 36 | 38 | 38 | 38 | 38 | 38 |
| American Battle Monuments | 30 | 50 | 50 | 50 | 50 | 50 | 50 |
| Armory Maintenance and Repair | 3,279 | 1,379 | 1,379 | 1,379 | 1,379 | 1,379 | 1,379 |
| Special State Duty | 36 | 36 | 36 | 36 | 36 | 36 | 36 |
| TOTAL GENERAL FUND | \$ 22,082 | \$ 21,284 | \$ 22,534 | \$ 22,534 | \$ 22,534 | \$ 22,534 | \$ 22,534 |

Military and Veterans Affairs

PROGRAM OBJECTIVE: To provide nursing and domiciliary care for veterans and a school to educate veterans' children.

Program: Veterans Homes and School

The Department of Military and Veterans Affairs provides skilled nursing and domiciliary care for veterans who are disabled, indigent or 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.

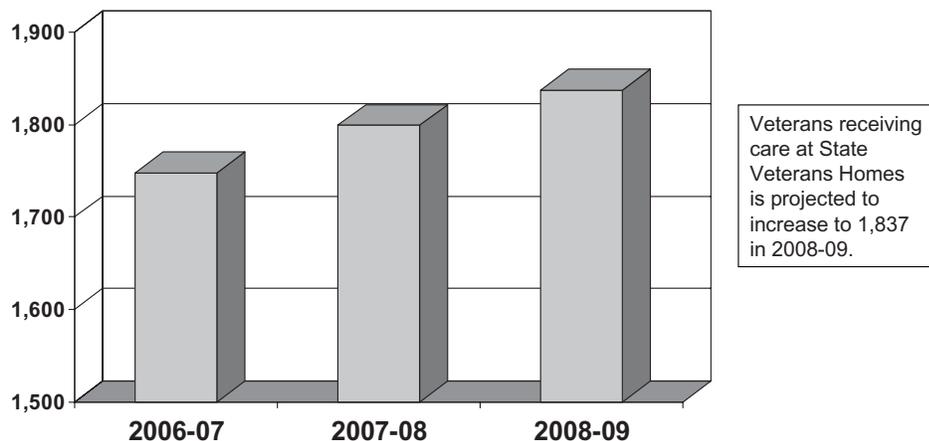
The program receives assistance from the Federal Department of Veterans Affairs at levels of \$34.50 per patient day for domiciliary care and \$74.63 per patient day for nursing home care.

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.

The Scotland School for Veterans' Children, located near Chambersburg, provides a student-centered elementary and secondary curriculum for individual needs including college preparatory classes and vocational offerings.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Veterans Homes | | | | | | | |
| Percentage of veterans homes population: | | | | | | | |
| Veterans..... | 91.0% | 90.5% | 90.0% | 89.5% | 89.0% | 88.5% | 88.0% |
| Spouses..... | 9.0% | 9.5% | 10.0% | 10.5% | 11.0% | 11.5% | 12.0% |
| Percentage of occupancy rate above national average of state veterans homes: | | | | | | | |
| Domiciliary care..... | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% |
| Nursing care..... | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |
| Scotland School | | | | | | | |
| Students..... | 316 | 320 | 320 | 340 | 340 | 340 | 340 |
| Percentage of students: | | | | | | | |
| In their senior year who plan to attend college..... | 90% | 90% | 90% | 90% | 90% | 90% | 90% |
| In their senior year who plan to enroll in the military..... | 0% | 10% | 10% | 10% | 10% | 10% | 10% |
| Proficient in mathematics..... | 54% | 60% | 62% | 64% | 66% | 68% | 70% |
| Proficient in reading..... | 60% | 68% | 71% | 73% | 76% | 78% | 80% |

State Veterans Homes Veterans Receiving Care



Military and Veterans Affairs

Program: Veterans Homes and School (continued)

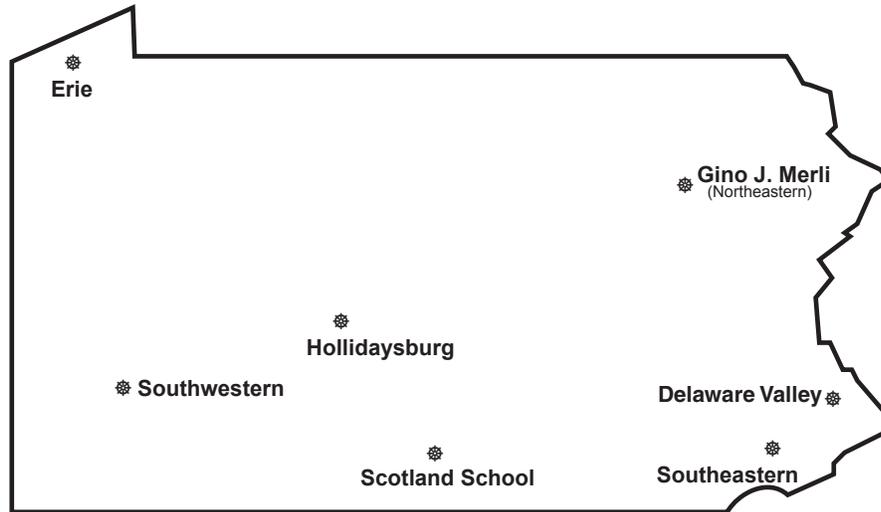
Expenditures by Institution: (Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | | 2006-07 Actual | 2007-08 Available | 2008-09 Budget |
|---------------------------------------|-------------------------|-------------------------|-------------------------|---|-------------------------|-------------------------|-------------------------|
| Erie Soldiers and Sailors Home | | | | Southwestern Veterans Home | | | |
| State Funds..... | \$ 8,258 | \$ 9,780 | \$ 10,071 | State Funds..... | \$ 11,204 | \$ 11,285 | \$ 11,362 |
| Federal Funds..... | 2,442 | 3,189 | 4,670 | Federal Funds..... | 4,411 | 4,988 | 7,265 |
| Augmentations..... | 2,658 | 2,971 | 3,214 | Augmentations..... | 4,908 | 4,878 | 5,030 |
| TOTAL..... | <u>\$ 13,358</u> | <u>\$ 15,940</u> | <u>\$ 17,955</u> | TOTAL..... | <u>\$ 20,523</u> | <u>\$ 21,151</u> | <u>\$ 23,657</u> |
| Hollidaysburg Veterans Home | | | | Delaware Valley Veterans Home | | | |
| State Funds..... | \$ 27,805 | \$ 29,459 | \$ 27,949 | State Funds..... | \$ 8,168 | \$ 10,918 | \$ 9,128 |
| Federal Funds..... | 7,901 | 8,099 | 12,914 | Federal Funds..... | 3,987 | 3,493 | 5,230 |
| Augmentations..... | 7,616 | 7,366 | 7,504 | Augmentations..... | 4,030 | 2,693 | 3,858 |
| TOTAL..... | <u>\$ 43,322</u> | <u>\$ 44,924</u> | <u>\$ 48,367</u> | TOTAL..... | <u>\$ 16,185</u> | <u>\$ 17,104</u> | <u>\$ 18,216</u> |
| Southeastern Veterans Home | | | | Central Veterans Homes Services | | | |
| State Funds..... | \$ 15,924 | \$ 15,423 | \$ 14,855 | State Funds..... | \$ 1,955 | \$ 2,260 | \$ 2,808 |
| Federal Funds..... | 4,875 | 5,081 | 7,283 | Federal Funds..... | - | - | - |
| Augmentations..... | 5,192 | 5,167 | 5,205 | Augmentations..... | 2 | - | - |
| TOTAL..... | <u>\$ 25,991</u> | <u>\$ 25,671</u> | <u>\$ 27,343</u> | TOTAL..... | <u>\$ 1,957</u> | <u>\$ 2,260</u> | <u>\$ 2,808</u> |
| Gino J. Merli Veterans Center | | | | Scotland School for Veterans' Children | | | |
| State Funds..... | \$ 10,200 | \$ 11,767 | \$ 10,505 | State Funds..... | \$ 9,637 | \$ 10,325 | \$ 10,707 |
| Federal Funds..... | 3,768 | 3,922 | 6,328 | Federal Funds..... | 452 | 520 | 502 |
| Augmentations..... | 4,415 | 3,918 | 4,339 | Augmentations..... | 2,408 | 2,393 | 2,438 |
| TOTAL..... | <u>\$ 18,383</u> | <u>\$ 19,607</u> | <u>\$ 21,172</u> | TOTAL..... | <u>\$ 12,497</u> | <u>\$ 13,238</u> | <u>\$ 13,647</u> |

| Population and Capacity | | | | |
|---|--------------------------------|--|--|--|
| Institution | Population Dec 2007 | Projected Population Dec 2008 | Projected Capacity Dec 2008 | Projected Percent of Capacity |
| Erie Soldiers and Sailors Home..... | 184 | 182 | 207 | 88% |
| Hollidaysburg Veterans Home..... | 468 | 475 | 514 | 92% |
| Southeastern Veterans Home..... | 278 | 266 | 304 | 88% |
| Gino J. Merli Veterans Home..... | 197 | 199 | 200 | 100% |
| Southwestern Veterans Home..... | 236 | 232 | 236 | 98% |
| Delaware Valley Veterans Home..... | 166 | 171 | 171 | 100% |
| Scotland School for Veterans' Children..... | 270 | 312 | 314 | 99% |
| Total..... | <u>1,799</u> | <u>1,837</u> | <u>1,946</u> | <u>94%</u> |

Program: Veterans Homes and School (continued)

Veterans Homes and School



Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | |
|---|--|
| <p>GENERAL FUND Veterans Homes</p> <p>\$ 7,286 —to continue current program. 1,000 —Initiative — Enhanced Veterans Reimbursement. To provide administrative resources to implement a program to increase federal funds for residents of Veterans Homes.</p> <p>—12,500 —Initiative — Enhanced Veterans Reimbursement. Savings due to increasing federal funds for residents of Veterans Homes.</p> <hr style="width: 100px; margin-left: 0;"/> <p>\$ -4,214 <i>Appropriation Decrease</i></p> | <p style="text-align: right;">Scotland School for Veterans' Children</p> <p style="text-align: right;">\$ 382 —to continue current program.</p> <p style="text-align: right;">In addition, this budget recommends \$12,500,000 in federal funds to implement a plan that increases federal reimbursement for residents of Veterans Homes.</p> |
|---|--|

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Veterans Homes..... | \$ 83,514 | \$ 90,892 | \$ 86,678 | \$ 76,678 | \$ 76,678 | \$ 76,678 | \$ 76,678 |
| Scotland School for Veterans' Children | 9,637 | 10,325 | 10,707 | 10,707 | 10,707 | 10,707 | 10,707 |
| TOTAL GENERAL FUND | \$ 93,151 | \$ 101,217 | \$ 97,385 | \$ 87,385 | \$ 87,385 | \$ 87,385 | \$ 87,385 |

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: Veterans Assistance

Temporary financial assistance is provided 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, not on 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: 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 of 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: 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 \$5,176 annually) 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 and 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: 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: 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 contributions from state income tax return checkoffs and donations. It will last for five years.

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.

Also, for National Guard and reservists, Act 60 of 2005 provided for deferment of automobile insurance while deployed and Act 83 of 2005 allowed 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. Act 29 of 2006 allowed for a bond issue that was approved by the electorate for a bonus for Persian Gulf Veterans.

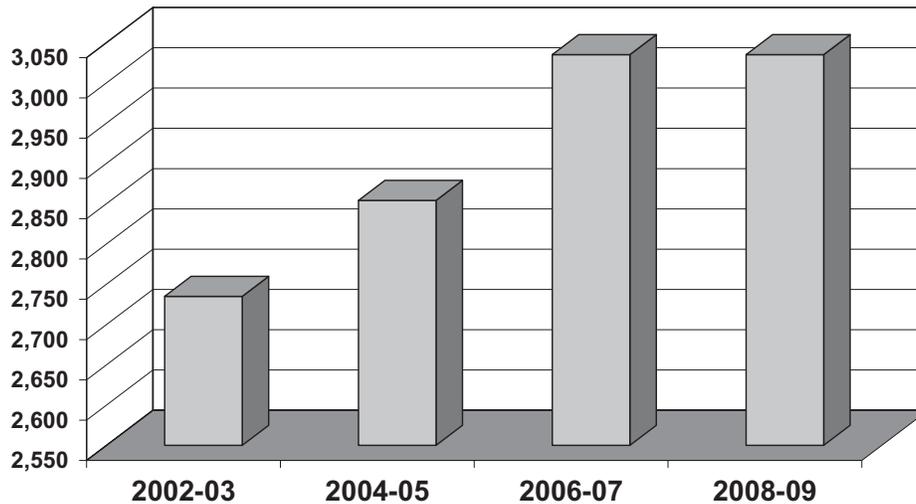
Military and Veterans Affairs

Program: Compensation and Assistance (continued)

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Veterans in Pennsylvania | 1,028,911 | 999,450 | 970,726 | 961,019 | 942,726 | 942,726 | 942,726 |
| Recipients of veterans emergency assistance..... | 1,904 | 1,900 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Recipients of blind veterans pensions..... | 114 | 115 | 115 | 115 | 115 | 115 | 115 |
| Children of deceased and disabled veterans receiving education grants..... | 112 | 90 | 90 | 90 | 90 | 90 | 90 |
| Participants in paralyzed veterans programs | 224 | 300 | 300 | 300 | 300 | 300 | 300 |
| National Guard personnel receiving educational financial aid..... | 3,035 | 3,032 | 3,035 | 3,035 | 3,035 | 3,035 | 3,035 |

Recipients of veterans emergency assistance is anticipated to decrease in FY2008-09 due to changes in regulations.

National Guard Personnel Receiving Educational Financial Aid



It is projected that 3,035 National Guard personnel will receive educational financial aid in 2008-09. Act 82 of 2005 extended the eligibility period so that those deployed can finish their education.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | |
|-----------|--|
| \$ -1,304 | Supplemental Life Insurance Premiums —nonrecurring supplemental life insurance grants. |
| \$ -500 | Civil Air Patrol —nonrecurring grant. |
| \$ -389 | Merchant Marine World War II Veterans' Bonus —nonrecurring payments. |

| | |
|----------|---|
| \$ 1,250 | Veterans Outreach Services —Initiative—Veterans Outreach Services. To provide additional resources for designated Veterans' Service Organizations for the administration and delivery of services to Pennsylvania veterans. |
|----------|---|

The budget recommends continuation of all other appropriations at the current year funding levels.

Military and Veterans Affairs

Program: Compensation and Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Supplemental Life Insurance Premiums.... | \$ 0 | \$ 1,675 | \$ 371 | \$ 371 | \$ 371 | \$ 371 | \$ 371 |
| Education of Veterans Children..... | 190 | 160 | 160 | 160 | 160 | 160 | 160 |
| Transfer to Educational Assistance Program Fund..... | 8,100 | 8,100 | 8,100 | 12,000 | 12,000 | 12,000 | 12,000 |
| Veterans Assistance | 1,230 | 1,230 | 1,230 | 1,230 | 1,230 | 1,230 | 1,230 |
| Blind Veterans Pension | 204 | 306 | 306 | 306 | 306 | 306 | 306 |
| Paralyzed Veterans Pension | 397 | 527 | 527 | 527 | 527 | 527 | 527 |
| National Guard Pension | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Civil Air Patrol | 500 | 500 | 0 | 0 | 0 | 0 | 0 |
| Disabled American Veterans Transportation..... | 350 | 350 | 350 | 350 | 350 | 350 | 350 |
| Merchant Marine World War II Veterans' Bonus..... | 111 | 389 | 0 | 0 | 0 | 0 | 0 |
| Veterans Outreach Services..... | 0 | 450 | 1,700 | 1,700 | 1,700 | 1,700 | 1,700 |
| TOTAL GENERAL FUND | \$ 11,087 | \$ 13,692 | \$ 12,749 | \$ 16,649 | \$ 16,649 | \$ 16,649 | \$ 16,649 |



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)

2006-07 2007-08 2008-09
ACTUAL AVAILABLE BUDGET

OTHER FUNDS:

MILK MARKETING FUND:

General Operations..... \$ 2,737 \$ 2,814 \$ 2,842

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 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..... | 2,737 | 2,814 | 2,842 | 2,842 | 2,842 | 2,842 | 2,842 |
| SUBCATEGORY TOTAL..... | \$ 2,737 | \$ 2,814 | \$ 2,842 | \$ 2,842 | \$ 2,842 | \$ 2,842 | \$ 2,842 |
| 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..... | 2,737 | 2,814 | 2,842 | 2,842 | 2,842 | 2,842 | 2,842 |
| DEPARTMENT TOTAL..... | \$ 2,737 | \$ 2,814 | \$ 2,842 | \$ 2,842 | \$ 2,842 | \$ 2,842 | \$ 2,842 |

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 continues to be ensuring 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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|---------|---------|
| Licenses and permits issued | 2,282 | 2,250 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 |
| Audits of milk dealers for compliance with milk sales' rules and regulations..... | 803 | 750 | 750 | 750 | 750 | 750 | 750 |

Audits of milk dealers for compliance with milk sales' rules and regulations is higher in 2006-07 than all other years due to an effort on the part of the board to perform a "catch up" on required audits.

Program Recommendation:

This budget recommends the following changes from the Milk Marketing Fund:
(Dollar Amounts in Thousands)

MILK MARKETING FUND
General Operations
 \$ 28 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-----------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| MILK MARKETING FUND: | | | | | | | |
| General Operations | \$ 2,737 | \$ 2,814 | \$ 2,842 | \$ 2,842 | \$ 2,842 | \$ 2,842 | \$ 2,842 |



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) | | |
|---|-------------------------------|-------------------|-------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| GENERAL FUND: | | | |
| General Government: | | | |
| General Government Operations..... | \$ 74,907 | \$ 86,408 | \$ 93,730 |
| (F)DCSI - Client Identification (EA)..... | 221 | 0 | 0 |
| (F)JAG - Parole Guidelines Study (EA)..... | 77 | 42 | 0 |
| (F)JAG - Advanced Re-entry Training (EA)..... | 150 | 130 | 0 |
| (F)JAG - Client Identification (EA)..... | 0 | 120 | 125 |
| (A)Purchasing Card Rebate..... | 2 | 0 | 0 |
| (A)State Parole Supervision Fees..... | 3,500 | 3,375 | 3,526 |
| (A)Interstate Supervision Fees..... | 51 | 60 | 60 |
| Subtotal..... | \$ 78,908 | \$ 90,135 | \$ 97,441 |
| Sexual Offenders Assessment Board..... | 3,202 | 3,683 | 4,186 |
| (F)Sex Offender Management..... | 241 | 192 | 0 |
| Subtotal..... | \$ 3,443 | \$ 3,875 | \$ 4,186 |
| Drug Offenders Work Program..... | 222 | 262 | 0 |
| Subtotal - State Funds..... | \$ 78,331 | \$ 90,353 | \$ 97,916 |
| Subtotal - Federal Funds..... | 689 | 484 | 125 |
| Subtotal - Augmentations..... | 3,553 | 3,435 | 3,586 |
| Total - General Government..... | \$ 82,573 | \$ 94,272 | \$ 101,627 |
| Grants and Subsidies: | | | |
| Improvement of Adult Probation Services..... | \$ 19,279 | \$ 19,279 | \$ 19,279 |
| (A)County Parole Supervision Fees..... | 15,826 | 14,232 | 15,698 |
| Subtotal..... | \$ 35,105 | \$ 33,511 | \$ 34,977 |
| Subtotal - State Funds..... | \$ 19,279 | \$ 19,279 | \$ 19,279 |
| Subtotal - Augmentations..... | 15,826 | 14,232 | 15,698 |
| Total - Grants and Subsidies..... | \$ 35,105 | \$ 33,511 | \$ 34,977 |
| STATE FUNDS..... | \$ 97,610 | \$ 109,632 | \$ 117,195 |
| FEDERAL FUNDS..... | 689 | 484 | 125 |
| AUGMENTATIONS..... | 19,379 | 17,667 | 19,284 |
| GENERAL FUND TOTAL..... | \$ 117,678 | \$ 127,783 | \$ 136,604 |
| OTHER FUNDS: | | | |
| GENERAL FUND: | | | |
| Firearms Education and Training Commission..... | \$ 405 | \$ 538 | \$ 619 |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 97,610 | \$ 109,632 | \$ 117,195 |
| SPECIAL FUNDS..... | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 689 | 484 | 125 |
| AUGMENTATIONS..... | 19,379 | 17,667 | 19,284 |
| OTHER FUNDS..... | 405 | 538 | 619 |
| TOTAL ALL FUNDS..... | \$ 118,083 | \$ 128,321 | \$ 137,223 |

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| REINTEGRATION OF THE ADULT OFFENDER | | | | | | | |
| GENERAL FUND..... | \$ 97,610 | \$ 109,632 | \$ 117,195 | \$ 120,342 | \$ 120,342 | \$ 120,342 | \$ 120,342 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 689 | 484 | 125 | 125 | 125 | 125 | 125 |
| OTHER FUNDS..... | 19,784 | 18,205 | 19,903 | 19,903 | 19,903 | 19,903 | 19,903 |
| SUBCATEGORY TOTAL..... | \$ 118,083 | \$ 128,321 | \$ 137,223 | \$ 140,370 | \$ 140,370 | \$ 140,370 | \$ 140,370 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 97,610 | \$ 109,632 | \$ 117,195 | \$ 120,342 | \$ 120,342 | \$ 120,342 | \$ 120,342 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 689 | 484 | 125 | 125 | 125 | 125 | 125 |
| OTHER FUNDS..... | 19,784 | 18,205 | 19,903 | 19,903 | 19,903 | 19,903 | 19,903 |
| DEPARTMENT TOTAL..... | \$ 118,083 | \$ 128,321 | \$ 137,223 | \$ 140,370 | \$ 140,370 | \$ 140,370 | \$ 140,370 |

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 2009 is 31,106, up from 29,568 in June 2007. 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.

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 develop 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. 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 existing Department of Corrections contract facilities throughout the state. The board has developed and initiated these actions to aid in reducing offender recidivism.

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

Program: Reintegration of the Adult Offender (continued)

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 One 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.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Board Parole Process | | | | | | | |
| Average monthly number of offenders scheduled for parole interviews | 2,418 | 2,480 | 2,485 | 2,397 | 2,457 | 2,532 | 2,606 |
| Average monthly percentage of scheduled interviews held | 70% | 70% | 73% | 81% | 80% | 77% | 75% |
| Average monthly number of offenders granted parole or reparole | 1,020 | 1,051 | 1,116 | 1,229 | 1,172 | 1,173 | 1,205 |
| Average monthly number of offenders released to parole from state correctional institutions..... | 737 | 767 | 802 | 919 | 861 | 852 | 878 |
| State Supervision Process | | | | | | | |
| State parolees and probationers supervised at fiscal year end..... | 29,568 | 30,961 | 32,735 | 35,022 | 35,540 | 35,656 | 35,409 |
| Annual state sentenced new releases to supervised populations | 9,765 | 10,465 | 11,117 | 12,527 | 11,956 | 11,974 | 12,395 |
| Percentage of offenders released from incarceration with a transitional accountability plan (TAP) developed prior to release | 58% | 80% | 92% | 94% | 95% | 96% | 97% |
| Average monthly number of supervised offenders employed | 12,182 | 12,824 | 13,376 | 13,910 | 14,215 | 14,440 | 14,654 |
| Percentage of monthly cases closed due to successful completion of parole..... | 51% | 54% | 56% | 55% | 54% | 53% | 52% |
| Average monthly number of state sentenced supervised offenders returned to prison for technical parole violations..... | 271 | 256 | 258 | 264 | 267 | 293 | 318 |
| Average monthly number of state sentenced supervised offenders returned to prison for new criminal convictions..... | 137 | 145 | 150 | 155 | 158 | 160 | 163 |
| Recidivism among state sentenced releases after one year of supervision | 2,929 | 3,139 | 3,258 | 3,341 | 3,406 | 3,451 | 3,497 |
| State Supervision Fee Collection | | | | | | | |
| Total state supervision fee dollars collected annually | \$3,261,137 | \$3,028,000 | \$3,124,000 | \$3,203,000 | \$3,266,000 | \$3,309,000 | \$3,353,000 |

Probation and Parole

Program: Reintegration of the Adult Offender (continued)

| Program Measures: (continued) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Related Program Areas | | | | | | | |
| Notifications to registered crime victims | 20,323 | 22,254 | 24,702 | 25,937 | 27,234 | 28,595 | 30,025 |
| Aggregate number of sex offender assessments completed | 1,616 | 1,789 | 1,878 | 1,972 | 2,071 | 2,175 | 2,283 |
| Court-ordered sex offender assessments completed | 1,139 | 1,272 | 1,336 | 1,402 | 1,472 | 1,546 | 1,623 |
| Court-ordered SOAB board member expert witness testimony | 432 | 449 | 467 | 491 | 515 | 541 | 568 |
| Probationers and parolees supervised by county probation departments | 200,056 | 202,057 | 204,077 | 206,118 | 208,179 | 210,261 | 212,363 |

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | |
|---|--|
| <p>General Government Operations</p> <p>\$ 2,376 —Initiative—Enhancement of Parole Supervision and Case Processing Services. To provide administrative resources to maintain a favorable agent-to-parolee ratio and to support increased parole decision making and case processing.</p> <p>365 —lease and moving costs related to the Philadelphia State Office Building cost containment initiative.</p> <p><u>4,581</u> —to continue current program.</p> <p>\$ 7,322 <i>Appropriation Increase</i></p> | <p>Sexual Offenders Assessment Board</p> <p>\$ 306 —Initiative—Enhanced Sexual Abuse Investigation. To provide additional administrative resources to meet increased workload.</p> <p><u>197</u> —to continue current program.</p> <p>\$ 503 <i>Appropriation Increase</i></p> <p>Drug Offenders Work Program</p> <p>\$ -262 —program elimination.</p> |
|---|--|

The Improvement of Adult Probation Services appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 74,907 | \$ 86,408 | \$ 93,730 | \$ 96,877 | \$ 96,877 | \$ 96,877 | \$ 96,877 |
| Sexual Offenders Assessment Board | 3,202 | 3,683 | 4,186 | 4,186 | 4,186 | 4,186 | 4,186 |
| Drug Offenders Work Program | 222 | 262 | 0 | 0 | 0 | 0 | 0 |
| Improvement of Adult Probation Services . | 19,279 | 19,279 | 19,279 | 19,279 | 19,279 | 19,279 | 19,279 |
| TOTAL GENERAL FUND | \$ 97,610 | \$ 109,632 | \$ 117,195 | \$ 120,342 | \$ 120,342 | \$ 120,342 | \$ 120,342 |



PUBLIC TELEVISION NETWORK

The Pennsylvania Public Television Network (PPTN) is a technology service agency and a grantor to PPTN member stations in Pennsylvania to advance educational, cultural and civic opportunities and support public safety. PPTN supports public media organizations in their service to the citizens of the commonwealth.

The Pennsylvania Public Television Network Commission promotes and encourages the production and distribution of noncommercial, educational programming of importance to Pennsylvania citizens. The PPTN network operations center provides centralized storage, archival, asset management, datacasting and quality control services for the eight public television stations in Pennsylvania, and serves as the statewide back-up for the Emergency Alert and Amber Alert Services. The network also administers grants to support station operations, programming and other educational initiatives.

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|------------------|------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| GENERAL FUND: | | | |
| <i>General Government:</i> | | | |
| General Government Operations..... | \$ 3,440 | \$ 3,778 | \$ 3,816 |
| Broadcast Standards and Datacasting Upgrade..... | 1,590 | 974 | 185 |
| (F)Datacasting Equipment..... | 254 | 254 | 0 |
| | <hr/> | <hr/> | <hr/> |
| Subtotal - State Funds..... | \$ 5,030 | \$ 4,752 | \$ 4,001 |
| Subtotal - Federal Funds..... | 254 | 254 | 0 |
| | <hr/> | <hr/> | <hr/> |
| Total - General Government..... | \$ 5,284 | \$ 5,006 | \$ 4,001 |
| | <hr/> | <hr/> | <hr/> |
| <i>Grants and Subsidies:</i> | | | |
| Public Television Station Grants..... | \$ 8,921 | \$ 8,746 | \$ 7,771 |
| STATE FUNDS..... | \$ 13,951 | \$ 13,498 | \$ 11,772 |
| FEDERAL FUNDS..... | 254 | 254 | 0 |
| | <hr/> | <hr/> | <hr/> |
| GENERAL FUND TOTAL..... | \$ 14,205 | \$ 13,752 | \$ 11,772 |
| | <hr/> | <hr/> | <hr/> |

^a Includes recommended supplemental appropriation of \$254,000.

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-----------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| PUBLIC TELEVISION SERVICES | | | | | | | |
| GENERAL FUND..... | \$ 13,951 | \$ 13,498 | \$ 11,772 | \$ 11,587 | \$ 11,587 | \$ 11,587 | \$ 11,587 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 254 | 254 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUBCATEGORY TOTAL..... | \$ 14,205 | \$ 13,752 | \$ 11,772 | \$ 11,587 | \$ 11,587 | \$ 11,587 | \$ 11,587 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 13,951 | \$ 13,498 | \$ 11,772 | \$ 11,587 | \$ 11,587 | \$ 11,587 | \$ 11,587 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 254 | 254 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DEPARTMENT TOTAL..... | \$ 14,205 | \$ 13,752 | \$ 11,772 | \$ 11,587 | \$ 11,587 | \$ 11,587 | \$ 11,587 |

Public Television Network

PROGRAM OBJECTIVE: To provide for the development and support of Pennsylvania's network of noncommercial public television stations.

Program: Public Television Services

The Pennsylvania Public Television Network Commission, established by Act 329 of 1968, as amended by Act 87 of 1998 links eight independent noncommercial television stations in Pennsylvania to create a system in which stations provide programming to the people of Pennsylvania through independent and group efforts. The stations are located in Bethlehem, Erie, Harrisburg, Pittsburgh, Pittston, University Park and two in Philadelphia.

Funding for the operations of the noncommercial television stations in Pennsylvania comes from several sources. Private donations from business, industry and foundations; grants from the commonwealth and federal government; and contributions from individuals including memberships, which provide over 60 percent of the revenue needed for operation.

A 24-member commission that includes representatives from the education community, the General Assembly, the Council on the Arts, the Office for Information Technology and the public, directs operation of the statewide network located in Hershey. The commission provides governance of the network and statewide-coordinating functions through a state-of-the-art digital network operation center

linked to the eight stations by a fiber optic network. Digital service offers high definition television, data casting and the simultaneous broadcast of multiple television channels.

Through the network each station has access to programs produced by other Pennsylvania stations and programs acquired from outside sources. The stations also receive production, engineering, education and outreach services through the commission.

Education content is an integral part of the services offered by public television, and the commission works closely with the Department of Education, intermediate units, local public television stations and school districts to deliver services.

It is estimated more than 2,848,000 households are served by Pennsylvania public television, including more than 31,000 pre-kindergarten children prepared for school with Ready to Learn activities. All stations broadcast 24 hours a day with telecourses, General Education Degree courses and a variety of other education and general audience programming. Last year Pennsylvania public television stations produced more than 850 hours of local television programming.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Annual membership to PA Public Television Network Stations..... | 184,285 | 185,000 | 185,000 | 185,000 | 185,000 | 185,000 | 185,000 |
| Students served by instructional programs | 229,519 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| Teachers served by instructional programs | 21,870 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | | | | | | | |
|----|--------------------------------------|--|----|------|---|-------------------------|--|--|--|
| | General Government Operations | | | | | | | | |
| \$ | 38 | —to continue current program. | \$ | —975 | Public Television Station Grants | —nonrecurring projects. | | | |
| | | | | | | | | | |
| | | Broadcast Standards and Datacasting Upgrade | | | | | | | |
| \$ | —789 | —nonrecurring program expenditures. | | | | | | | |

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|---------------------------|------------------------------|---------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 3,440 | \$ 3,778 | \$ 3,816 | \$ 3,816 | \$ 3,816 | \$ 3,816 | \$ 3,816 |
| Broadcast Standards and Datacasting Upgrade | 1,590 | 974 | 185 | 0 | 0 | 0 | 0 |
| Public Television Station Grants | 8,921 | 8,746 | 7,771 | 7,771 | 7,771 | 7,771 | 7,771 |
| TOTAL GENERAL FUND | \$ 13,951 | \$ 13,498 | \$ 11,772 | \$ 11,587 | \$ 11,587 | \$ 11,587 | \$ 11,587 |



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) | | |
|---------------------------------------|-------------------------------|----------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| GENERAL FUND: | | | |
| General Government: | | | |
| (R)General Government Operations..... | \$ 51,431 | \$ 51,483 | \$ 52,162 |
| (F)Natural Gas Pipeline Safety..... | 525 | 1,347 | 630 |
| (F)Motor Carrier Safety..... | 1,516 | 1,580 | 1,934 |
| Subtotal - Federal Funds..... | 2,041 | 2,927 | 2,564 |
| Subtotal - Restricted Revenues..... | 51,431 | 51,483 | 52,162 |
| Total - General Government..... | \$ 53,472 | \$ 54,410 | \$ 54,726 |
| FEDERAL FUNDS..... | 2,041 | 2,927 | 2,564 |
| RESTRICTED REVENUES..... | 51,431 | 51,483 | 52,162 |
| GENERAL FUND TOTAL..... | \$ 53,472 | \$ 54,410 | \$ 54,726 |

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 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..... | 2,041 | 2,927 | 2,564 | 2,564 | 2,564 | 2,564 | 2,564 |
| OTHER FUNDS..... | 51,431 | 51,483 | 52,162 | 52,162 | 52,162 | 52,162 | 52,162 |
| SUBCATEGORY TOTAL..... | \$ 53,472 | \$ 54,410 | \$ 54,726 | \$ 54,726 | \$ 54,726 | \$ 54,726 | \$ 54,726 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 2,041 | 2,927 | 2,564 | 2,564 | 2,564 | 2,564 | 2,564 |
| OTHER FUNDS..... | 51,431 | 51,483 | 52,162 | 52,162 | 52,162 | 52,162 | 52,162 |
| DEPARTMENT TOTAL..... | \$ 53,472 | \$ 54,410 | \$ 54,726 | \$ 54,726 | \$ 54,726 | \$ 54,726 | \$ 54,726 |

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 assessment 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 2007, 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 into 2008. 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. This included 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 2008-09 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.

Public Utility Commission

Program: Regulation of Public Utilities (continued)

- To implement the Information Management and Access Project (InfoMAP) that is comprised of 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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Utilities regulated | | | | | | | |
| Fixed utilities: | | | | | | | |
| Electric distribution..... | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Electric generation..... | 43 | 43 | 43 | 44 | 45 | 45 | 45 |
| Other..... | 1,201 | 1,201 | 1,201 | 1,201 | 1,201 | 1,201 | 1,201 |
| Transportation | 7,077 | 7,227 | 7,377 | 7,527 | 7,677 | 7,827 | 7,977 |
| Rate requests received: | | | | | | | |
| Fixed utilities..... | 27 | 30 | 30 | 31 | 31 | 31 | 31 |
| Transportation..... | 49 | 50 | 50 | 50 | 50 | 50 | 50 |
| Rate cases completed: | | | | | | | |
| Fixed utilities..... | 33 | 28 | 29 | 30 | 33 | 31 | 30 |
| Transportation..... | 52 | 60 | 60 | 60 | 60 | 60 | 60 |
| Audits conducted: | | | | | | | |
| Fixed utilities: | | | | | | | |
| Special | 24 | 19 | 21 | 21 | 21 | 21 | 21 |
| Energy/fuel..... | 54 | 53 | 47 | 47 | 47 | 47 | 47 |
| Management..... | 12 | 10 | 9 | 9 | 8 | 7 | 7 |
| Enforcement/investigations: | | | | | | | |
| Gas safety..... | 832 | 875 | 875 | 875 | 875 | 875 | 875 |
| Transportation: | | | | | | | |
| Rail safety..... | 3,148 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 |
| Motor safety..... | 14,172 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Consumer services | | | | | | | |
| Fixed utilities: | | | | | | | |
| Complaints received, investigated and resolved | 71,100 | 67,000 | 67,000 | 67,000 | 67,000 | 67,000 | 67,000 |
| Electric Deregulation: | | | | | | | |
| Homes eligible to participate (in thousands) | 4,922 | 4,942 | 4,961 | 4,980 | 4,999 | 5,020 | 5,040 |
| Businesses eligible to participate (in thousands) | 662 | 669 | 676 | 685 | 692 | 696 | 700 |
| Estimated Savings: | | | | | | | |
| Homes (in millions) | \$251 | \$124 | \$56 | \$82 | \$41 | \$0 | \$0 |
| Businesses (in millions) | \$485 | \$241 | \$107 | \$158 | \$79 | \$0 | \$0 |

Data for "Estimated Savings for Homes and Businesses" reflects rate caps that will not exist as of 2010.

Program Recommendations:

This budget recommends the following changes in appropriations from restricted accounts: (Dollar Amounts in Thousands)

| | | |
|----|--------------------------------------|--|
| | General Government Operations | |
| \$ | 383 | —leasing and moving costs related to the Philadelphia State Office Building cost containment initiative. |
| | 296 | —to continue current program. |
| \$ | 679 | <i>Appropriation Increase</i> |

Public Utility Commission

Program: Regulation of Public Utilities (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 51,431 | \$ 51,483 | \$ 52,162 | \$ 52,162 | \$ 52,162 | \$ 52,162 | \$ 52,162 |



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)

| 2006-07 | 2007-08 | 2008-09 |
|---------|-----------|---------|
| ACTUAL | AVAILABLE | BUDGET |

GENERAL FUND:**General Government:**

| | \$ 58,866 | \$ 63,828 | \$ 68,388 |
|--|-------------------|-------------------|-------------------|
| General Government Operations..... | | | |
| (F)Child Welfare Services - Administration..... | 2,026 | 2,074 | 2,082 |
| (F)Child Welfare - Title IV-E - Administration..... | 3,916 | 4,407 | 4,685 |
| (F)CCDFBG - Administration..... | 13,480 | 13,532 | 13,480 |
| (F)Medical Assistance - Administration..... | 25,217 | 30,630 | 31,163 |
| (F)TANFBG - Administration..... | 4,980 | 4,980 | 4,980 |
| (F)Food Stamps - Administration..... | 5,441 | 7,227 | 7,538 |
| (F)Developmental Disabilities - Basic Support..... | 4,090 | 4,113 | 4,090 |
| (F)Refugees and Persons Seeking Asylum - Administration..... | 1,526 | 1,604 | 1,596 |
| (F)Disabled Education - Administration..... | 1,597 | 1,608 | 1,608 |
| (F)MHSBG - Administration..... | 173 | 183 | 174 |
| (F)SSBG - Administration..... | 2,864 | 3,641 | 3,641 |
| (F)Training - Lead-Based Paint Abatement..... | 62 | 118 | 118 |
| (F)Community Based Family Resource and Support - Administration..... | 689 | 689 | 689 |
| (F)Real Choice Systems Change..... | 213 | 0 | 0 |
| (F)Medical Assistance Infrastructure..... | 825 | 825 | 825 |
| (F)Locally Organized Systems of Child Care..... | 500 | 819 | 0 |
| (F)Money Follows the Person..... | 0 | 2,000 | 0 |
| (A)Training Reimbursement..... | 457 | 457 | 457 |
| (A)Child Abuse Reviews..... | 5,141 | 5,989 | 5,989 |
| (A)Miscellaneous Reimbursements..... | 33 | 50 | 50 |
| Subtotal..... | <u>\$ 132,096</u> | <u>\$ 148,774</u> | <u>\$ 151,553</u> |

| | | | |
|--|-------------------|-------------------|-------------------|
| Information Systems..... | 54,941 | 60,075 | 61,043 |
| (F)Medical Assistance - Information Systems..... | 39,864 | 54,265 | 58,766 |
| (F)Child Welfare - Title IV-E - Information Systems..... | 1,010 | 907 | 1,672 |
| (F)TANFBG - Information Systems..... | 9,035 | 9,327 | 9,327 |
| (F)Food Stamps - Information Systems..... | 14,923 | 13,036 | 17,897 |
| (F)Child Support Enforcement - Information Systems..... | 11,143 | 11,174 | 11,208 |
| (F)Compass Support - Food Nutrition Services (EA)..... | 0 | 100 | 0 |
| (A)Intergovernmental Transfer - Technology..... | 1,057 | 1,057 | 1,057 |
| (A)Medical Data Exchange..... | 31 | 20 | 20 |
| (A)DOI - COMPASS Support - CHIP & Adult Basic..... | 401 | 250 | 250 |
| (A)Information Systems - Food Stamp Bonus..... | 0 | 0 | 15,347 |
| Subtotal..... | <u>\$ 132,405</u> | <u>\$ 150,211</u> | <u>\$ 176,587</u> |

| | | | |
|---|------------------|-------------------|-------------------|
| County Administration - Statewide..... | 33,780 | 36,832 | 39,650 |
| (F)TANFBG - Statewide..... | 542 | 2,150 | 1,911 |
| (F)Medical Assistance - Statewide..... | 38,861 | 41,289 | 43,300 |
| (F)Food Stamps - Statewide..... | 23,175 | 25,632 | 24,859 |
| (F)Ryan White - Statewide..... | 143 | 151 | 156 |
| (F)Medicare Services - Statewide..... | 1,026 | 0 | 0 |
| (F)Storm Disaster 2006 - Administration (EA)..... | 75 | 0 | 0 |
| (A)Fee for Material from Outside Vendors..... | 1 | 5 | 5 |
| (A)Food Stamps - Retained Collections..... | 1,717 | 1,780 | 1,780 |
| (A)Intergovernmental Transfer..... | 289 | 943 | 943 |
| (A)Food Stamp Bonus..... | 311 | 264 | 763 |
| Subtotal..... | <u>\$ 99,920</u> | <u>\$ 109,046</u> | <u>\$ 113,367</u> |

| | | | |
|--|----------------|----------------|----------------|
| County Assistance Offices..... | 250,417 | 254,092 | 269,934 |
| (F)TANFBG - County Assistance..... | 44,190 | 44,190 | 44,190 |
| (F)Medical Assistance - County Assistance..... | 88,515 | 90,379 | 93,288 |
| (F)Food Stamps - County Assistance..... | 80,467 | 83,380 | 83,216 |
| (F)SSBG - County Assistance..... | 4,926 | 6,262 | 6,262 |
| (F)LIHEABG - Administration..... | 12,005 | 13,965 | 13,965 |
| (F)Medicare Services - County Assistance..... | 282 | 0 | 0 |
| (F)Repatriation Operations (EA)..... | 41 | 0 | 0 |
| (A)Food Stamp Bonus..... | 1,555 | 1,262 | 0 |

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
|--|-------------------|----------------------------|-------------------|
| Subtotal..... | \$ 482,398 | \$ 493,530 | \$ 510,855 |
| Child Support Enforcement..... | 6,736 | 13,556 | 16,833 |
| (F)Child Support Enforcement - Title IV - D..... | 122,450 | 140,770 | 138,025 |
| (F)MCHSBG - Program Services Family Court (EA)..... | 100 | 42 | 0 |
| (A)Title IV - D Incentive Collections..... | 14,897 | 15,375 | 8,117 |
| (A)SCDU Rebate..... | 5 | 0 | 300 |
| Subtotal..... | \$ 144,188 | \$ 169,743 | \$ 163,275 |
| New Directions..... | 60,334 | 61,312 | 60,075 |
| (F)TANFBG - New Directions..... | 138,058 | 137,189 | 137,189 |
| (F)Medical Assistance - New Directions..... | 5,324 | 4,814 | 5,475 |
| (F)Food Stamps - New Directions..... | 9,168 | 11,963 | 11,398 |
| (A)Food Stamp Bonus..... | 88 | 0 | 0 |
| Subtotal..... | \$ 212,972 | \$ 215,278 | \$ 214,137 |
| Subtotal - State Funds..... | \$ 465,074 | \$ 489,695 | \$ 515,923 |
| Subtotal - Federal Funds..... | 712,922 | 769,435 | 778,773 |
| Subtotal - Augmentations..... | 25,983 | 27,452 | 35,078 |
| Total - General Government..... | \$ 1,203,979 | \$ 1,286,582 | \$ 1,329,774 |
| Institutional: | | | |
| Youth Development Institutions and Forestry Camps..... | \$ 67,135 | \$ 70,933 | \$ 71,523 |
| (F)SSBG - Basic Institutional Program..... | 10,000 | 10,000 | 10,000 |
| (F)Food Nutrition Services..... | 689 | 725 | 725 |
| (F)DFSC - Special Program - Juvenile Aftercare..... | 1,225 | 955 | 300 |
| (F)DFSC - Aftercare Support (EA)..... | 100 | 150 | 100 |
| (F)DCSI - Gender Specific Training (EA)..... | 150 | 82 | 31 |
| (A)Cafeteria Reimbursements..... | 3 | 5 | 0 |
| (A)Institutional Reimbursements..... | 14 | 5 | 10 |
| (A)MacArthur Foundation..... | 0 | 225 | 225 |
| Subtotal..... | \$ 79,316 | \$ 83,080 | \$ 82,914 |
| Mental Health Services..... | 685,455 | 725,659^a | 736,596 |
| (F)Medical Assistance - Mental Health..... | 214,436 | 212,752 | 211,677 |
| (F)Medicare Services - State Mental Hospitals..... | 34,654 | 25,122 ^b | 23,372 |
| (F)Homeless Mentally Ill..... | 2,059 | 2,047 | 2,037 |
| (F)MHSBG - Community Mental Health Services..... | 15,418 | 15,385 | 15,256 |
| (F)SSBG - Community Mental Health Services..... | 14,808 | 10,366 | 10,366 |
| (F)Co-occurring Behavioral Disorder Treatment..... | 550 | 100 | 100 |
| (F)Mental Health Systems Transformation..... | 100 | 0 | 0 |
| (F)Suicide Prevention..... | 0 | 400 | 500 |
| (F)Mental Health Data Infrastructure..... | 160 | 283 | 150 |
| (F)Targeted Capacity Expansion for Jail Diversion..... | 0 | 362 | 0 |
| (F)SSBG - Hurricane Relief..... | 403 | 0 | 0 |
| (F)Bioterrorism Hospital Preparedness (EA)..... | 936 | 501 | 500 |
| (F)Crisis Counseling Assist & Training-Storm Disasters 2006(EA)..... | 828 | 0 | 0 |
| (F)Storm Disaster - Shelter Assistance (EA)..... | 23 | 0 | 0 |
| (F)Storms 2006 - Crisis Counseling Immediate Services (EA)..... | 229 | 0 | 0 |
| (A)Institutional Collections..... | 9,516 | 8,884 | 8,884 |
| (A)Miscellaneous Institutional Reimbursements..... | 1,426 | 1,565 | 1,565 |
| (A)Intergovernmental Transfer..... | 455 | 0 | 0 |
| Subtotal..... | \$ 981,456 | \$ 1,003,426 | \$ 1,011,003 |
| State Centers for the Mentally Retarded..... | 103,423 | 107,232 | 105,418 |
| (F)Medical Assistance - State Centers..... | 144,020 | 155,479 | 159,118 |
| (F)Medicare Services - State Centers..... | 728 | 530 | 512 |
| (A)Institutional Collections - State Centers..... | 10,501 | 10,028 | 10,299 |
| (A)Institutional Reimbursements..... | 77 | 0 | 0 |

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
|--|-------------------|-------------------------------|-------------------|
| (A)Embreeville Rents..... | 856 | 860 | 795 |
| (A)MR Assessment - State Centers..... | 16,564 | 16,443 | 15,725 |
| Subtotal..... | \$ 276,169 | \$ 290,572 | \$ 291,867 |
| Subtotal - State Funds..... | \$ 856,013 | \$ 903,824 | \$ 913,537 |
| Subtotal - Federal Funds..... | 441,516 | 435,239 | 434,744 |
| Subtotal - Augmentations..... | 39,412 | 38,015 | 37,503 |
| Total - Institutional..... | \$ 1,336,941 | \$ 1,377,078 | \$ 1,385,784 |
| Grants and Subsidies: | | | |
| Cash Grants..... | \$ 478,338 | \$ 273,047^c | \$ 266,946 |
| (F)TANFBG - Cash Grants..... | 241,670 | 218,193 | 217,394 |
| (F)CCDFBG - Cash Grants..... | 150,521 | 5,064 | 0 |
| (F)Other Federal Support - Cash Grants..... | 38,217 | 35,016 | 33,830 |
| (F)LIHEABG - Low-Income Families and Individuals..... | 146,136 | 152,684 | 152,684 |
| (F)June 2006 Storm Disaster-Individual & Family Assistance (EA)..... | 2,550 | 0 | 0 |
| Subtotal..... | \$ 1,057,432 | \$ 684,004 | \$ 670,854 |
| Supplemental Grants - Aged, Blind and Disabled..... | 135,413 | 140,271^d | 149,246 |
| (A)Intergovernmental Transfer..... | 27,265 | 27,985 | 26,985 |
| Subtotal..... | \$ 162,678 | \$ 168,256 | \$ 176,231 |
| Payment to Federal Government - Medicare Drug Program..... | 338,500 | 384,872^e | 374,056 |
| Medical Assistance - Outpatient..... | 671,472 | 593,992 | 783,002 |
| (F)Medical Assistance - Outpatient..... | 1,007,070 | 995,775 | 1,090,152 |
| (A)Intergovernmental Transfer..... | 0 | 2,580 | 0 |
| (A)HealthStart Grow Smart..... | 133 | 543 | 0 |
| Subtotal..... | \$ 1,678,675 | \$ 1,592,890 | \$ 1,873,154 |
| Medical Assistance - Inpatient..... | 513,020 | 468,589 | 454,406 |
| (F)Medical Assistance - Inpatient..... | 616,753 | 557,419 | 606,959 |
| Subtotal..... | \$ 1,129,773 | \$ 1,026,008 | \$ 1,061,365 |
| Medical Assistance - Capitation..... | 2,672,635 | 2,700,022^f | 2,818,986 |
| (F)Medical Assistance - Capitation..... | 3,506,862 | 3,876,848 | 3,724,768 |
| (A)Managed Care Assessment..... | 381,904 | 379,303 | 412,550 |
| Subtotal..... | \$ 6,561,401 | \$ 6,956,173 | \$ 6,956,304 |
| Medical Assistance - Obstetric and Neonatal Services..... | 0 | 5,000 | 0 |
| (F)Medical Assistance - Obstetric and Neonatal Services..... | 0 | 5,907 | 0 |
| Subtotal..... | \$ 0 | \$ 10,907 | \$ 0 |
| Long-Term Care..... | 695,279 | 762,585 | 935,037 |
| (F)Medical Assistance - Long-Term Care..... | 2,332,323 | 2,286,086 | 2,213,506 |
| (A)Intergovernmental Transfer..... | 413,650 | 439,513 | 165,757 |
| (A)Nursing Home Assessment..... | 310,161 | 413,643 | 413,643 |
| Subtotal..... | \$ 3,751,413 | \$ 3,901,827 | \$ 3,727,943 |
| Hospital Based Burn Centers..... | 5,000 | 5,000 | 0 |
| (F)Medical Assistance - Hospital-Based Burn Centers..... | 0 | 5,907 | 0 |
| Subtotal..... | \$ 5,000 | \$ 10,907 | \$ 0 |
| Trauma Centers..... | 12,500 | 12,500 | 12,500 |
| (F)Medical Assistance - Trauma Centers..... | 15,006 | 14,830 | 14,918 |
| Subtotal..... | \$ 27,506 | \$ 27,330 | \$ 27,418 |
| Medical Assistance - Academic Medical Centers..... | 21,299 | 21,592 | 21,581 |
| (F)Medical Assistance - State-Related Academic Medical Centers..... | 25,568 | 26,398 | 25,756 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|----------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| Subtotal..... | \$ 46,867 | \$ 47,990 | \$ 47,337 |
| Medical Assistance - Physician Practice Plans..... | 0 | 0 | 7,310 |
| (F)Medical Assistance - Physician Practice Plans..... | 0 | 0 | 8,763 |
| Subtotal..... | \$ 0 | \$ 0 | \$ 16,073 |
| Medical Assistance - Transportation..... | 53,787 | 63,102 | 65,819 |
| (F)Medical Assistance - Transportation..... | 47,973 | 55,053 | 56,248 |
| Subtotal..... | \$ 101,760 | \$ 118,155 | \$ 122,067 |
| Expanded Medical Services for Women..... | 9,038 | 9,310 | 4,655 |
| (F)TANFBG - Alternatives to Abortion..... | 1,000 | 1,000 | 1,000 |
| Subtotal..... | \$ 10,038 | \$ 10,310 | \$ 5,655 |
| AIDS Special Pharmaceutical Services..... | 16,267 | 16,267 | 16,267 |
| (F)AIDS - Ryan White..... | 32,228 | 32,228 | 28,152 |
| Subtotal..... | \$ 48,495 | \$ 48,495 | \$ 44,419 |
| Special Pharmaceutical Services..... | 6,852 | 5,678 | 5,678 |
| Behavioral Health Services..... | 43,981 | 45,300 | 45,300 |
| (A)Intergovernmental Transfer..... | 15,107 | 12,107 | 12,107 |
| Subtotal..... | \$ 59,088 | \$ 57,407 | \$ 57,407 |
| Psychiatric Services in Eastern PA..... | 3,500 | 3,500 | 0 |
| Intermediate Care Facilities - Mentally Retarded..... | 116,514 | 125,497 | 139,788 |
| (F)Medical Assistance - ICF/MR..... | 170,448 | 178,248 | 190,468 |
| (A)MR Assessment - ICF/MR..... | 18,359 | 18,600 | 16,805 |
| Subtotal..... | \$ 305,321 | \$ 322,345 | \$ 347,061 |
| Community Mental Retardation Services..... | 789,554 | 868,061 | 913,159 |
| (F)Medical Assistance - Community MR Services..... | 753,974 | 866,908 _g | 908,695 |
| (F)SSBG - Community MR Services..... | 7,500 | 7,500 | 6,500 |
| Subtotal..... | \$ 1,551,028 | \$ 1,742,469 | \$ 1,828,354 |
| Early Intervention..... | 103,022 | 119,661 | 121,462 |
| (F)SSBG - Early Intervention..... | 1,727 | 2,195 | 0 |
| (F)Medical Assistance - Early Intervention..... | 26,281 | 33,251 | 33,709 |
| (F)Education for Children with Disabilities..... | 13,223 | 13,702 | 13,340 |
| (F)Special Education - Technical Assistance..... | 733 | 452 | 0 |
| Subtotal..... | \$ 144,986 | \$ 169,261 | \$ 168,511 |
| Autism Intervention and Services..... | 3,000 | 9,955 | 23,728 |
| (F)Medical Assistance-Autism Intervention Services..... | 1,801 | 13,029 | 26,337 |
| Subtotal..... | \$ 4,801 | \$ 22,984 | \$ 50,065 |
| Pennhurst Dispersal..... | 3,122 | 3,223 | 3,219 |
| MR Residential Services - Lansdowne..... | 1,456 | 1,456 | 418 |
| County Child Welfare..... | 880,831 | 966,710 | 1,061,721 |
| (F)Child Welfare Services..... | 17,391 | 15,244 | 14,555 |
| (F)Child Welfare - Title IV-E..... | 427,041 | 378,857 | 329,585 |
| (F)Medical Assistance - Child Welfare..... | 4,077 | 4,077 | 1,886 |
| (F)TANFBG - Child Welfare..... | 67,883 | 67,883 | 67,883 |
| (F)SSBG - Child Welfare..... | 9,456 | 12,021 | 12,021 |
| (F)Child Welfare Training and Certification..... | 10,384 | 11,762 | 12,959 |
| (F)Community Based Family Resource and Support..... | 134 | 134 | 134 |
| (F)Child Abuse Prevention and Treatment..... | 0 | 1,700 | 1,700 |
| (F)Title IV B - Caseworker Visits..... | 0 | 1,400 | 1,400 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|----------------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| Subtotal..... | \$ 1,417,197 | \$ 1,459,788 | \$ 1,503,844 |
| Child Welfare - TANF Transition..... | 45,000 | 20,000 | 0 |
| Behavioral Health Services Transition..... | 36,309 | 21,052^h | 0 |
| (F)Medical Assistance - Behavioral Health Services..... | 43,417 | 25,015 ⁱ | 0 |
| Subtotal..... | \$ 79,726 | \$ 46,067 | \$ 0 |
| Community Based Family Centers..... | 3,148 | 6,563 | 6,563 |
| (F)Family Preservation - Family Centers..... | 7,298 | 7,090 | 7,009 |
| (F)Family Resource & Support - Family Centers..... | 480 | 480 | 480 |
| (F)CCDFBG - Family Centers..... | 461 | 461 | 461 |
| (F)Title IV-B - Family Centers..... | 2,528 | 1,253 | 1,253 |
| Subtotal..... | \$ 13,915 | \$ 15,847 | \$ 15,766 |
| Child Care Services..... | 107,671 | 144,865 | 173,318 |
| (F)CCDFBG - Child Care Services..... | 190,316 | 192,465 ^j | 190,316 |
| (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..... | 450 | 225 | 225 |
| (F)TANFBG - Child Care Services..... | 2,000 | 2,000 | 2,000 |
| Subtotal..... | \$ 332,674 | \$ 371,792 | \$ 398,096 |
| Child Care Assistance..... | 0 | 201,423^k | 221,331 |
| (F)TANF - Child Care Assistance..... | 0 | 28,464 | 28,464 |
| (F)CCDFBG - Child Care Assistance..... | 0 | 129,343 ^l | 131,492 |
| (F)Food Stamps - Child Care Assistance..... | 0 | 10,747 ^m | 11,066 |
| Subtotal..... | \$ 0 | \$ 369,977 | \$ 392,353 |
| Nurse Family Partnership..... | 2,500 | 7,262 | 8,262 |
| (F)Medical Assistance - Nurse Family Partnership..... | 1,451 | 1,744 | 2,544 |
| (F)TANFBG - Nurse Family Partnership..... | 1,222 | 1,222 | 1,222 |
| (F)CCDFBG - Nurse Family Partnership..... | 2,605 | 2,605 | 2,605 |
| Subtotal..... | \$ 7,778 | \$ 12,833 | \$ 14,633 |
| Domestic Violence..... | 11,772 | 12,525 | 12,525 |
| (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 |
| (F)DFSC - Domestic Violence..... | 424 | 425 | 425 |
| (A)Marriage Law Fees..... | 733 | 733 | 733 |
| Subtotal..... | \$ 21,784 | \$ 22,538 | \$ 22,538 |
| Rape Crisis..... | 5,997 | 6,177 | 6,177 |
| (F)PHHSBG - Rape Crisis..... | 301 | 0 | 0 |
| (F)SSBG - Rape Crisis..... | 2,721 | 2,721 | 2,721 |
| (F)Rape Prevention and Education..... | 1,800 | 0 | 0 |
| (F)DFSC - Special Programs for Rape Crisis..... | 141 | 142 | 142 |
| Subtotal..... | \$ 10,960 | \$ 9,040 | \$ 9,040 |
| Breast Cancer Screening..... | 1,556 | 1,603 | 1,603 |
| (F)SSBG - Family Planning..... | 3,845 | 3,845 | 1,000 |
| Subtotal..... | \$ 5,401 | \$ 5,448 | \$ 2,603 |
| Human Services Development Fund..... | 36,285 | 35,035 | 33,785 |
| (F)Refugees and Persons Seeking Asylum - Social Services..... | 6,785 | 6,785 | 6,785 |
| (A)Intergovernmental Transfer..... | 2,489 | 0 | 0 |
| Subtotal..... | \$ 45,559 | \$ 41,820 | \$ 40,570 |
| Legal Services..... | 2,569 | 2,646 | 3,646 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|----------------------|----------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| (F)SSBG - Legal Services..... | 5,049 | 5,049 | 5,049 |
| Subtotal..... | \$ 7,618 | \$ 7,695 | \$ 8,695 |
| Homeless Assistance..... | 26,701 | 26,700 | 25,700 |
| (F)SSBG - Homeless Services..... | 4,183 | 4,183 | 4,183 |
| (F)SABG - Homeless Services..... | 1,983 | 1,983 | 1,983 |
| Subtotal..... | \$ 32,867 | \$ 32,866 | \$ 31,866 |
| Services to Persons with Disabilities..... | 49,703 | 68,964 | 89,470 |
| (F)SSBG - Services to Persons with Disabilities..... | 94 | 0 | 0 |
| (F)Medical Assistance - Services to Persons with Disabilities..... | 79,148 | 94,989 | 108,620 |
| (A)Intergovernmental Transfer..... | 9,256 | 9,256 | 9,256 |
| (A)MR Assessment - ICF/ORC..... | 137 | 0 | 0 |
| Subtotal..... | \$ 138,338 | \$ 173,209 | \$ 207,346 |
| Attendant Care..... | 65,086 | 84,753 | 91,528 |
| (F)Medical Assistance - Attendant Care..... | 53,685 | 63,555 | 70,383 |
| (A)Attendant Care Parking Fines..... | 103 | 103 | 103 |
| (A)Intergovernmental Transfer..... | 15,282 | 15,282 | 15,282 |
| (A)Attendant Care Patient Fee..... | 777 | 650 | 710 |
| Subtotal..... | \$ 134,933 | \$ 164,343 | \$ 178,006 |
| Facilities and Service Enhancements..... | 0 | 8,800 | 8,800 |
| Acute Care Hospitals..... | 14,500 | 21,175 | 0 |
| Family and Children's Center..... | 143 | 143 | 0 |
| Subtotal - State Funds..... | \$ 7,983,320 | \$ 8,274,876 | \$ 8,906,992 |
| Subtotal - Federal Funds..... | 10,129,409 | 10,504,654 | 10,416,822 |
| Subtotal - Augmentations..... | 1,195,356 | 1,320,298 | 1,073,931 |
| Total - Grants and Subsidies..... | \$ 19,308,085 | \$ 20,099,828 | \$ 20,397,745 |
| STATE FUNDS..... | \$ 9,304,407 | \$ 9,668,395 | \$ 10,336,452 |
| FEDERAL FUNDS..... | 11,283,847 | 11,709,328 | 11,630,339 |
| AUGMENTATIONS..... | 1,260,751 | 1,385,765 | 1,146,512 |
| GENERAL FUND TOTAL..... | \$ 21,849,005 | \$ 22,763,488 | \$ 23,113,303 |
| <u>LOTTERY FUND:</u> | | | |
| <i>Grants and Subsidies:</i> | | | |
| Medical Assistance - Long-Term Care..... | \$ 248,771 | \$ 248,771 | \$ 248,771 |
| <u>TOBACCO SETTLEMENT FUND:</u> | | | |
| <i>Grants and Subsidies:</i> | | | |
| Medical Care for Workers with Disabilities (EA)..... | \$ 26,663 | \$ 20,551 | \$ 24,952 |
| (F)Medical Assistance - Workers with Disabilities (EA)..... | 31,999 | 24,279 | 29,759 |
| Subtotal..... | \$ 58,662 | \$ 44,830 | \$ 54,711 |
| Uncompensated Care (EA)..... | 33,623 | 35,193 | 37,188 |
| (F)Medical Assistance - Uncompensated Care (EA)..... | 40,363 | 41,576 | 44,383 |
| Subtotal..... | \$ 73,986 | \$ 76,769 | \$ 81,571 |
| Home and Community-Based Services (EA)..... | 31,373 | 29,777 | 22,576 |
| (F)Medical Assistance - Community Services (EA)..... | 37,309 | 35,178 | 26,944 |
| Subtotal..... | \$ 68,682 | \$ 64,955 | \$ 49,520 |
| Medical Assistance-Long-Term Care..... | 65,909 | 104,810 | 135,467 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|----------------------|------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| Subtotal - State Funds..... | \$ 157,568 | \$ 190,331 | \$ 220,183 |
| Subtotal - Federal Funds..... | 109,671 | 101,033 | 101,086 |
| Total - Grants and Subsidies..... | \$ 267,239 | \$ 291,364 | \$ 321,269 |
| STATE FUNDS..... | \$ 157,568 | \$ 190,331 | \$ 220,183 |
| FEDERAL FUNDS..... | 109,671 | 101,033 | 101,086 |
| TOBACCO SETTLEMENT FUND TOTAL..... | \$ 267,239 | \$ 291,364 | \$ 321,269 |
| OTHER FUNDS: | | | |
| CHILDREN'S TRUST FUND: | | | |
| Children's Trust Fund (EA)..... | \$ 1,850 | \$ 1,850 | \$ 1,850 |
| COVER ALL PENNSYLVANIANS FUND: | | | |
| CAP - General Operations (EA)..... | \$ 0 | \$ 0 | \$ 11,292 ⁿ |
| CAP - Administration (EA)..... | 0 | 0 | 3,425 ⁿ |
| CAP - Medical Assistance (EA)..... | 0 | 0 | 15,829 ⁿ |
| CAP - Medical Assistance (EA)..... | 0 | 0 | 9,835 ⁿ |
| COVER ALL PENNSYLVANIANS FUND TOTAL..... | \$ 0 | \$ 0 | \$ 40,381 |
| ENERGY CONSERVATION AND ASSISTANCE FUND: | | | |
| Low Income Energy Assistance..... | \$ 707 | \$ 244 | \$ 292 |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 9,304,407 | \$ 9,668,395 | \$ 10,336,452 |
| SPECIAL FUNDS..... | 406,339 | 439,102 | 468,954 |
| FEDERAL FUNDS..... | 11,393,518 | 11,810,361 | 11,731,425 |
| AUGMENTATIONS..... | 1,260,751 | 1,385,765 | 1,146,512 |
| OTHER FUNDS..... | 2,557 | 2,094 | 42,523 |
| TOTAL ALL FUNDS..... | \$ 22,367,572 | \$ 23,305,717 | \$ 23,725,866 |

^a Includes recommended supplemental appropriation of \$2,000,000.

^b Includes recommended supplemental appropriation of \$2,000,000.

^c Reflects recommended appropriation reduction of \$13,000,000.

^d Reflects recommended appropriation reduction of \$1,512,000.

^e Includes recommended supplemental appropriation of \$33,864,000.

^f Reflects recommended appropriation reduction of \$15,000,000.

^g Includes recommended supplemental appropriation of \$30,000,000.

^h Includes recommended supplemental appropriation of \$13,000,000.

ⁱ Includes recommended supplemental appropriation of 15,503,000.

^j Includes recommended transfer from CCDFBG – Child Care Assistance of \$2,149,000.

^k Reflects recommended appropriation reduction of \$14,025,000.

^l Reflects reduction from recommended transfer to CCDFBG – Child Care Services of \$2,149,000.

^m Includes recommended supplemental appropriation of \$2,500,000.

ⁿ Please see the Prescription for Pennsylvania theme in the Overview and Summaries section for additional information on the Cover All Pennsylvanians proposal.

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| HUMAN SERVICES SUPPORT | | | | | | | |
| GENERAL FUND..... | \$ 113,807 | \$ 123,903 | \$ 129,431 | \$ 129,308 | \$ 129,183 | \$ 129,183 | \$ 129,183 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 143,574 | 167,259 | 175,539 | 175,536 | 175,411 | 175,411 | 175,411 |
| OTHER FUNDS..... | 7,120 | 7,823 | 34,462 | 9,258 | 9,263 | 9,268 | 9,274 |
| SUBCATEGORY TOTAL..... | \$ 264,501 | \$ 298,985 | \$ 339,432 | \$ 314,102 | \$ 313,857 | \$ 313,862 | \$ 313,868 |
| MEDICAL ASSISTANCE | | | | | | | |
| GENERAL FUND..... | \$ 4,334,870 | \$ 4,307,099 | \$ 4,564,260 | \$ 4,893,716 | \$ 5,196,640 | \$ 5,519,723 | \$ 5,866,489 |
| SPECIAL FUNDS..... | 60,286 | 55,744 | 62,140 | 67,432 | 72,758 | 78,429 | 84,463 |
| FEDERAL FUNDS..... | 5,324,822 | 5,637,220 | 5,630,858 | 6,060,433 | 6,464,741 | 6,900,831 | 7,369,001 |
| OTHER FUNDS..... | 382,037 | 382,426 | 438,214 | 455,901 | 464,421 | 467,527 | 471,231 |
| SUBCATEGORY TOTAL..... | \$ 10,102,015 | \$ 10,382,489 | \$ 10,695,472 | \$ 11,477,482 | \$ 12,198,560 | \$ 12,966,510 | \$ 13,791,184 |
| LONG TERM LIVING | | | | | | | |
| GENERAL FUND..... | \$ 810,068 | \$ 916,302 | \$ 1,116,035 | \$ 1,326,596 | \$ 1,370,000 | \$ 1,420,501 | \$ 1,470,308 |
| SPECIAL FUNDS..... | 346,053 | 383,358 | 406,814 | 280,260 | 281,850 | 283,473 | 285,130 |
| FEDERAL FUNDS..... | 2,502,559 | 2,479,808 | 2,419,453 | 2,316,673 | 2,401,667 | 2,484,418 | 2,574,477 |
| OTHER FUNDS..... | 749,366 | 878,447 | 604,751 | 439,456 | 439,456 | 439,456 | 439,456 |
| SUBCATEGORY TOTAL..... | \$ 4,408,046 | \$ 4,657,915 | \$ 4,547,053 | \$ 4,362,985 | \$ 4,492,973 | \$ 4,627,848 | \$ 4,769,371 |
| INCOME MAINTENANCE | | | | | | | |
| GENERAL FUND..... | \$ 965,018 | \$ 779,110 | \$ 802,684 | \$ 833,852 | \$ 832,666 | \$ 832,493 | \$ 832,309 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 1,148,442 | 1,013,133 | 1,007,142 | 1,007,181 | 1,007,079 | 1,006,971 | 1,006,856 |
| OTHER FUNDS..... | 46,835 | 47,858 | 42,610 | 13,538 | 13,722 | 13,918 | 14,124 |
| SUBCATEGORY TOTAL..... | \$ 2,160,295 | \$ 1,840,101 | \$ 1,852,436 | \$ 1,854,571 | \$ 1,853,467 | \$ 1,853,382 | \$ 1,853,289 |
| MENTAL HEALTH | | | | | | | |
| GENERAL FUND..... | \$ 732,936 | \$ 774,459 | \$ 781,896 | \$ 778,780 | \$ 776,197 | \$ 776,102 | \$ 776,102 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 284,604 | 267,318 | 263,958 | 263,615 | 263,501 | 263,501 | 263,501 |
| OTHER FUNDS..... | 26,504 | 22,556 | 22,556 | 10,449 | 10,449 | 10,449 | 10,449 |
| SUBCATEGORY TOTAL..... | \$ 1,044,044 | \$ 1,064,333 | \$ 1,068,410 | \$ 1,052,844 | \$ 1,050,147 | \$ 1,050,052 | \$ 1,050,052 |
| MENTAL RETARDATION | | | | | | | |
| GENERAL FUND..... | \$ 1,017,069 | \$ 1,115,424 | \$ 1,185,730 | \$ 1,215,495 | \$ 1,211,710 | \$ 1,212,046 | \$ 1,212,046 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 1,078,471 | 1,221,694 | 1,291,630 | 1,325,660 | 1,318,292 | 1,315,031 | 1,315,031 |
| OTHER FUNDS..... | 46,357 | 45,931 | 43,624 | 42,531 | 41,092 | 40,801 | 40,801 |
| SUBCATEGORY TOTAL..... | \$ 2,141,897 | \$ 2,383,049 | \$ 2,520,984 | \$ 2,583,686 | \$ 2,571,094 | \$ 2,567,878 | \$ 2,567,878 |

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| HUMAN SERVICES | | | | | | | |
| GENERAL FUND..... | \$ 1,114,155 | \$ 1,172,181 | \$ 1,225,480 | \$ 1,299,800 | \$ 1,379,323 | \$ 1,464,412 | \$ 1,555,458 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 628,034 | 563,993 | 484,422 | 484,391 | 484,391 | 484,391 | 484,391 |
| OTHER FUNDS..... | 3,239 | 968 | 968 | 743 | 743 | 743 | 743 |
| SUBCATEGORY TOTAL..... | \$ 1,745,428 | \$ 1,737,142 | \$ 1,710,870 | \$ 1,784,934 | \$ 1,864,457 | \$ 1,949,546 | \$ 2,040,592 |
| CHILD DEVELOPMENT | | | | | | | |
| GENERAL FUND..... | \$ 216,484 | \$ 479,917 | \$ 530,936 | \$ 529,436 | \$ 529,436 | \$ 529,436 | \$ 529,436 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 283,012 | 459,936 | 458,423 | 458,423 | 458,423 | 458,423 | 458,423 |
| OTHER FUNDS..... | 1,850 | 1,850 | 1,850 | 1,850 | 1,850 | 1,850 | 1,850 |
| SUBCATEGORY TOTAL..... | \$ 501,346 | \$ 941,703 | \$ 991,209 | \$ 989,709 | \$ 989,709 | \$ 989,709 | \$ 989,709 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 9,304,407 | \$ 9,668,395 | \$ 10,336,452 | \$ 11,006,983 | \$ 11,425,155 | \$ 11,883,896 | \$ 12,371,331 |
| SPECIAL FUNDS..... | 406,339 | 439,102 | 468,954 | 347,692 | 354,608 | 361,902 | 369,593 |
| FEDERAL FUNDS..... | 11,393,518 | 11,810,361 | 11,731,425 | 12,091,912 | 12,573,505 | 13,088,977 | 13,647,091 |
| OTHER FUNDS..... | 1,263,308 | 1,387,859 | 1,189,035 | 973,726 | 980,996 | 984,012 | 987,928 |
| DEPARTMENT TOTAL..... | \$ 22,367,572 | \$ 23,305,717 | \$ 23,725,866 | \$ 24,420,313 | \$ 25,334,264 | \$ 26,318,787 | \$ 27,375,943 |

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 in 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 towards 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 client and costs effectively.

The continued creation and expansion of web-based applications allows more online services and maintains common client and provider databases and 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, and provides direction for health programs for Pennsylvania residents who are unable to purchase adequate health care services.

The department continues to strive towards system enhancements that will minimize administrative costs in relation to service costs.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Third-party liability cases referred for recovery | 16,102 | 14,000 | 14,100 | 14,200 | 14,300 | 14,400 | 14,500 |
| Total dollars recovered (in thousands)..... | \$108,610 | \$110,000 | \$111,500 | \$113,000 | \$114,500 | \$116,000 | \$117,500 |
| Recipient appeals cases receiving final disposition..... | 42,880 | 44,600 | 44,600 | 44,600 | 44,600 | 44,600 | 44,600 |
| Provider appeals cases receiving final disposition..... | 1,720 | 2,610 | 1,550 | 1,550 | 1,550 | 1,550 | 1,550 |
| Online applications submitted through COMPASS..... | 190,116 | 195,000 | 199,500 | 200,000 | 200,000 | 200,000 | 200,000 |

Provider appeals cases receiving final disposition increase in 2007-08 to reflect addressing a backlog of cases.

Program: Human Services Support (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | General Government Operations | | Information Systems |
|----------|--|--------|--|
| \$ 917 | —to continue current program. | \$ 177 | —to continue current program. |
| 983 | —consolidation of personnel functions. | 936 | —consolidation of information technology functions. |
| 788 | —lease and moving costs related to the Philadelphia State Office Building cost containment initiative. | -395 | —nonrecurring costs. |
| 650 | —Initiative—Enhancing Personal Care Home Quality and Oversight. To expand medication training for personal care home staff and to provide administrative resources for licensing activities. | 250 | —Initiative—Money Follows the Person. To provide resources for information systems to increase federal funds for home and community-based services for persons currently residing in institutions. |
| 603 | —Initiative—Expanding Autism Services. To provide administrative resources to expand home and community-based services for persons with autism. | \$ 968 | <i>Appropriation Increase</i> |
| 530 | —Initiative—Expanding Community Mental Retardation Services. To provide administrative resources to comply with new federal Medicaid home and community-based waiver requirements. | | |
| 89 | —Initiative—Money Follows the Person. To provide administrative resources to increase federal funds for home and community-based services for persons currently residing in institutions. | | |
| \$ 4,560 | <i>Appropriation Increase</i> | | |

In addition, this budget recommends \$11,292,000 in other funds for the implementation of Cover All Pennsylvanians. Please see the Prescription for Pennsylvania theme in the Overview and Summaries section for additional information on Cover All Pennsylvanians.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 58,866 | \$ 63,828 | \$ 68,388 | \$ 68,390 | \$ 68,390 | \$ 68,390 | \$ 68,390 |
| Information Systems..... | <u>54,941</u> | <u>60,075</u> | <u>61,043</u> | <u>60,918</u> | <u>60,793</u> | <u>60,793</u> | <u>60,793</u> |
| TOTAL GENERAL FUND | <u>\$ 113,807</u> | <u>\$ 123,903</u> | <u>\$ 129,431</u> | <u>\$ 129,308</u> | <u>\$ 129,183</u> | <u>\$ 129,183</u> | <u>\$ 129,183</u> |

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.

Cover All Kids guarantees access to affordable, comprehensive health care coverage for all uninsured children in Pennsylvania through enhanced outreach efforts, increased income eligibility limits for subsidized coverage and opportunities for higher-income families to purchase health care coverage at-cost.

A new health insurance program, Cover All Pennsylvanians, is anticipated to provide access to basic and affordable health care coverage for all uninsured adults in Pennsylvania. Through extensive outreach efforts, increased income eligibility for subsidized care and new opportunities to purchase at-cost, Cover All Pennsylvanians will enroll approximately 5,300 adults in 2008-09 and additional adults thereafter. Please see the Prescription for Pennsylvania theme in the Overview and Summaries section for additional information on Cover All Pennsylvanians.

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. Outpatient services include medical or dental care in a clinic or office setting, outpatient surgery, rehabilitation, drug and alcohol treatment, pharmaceutical products, ambulance transportation, home health care, medical supplies and equipment, and prosthetic devices.

Individuals with low income and resources according to federal categorical criteria are eligible for a comprehensive array of outpatient services. Those individuals with limited income and resources who do not qualify for cash payments are eligible for all services except dental care, medical supplies and equipment, and prosthetic devices. Some service restrictions, comparable to private insurance, apply to adult recipients. An exception process is available for unusual circumstances.

As a result of the Medicaid Modernization Act of 2003, dual eligibles (persons who are eligible for both Medicare and Medicaid) will receive most pharmaceutical services from Medicare, but will continue to receive barbiturates, benzodiazepines, over-the-counter drugs, and certain vitamins and minerals through Medical Assistance. This change took effect January 1, 2006. The ACCESS Plus program enables enrollees to choose their own primary care providers and as a result, benefit from active care coordination, case management and, if eligible, disease management services. ACCESS Plus is available to virtually all Medical Assistance fee-for-service enrollees 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. During 2008-09 the department will implement a new service delivery model known as HealthChoices Plus in 16 counties in the western area of the state. Under this model, ACCESS Plus will operate side-by-side with managed care organizations; providing consumers with expanded choice creating new incentives for improving quality and efficiency. 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. A preferred drug list (PDL) was implemented which established an aggressive drug rebate program and continues to enforce the use of generic drugs. The PDL affords the department the ability to invoice drug manufacturers for supplemental rebates. The drug rebate program was designed to reduce escalating expenditures for outpatient prescription drugs by taking advantage of discounted prices. Other efforts to control pharmacy costs include the Restricted Recipient program that limits

Program: Medical Assistance (continued)

consumers to one physician to authorize prescriptions and is responsible for managing their prescription drug usage.

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, 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 hospitals. Acute care general 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. These "outlier" costs are reimbursed on an exceptional cost basis in the prospective payment to the hospital. When professional care is provided to a Medical Assistance recipient, the department separately reimburses the physician, dentist, podiatrist or midwife 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). Generally referred to as Health Maintenance Organizations (HMOs), these mechanisms

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 utilization of limited health care resources.

Pennsylvania's mandatory managed care is known as HealthChoices. 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. During 2008-09, the department will implement a new service delivery model known as HealthChoices Plus in 16 counties in the western area of the state that are not currently served by the HealthChoices program. Under this model, the managed care organizations will operate side-by-side with the department's ACCESS Plus enhanced primary care case management program. 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.

The department manages the HealthChoices Behavioral Health program either through county contracts or by direct contract with a behavioral health managed care organization. The HealthChoices Behavioral Health program expanded to the remaining 15 counties in July 2007 and is operating statewide. 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.

The department has built into its contracts with HealthChoices capitated managed care organizations financial incentives to operate disease management programs to measure the outcomes of the care they provide.

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

Program: Medical Assistance (continued)

transportation broker in Philadelphia County to provide non-emergency medical transportation to Medical Assistance covered services.

The program entails 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, capturing and providing data and reporting elements.

The 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 wherever the medical service is being provided. This may occasionally mean that trips cross county lines.

County governments can provide this service directly, contract with an independent transportation agency or pay agencies that provide transportation as part of a whole human services system.

Program Element: Special Pharmaceutical Benefits Program

The Special Pharmaceutical Benefits program pays for specific drugs for low and moderate-income persons

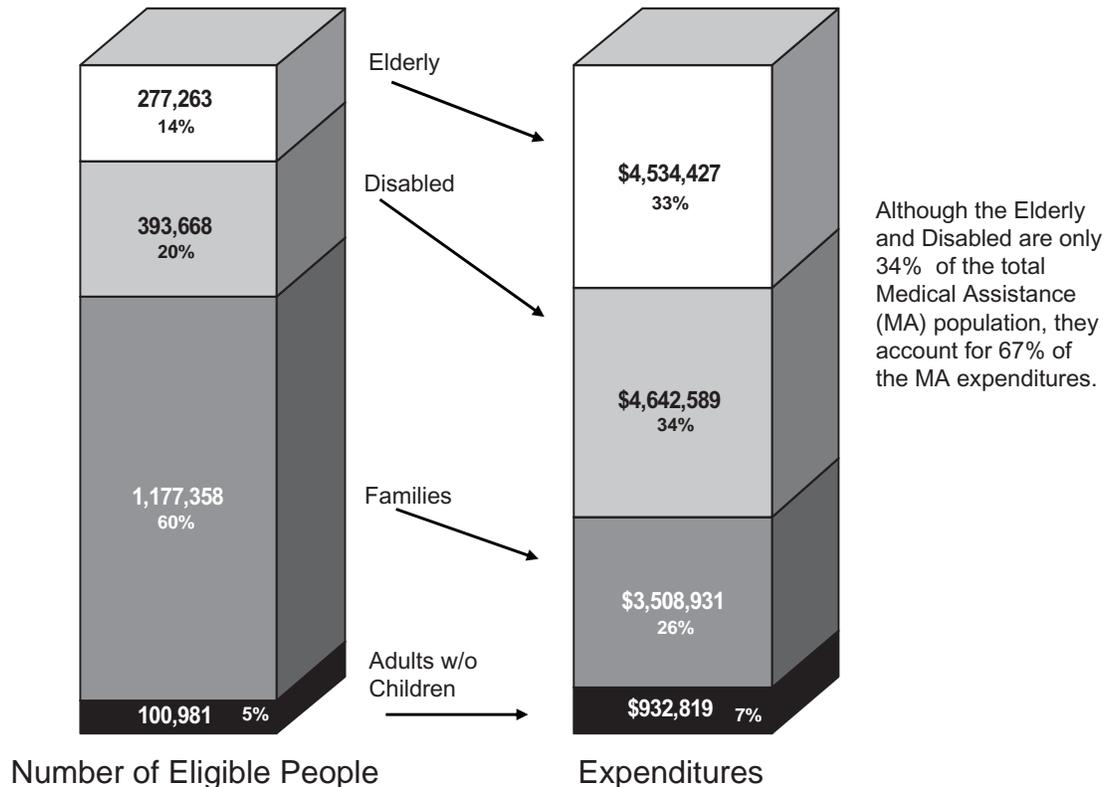
with HIV/AIDS disease and for limited mental health drug therapy for persons residing in the community who suffer from schizophrenia and who are not eligible for drug coverage through the regular Medical Assistance program or some other entity such as Medicare Part D. Persons with HIV/AIDS disease and a gross annual income of less than \$35,000 for an individual or \$35,000 plus \$2,893 for each additional family member, and have the appropriate medical diagnosis are eligible for the HIV/AIDS component. Mental Health applicants with a gross annual income of less than \$30,000 for an individual or \$30,000 plus \$2,480 for each additional family member, and have the appropriate medical diagnosis are eligible for the Mental Health component.

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 2008-09
(Dollar Amounts in Thousands)



Program: Medical Assistance (continued)

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Persons participating in Medical Assistance (monthly average)..... | 1,883,235 | 1,915,240 | 1,949,270 | 1,990,590 | 2,049,715 | 2,102,925 | 2,155,515 |
| Medical Assistance recipients served (monthly average):..... | | | | | | | |
| Fee-for-service delivery - Physical Health Only..... | 796,763 | 824,788 | 837,901 | 855,345 | 880,650 | 903,515 | 926,110 |
| Average Managed Care Enrollment - Physical Health..... | 1,086,472 | 1,090,452 | 1,111,369 | 1,135,245 | 1,169,065 | 1,199,410 | 1,229,405 |
| Average HealthChoices Behavioral Health enrollment..... | 1,256,680 | 1,615,063 | 1,641,920 | 1,675,265 | 1,725,245 | 1,769,705 | 1,814,310 |
| Outpatient | | | | | | | |
| Services/visits per 1,000 enrollees: | | | | | | | |
| Physicians visits..... | 2,390 | 2,390 | 2,398 | 2,405 | 2,415 | 2,420 | 2,430 |
| Clinic visits..... | 1,136 | 1,136 | 1,140 | 1,145 | 1,150 | 1,150 | 1,155 |
| Emergency room visits..... | 626 | 626 | 614 | 600 | 590 | 575 | 565 |
| Average prescriptions filled per enrollee per month..... | 2.4 | 2.5 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 |
| Percentage of generic and over the counter prescriptions..... | 64.6% | 65.0% | 66.0% | 67.0% | 68.0% | 68.0% | 68.0% |
| Percentage of brand name prescriptions filled..... | 25.8% | 25.0% | 24.0% | 24.0% | 24.0% | 24.0% | 24.0% |
| Average cost - generic and over the counter..... | \$14.31 | \$12.50 | \$13.75 | \$15.12 | \$16.64 | \$18.30 | \$20.00 |
| Average cost - brand name..... | \$122.85 | \$125.00 | \$137.50 | \$151.25 | \$166.37 | \$183.01 | \$150.00 |
| 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..... | 92.3% | 92.7% | 93.0% | 93.5% | 94.0% | 94.5% | 95.0% |
| Percentage of children age 12 to 24 months visiting a doctor or nurse in the past year..... | 93.5% | 94.1% | 95.4% | 96.0% | 96.5% | 97.0% | 97.5% |
| Percentage of children 25 months to 6 years visiting a doctor or nurse in the past year..... | 83.1% | 83.5% | 84.0% | 84.5% | 85.0% | 85.5% | 86.0% |
| Percentage of pregnant women who received over 80% of the recommended prenatal visits..... | 65.7% | 66.4% | 66.5% | 67.0% | 67.5% | 68.0% | 68.5% |
| Transportation Program | | | | | | | |
| One-way trips (in thousands)..... | 7,804 | 8,423 | 9,091 | 9,091 | 9,091 | 9,091 | 9,091 |
| Cost per trip..... | \$13.04 | \$14.03 | \$14.40 | \$14.40 | \$14.40 | \$14.40 | \$14.40 |
| Medical Care for Workers with Disabilities | | | | | | | |
| Recipients enrolled in program..... | 7,888 | 9,338 | 10,541 | 11,742 | 12,943 | 14,144 | 15,345 |

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 | | | |
| \$ | -10,816 | —reduction in mandated payback for pharmacy services. | -10,906 | —nonrecurring projects. |
| | | | -1,070 | —reduction in operating costs. |
| | | | -2,805 | —revision of federal financial participation from 54.08% to 54.52%. |
| | | | -1,501 | —Initiative—Enhancing Quality, Affordability and Access in the Medical Assistance program. Savings achieved by improving program oversight. |
| \$ | 49,066 | Medical Assistance—Outpatient | | |
| | 7,434 | —change in utilization and caseload. | | |
| | 49,107 | —increase in cost and clients eligible for Medicare Part B premiums. | -1,338 | —Initiative—Improving Insurance Coverage for Children with Autism. Savings achieved by improving the services children with autism receive through their private insurance providers. |
| | 3,386 | —nonrecurring prior year carryover funds. | | |
| | | —to provide for administrative and other cash flow changes. | | |
| | -9,305 | —annualization of prior year initiatives. | | |
| | -17,430 | —savings as a result of the expansion of behavioral health services through the HealthChoices program. | \$ | -14,183 |
| | | | | <i>Appropriation Decrease</i> |
| | -3,561 | —revision of federal financial participation from 54.08% to 54.52%. | \$ | 153,761 |
| | -13,868 | —Initiative—Enhancing Quality, Affordability and Access in the Medical Assistance program. Savings achieved by improving program oversight and enhancing incentives for appropriate service options, including increased fees for selected providers. | | 49,955 |
| | | | | 21,964 |
| | 5,987 | —Initiative—Expanding Pharmacy Benefits. To provide prescription drug coverage to the 12,900 Medical Assistance recipients for whom these services are not currently available. | -20,624 | —to provide for administrative and other cash flow impacts. |
| | | | 193,917 | —impact of prior year change in timing of managed care payments. |
| | -2,274 | —Initiative—Improving Insurance Coverage for Children with Autism. Savings achieved by improving the services children with autism receive through their private insurance providers. | -17,499 | —revision of federal financial participation from 54.08% to 54.52%. |
| | | | 5,338 | —Initiative—Expanding Pharmacy Benefits. To provide prescription drug coverage to the 30,100 Medical Assistance recipients for whom these services are not currently available. |
| | 120,468 | —Initiative—Health Choices Plus. To implement a new service delivery model in the western part of the state providing expanded choice to Medical Assistance consumers. In addition, a new managed care model will be introduced in the Southeast and Lehigh/Capitol zones which will challenge bidders to provide innovative approaches to support the goals of Prescription for Pennsylvania. Under these new models, the department will also assume responsibility for managing the pharmacy benefit in an effort to simplify prescribing, dispensing and claims submission. | -12,859 | —Initiative—Improving Insurance Coverage for Children with Autism. Savings achieved by improving the services children with autism receive through their private insurance providers. |
| | | | -17,233 | —Initiative—Enhancing Quality, Affordability and Access in the Medical Assistance program. Savings achieved by improving program oversight and enhancing incentives for appropriate service options. |
| | | | -237,756 | —Initiative—Health Choices Plus. To implement a new service delivery model in the western part of the state providing expanded choice to Medical Assistance consumers. In addition, a new managed care model will be introduced in the Southeast and Lehigh/Capitol zones which will challenge bidders to provide innovative approaches to support the goals of Prescription for Pennsylvania. Under these new models, the department will also assume responsibility for managing the pharmacy benefit in an effort to simplify prescribing, dispensing and claims submission. |
| \$ | 189,010 | <i>Appropriation Increase</i> | | |
| | | Medical Assistance—Inpatient | | |
| \$ | 7,388 | —change in caseload and utilization. | | |
| | 5,721 | —annualization of prior year hospital rate increase. | | |
| | -11,535 | —to provide for administrative and other cash flow changes. | | |
| | 7,598 | —increase in costs and clients eligible for Medicare Part A premiums. | \$ | 118,964 |
| | -5,735 | —savings as a result of the expansion of behavioral health services through the HealthChoices program. | | <i>Appropriation Increase</i> |

Program: Medical Assistance (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | |
|--|---|--|---|
| <p>\$ -5,000</p> <p>\$ -5,000</p> <p>\$ 108 -119</p> <hr/> <p>\$ -11</p> <p>7,310</p> <p>\$ 2,368 849 -500</p> <hr/> <p>\$ 2,717</p> | <p>Obstetric and Neonatal Services —nonrecurring project.</p> <p>Hospital Based Burn Centers —nonrecurring project.</p> <p>Medical Assistance - Academic Medical Centers —to continue current program. —revision of federal financial participation from 54.08% to 54.52%. <i>Appropriation Decrease</i></p> <p>Medical Assistance - Physician Practice Plans —Initiative—Federalizing Physician Practice Plans. To enable university-affiliated physician practice plans to claim \$8.8 million in new federal Medicaid funds.</p> <p>Medical Assistance Transportation —increased utilization. —increased cost per trip. —Initiative—Enhancing Quality, Affordability and Access in the Medical Assistance program. Savings achieved by improving program oversight. <i>Appropriation Increase</i></p> | <p>\$ -4,655</p> <p>\$ -21,175</p> <p>\$ 4,401</p> <p>\$ 1,995</p> | <p>Expanded Medical Services for Women —savings from the implementation of the SelectPlan for Women Waiver.</p> <p>Acute Care —nonrecurring project.</p> <p>TOBACCO SETTLEMENT FUND Medical Care for Workers with Disabilities —to provide services to additional recipients.</p> <p>Hospital Uncompensated Care —increase in Tobacco Settlement Funds available for transfer.</p> |
|--|---|--|---|

All other appropriations are recommended at the current year funding level.

This budget recommends \$9,835,000 in federal funds and \$8,378,000 in other funds for the Cover All Pennsylvanians program which will provide health care coverage for more than 144,000 uninsured adults. Please see the Prescription for Pennsylvania theme in the Overview and Summaries section for additional information on Cover All Pennsylvanians.

In addition, this budget recommends \$7,451,000 in other funds for the implementation of Cover All Pennsylvanians. Please see the Prescription for Pennsylvania theme in the Overview and Summaries section for additional information on Cover All Pennsylvanians.

This budget also recommends \$8,763,000 in federal Medicaid funding to support physician practice plans affiliated with Philadelphia Health and Education Corporation, the University of Pennsylvania and Thomas Jefferson University.

Program: Medical Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Payment to Federal Government - | | | | | | | |
| Medicare Drug Program | \$ 338,500 | \$ 384,872 | \$ 374,056 | \$ 374,056 | \$ 374,056 | \$ 374,056 | \$ 374,056 |
| Medical Assistance - Outpatient | 671,472 | 593,992 | 783,002 | 856,133 | 909,111 | 966,323 | 1,028,107 |
| Medical Assistance - Inpatient | 513,020 | 468,589 | 454,406 | 477,070 | 493,773 | 510,052 | 527,943 |
| Medical Assistance - Capitation | 2,672,635 | 2,700,022 | 2,818,986 | 3,045,337 | 3,278,580 | 3,528,172 | 3,795,263 |
| Medical Assistance - Obstetric and | | | | | | | |
| Neonatal Services | 0 | 5,000 | 0 | 0 | 0 | 0 | 0 |
| Hospital Based Burn Centers | 5,000 | 5,000 | 0 | 0 | 0 | 0 | 0 |
| Trauma Centers | 12,500 | 12,500 | 12,500 | 12,500 | 12,500 | 12,500 | 12,500 |
| Medical Assistance - Academic Medical | | | | | | | |
| Centers | 21,299 | 21,592 | 21,581 | 21,581 | 21,581 | 21,581 | 21,581 |
| Medical Assistance - Physician Practice | | | | | | | |
| Plans | 0 | 0 | 7,310 | 14,620 | 14,620 | 14,620 | 14,620 |
| Medical Assistance - Transportation | 53,787 | 63,102 | 65,819 | 65,819 | 65,819 | 65,819 | 65,819 |
| Expanded Medical Services for Women | 9,038 | 9,310 | 4,655 | 4,655 | 4,655 | 4,655 | 4,655 |
| AIDS Special Pharmaceutical Services | 16,267 | 16,267 | 16,267 | 16,267 | 16,267 | 16,267 | 16,267 |
| Special Pharmaceutical Services | 6,852 | 5,678 | 5,678 | 5,678 | 5,678 | 5,678 | 5,678 |
| Acute Care Hospitals | 14,500 | 21,175 | 0 | 0 | 0 | 0 | 0 |
| TOTAL GENERAL FUND | <u>\$ 4,334,870</u> | <u>\$ 4,307,099</u> | <u>\$ 4,564,260</u> | <u>\$ 4,893,716</u> | <u>\$ 5,196,640</u> | <u>\$ 5,519,723</u> | <u>\$ 5,866,489</u> |
| TOBACCO SETTLEMENT FUND: | | | | | | | |
| Medical Care for Workers with Disabilities | | | | | | | |
| (EA) | \$ 26,663 | \$ 20,551 | \$ 24,952 | \$ 29,031 | \$ 33,501 | \$ 38,298 | \$ 43,438 |
| Uncompensated Care (EA) | 33,623 | 35,193 | 37,188 | 33,409 | 29,835 | 28,894 | 29,128 |
| Transfer to Cover All Pennsylvanians (EA) | 0 | 0 | 0 | 4,992 | 9,422 | 11,237 | 11,897 |
| TOTAL TOBACCO SETTLEMENT | | | | | | | |
| FUND | <u>\$ 60,286</u> | <u>\$ 55,744</u> | <u>\$ 62,140</u> | <u>\$ 67,432</u> | <u>\$ 72,758</u> | <u>\$ 78,429</u> | <u>\$ 84,463</u> |

PROGRAM OBJECTIVE: The Long Term Living program supports a consumer-driven system that ensures choice from a full range of long-term living services. The program offers eligible consumers choice in where they receive long-term living services, providing high-quality care to these individuals in the clinically appropriate, least restrictive and most cost-effective environment.

Program: Long Term Living

Program Element: Long-Term Care

Long-term care is a continuum of services ranging from independent living at home with the support of community services to institutional care. The Department of Aging's Pre-Admission Assessment program acts as a "gatekeeper" to manage access to this continuum.

Institutional services are provided to eligible persons by nursing facilities certified, in accordance with established standards, to participate in the Medical Assistance program. 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.

Older Pennsylvanians who are in need of nursing home care can receive services in the community through the federal Medicaid Home and Community-Based Waiver Program and the Long-Term Care Capitated Assistance Program (LTCCAP). These programs provide assistance with activities of daily living as well as nursing services while incorporating the informal supports available through family and friends. Additionally, the LTCCAP integrates Medicare funding with Medicaid funding to provide a fully coordinated and comprehensive service package to their enrollees.

As the costs for both nursing homes and home and community-based services have grown, the need to realign both the supply of services and the funding that supports them has become increasingly evident. The Office of Long Term Living has been charged with developing plans for the future of Medicaid long-term living services in the commonwealth, building upon the successes of the administration's efforts to reform and rebalance the state's long-term care system.

This budget continues to provide home and community-based care as a cost effective alternative to nursing facility care with particular emphasis on transitioning nursing home residents wishing to leave a facility-based care setting and return to their home or community. Home and community-based services promote independence and self-reliance, and maximize opportunities for family and community involvement.

Program Element: Services to the Disabled

A variety of specialized services are provided to enable people with physical and/or cognitive impairments 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 through a network of Medical Assistance providers.

The Attendant Care program provides services to mentally-alert adults with physical disabilities between the ages 18 and 59 through a variety of program models. Personal assistance services such as dressing and grooming are provided, enabling recipients to remain in or return to their own homes and maintain an independent lifestyle. Persons age 60 and over receive attendant care through funding provided by the Department of Aging.

People with physical disabilities such as cerebral palsy and other impairments (not including mental illness) are served both in nursing homes and community residential settings. Persons who are developmentally disabled have limitations in the areas of self-care, understanding and/or use of language, learning, mobility, self-direction and capacity for independent living. The services assist consumers to function as independently as possible. Many of the people served had been in nursing homes but are able to live in the community with support. Others are able to avoid institutionalization through supports offered by the program.

Similar services are provided to individuals with cognitive disabilities such as, but not limited to, traumatic brain injury, who do not have other related disabilities. These services are provided to enable the consumers to function in the community as independently as possible after they have progressed beyond initial acute rehabilitation. This population requires a special mix of services to address short-term memory issues through functional rather than medical supports.

This budget proposes to increase the availability of home and community-based care 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.

Program: Long Term Living (continued)

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Long-Term Care | | | | | | | |
| Recipients under age 60 receiving institutional care (annual unduplicated users) | 7,199 | 7,254 | 7,307 | 7,235 | 7,165 | 7,090 | 7,020 |
| Recipients over age 60 receiving institutional care (monthly average)..... | 73,946 | 74,507 | 75,059 | 75,135 | 75,195 | 75,225 | 75,250 |
| Percentage of long-term care recipients receiving institutional care | 72.8% | 70.3% | 67.7% | 65.5% | 63.3% | 61.1% | 59.0% |
| Average monthly cost of nursing home care* | \$4,152 | \$4,321 | \$4,321 | \$4,407 | \$4,495 | \$4,585 | \$4,677 |
| Recipients over age 60 receiving home and community-based waiver services | 17,950 | 20,630 | 23,111 | 25,980 | 28,955 | 32,050 | 35,245 |
| Average monthly cost of home and community-based waiver services age 60 and over* | \$1,667 | \$1,709 | \$1,741 | \$1,775 | \$1,811 | \$1,847 | \$1,884 |
| Percentage of long-term care recipients receiving services in the community | 27.2% | 29.7% | 32.3% | 34.5% | 36.7% | 38.9% | 41.0% |
| Recipients receiving services through the Long-Term Care Capitated Assistance Program..... | 1,480 | 1,784 | 2,236 | 2,750 | 3,385 | 4,160 | 5,120 |
| Other Long-Term Living Services | | | | | | | |
| Recipients under age 60 receiving Attendant Care services (Waiver and Act 150)..... | 7,242 | 7,838 | 8,791 | 8,795 | 8,795 | 8,795 | 8,795 |
| Persons with developmental disabilities served in the community | 3,619 | 4,244 | 5,129 | 5,130 | 5,130 | 5,130 | 5,130 |

*New program measures.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | |
|-----------|--|------------|--|
| | GENERAL FUND | 5,396 | —Initiative—Reforming the Long-Term Living System. To improve community-based infrastructure and expand residential options, including supportive housing and adult day services. |
| \$ 12,312 | Long-Term Care | | |
| | —for projected increase in nursing home utilization. | | |
| 5,533 | —for utilization and per diem rate increases in the Long-Term Care Capitated Assistance Program. | \$ 172,452 | <i>Appropriation Increase</i> |
| 21,985 | —to provide for increased home and community-based services, including nursing home transition activities. | \$ 3,046 | Services to Persons with Disabilities |
| 184,302 | —replacement of Intergovernmental Transfer funds. | 7,204 | —to continue current program. |
| –16,456 | —to provide for administrative and other cash flow impacts. | 3,893 | —to annualize previous expansion of community services. |
| –30,657 | —reflects impact of increase in available Tobacco Settlement Funds. | –496 | —nonrecurring prior year carryover funds. |
| –8,768 | —revision of Federal financial participation from 54.08% to 54.52%. | 7,147 | —revision of Federal financial participation from 54.08% to 54.52%. |
| –1,000 | —Initiative—Enhancing Quality, Affordability and Access in the Medical Assistance Program. Savings achieved by improving program oversight. | –288 | —Initiative—Reforming the Long-Term Living System. To expand residential options for consumers and provide services to 576 additional people. |
| –195 | —Initiative—Money Follows the Person. Savings as a result of increasing federal funds for home and community-based services for 376 elderly persons currently residing in institutions. This initiative is consistent with prior-year efforts to increase the use of home and community-based care and decrease the use of institutionalization. | \$ 20,506 | —Initiative—Money Follows the Person. Savings achieved by increasing federal funds for home and community-based services for 50 additional people leaving institutional settings. This initiative is consistent with prior-year efforts to increase the use of home and community-based care and decrease the use of institutionalization. |
| | | | <i>Appropriation Increase</i> |

Program: Long Term Living (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

| Attendant Care | | TOBACCO SETTLEMENT FUND | |
|-----------------------|--|--------------------------------|---|
| \$ 3,845 | —to continue current program. | | Home and Community-Based Services |
| 5,924 | —to annualize previous expansion of community services. | \$ -5,319 | —nonrecurring reallocation of prior year funds. |
| -7,616 | —to reflect prior year carryover funds. | -1,882 | —decrease in fund available for transfer. |
| -319 | —revision of federal financial participation from 54.08% to 54.52%. | \$ -7,201 | <i>Appropriation Decrease</i> |
| 5,099 | —Initiative—Reforming the Long-Term Living System. To expand residential options for consumers and provide services to 593 additional people. | | Medical Assistance - Long-Term Care |
| | | \$ 30,657 | —increase in Tobacco Settlement Funds available for transfer. |
| -158 | —Initiative—Money Follows the Person. Savings achieved by increasing federal funds for home and community-based services for 57 additional people leaving institutional settings. This initiative is consistent with prior-year efforts to increase the use of home and community-based care and decrease the use of institutionalization. | | |
| <u>\$ 6,775</u> | <i>Appropriation Increase</i> | | |

This budget recommends continuation of the Lottery Fund Medical Assistance Long-Term Care appropriation at the current year funding level.

In addition, this budget recommends \$1,621,000 in additional federal funds for home and community-based services for the elderly.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Long-Term Care..... | \$ 695,279 | \$ 762,585 | \$ 935,037 | \$ 1,107,209 | \$ 1,151,070 | \$ 1,199,853 | \$ 1,249,326 |
| Services to Persons with Disabilities..... | 49,703 | 68,964 | 89,470 | 101,984 | 101,689 | 102,798 | 103,014 |
| Attendant Care..... | 65,086 | 84,753 | 91,528 | 117,403 | 117,241 | 117,850 | 117,968 |
| TOTAL GENERAL FUND..... | <u>\$ 810,068</u> | <u>\$ 916,302</u> | <u>\$ 1,116,035</u> | <u>\$ 1,326,596</u> | <u>\$ 1,370,000</u> | <u>\$ 1,420,501</u> | <u>\$ 1,470,308</u> |
| LOTTERY FUND: | | | | | | | |
| Medical Assistance - Long-Term Care..... | \$ 248,771 | \$ 248,771 | \$ 248,771 | \$ 124,386 | \$ 124,386 | \$ 124,386 | \$ 124,386 |
| TOBACCO SETTLEMENT FUND: | | | | | | | |
| Home and Community-Based Services (EA)..... | \$ 31,373 | \$ 29,777 | \$ 22,576 | \$ 23,312 | \$ 23,831 | \$ 24,362 | \$ 24,905 |
| Medical Assistance-Long-Term Care..... | 65,909 | 104,810 | 135,467 | 132,562 | 133,633 | 134,725 | 135,839 |
| TOTAL TOBACCO SETTLEMENT FUND..... | <u>\$ 97,282</u> | <u>\$ 134,587</u> | <u>\$ 158,043</u> | <u>\$ 155,874</u> | <u>\$ 157,464</u> | <u>\$ 159,087</u> | <u>\$ 160,744</u> |

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 and other support services and cash.

Program Element: Income Assistance

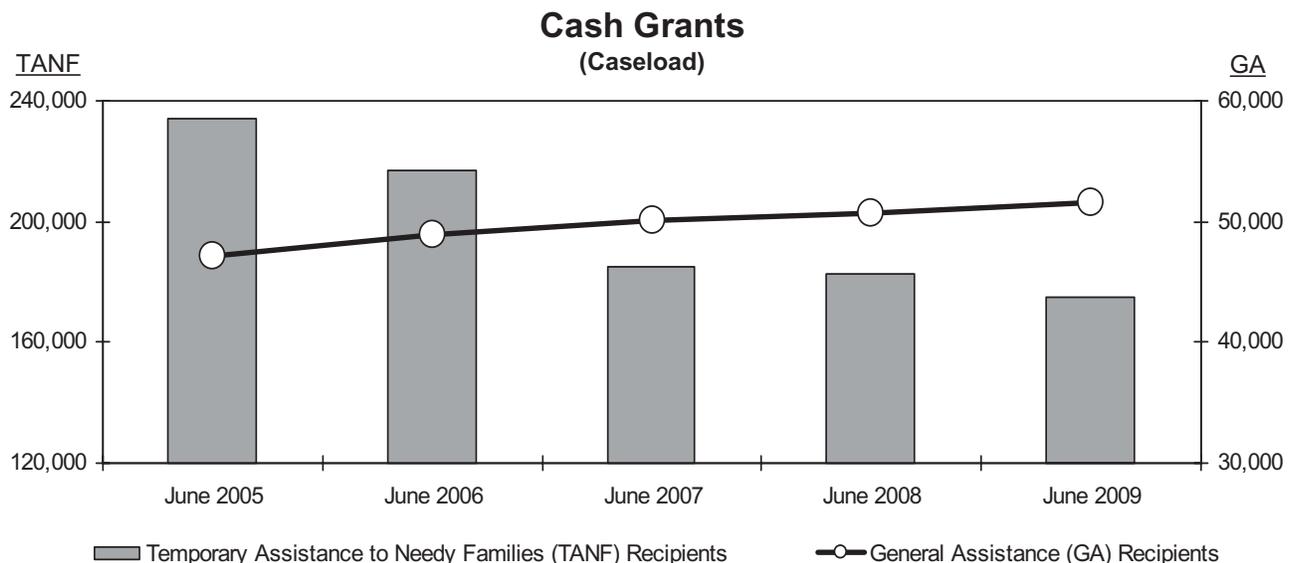
Cash assistance is provided for a limited time to people who meet income and resource guidelines and who comply with work activity requirements.

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 nonfinancial 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 that the individual will take and the services that 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 take realistic, concrete steps that will lead to increased success in the workplace upon applying for benefits. Adults are required to either work or participate in a work related activity.

Upon application or re-determination for cash, 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 generated 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 which 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 (LIHEAP) 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 \$637.00 and \$956.00 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 \$60.00 a month.

The department also administers a Disability Advocacy Program (DAP) 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 includes 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. The department has renamed the Single Point of Contact

program (SPOC) to Employment, Advancement, Retention Network (EARN) as a more accurate description of efforts to assist clients into employment, and help them attain and retain better jobs to move towards self sufficiency. The department partners with the Departments of Community and Economic Development and Labor and Industry to offer subsidized employment and other education and training programs that respond to the needs of the local business community. 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 of Public Welfare and the Domestic Relations Section of the County 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 become 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 of Public Welfare 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 and arrears support averages 75 percent of amounts due — the highest percentage of any state.

Program: Income Maintenance (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | Supplemental Grants - Aged, Blind, Disabled |
|-------|-------|---|
| \$ | 4,575 | —for increased caseload and average benefits. |
| | 1,000 | —offset reduction in available Intergovernmental Transfer funds. |
| | 3,400 | —annualization of prior year initiative to expand residential alternatives to institutional care. |
| <hr/> | | |
| \$ | 8,975 | <i>Appropriation Increase</i> |

In addition, this budget recommends \$3,425,000 in other funds for the implementation of Cover All Pennsylvanians. Please see the Prescription for Pennsylvania theme in the Overview and Summaries section for additional information on Cover All Pennsylvanians.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| County Administration - Statewide..... | \$ 33,780 | \$ 36,832 | \$ 39,650 | \$ 39,477 | \$ 38,454 | \$ 38,454 | \$ 38,454 |
| County Assistance Offices..... | 250,417 | 254,092 | 269,934 | 269,780 | 269,617 | 269,444 | 269,260 |
| Child Support Enforcement | 6,736 | 13,556 | 16,833 | 16,833 | 16,833 | 16,833 | 16,833 |
| New Directions | 60,334 | 61,312 | 60,075 | 60,075 | 60,075 | 60,075 | 60,075 |
| Cash Grants | 478,338 | 273,047 | 266,946 | 266,946 | 266,946 | 266,946 | 266,946 |
| Supplemental Grants - Aged, Blind and Disabled..... | <u>135,413</u> | <u>140,271</u> | <u>149,246</u> | <u>180,741</u> | <u>180,741</u> | <u>180,741</u> | <u>180,741</u> |
| TOTAL GENERAL FUND | \$ 965,018 | \$ 779,110 | \$ 802,684 | \$ 833,852 | \$ 832,666 | \$ 832,493 | \$ 832,309 |

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 including mental health treatment services and supports as well as substance abuse services. The objective of these services is to support individual movement to recovery. The department seeks to ensure that there is an integrated approach to both the delivery and financing of behavioral health services. The department administers community mental health funds, Behavioral Health Services Initiative (BHSI) funds for both mental health and substance abuse services for eligible individuals, Act 152 funds to provide non-hospital residential substance abuse services, and federal grant funds. In addition, the department manages the Medicaid HealthChoices Behavioral Health Managed Care program either through county contracts or by direct contract with a behavioral health managed care organization. Direct mental health treatment services are provided through eight state-operated hospitals and one restoration (long-term care) center. Finally, the department oversees 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 (MHPA) of 1976.

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/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 jointers or through contracts with private, nonprofit organizations or agencies. Services, with some exceptions, are funded with state, federal and/or county matching funds.

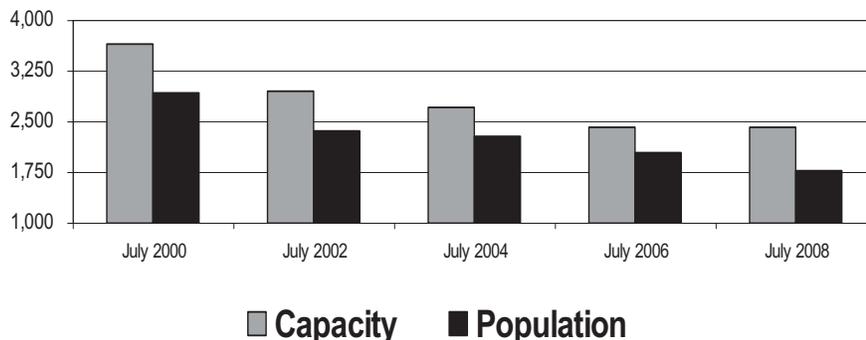
Program Element: Substance Abuse Services

The department is responsible for the oversight and administration of Behavioral Health Services Initiative (BHSI) funding. Substance abuse treatment services funded by BHSI 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 through this allocation include the full continuum of treatment, as well as case management services to assist this population in 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. In order 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).

Mental Hospitals
Population Compared to Capacity



As more people receive mental health services in the community, the population at state mental hospitals has declined by 1,144 or 39%, since July of 2000.

Program: Mental Health (continued)

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Community Mental Health Services | | | | | | | |
| Persons provided mental health services..... | 517,440 | 521,943 | 526,585 | 531,195 | 535,855 | 540,565 | 545,330 |
| Persons receiving mental health inpatient and outpatient services from community mental health funds (unduplicated) | 122,661 | 123,888 | 125,215 | 126,470 | 127,735 | 129,010 | 130,300 |
| Persons receiving services through Medical Assistance expenditures (fee for service and HealthChoices) (unduplicated) | 361,166 | 364,778 | 368,425 | 372,110 | 375,830 | 379,590 | 383,385 |
| Persons receiving services through BHSI funds (unduplicated) | 33,613 | 33,277 | 32,945 | 32,615 | 32,290 | 31,965 | 31,645 |
| Average cost per person served..... | \$3,721 | \$3,758 | \$3,796 | \$3,834 | \$3,872 | \$3,911 | \$3,950 |
| Substance Abuse Services | | | | | | | |
| Persons receiving DPW administered substance abuse services | 100,303 | 100,336 | 100,380 | 100,430 | 100,495 | 100,565 | 100,645 |
| Persons receiving services through Medical Assistance expenditures (fee-for-service and HealthChoices) (unduplicated) | 51,769 | 52,287 | 52,810 | 53,340 | 53,870 | 54,410 | 54,955 |
| Persons receiving services through Act 152 funds (unduplicated) | 6,311 | 6,248 | 6,185 | 6,125 | 6,065 | 6,000 | 5,940 |
| Persons receiving services through BHSI funds (unduplicated) | 42,223 | 41,801 | 41,385 | 40,970 | 40,560 | 40,155 | 39,750 |
| Average cost per person served..... | \$1,974 | \$1,994 | \$2,014 | \$2,034 | \$2,054 | \$2,075 | \$2,095 |
| State Mental Hospitals | | | | | | | |
| Persons served in state mental hospitals | 3,575 | 3,539 | 3,415 | 3,380 | 3,345 | 3,310 | 3,275 |
| Admissions to state mental hospitals | 1,390 | 1,376 | 1,240 | 1,215 | 1,190 | 1,165 | 1,140 |
| Cost per person in state mental hospital population | \$114,297 | \$115,440 | \$116,594 | \$117,760 | \$118,938 | \$120,127 | \$121,328 |
| Forensic admissions to state mental hospitals... | 514 | 509 | 505 | 500 | 495 | 490 | 485 |
| Percentage of adults readmitted to state mental hospitals within one year of last discharge | 10% | 9% | 8% | 7% | 6% | 5% | 4% |
| Percentage of persons in state mental hospitals with stay longer than two years | 32% | 27% | 22% | 17% | 12% | 7% | 2% |

Hospital and Restoration Center Populations for the Prior, Current and Upcoming Year:

| State Mental Hospitals | Population July 2006 | Population July 2007 | Projected Population July 2008 | Projected Bed Capacity July 2008 | Projected Percent of Capacity July 2008 |
|------------------------|-------------------------|-------------------------|--------------------------------------|---|--|
| Allentown..... | 174 | 174 | 175 | 210 | 83.3% |
| Clarks Summit..... | 220 | 225 | 175 | 265 | 66.0% |
| Danville..... | 182 | 173 | 170 | 170 | 100.0% |
| Mayview..... | 320 | 277 | 145 | 398 | 36.4% |
| Norristown..... | 395 | 374 | 360 | 454 | 79.3% |
| South Mountain..... | 132 | 133 | 124 | 159 | 78.0% |
| Torrance..... | 222 | 231 | 215 | 270 | 79.6% |
| Warren..... | 184 | 187 | 200 | 250 | 80.0% |
| Wernersville..... | 219 | 207 | 220 | 240 | 91.7% |
| TOTAL..... | 2,048 | 1,981 | 1,784 | 2,416 | 73.8% |

Program: Mental Health (continued)

Total Proposed Expenditures by Hospital, Restoration Center and Community Programs:

| | 2006-07 | 2007-08 | 2008-09 | | 2006-07 | 2007-08 | 2008-09 |
|--|------------------|------------------|------------------|---|-------------------|-------------------|-------------------|
| | Actual | Available | Budget | | Actual | Available | Budget |
| Allentown | | | | Torrance | | | |
| State Funds..... | \$ 29,376 | \$ 31,210 | \$ 30,937 | State Funds..... | \$ 39,248 | \$ 39,609 | \$ 40,273 |
| Federal Funds..... | 2,777 | 2,433 | 2,480 | Federal Funds..... | 4,217 | 3,873 | 4,158 |
| Augmentations..... | 973 | 851 | 851 | Augmentations..... | 1,261 | 1,162 | 1,162 |
| TOTAL..... | <u>\$ 33,126</u> | <u>\$ 34,494</u> | <u>\$ 34,268</u> | TOTAL..... | <u>\$ 44,726</u> | <u>\$ 44,644</u> | <u>\$ 45,593</u> |
| Clarks Summit | | | | Warren | | | |
| State Funds..... | \$ 34,558 | \$ 36,556 | \$ 39,773 | State Funds..... | \$ 34,491 | \$ 37,402 | \$ 38,523 |
| Federal Funds..... | 4,000 | 3,656 | 3,904 | Federal Funds..... | 4,138 | 3,794 | 4,041 |
| Augmentations..... | 1,085 | 1,259 | 1,258 | Augmentations..... | 1,280 | 1,400 | 1,400 |
| TOTAL..... | <u>\$ 39,643</u> | <u>\$ 41,471</u> | <u>\$ 44,935</u> | TOTAL..... | <u>\$ 39,909</u> | <u>\$ 42,596</u> | <u>\$ 43,964</u> |
| Danville | | | | Wernersville | | | |
| State Funds..... | \$ 30,374 | \$ 32,394 | \$ 32,940 | State Funds..... | \$ 34,486 | \$ 37,872 | \$ 37,356 |
| Federal Funds..... | 7,894 | 7,550 | 5,750 | Federal Funds..... | 5,834 | 5,490 | 5,742 |
| Augmentations..... | 1,044 | 921 | 922 | Augmentations..... | 1,721 | 1,415 | 1,415 |
| TOTAL..... | <u>\$ 39,312</u> | <u>\$ 40,865</u> | <u>\$ 39,612</u> | TOTAL..... | <u>\$ 42,041</u> | <u>\$ 44,777</u> | <u>\$ 44,513</u> |
| Mayview | | | | Administrative Cost | | | |
| State Funds..... | \$ 59,000 | \$ 57,136 | \$ 39,796 | State Funds..... | \$ 6,190 | \$ 3,903 | \$ 3,868 |
| Federal Funds..... | 5,688 | 5,344 | 4,257 | Federal Funds..... | 0 | 0 | 0 |
| Augmentations..... | 1,001 | 933 | 933 | Augmentations..... | 48 | 0 | 0 |
| TOTAL..... | <u>\$ 65,689</u> | <u>\$ 63,413</u> | <u>\$ 44,986</u> | TOTAL..... | <u>\$ 6,238</u> | <u>\$ 3,903</u> | <u>\$ 3,868</u> |
| Norristown | | | | Community Programs | | | |
| State Funds..... | \$ 63,879 | \$ 69,749 | \$ 62,079 | State Funds..... | \$ 339,578 | \$ 356,850 | \$ 386,280 |
| Federal Funds..... | 6,027 | 5,682 | 7,285 | Federal Funds..... | 228,385 | 214,196 | 210,739 |
| Augmentations..... | 1,696 | 1,212 | 1,212 | Augmentations..... | 0 | 0 | 0 |
| TOTAL..... | <u>\$ 71,602</u> | <u>\$ 76,643</u> | <u>\$ 70,576</u> | TOTAL..... | <u>\$ 567,963</u> | <u>\$ 571,046</u> | <u>\$ 597,019</u> |
| South Mountain State Restoration Center | | | | Maintenance and security costs for closed facilities | | | |
| State Funds..... | \$ 12,435 | \$ 22,978 | \$ 24,771 | State Funds | \$ 1,840 | \$ 0 | \$ 0 |
| Federal Funds..... | 15,644 | 15,300 | 15,602 | | | | |
| Augmentations..... | 1,288 | 1,296 | 1,296 | | | | |
| TOTAL..... | <u>\$ 29,367</u> | <u>\$ 39,574</u> | <u>\$ 41,669</u> | | | | |

Program: Mental Health (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | | | |
|----------|--|-----------|-------|---|--|
| | Mental Health Services | | | | |
| \$ 7,707 | —to continue current program. | | 4,390 | —Initiative – Expanding Community Mental Health Services. To provide part-year home and community-based services for 91 persons currently residing in state hospitals. This initiative is consistent with prior-year efforts to increase the use of home and community-based care and decrease the use of institutionalization. | |
| 1,549 | —to annualize previous program revisions providing enhanced community services. | | | | |
| 7,125 | —to provide full-year home and community-based services for 75 individuals with mental illness currently residing at Mayview State Hospital. | | | | |
| -350 | —nonrecurring projects. | | -257 | —Initiative – Money Follows the Person. Savings as a result of obtaining federal funds for 45 persons with mental illness receiving home and community-based care. | |
| -717 | —consolidation of personnel functions. | | | | |
| -1,367 | —consolidation of information technology functions. | | | | |
| -1,995 | —to reflect 21 individuals transferring to the mental retardation waiver. | \$ 10,937 | | <i>Appropriation Increase</i> | |
| 2,000 | —to reflect change in federal earnings. | | | | |
| 10,847 | —reflects the transfer of structured treatment services from Medical Assistance. | \$ -3,500 | | Psychiatric Services in Eastern PA | |
| -17,995 | —reflects savings from the closure of Mayview State Hospital. | | | —nonrecurring project. | |

This budget recommends continuation of the Behavioral Health Services appropriation at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Mental Health Services..... | \$ 685,455 | \$ 725,659 | \$ 736,596 | \$ 733,480 | \$ 730,897 | \$ 730,802 | \$ 730,802 |
| Behavioral Health Services | 43,981 | 45,300 | 45,300 | 45,300 | 45,300 | 45,300 | 45,300 |
| Psychiatric Services in Eastern PA..... | 3,500 | 3,500 | 0 | 0 | 0 | 0 | 0 |
| TOTAL GENERAL FUND | \$ 732,936 | \$ 774,459 | \$ 781,896 | \$ 778,780 | \$ 776,197 | \$ 776,102 | \$ 776,102 |

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 delivered through the counties by community-based providers, by state operated institutions and by private Intermediate Care Facilities for the Mentally Retarded (ICF-MR) providers. 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 comprised 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 is toward using formalized services to enhance the natural supports that exist in the family and the community.

Program Element: Institutional Services

The Department of Public Welfare provides funding for privately operated institutional care for people with developmental disabilities. Services are also 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 under standards established by the Centers for Medicare & Medicaid Services (CMS). Private Intermediate Care Facilities for the Mentally Retarded (ICF/MR) 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

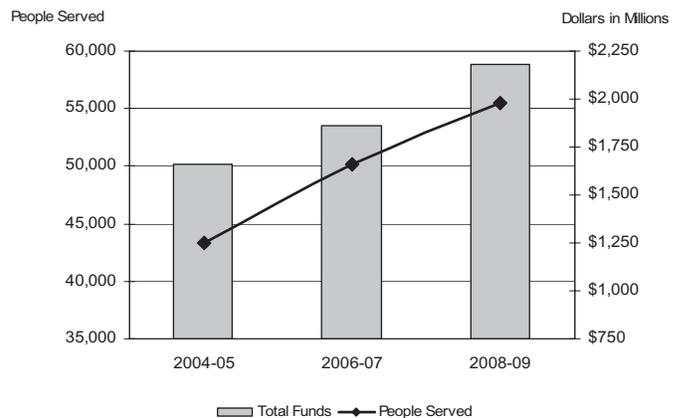
The Mental Health and Mental Retardation Act of 1966 provides the statutory basis for the development of community-based services for people with developmental disabilities. Community living arrangements include group homes, apartments with or without a roommate and life-sharing settings with family or friends. Day services such as supported employment, prevocational programs, adult training, and home and community habilitation are provided for people living in the community-based on individual needs. Other services available include transportation, home finding, environmental accessibility

adaptations, 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 of Public Welfare provides funding for a statewide model 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 in a way that builds independence while maintaining cost effectiveness. The Autism Waiver, to begin in July 2008, 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 healthcare 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.

Community Mental Retardation Services



Funding for the expansion of the community care program has increased by nearly \$519 million since 2004-05, providing services to an additional 12,181 people. Over the same period, the state centers' population will have decreased by 17%.

Program: Mental Retardation (continued)

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------|----------|----------|----------|----------|----------|----------|
| Persons receiving Mental Retardation services during fiscal year | 50,139 | 53,603 | 55,421 | 55,421 | 55,421 | 55,421 | 55,421 |
| Persons receiving Autism services during.. fiscal year * | 24 | 264 | 664 | 664 | 664 | 664 | 664 |
| Persons receiving residential services | | | | | | | |
| (at end of year): | | | | | | | |
| Private ICF/MRs..... | 2,635 | 2,555 | 2,576 | 2,586 | 2,586 | 2,586 | 2,586 |
| State Centers | 1,382 | 1,320 | 1,247 | 1,127 | 1,050 | 1,100 | 950 |
| Persons receiving home and community services during the fiscal year (unduplicated) * | 44,752 | 48,180 | 49,998 | 50,058 | 50,085 | 50,085 | 50,085 |
| Average cost of individuals served in the community: | | | | | | | |
| Residential services..... | \$68,285 | \$77,731 | \$78,872 | \$78,872 | \$78,872 | \$78,872 | \$78,872 |
| Non-residential services (day programs or other supports) | \$12,704 | \$12,243 | \$14,143 | \$14,143 | \$14,143 | \$14,143 | \$14,143 |

* New program measure.

State Centers Population for the Prior, Current and Upcoming Year:

| | Population July 2006 | Population July 2007 | Projected Population July 2008 | Projected Bed Capacity July 2008 | Projected Percent Capacity July 2008 |
|---------------------------------|-------------------------|-------------------------|--------------------------------------|---|---|
| State Centers | | | | | |
| Ebensburg..... | 330 | 307 | 300 | 402 | 74.6% |
| Hamburg..... | 135 | 135 | 130 | 237 | 54.9% |
| Polk..... | 351 | 336 | 320 | 521 | 61.4% |
| Selinsgrove..... | 369 | 355 | 344 | 579 | 59.4% |
| White Haven..... | 195 | 187 | 182 | 275 | 66.2% |
| TOTAL STATE CENTERS..... | <u>1,380</u> | <u>1,320</u> | <u>1,276</u> | <u>2,014</u> | <u>63.4%</u> |

Program: Mental Retardation (continued)

Proposed Expenditures by Center:

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | | 2006-07 Actual | 2007-08 Available | 2008-09 Budget |
|---|-------------------------|-------------------------|-------------------------|---|-------------------------|-------------------------|-------------------------|
| Ebensburg | | | | Selinsgrove | | | |
| State funds..... | \$ 22,522 | \$ 22,579 | \$ 23,129 | State funds..... | \$ 25,352 | \$ 26,015 | \$ 27,060 |
| Federal funds..... | 34,939 | 36,137 | 37,072 | Federal funds..... | 37,253 | 39,413 | 40,926 |
| Augmentations..... | 5,710 | 5,595 | 5,695 | Augmentations..... | 7,266 | 7,385 | 7,024 |
| TOTAL..... | <u>\$ 63,171</u> | <u>\$ 64,311</u> | <u>\$ 65,896</u> | TOTAL..... | <u>\$ 69,871</u> | <u>\$ 72,813</u> | <u>\$ 75,010</u> |
| Hamburg | | | | White Haven | | | |
| State funds..... | \$ 11,088 | \$ 11,344 | \$ 11,141 | State funds..... | \$ 14,886 | \$ 14,568 | \$ 14,909 |
| Federal funds..... | 16,142 | 16,848 | 16,794 | Federal funds..... | 20,785 | 20,897 | 21,537 |
| Augmentations..... | 2,991 | 2,934 | 2,822 | Augmentations..... | 3,831 | 3,898 | 3,737 |
| TOTAL..... | <u>\$ 30,221</u> | <u>\$ 31,126</u> | <u>\$ 30,757</u> | TOTAL..... | <u>\$ 39,502</u> | <u>\$ 39,363</u> | <u>\$ 40,183</u> |
| Polk | | | | Budgetary Reserve | | | |
| State funds..... | \$ 25,639 | \$ 25,644 | \$ 26,665 | State funds..... | \$ 0 | \$ 3,808 | \$ 0 |
| Federal funds..... | 35,629 | 37,092 | 38,301 | Federal funds..... | 0 | 5,622 | 5,000 |
| Augmentations..... | 7,321 | 7,231 | 6,746 | Augmentations..... | 0 | 0 | 0 |
| TOTAL..... | <u>\$ 68,589</u> | <u>\$ 69,967</u> | <u>\$ 71,712</u> | TOTAL..... | <u>\$ 0</u> | <u>\$ 9,430</u> | <u>\$ 5,000</u> |
| Maintenance and security costs for closed facilities | | | | Non-Facility/Other Operational costs | | | |
| State funds..... | \$ 2,420 | \$ 1,752 | \$ 1,704 | State funds..... | \$ 1,516 | \$ 1,522 | \$ 810 |
| Augmentations..... | 879 | 860 | 795 | | | | |
| TOTAL..... | <u>\$ 3,299</u> | <u>\$ 2,612</u> | <u>\$ 2,500</u> | | | | |

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|----------|-------------------------------|--------|-------------------------|------|--|------|---|------|---|------------------|-------------------------------|---|--|--------|-------------------------------|-------|-------------------------------------|-------|--|-------|--|-------|--|--------|---|-------|--|------------------|-------------------------------|--|--|--|----------|-------------------------------|-----|---|--------|---|---------|-----------------------------------|--------|---|-------|---|--------|---|------------------|-------------------------------|
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">State Centers for the Mentally Retarded</td> </tr> <tr> <td style="text-align: right;">\$ 3,105</td> <td>—to continue current program.</td> </tr> <tr> <td style="text-align: right;">-3,800</td> <td>—nonrecurring projects.</td> </tr> <tr> <td style="text-align: right;">-140</td> <td>—consolidation of personnel functions.</td> </tr> <tr> <td style="text-align: right;">-235</td> <td>—consolidation of information technology functions.</td> </tr> <tr> <td style="text-align: right;">-744</td> <td>—revision of federal financial participation from 54.08% to 54.42%.</td> </tr> <tr> <td style="text-align: right;"><u>\$ -1,814</u></td> <td><i>Appropriation Decrease</i></td> </tr> <tr> <td colspan="2">Intermediate Care Facilities—Mentally Retarded</td> </tr> <tr> <td style="text-align: right;">\$ 598</td> <td>—to continue current program.</td> </tr> <tr> <td style="text-align: right;">3,786</td> <td>—nonrecurring prior year carryover.</td> </tr> <tr> <td style="text-align: right;">2,853</td> <td>—nonrecurring savings from prior year conversions to the waiver program.</td> </tr> <tr> <td style="text-align: right;">2,678</td> <td>—to annualize prior year rate appeals.</td> </tr> <tr> <td style="text-align: right;">4,475</td> <td>—nonrecurring savings from implementation of prudent payment procedures.</td> </tr> <tr> <td style="text-align: right;">-1,159</td> <td>—revision of federal financial participation from 54.08% to 54.42%.</td> </tr> <tr> <td style="text-align: right;">1,060</td> <td>—Initiative - Money Follows the Person. To provide intermediate care facility services to 30 persons currently residing in state mental retardation centers.</td> </tr> <tr> <td style="text-align: right;"><u>\$ 14,291</u></td> <td><i>Appropriation Increase</i></td> </tr> </table> | State Centers for the Mentally Retarded | | \$ 3,105 | —to continue current program. | -3,800 | —nonrecurring projects. | -140 | —consolidation of personnel functions. | -235 | —consolidation of information technology functions. | -744 | —revision of federal financial participation from 54.08% to 54.42%. | <u>\$ -1,814</u> | <i>Appropriation Decrease</i> | Intermediate Care Facilities—Mentally Retarded | | \$ 598 | —to continue current program. | 3,786 | —nonrecurring prior year carryover. | 2,853 | —nonrecurring savings from prior year conversions to the waiver program. | 2,678 | —to annualize prior year rate appeals. | 4,475 | —nonrecurring savings from implementation of prudent payment procedures. | -1,159 | —revision of federal financial participation from 54.08% to 54.42%. | 1,060 | —Initiative - Money Follows the Person. To provide intermediate care facility services to 30 persons currently residing in state mental retardation centers. | <u>\$ 14,291</u> | <i>Appropriation Increase</i> | <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">Community Mental Retardation Services</td> </tr> <tr> <td style="text-align: right;">\$ 1,053</td> <td>—to continue current program.</td> </tr> <tr> <td style="text-align: right;">910</td> <td>—to reflect individuals transferring from the MH program.</td> </tr> <tr> <td style="text-align: right;">27,712</td> <td>—to annualize previous program revisions providing enhanced community services.</td> </tr> <tr> <td style="text-align: right;">-10,000</td> <td>—to reflect prior year carryover.</td> </tr> <tr> <td style="text-align: right;">-3,915</td> <td>—revision of federal financial participation from 54.08% to 54.42%.</td> </tr> <tr> <td style="text-align: right;">1,076</td> <td>—Initiative – Money Follows the Person. To provide home and community-based services start-up funding for 30 persons currently residing in state mental retardation centers. This initiative is consistent with prior-year efforts to increase the use of home and community-based care and decrease the use of institutionalization.</td> </tr> <tr> <td style="text-align: right;">28,262</td> <td>—Initiative – Expanding Community Mental Retardation Services. To provide home and community-based services for 1,818 additional persons with mental retardation and to address new federal Medicaid home and community-based waiver requirements. This initiative is consistent with prior-year efforts to increase the use of home and community-based care and decrease the use of institutionalization.</td> </tr> <tr> <td style="text-align: right;"><u>\$ 45,098</u></td> <td><i>Appropriation Increase</i></td> </tr> </table> | Community Mental Retardation Services | | \$ 1,053 | —to continue current program. | 910 | —to reflect individuals transferring from the MH program. | 27,712 | —to annualize previous program revisions providing enhanced community services. | -10,000 | —to reflect prior year carryover. | -3,915 | —revision of federal financial participation from 54.08% to 54.42%. | 1,076 | —Initiative – Money Follows the Person. To provide home and community-based services start-up funding for 30 persons currently residing in state mental retardation centers. 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| State Centers for the Mentally Retarded | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$ 3,105 | —to continue current program. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| -3,800 | —nonrecurring projects. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| -140 | —consolidation of personnel functions. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| -235 | —consolidation of information technology functions. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| -744 | —revision of federal financial participation from 54.08% to 54.42%. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>\$ -1,814</u> | <i>Appropriation Decrease</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Intermediate Care Facilities—Mentally Retarded | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$ 598 | —to continue current program. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3,786 | —nonrecurring prior year carryover. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2,853 | —nonrecurring savings from prior year conversions to the waiver program. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2,678 | —to annualize prior year rate appeals. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4,475 | —nonrecurring savings from implementation of prudent payment procedures. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| -1,159 | —revision of federal financial participation from 54.08% to 54.42%. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1,060 | —Initiative - Money Follows the Person. To provide intermediate care facility services to 30 persons currently residing in state mental retardation centers. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>\$ 14,291</u> | <i>Appropriation Increase</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Community Mental Retardation Services | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$ 1,053 | —to continue current program. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 910 | —to reflect individuals transferring from the MH program. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 27,712 | —to annualize previous program revisions providing enhanced community services. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| -10,000 | —to reflect prior year carryover. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| -3,915 | —revision of federal financial participation from 54.08% to 54.42%. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1,076 | —Initiative – Money Follows the Person. To provide home and community-based services start-up funding for 30 persons currently residing in state mental retardation centers. This initiative is consistent with prior-year efforts to increase the use of home and community-based care and decrease the use of institutionalization. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 28,262 | —Initiative – Expanding Community Mental Retardation Services. To provide home and community-based services for 1,818 additional persons with mental retardation and to address new federal Medicaid home and community-based waiver requirements. This initiative is consistent with prior-year efforts to increase the use of home and community-based care and decrease the use of institutionalization. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>\$ 45,098</u> | <i>Appropriation Increase</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Program: Mental Retardation (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | |
|---|--|--|
| <p>\$ 136 —to continue current program.</p> <p>5,225 —annualization of previous expansion of community services.</p> <p>826 —to reflect the transfer of the Autism consumers from Services to Persons with Disabilities.</p> <p>–54 —revision of federal financial participation from 54.08% to 54.42%.</p> <p>7,640 —Initiative – Expanding Autism Services. To provide home and community-based services for 400 additional persons with autism.</p> <hr/> <p>\$ 13,773 <i>Appropriation Increase</i></p> | <p>Autism Intervention Services</p> | <p>\$ –4 Pennhurst Dispersal —revision of federal financial participation from 54.08% to 54.42%.</p> <p>\$ –1,038 MR Residential Services - Lansdowne —non-recurring projects.</p> |
|---|--|--|

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| State Centers for the Mentally Retarded... | \$ 103,423 | \$ 107,232 | \$ 105,418 | \$ 100,943 | \$ 96,049 | \$ 94,859 | \$ 94,859 |
| Intermediate Care Facilities - Mentally Retarded..... | 116,514 | 125,497 | 139,788 | 141,555 | 141,555 | 141,555 | 141,555 |
| Community Mental Retardation Services .. | 789,554 | 868,061 | 913,159 | 937,992 | 939,101 | 940,627 | 940,627 |
| Autism Intervention and Services..... | 3,000 | 9,955 | 23,728 | 31,368 | 31,368 | 31,368 | 31,368 |
| Pennhurst Dispersal | 3,122 | 3,223 | 3,219 | 3,219 | 3,219 | 3,219 | 3,219 |
| MR Residential Services - Lansdowne..... | 1,456 | 1,456 | 418 | 418 | 418 | 418 | 418 |
| TOTAL GENERAL FUND | \$ 1,017,069 | \$ 1,115,424 | \$ 1,185,730 | \$ 1,215,495 | \$ 1,211,710 | \$ 1,212,046 | \$ 1,212,046 |

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

Providing services to children who are in need of care and protection is the joint responsibility of the Department of Public Welfare and county government. 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. The 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 can provide residential programs for the treatment of Pennsylvania's serious juvenile offenders and those with special problems in a secure setting. The purpose of the system is to bring about positive changes in the juveniles by developing skills and attitudes that will enable them to become responsible, productive members of society.

| Administrative Complex | Population July 2006 | Population July 2007 | Projected Population July 2008 | Projected Capacity July 2008 | Projected % of Capacity July 2008 |
|----------------------------------|-----------------------------|-----------------------------|---------------------------------------|-------------------------------------|--|
| YFC-Hickory Run..... | 49 | 42 | 47 | 49 | 95.9% |
| YFC-Trough Creek | 50 | 46 | 47 | 50 | 94.0% |
| New Castle | 236 | 238 | 246 | 250 | 98.4% |
| Loysville..... | <u>244</u> | <u>253</u> | <u>249</u> | <u>263</u> | <u>94.7%</u> |
| Total Current Program ... | 579 | 579 | 589 | 612 | 96.2% |

The YDCs/YFCs have a total capacity of 612 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 utilized in the development of Individual Education Plans (IEPs) for each youth.

Program: Human Services (continued)

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.

Breast cancer screening for low-income women is directed toward those at high risk of developing breast cancer. The target group is all new family planning clients, all 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 civil legal assistance for low-income persons with family, consumer, employment and other 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 at large.

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. Prevention and educational programs are also provided to lessen the risk of sexual assault for adults and children in the community at large.

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 utilized 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 being 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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Youth Development Centers | | | | | | | |
| YDC — youth served..... | 1,597 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 |
| YDC — occupancy rates | 94% | 96% | 96% | 96% | 96% | 96% | 96% |
| YDC — youth in work experience..... | 599 | 600 | 600 | 600 | 600 | 600 | 600 |
| Family Support Services | | | | | | | |
| Children receiving child welfare services at home..... | 244,251 | 249,136 | 253,120 | 257,170 | 261,285 | 265,465 | 269,715 |
| Out of home placement in: | | | | | | | |
| Community residential programs | 29,074 | 28,493 | 27,925 | 27,365 | 26,815 | 26,280 | 25,755 |
| Institutional care programs (annual unduplicated recipients)..... | 5,993 | 5,873 | 5,755 | 5,640 | 5,530 | 5,415 | 5,310 |
| Children in out of state programs | 699 | 664 | 631 | 600 | 570 | 540 | 515 |
| Percent of children reunited with parents or primary caregiver within 12 months of placement | 51.1% | 51.6% | 52.1% | 52.6% | 53.1% | 53.6% | 54.1% |
| Percent of children not returning to care within 12 months of discharge to parent or primary caregiver* | 76.5% | 77.0% | 77.5% | 78.0% | 78.5% | 79.0% | 79.0% |
| Finalized adoptions..... | 1,946 | 1,965 | 1,985 | 2,005 | 2,025 | 2,045 | 2,065 |
| Children in permanent living arrangements outside of adoption* | 1,850 | 1,878 | 1,906 | 1,935 | 1,964 | 1,993 | 2,023 |

Program: Human Services (continued)

| Program Measures: (continued) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Investigations of reported child abuse..... | 23,322 | 23,788 | 24,264 | 24,749 | 25,244 | 25,749 | 26,264 |
| Percentage of child abuse investigations substantiated | 17.8% | 17.6% | 17.2% | 16.8% | 16.4% | 16.0% | 16.0% |
| Homeless Assistance | | | | | | | |
| Total persons receiving homeless services..... | 108,056 | 108,000 | 108,000 | 108,000 | 108,000 | 108,000 | 108,000 |
| Other Human Services | | | | | | | |
| Domestic violence victims served..... | 45,773 | 48,100 | 48,100 | 48,100 | 48,100 | 48,100 | 48,100 |
| Rape crisis/sexual assault persons served..... | 18,332 | 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..... | 19,754 | 19,750 | 22,300 | 22,300 | 22,300 | 22,300 | 22,300 |

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | | | | |
|---|--|--|---|--|--|--|
| <p>Youth Development Institutions and Forestry Camps</p> <p>\$ 833 —to continue current program.</p> <p>-60 —consolidation of personnel functions.</p> <p>-183 —consolidation of information technology functions.</p> <hr/> <p>\$ 590 <i>Appropriation Increase</i></p> | <p>County Child Welfare</p> <p>\$ 95,011 —for county needs-based budgets as mandated by Act 30 of 1991.</p> | <p>Child Welfare - TANF Transition</p> <p>\$ -15,000 —reflects reduction in temporary funding to offset reduction in federal funds.</p> <p>-5,000 —nonrecurring projects.</p> <hr/> <p>\$ -20,000 <i>Appropriation Decrease</i></p> | <p>Behavioral Health Services Transition</p> <p>\$ -21,052 —nonrecurring projects.</p> | <p>Human Services Development Fund</p> <p>\$ -1,250 —nonrecurring projects.</p> | <p>Legal Services</p> <p>\$ 1,000 —program expansion.</p> | <p>Homeless Assistance</p> <p>\$ -1,000 —nonrecurring projects.</p> |
|---|--|--|---|--|--|--|

All other appropriations are recommended at current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Youth Development Institutions and Forestry Camps | \$ 67,135 | \$ 70,933 | \$ 71,523 | \$ 71,523 | \$ 71,523 | \$ 71,523 | \$ 71,523 |
| County Child Welfare..... | 880,831 | 966,710 | 1,061,721 | 1,136,041 | 1,215,564 | 1,300,654 | 1,391,700 |
| Child Welfare - TANF Transition | 45,000 | 20,000 | 0 | 0 | 0 | 0 | 0 |
| Behavioral Health Services Transition..... | 36,309 | 21,052 | 0 | 0 | 0 | 0 | 0 |
| Domestic Violence..... | 11,772 | 12,525 | 12,525 | 12,525 | 12,525 | 12,525 | 12,525 |
| Rape Crisis..... | 5,997 | 6,177 | 6,177 | 6,177 | 6,177 | 6,177 | 6,177 |
| Breast Cancer Screening | 1,556 | 1,603 | 1,603 | 1,603 | 1,603 | 1,603 | 1,603 |
| Human Services Development Fund..... | 36,285 | 35,035 | 33,785 | 33,785 | 33,785 | 33,785 | 33,785 |
| Legal Services..... | 2,569 | 2,646 | 3,646 | 3,646 | 3,646 | 3,646 | 3,646 |
| Homeless Assistance | 26,701 | 26,700 | 25,700 | 25,700 | 25,700 | 25,700 | 25,700 |
| Facilities and Service Enhancements..... | 0 | 8,800 | 8,800 | 8,800 | 8,800 | 8,800 | 8,800 |
| TOTAL GENERAL FUND | \$ 1,114,155 | \$ 1,172,181 | \$ 1,225,480 | \$ 1,299,800 | \$ 1,379,323 | \$ 1,464,413 | \$ 1,555,459 |

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 adult citizens.

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 TANF, former TANF and low income families to access child care while their parents are training or working. The subsidy program utilizes 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 (CCIS) agencies offer families a choice of child care services and provides 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 (\$ in Thousands) | |
|---|--------------------------|
| | <u>2008-09</u> |
| Low-Income Working Families | |
| State Funds* | \$ 173,318 |
| Federal Funds | <u>224,778</u> |
| Total | <u>\$ 398,096</u> |
| TANF Recipients / Former TANF Recipients | |
| State Funds** | \$ 221,331 |
| Federal Funds | <u>171,022</u> |
| Total | <u>\$ 392,353</u> |
| Grand Total | <u><u>\$ 790,449</u></u> |

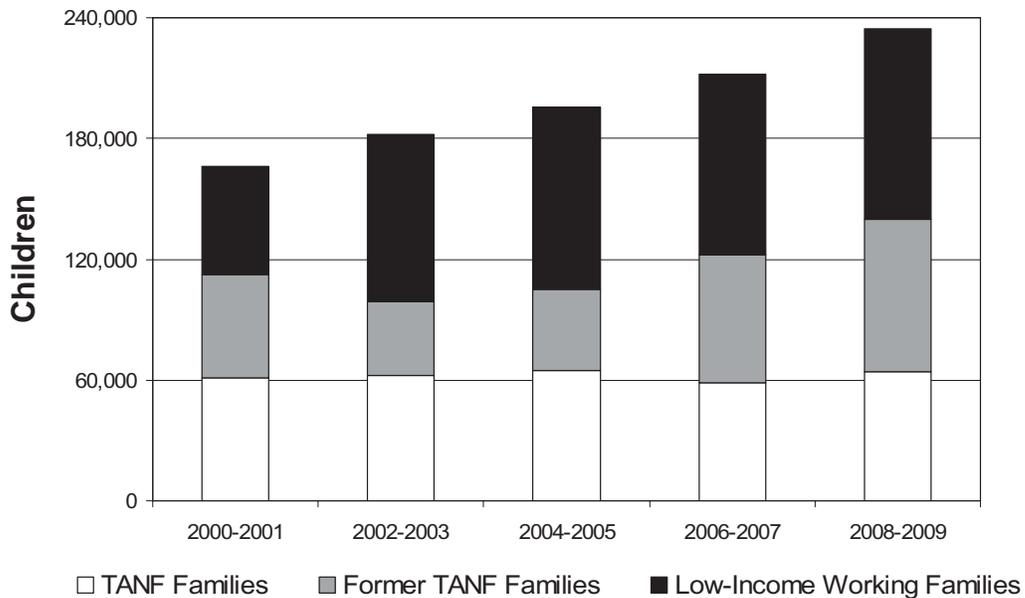
* Child Care Services appropriation.
** Child Care Assistance appropriation.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Child Development | | | | | | | |
| Children enrolled in a Keystone STARS facility..... | 138,128 | 170,935 | 170,935 | 170,935 | 170,935 | 170,935 | 170,935 |
| Number of Keystone STARS facilities | 3,766 | 4,798 | 4,798 | 4,798 | 4,798 | 4,798 | 4,798 |
| Percent of child care centers participating in Keystone STARS..... | 61% | 75% | 75% | 75% | 75% | 75% | 75% |
| Children participating in subsidized child care (unduplicated) | 212,112 | 232,025 | 234,635 | 234,635 | 234,635 | 234,635 | 234,635 |
| Children participating in subsidized child care (monthly average): | | | | | | | |
| Welfare/TANF families | 32,669 | 28,875 | 29,020 | 29,020 | 29,020 | 29,020 | 29,020 |
| Former TANF families | 32,165 | 38,018 | 38,715 | 38,715 | 38,715 | 38,715 | 38,715 |
| Low-income working families | 57,250 | 60,114 | 60,115 | 60,115 | 60,115 | 60,115 | 60,115 |

Program: Child Development (continued)

| Program Measures: (continued) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Percent of children participating in subsidized child care enrolled in DPW regulated setting: | | | | | | | |
| TANF families..... | 37% | 55% | 55% | 55% | 55% | 55% | 55% |
| Former TANF families..... | 58% | 61% | 61% | 61% | 61% | 61% | 61% |
| Low income working families..... | 72% | 76% | 76% | 76% | 76% | 76% | 76% |
| Early Intervention | | | | | | | |
| Children participating in Early Intervention (EI) services..... | 29,848 | 31,236 | 32,689 | 32,689 | 32,689 | 32,689 | 32,689 |
| Children who met their individual goals and no longer needed EI services prior to their third birthday..... | 2,424 | 2,894 | 2,894 | 2,894 | 2,894 | 2,894 | 2,894 |
| Children who met their individual goals at their third birthday and no longer needed EI services..... | 775 | 850 | 850 | 850 | 850 | 850 | 850 |
| Percent of EI children served in typical early childhood educational settings (e.g. home, child care, Head Start)..... | 99% | 99% | 99% | 99% | 99% | 99% | 99% |

Child Care



In 2008-09, the child care system will serve an estimated 40,622 more children of low-income working families than in 2000-01, an increase of 75%.

Program: Child Development: (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | |
|---------------|---|---------------|---|
| | GENERAL FUND | | |
| | Early Intervention | \$ | |
| \$ 2,752 | —to annualize children added in 2007-08. | 4,571 | Child Care Assistance |
| -8,728 | —to reflect prior year carryover. | 11,337 | —to continue current program. |
| -136 | —revision of federal financial participation from 54.08% to 54.52%. | 4,000 | —to provide for an increase in service costs. |
| 7,913 | —Initiative—Expanding Early Intervention Services. To provide early intervention services to 1,453 additional children from birth to age three. | <u>19,908</u> | —Initiative—Early Learning Network. To implement a web-based network for the collection of child-based assessment information and other quality indicators. |
| <u>1,801</u> | <i>Appropriation Increase</i> | \$ | <i>Appropriation Increase</i> |
| | Child Care Services | | |
| \$ 247 | —to continue current program. | \$ | Nurse Family Partnership |
| 16,748 | —to provide for an increase in service costs. | 1,000 | —Initiative—Strengthening Early Care and Learning. To provide nurse family partnership services to 240 additional families in three additional counties. |
| 6,877 | —to annualize children added in 2007-08. | | |
| 4,581 | —to continue improving quality and accountability of early learning experiences through Keystone STARS. | \$ | Family and Children's Center |
| <u>28,453</u> | <i>Appropriation Increase</i> | -143 | —nonrecurring projects. |

This budget recommends continuation of the Community Based Family Center appropriation at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Early Intervention..... | \$ 103,022 | \$ 119,661 | \$ 121,462 | \$ 121,462 | \$ 121,462 | \$ 121,462 | \$ 121,462 |
| Community Based Family Centers..... | 3,148 | 6,563 | 6,563 | 6,563 | 6,563 | 6,563 | 6,563 |
| Child Care Services..... | 107,671 | 144,865 | 173,318 | 173,318 | 173,318 | 173,318 | 173,318 |
| Child Care Assistance | 0 | 201,423 | 221,331 | 219,831 | 219,831 | 219,831 | 219,831 |
| Nurse Family Partnership..... | 2,500 | 7,262 | 8,262 | 8,262 | 8,262 | 8,262 | 8,262 |
| Family and Children's Center | 143 | 143 | 0 | 0 | 0 | 0 | 0 |
| TOTAL GENERAL FUND | <u>\$ 216,484</u> | <u>\$ 479,917</u> | <u>\$ 530,936</u> | <u>\$ 529,436</u> | <u>\$ 529,436</u> | <u>\$ 529,436</u> | <u>\$ 529,436</u> |



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) | | |
|---|-------------------------------|-------------------|-------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| GENERAL FUND: | | | |
| <i>General Government:</i> | | | |
| General Government Operations | \$ 136,728 | \$ 143,347 | \$ 145,696 |
| (A)Cigarette Fines and Penalties..... | 27 | 15 | 15 |
| (A)Cigarette Tax Enforcement..... | 306 | 831 | 800 |
| (A)Services to Special Funds..... | 10,866 | 11,136 | 11,533 |
| (A)EDP and Staff Support..... | 6,865 | 7,098 | 7,592 |
| (A)Tax Information..... | 128 | 272 | 230 |
| (A)Private Letter Valuation Charges..... | 1 | 3 | 3 |
| (A)Local Sales Tax..... | 2,813 | 5,541 | 4,500 |
| (A)Small Games of Chance..... | 210 | 232 | 230 |
| (A)Reimbursed Costs from Other Agencies..... | 1,367 | 1,511 | 1,500 |
| (A)BTFT - Fines and Penalties..... | 390 | 504 | 500 |
| (A)RTT Local Collection..... | 97 | 201 | 200 |
| Commissions - Inheritance & Realty Transfer Taxes (EA) | 7,358 | 7,762 | 7,937 |
| Technology and Process Modernization | 0 | 0 | 10,000 |
| Revenue Enforcement | 4,200 | 10,500 | 9,004 |
| Subtotal - State Funds..... | \$ 148,286 | \$ 161,609 | \$ 172,637 |
| Subtotal - Augmentations..... | 23,070 | 27,344 | 27,103 |
| Total - General Government..... | \$ 171,356 | \$ 188,953 | \$ 199,740 |
| <i>Grants and Subsidies:</i> | | | |
| Distribution of Public Utility Realty Tax | \$ 30,975 | \$ 32,882 | \$ 32,326 |
| STATE FUNDS..... | \$ 179,261 | \$ 194,491 | \$ 204,963 |
| AUGMENTATIONS..... | 23,070 | 27,344 | 27,103 |
| GENERAL FUND TOTAL | \$ 202,331 | \$ 221,835 | \$ 232,066 |
| MOTOR LICENSE FUND: | | | |
| <i>General Government:</i> | | | |
| Collections - Liquid Fuels Tax | \$ 13,708 | \$ 14,402 | \$ 14,611 |
| (F)Federal Fuel Tax Evasion Project (EA)..... | 0 | 125 | 63 |
| Subtotal - State Funds..... | \$ 13,708 | \$ 14,402 | \$ 14,611 |
| Subtotal - Federal Funds..... | 0 | 125 | 63 |
| Total - General Government..... | \$ 13,708 | \$ 14,527 | \$ 14,674 |
| <i>Refunds:</i> | | | |
| Refunding Liquid Fuels Tax (EA) | \$ 12,200 | \$ 12,200 | \$ 12,000 |
| STATE FUNDS..... | \$ 25,908 | \$ 26,602 | \$ 26,611 |
| FEDERAL FUNDS..... | 0 | 125 | 63 |
| MOTOR LICENSE FUND TOTAL | \$ 25,908 | \$ 26,727 | \$ 26,674 |
| LOTTERY FUND: | | | |
| <i>General Government:</i> | | | |
| General Operations (EA) | \$ 39,353 | \$ 39,180 | \$ 37,831 |
| (A)License Fees..... | 147 | 135 | 150 |
| (A)Annuity Assignment Fees..... | 27 | 25 | 30 |
| Lottery Advertising (EA) | 30,000 | 32,000 | 32,000 |
| Expanded Sales (EA) | 23,436 | 28,376 | 19,237 |
| On-Line Vendor Commissions (EA) | 51,245 | 52,312 | 54,118 |
| Instant Vendor Commissions (EA) | 35,930 | 21,333 | 22,109 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|---------------------------------|---------------------------------|-----------------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| Auditor General's Audit Costs (EA) | 86 | 86 | 86 |
| Payment of Prize Money (EA) | 308,565 | 269,734 | 284,371 |
| Subtotal - State Funds..... | \$ 488,615 | \$ 443,021 | \$ 449,752 |
| Subtotal - Augmentations..... | 174 | 160 | 180 |
| Total - General Government..... | <u>\$ 488,789</u> | <u>\$ 443,181</u> | <u>\$ 449,932</u> |
| Grants and Subsidies: | | | |
| Property Tax & Rent Assistance for Older Pennsylvanians (EA) | \$ 120,400 | \$ 250,900 | \$ 308,500 |
| STATE FUNDS..... | \$ 609,015 | \$ 693,921 | \$ 758,252 |
| AUGMENTATIONS..... | 174 | 160 | 180 |
| LOTTERY FUND TOTAL | <u>\$ 609,189</u> | <u>\$ 694,081</u> | <u>\$ 758,432</u> |
| <u>RACING FUND:</u> | | | |
| General Government: | | | |
| Collections - State Racing (EA) | \$ 204 | \$ 239 | \$ 241 |
| <u>OTHER FUNDS:</u> | | | |
| PROPERTY TAX RELIEF FUND: | | | |
| Transfer to the State Lottery Fund..... | \$ 0 ^a | \$ 0 ^a | \$ 0 ^a |
| STATE GAMING FUND: | | | |
| (R)General Operations..... | \$ 0 | \$ 7,786 | \$ 10,091 |
| Transfer to the Compulsive & Problem Gambling Treatment Fund..... | 0 ^b | 0 ^b | 0 ^b |
| Transfer to the Property Tax Relief Fund..... | 0 ^c | 0 ^c | 0 ^c |
| Transfer to the General Fund..... | 61,100 | 0 | 0 |
| STATE GAMING FUND TOTAL | <u>\$ 61,100</u> | <u>\$ 7,786</u> | <u>\$ 10,091</u> |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 179,261 | \$ 194,491 | \$ 204,963 |
| SPECIAL FUNDS..... | 635,127 | 720,762 | 785,104 |
| FEDERAL FUNDS..... | 0 | 125 | 63 |
| AUGMENTATIONS..... | 23,244 | 27,504 | 27,283 |
| OTHER FUNDS..... | 61,100 | 7,786 | 10,091 |
| TOTAL ALL FUNDS | <u><u>\$ 898,732</u></u> | <u><u>\$ 950,668</u></u> | <u><u>\$ 1,027,504</u></u> |

^a Not added to the total to avoid double counting with the program expenditures from the Lottery Fund: 2006-07 Actual is \$100,000,000; 2007-08 Available is \$100,000,000; and 2008-09 Budget is \$48,500,000.

^b 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: 2006-07 Actual is \$61,000; 2007-08 Available is \$1,500,000; and 2008-09 Budget is \$1,700,000.

^c 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: 2006-07 Actual is \$326,998,000; 2007-08 Available is \$693,588,000; and 2008-09 Budget is \$495,537,000.

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| REVENUE COLLECTION AND ADMINISTRATION | | | | | | | |
| GENERAL FUND..... | \$ 148,286 | \$ 161,609 | \$ 172,637 | \$ 182,637 | \$ 182,637 | \$ 182,637 | \$ 182,637 |
| SPECIAL FUNDS..... | 514,727 | 469,862 | 476,604 | 497,488 | 518,544 | 524,842 | 533,243 |
| FEDERAL FUNDS..... | 0 | 125 | 63 | 63 | 63 | 63 | 63 |
| OTHER FUNDS..... | 84,344 | 35,290 | 37,374 | 37,374 | 37,374 | 37,374 | 37,374 |
| SUBCATEGORY TOTAL..... | \$ 747,357 | \$ 666,886 | \$ 686,678 | \$ 717,562 | \$ 738,618 | \$ 744,916 | \$ 753,317 |
| COMMUNITY DEVELOPMENT AND PRESERVATION | | | | | | | |
| GENERAL FUND..... | \$ 30,975 | \$ 32,882 | \$ 32,326 | \$ 33,942 | \$ 35,639 | \$ 37,421 | \$ 39,292 |
| 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..... | \$ 30,975 | \$ 32,882 | \$ 32,326 | \$ 33,942 | \$ 35,639 | \$ 37,421 | \$ 39,292 |
| HOMEOWNERS AND RENTERS ASSISTANCE | | | | | | | |
| GENERAL FUND..... | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| SPECIAL FUNDS..... | 120,400 | 250,900 | 308,500 | 339,300 | 351,300 | 355,700 | 351,900 |
| FEDERAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUBCATEGORY TOTAL..... | \$ 120,400 | \$ 250,900 | \$ 308,500 | \$ 339,300 | \$ 351,300 | \$ 355,700 | \$ 351,900 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 179,261 | \$ 194,491 | \$ 204,963 | \$ 216,579 | \$ 218,276 | \$ 220,058 | \$ 221,929 |
| SPECIAL FUNDS..... | 635,127 | 720,762 | 785,104 | 836,788 | 869,844 | 880,542 | 885,143 |
| FEDERAL FUNDS..... | 0 | 125 | 63 | 63 | 63 | 63 | 63 |
| OTHER FUNDS..... | 84,344 | 35,290 | 37,374 | 37,374 | 37,374 | 37,374 | 37,374 |
| DEPARTMENT TOTAL..... | \$ 898,732 | \$ 950,668 | \$ 1,027,504 | \$ 1,090,804 | \$ 1,125,557 | \$ 1,138,037 | \$ 1,144,509 |

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 \$354.74 in current taxes collected and \$1.00 for every \$14.36 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 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, midday drawings, and Player Activated Terminal installations.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Active accounts by tax type | | | | | | | |
| Corporation | 309,389 | 315,000 | 325,000 | 335,000 | 345,000 | 345,000 | 345,000 |
| Sales and Use | 319,887 | 320,000 | 325,000 | 325,000 | 325,000 | 325,000 | 325,000 |
| Employer | 352,124 | 350,000 | 355,000 | 355,000 | 355,000 | 355,000 | 355,000 |
| Personal Income Tax | 6,028,399 | 5,950,000 | 5,950,000 | 5,950,000 | 5,950,000 | 5,950,000 | 5,950,000 |
| Liquid Fuels | 701 | 760 | 760 | 760 | 760 | 760 | 760 |
| Motor Carrier - IFTA..... | 14,447 | 15,400 | 15,700 | 16,000 | 16,300 | 16,300 | 16,300 |
| Motor Carrier - Pennsylvania only | 12,695 | 13,600 | 13,900 | 14,200 | 14,500 | 14,500 | 14,500 |
| Personal Income Tax | | | | | | | |
| Returns processed | 5,116,449 | 5,950,000 | 5,950,000 | 5,950,000 | 5,950,000 | 5,950,000 | 5,950,000 |
| Total - electronic | 3,040,325 | 3,075,000 | 3,175,000 | 3,275,000 | 3,375,000 | 3,475,000 | 3,575,000 |
| Total - paper..... | 2,076,124 | 2,875,000 | 2,775,000 | 2,675,000 | 2,575,000 | 2,475,000 | 2,375,000 |
| Pass Through Business (PTB) assessments | | | | | | | |
| Assessments as a result of PTB action (in millions)..... | \$45 | \$20 | \$20 | \$20 | \$20 | \$20 | \$20 |
| Assessment collections (in millions)..... | \$16 | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 |
| Collections from delinquent accounts (in millions)..... | \$775 | \$702 | \$707 | \$712 | \$717 | \$722 | \$727 |
| Delinquent taxes collected per dollar spent | \$14.36 | \$13.50 | \$13.90 | \$14.30 | \$14.70 | \$15.10 | \$15.50 |
| Appeals filed with the Board of Appeals (all tax types) | 25,054 | 25,655 | 25,495 | 23,845 | 23,185 | 23,185 | 23,185 |
| Average time to close Board of Appeals cases (in days) | 76 | 66 | 65 | 64 | 63 | 63 | 63 |
| Electronic business tax registrations as a percentage of the total..... | 80% | 83% | 86% | 89% | 90% | 90% | 90% |
| Taxpayer Service and Information Center calls answered | 373,996 | 448,000 | 459,000 | 467,000 | 488,000 | 488,000 | 488,000 |

Program: Revenue Collection and Administration (continued)

| Program Measures: (continued) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Use and Cigarette Tax | | | | | | | |
| Use Tax Compliance Program Collections | \$10,003,649 | \$24,937,351 | \$16,277,557 | \$10,000,000 | \$10,000,000 | \$10,000,000 | \$10,000,000 |
| Expanded Cigarette Tax Inspections and Enforcement | | | | | | | |
| Increased annual direct collections from Cigarette Tax enforcement activity ... | \$4,202,217 | \$7,500,000 | \$5,000,000 | \$2,500,000 | \$2,500,000 | \$2,500,000 | \$2,500,000 |
| Billings from Cigarette Tax enforcement activity..... | 4,329 | 12,000 | 8,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| Business License Information | | | | | | | |
| Increase in delinquent tax collections..... | \$2,740,036 | \$6,300,000 | \$8,800,000 | \$6,300,000 | \$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) | 4.57% | 4.50% | 4.09% | 3.95% | 3.93% | 3.91% | 3.94% |
| Lottery operating costs as a percentage of ticket sales (includes cost of lottery administration only) | 0.76% | 0.79% | 0.75% | 0.75% | 0.73% | 0.71% | 0.69% |

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | |
|--|--|
| <p>GENERAL FUND General Government Operations \$ 2,349 —to continue current program.</p> <p>Commissions - Inheritance & Realty Transfer Taxes (EA) \$ 175 —based on current revenue estimates.</p> <p>Technology and Process Modernization \$ 10,000 —Initiative—Technology and Process Modernization. To modernize the department's tax information systems and revenue collection processes.</p> <p>Revenue Enforcement \$ -1,496 —nonrecurring projects.</p> <p>MOTOR LICENSE FUND Collections - Liquid Fuels Tax \$ 209 —to continue current program.</p> <p>Refunding - Liquid Fuels Tax (EA) \$ -200 —to continue current program.</p> | <p>LOTTERY FUND General Operations (EA) \$ -1,349 —reduced program support costs.</p> <p>Expanded Sales (EA) \$ -9,139 —completion of vending hardware purchasing cycle.</p> <p>On-Line Vendor Commissions (EA) \$ 1,806 —based on the latest projection of program requirements.</p> <p>Instant Vendor Commissions (EA) \$ 776 —based on the latest projection of program requirements.</p> <p>Payment of Prize Money (EA) \$ 14,637 —based on the latest projection of program requirements.</p> <p>RACING FUND Collections - State Racing (EA) \$ 2 —to continue current program.</p> |
|--|--|

All other appropriations are recommended at the current year funding level.

Program: Revenue Collection and Administration (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 136,728 | \$ 143,347 | \$ 145,696 | \$ 145,696 | \$ 145,696 | \$ 145,696 | \$ 145,696 |
| Commissions - Inheritance & Realty Transfer Taxes (EA) | 7,358 | 7,762 | 7,937 | 7,937 | 7,937 | 7,937 | 7,937 |
| Technology and Process Modernization.... | 0 | 0 | 10,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| Revenue Enforcement..... | 4,200 | 10,500 | 9,004 | 9,004 | 9,004 | 9,004 | 9,004 |
| TOTAL GENERAL FUND | \$ 148,286 | \$ 161,609 | \$ 172,637 | \$ 182,637 | \$ 182,637 | \$ 182,637 | \$ 182,637 |
| MOTOR LICENSE FUND: | | | | | | | |
| Collections - Liquid Fuels Tax..... | \$ 13,708 | \$ 14,402 | \$ 14,611 | \$ 14,611 | \$ 14,611 | \$ 14,611 | \$ 14,611 |
| Refunding Liquid Fuels Tax (EA) | 12,200 | 12,200 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 |
| TOTAL MOTOR LICENSE FUND..... | \$ 25,908 | \$ 26,602 | \$ 26,611 | \$ 26,611 | \$ 26,611 | \$ 26,611 | \$ 26,611 |
| LOTTERY FUND: | | | | | | | |
| General Operations (EA) | \$ 39,353 | \$ 39,180 | \$ 37,831 | \$ 37,902 | \$ 38,760 | \$ 39,436 | \$ 40,132 |
| Lottery Advertising (EA) | 30,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 |
| Expanded Sales (EA) | 23,436 | 28,376 | 19,237 | 15,396 | 15,614 | 15,784 | 15,959 |
| On-Line Vendor Commissions (EA)..... | 51,245 | 52,312 | 54,118 | 30,155 | 34,077 | 35,365 | 36,723 |
| Instant Vendor Commissions (EA)..... | 35,930 | 21,333 | 22,109 | 24,657 | 26,921 | 27,198 | 27,981 |
| Auditor General's Audit Costs (EA) | 86 | 86 | 86 | 86 | 86 | 86 | 86 |
| Payment of Prize Money (EA) | 308,565 | 269,734 | 284,371 | 330,440 | 344,234 | 348,121 | 353,510 |
| TOTAL LOTTERY FUND..... | \$ 488,615 | \$ 443,021 | \$ 449,752 | \$ 470,636 | \$ 491,692 | \$ 497,990 | \$ 506,391 |
| RACING FUND: | | | | | | | |
| Collections - State Racing (EA) | \$ 204 | \$ 239 | \$ 241 | \$ 241 | \$ 241 | \$ 241 | \$ 241 |

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 insuring 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 de-regulation 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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Taxing authorities receiving funds | 2,996 | 3,017 | 3,017 | 3,017 | 3,017 | 3,017 | 3,017 |

Program Recommendation: This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -556 **Distribution of Public Utility Realty Tax**
 —reflects normal fluctuations in tax assessments.

| Appropriations within this Program: | (Dollar Amounts in Thousands) | | | | | | |
|---|-------------------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
| GENERAL FUND: | | | | | | | |
| Distribution of Public Utility Realty Tax | \$ 30,975 | \$ 32,882 | \$ 32,326 | \$ 33,942 | \$ 35,639 | \$ 37,421 | \$ 39,292 |

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 2006-07, the average tax assistance payment was \$375.28 and the average rent rebate was \$393.82.

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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|---------|---------|
| Households provided property tax or rent assistance | 310,155 | 553,000 | 590,000 | 595,000 | 573,000 | 539,000 | 496,000 |
| Households applying by June 30..... | 291,079 | 509,000 | 543,000 | 547,000 | 527,000 | 496,000 | 456,000 |
| Rebates mailed by July 31 | 275,343 | 431,000 | 460,000 | 464,000 | 447,000 | 420,000 | 387,000 |

Households provided property tax or rent assistance, households applying by June 30, and Rebates mailed by July 31 all increase from 2007-08 through 2009-10 due to implementation of the expanded Property Tax and Rent Rebate program stipulated by Act 1 of Special Session No. 1 of 2006.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Property Tax & Rent Assistance for Older Pennsylvanians (EA)
 \$ 57,600 —based on current estimates.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| LOTTERY FUND: | | | | | | | |
| Property Tax & Rent Assistance for Older Pennsylvanians (EA)..... | \$ 120,400 | \$ 250,900 | \$ 308,500 | \$ 339,300 | \$ 351,300 | \$ 355,700 | \$ 351,900 |



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) | | |
|------------------------------------|-------------------------------|-----------------|-----------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| GENERAL FUND: | | | |
| <i>General Government:</i> | | | |
| General Government Operations..... | \$ 2,321 | \$ 2,354 | \$ 2,323 |
| (A)Consumer Protection..... | 6,964 | 7,473 | 7,442 |
| | \$ 2,321 | \$ 2,354 | \$ 2,323 |
| Subtotal - State Funds..... | 6,964 | 7,473 | 7,442 |
| Subtotal - Augmentations..... | \$ 9,285 | \$ 9,827 | \$ 9,765 |
| Total - General Government..... | 2,321 | 2,354 | 2,323 |
| STATE FUNDS..... | 6,964 | 7,473 | 7,442 |
| AUGMENTATIONS..... | \$ 9,285 | \$ 9,827 | \$ 9,765 |
| GENERAL FUND TOTAL..... | \$ 9,285 | \$ 9,827 | \$ 9,765 |

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---------------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| SECURITIES INDUSTRY REGULATION | | | | | | | |
| GENERAL FUND..... | \$ 2,321 | \$ 2,354 | \$ 2,323 | \$ 2,323 | \$ 2,323 | \$ 2,323 | \$ 2,323 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 6,964 | 7,473 | 7,442 | 7,442 | 7,442 | 7,442 | 7,442 |
| SUBCATEGORY TOTAL..... | \$ 9,285 | \$ 9,827 | \$ 9,765 | \$ 9,765 | \$ 9,765 | \$ 9,765 | \$ 9,765 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 2,321 | \$ 2,354 | \$ 2,323 | \$ 2,323 | \$ 2,323 | \$ 2,323 | \$ 2,323 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER FUNDS..... | 6,964 | 7,473 | 7,442 | 7,442 | 7,442 | 7,442 | 7,442 |
| DEPARTMENT TOTAL..... | \$ 9,285 | \$ 9,827 | \$ 9,765 | \$ 9,765 | \$ 9,765 | \$ 9,765 | \$ 9,765 |

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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Securities filings received..... | 5,700 | 5,750 | 5,750 | 5,750 | 5,750 | 5,750 | 5,750 |
| Securities filings cleared..... | 5,550 | 5,600 | 5,600 | 5,600 | 5,600 | 5,600 | 5,600 |
| Securities cleared for sale (dollar amounts in billions)..... | \$260,000 | \$270,000 | \$270,000 | \$270,000 | \$270,000 | \$270,000 | \$270,000 |
| Broker-dealers registered..... | 2,512 | 2,590 | 2,670 | 2,750 | 2,800 | 2,900 | 3,000 |
| Agents registered..... | 157,017 | 163,300 | 169,800 | 176,600 | 183,700 | 191,000 | 198,700 |
| Investment advisers registered..... | 2,432 | 2,550 | 2,700 | 2,800 | 3,000 | 3,100 | 3,300 |
| Investment adviser representatives registered..... | 8,758 | 9,600 | 10,600 | 11,700 | 12,800 | 14,100 | 15,500 |
| Formal investigations conducted..... | 92 | 94 | 96 | 98 | 100 | 102 | 104 |
| Compliance examinations conducted..... | 100 | 105 | 110 | 115 | 120 | 125 | 130 |
| Enforcement/compliance actions..... | 97 | 100 | 103 | 106 | 109 | 112 | 115 |

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations
 \$ -31 —reduction in administrative costs.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 2,321 | \$ 2,354 | \$ 2,323 | \$ 2,323 | \$ 2,323 | \$ 2,323 | \$ 2,323 |



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 27 professional and occupational licensing boards.

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|----------------------|---------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| GENERAL FUND: | | | |
| General Government: | | | |
| General Government Operations..... | \$ 4,552 | \$ 4,713 | \$ 4,754 |
| (F)Federal Election Reform..... | 100,000 | 20,000 | 20,000 |
| (A)Departmental Services..... | 0 ^a | 0 ^a | 0 ^a |
| (R)Professional and Occupational Affairs..... | 28,574 ^b | 31,523 ^b | 32,318 ^b |
| (R)State Board of Medicine..... | 7,000 ^b | 8,165 ^b | 8,409 ^b |
| (R)State Board of Osteopathic Medicine..... | 1,200 ^b | 1,223 ^b | 1,349 ^b |
| (R)State Board of Podiatry..... | 200 ^b | 252 ^b | 301 ^b |
| (R)State Athletic Commission..... | 423 ^b | 446 ^b | 485 ^b |
| (R)Corporation Bureau (EA)..... | 4,742 ^c | 4,549 ^c | 4,621 ^c |
| (R)Corporation Bureau - Transfer to General Fund (EA)..... | 0 | 2,000 ^c | 0 |
| Subtotal..... | \$ 146,691 | \$ 72,871 | \$ 72,237 |
| Statewide Uniform Registry of Electors..... | 6,500 | 13,500 | 7,700 |
| Voter Registration..... | 563 | 568 | 545 |
| (F)Elections Assistance - Grants to Counties..... | 1,652 | 2,503 ^d | 1,000 |
| Subtotal..... | \$ 2,215 | \$ 3,071 | \$ 1,545 |
| Lobbying Disclosure..... | 0 | 1,350 | 848 |
| Electoral College..... | 0 | 0 | 10 |
| Subtotal - State Funds..... | \$ 11,615 | \$ 20,131 | \$ 13,857 |
| Subtotal - Federal Funds..... | 101,652 | 22,503 | 21,000 |
| Subtotal - Restricted Revenues..... | 42,139 | 48,158 | 47,483 |
| Total - General Government..... | \$ 155,406 | \$ 90,792 | \$ 82,340 |
| Grants and Subsidies: | | | |
| Voting of Citizens in Military Service..... | \$ 40 | \$ 40 | \$ 60 |
| County Election Expenses (EA)..... | 400 | 400 | 400 |
| Total - Grants and Subsidies..... | \$ 440 | \$ 440 | \$ 460 |
| STATE FUNDS..... | \$ 12,055 | \$ 20,571 | \$ 14,317 |
| FEDERAL FUNDS..... | 101,652 | 22,503 | 21,000 |
| RESTRICTED REVENUES..... | 42,139 | 48,158 | 47,483 |
| GENERAL FUND TOTAL..... | \$ 155,846 | \$ 91,232 | \$ 82,800 |
| OTHER FUNDS: | | | |
| GENERAL FUND: | | | |
| Lobbying Disclosure (R)..... | \$ 231 | \$ 50 | \$ 490 |
| REAL ESTATE RECOVERY FUND: | | | |
| Real Estate Recovery Payments (EA)..... | \$ 100 | \$ 100 | \$ 100 |

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
|------------------------------|-------------------|----------------------|-------------------|
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 12,055 | \$ 20,571 | \$ 14,317 |
| SPECIAL FUNDS..... | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 101,652 | 22,503 | 21,000 |
| RESTRICTED..... | 42,139 | 48,158 | 47,483 |
| OTHER FUNDS..... | 331 | 150 | 590 |
| TOTAL ALL FUNDS..... | \$ 156,177 | \$ 91,382 | \$ 83,390 |

^a Not added to the total to avoid double counting: 2006-07 Actual is \$3,558,000, 2007-08 Available is \$3,953,000 and 2008-09 Budget is \$4,190,000.

^b Appropriated from a restricted revenue account.

^c Executive Authorization from a restricted revenue account.

^d Includes recommended supplemental appropriation of \$2,003,000.

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| CONSUMER PROTECTION | | | | | | | |
| GENERAL FUND..... | \$ 12,055 | \$ 20,571 | \$ 14,317 | \$ 13,587 | \$ 13,587 | \$ 13,587 | \$ 13,617 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 101,652 | 22,503 | 21,000 | 6,000 | 1,000 | 1,000 | 1,000 |
| OTHER FUNDS..... | 42,470 | 48,308 | 48,073 | 48,073 | 48,073 | 48,073 | 48,073 |
| SUBCATEGORY TOTAL..... | \$ 156,177 | \$ 91,382 | \$ 83,390 | \$ 67,660 | \$ 62,660 | \$ 62,660 | \$ 62,690 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 12,055 | \$ 20,571 | \$ 14,317 | \$ 13,587 | \$ 13,587 | \$ 13,587 | \$ 13,617 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 101,652 | 22,503 | 21,000 | 6,000 | 1,000 | 1,000 | 1,000 |
| OTHER FUNDS..... | 42,470 | 48,308 | 48,073 | 48,073 | 48,073 | 48,073 | 48,073 |
| DEPARTMENT TOTAL..... | \$ 156,177 | \$ 91,382 | \$ 83,390 | \$ 67,660 | \$ 62,660 | \$ 62,660 | \$ 62,690 |

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 towards insuring 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 9,424 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, 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 website, 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, 27 boards of the Bureau of Professional and Occupational

Affairs (BPOA) 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 utilized 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 (PLAA) 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 (Mcare) 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 2.4 million corporate entities in the database and the bureau processes approximately 61,000 new corporations annually. It also registers approximately 36,000 trademarks and fictitious names as well as 126,000 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.

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Electoral Process | | | | | | | |
| Voter registration transactions..... | 1,007,621 | 1,000,000 | 1,500,000 | 990,000 | 990,000 | 1,000,000 | 1,500,000 |
| Campaign finance reports filed online..... | 3,584 | 3,500 | 3,600 | 3,700 | 3,800 | 3,900 | 4,000 |
| Notary public commissions issued..... | 26,000 | 26,500 | 27,000 | 27,500 | 28,000 | 28,500 | 29,000 |
| Professional Licensing | | | | | | | |
| Professional licenses and renewals issued | 388,892 | 400,000 | 395,000 | 400,000 | 395,000 | 400,000 | 395,000 |
| Cases opened..... | 12,242 | 12,900 | 14,600 | 16,500 | 18,600 | 21,000 | 23,700 |
| Cases closed..... | 15,923 | 13,800 | 16,300 | 19,200 | 22,600 | 26,700 | 31,500 |
| Disciplinary actions..... | 3,627 | 2,700 | 2,800 | 2,900 | 3,000 | 3,100 | 3,200 |
| Enforcement and Investigation | | | | | | | |
| Inspections completed..... | 20,020 | 19,000 | 19,000 | 19,000 | 19,000 | 19,000 | 19,000 |
| Investigations opened..... | 3,403 | 3,500 | 3,500 | 3,800 | 3,800 | 3,800 | 3,800 |
| Investigations closed..... | 3,874 | 4,000 | 4,000 | 3,800 | 3,800 | 3,800 | 3,800 |
| Health Monitoring Program | | | | | | | |
| Cases opened..... | 1,184 | 1,232 | 1,355 | 1,477 | 1,609 | 1,754 | 1,911 |
| Cases closed..... | 977 | 1,084 | 1,181 | 1,287 | 1,402 | 1,529 | 1,667 |
| Corporation Bureau | | | | | | | |
| Uniform Commercial Code financing statement filings and information requests fulfilled..... | 132,181 | 140,000 | 142,800 | 145,656 | 148,569 | 151,540 | 154,570 |
| Reviews of fictitious names, business corporations and trademark applications.. | 143,545 | 146,415 | 149,343 | 152,329 | 155,375 | 158,482 | 161,651 |
| Corporation information requests processed..... | 187,211 | 190,955 | 194,774 | 198,669 | 202,642 | 206,694 | 210,827 |
| Charitable Organizations | | | | | | | |
| Charity registrations..... | 9,274 | 10,300 | 10,300 | 10,400 | 10,500 | 10,600 | 10,700 |
| Investigations opened..... | 226 | 250 | 250 | 260 | 260 | 260 | 260 |
| Investigations closed..... | 256 | 250 | 250 | 250 | 250 | 250 | 250 |
| State Athletic Commission | | | | | | | |
| Professionals licensed..... | 1,036 | 1,130 | 1,140 | 1,150 | 1,150 | 1,150 | 1,150 |
| Boxing events (professional, amateur and kickboxing)..... | 43 | 125 | 130 | 130 | 130 | 130 | 130 |
| Wrestling events..... | 321 | 330 | 330 | 335 | 335 | 335 | 335 |

Program: Consumer Protection (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | |
|---|--|
| <p>GENERAL FUND</p> <p>General Government Operations —to continue current program. \$ 41</p> <p>Statewide Registry of Electors —nonrecurring projects. \$ -5,800</p> <p>Voter Registration —nonrecurring projects. \$ -23</p> <p>Lobbying Disclosure —nonrecurring start-up costs. \$ -502</p> <p>Electoral College —for travel costs of electoral college. \$ 10</p> <p>Voting of Citizens in Military Service —to continue current program. \$ 20</p> <p>County Election Expenses is funded at the current level.</p> <p>This budget also recommends the following changes in appropriations and executive authorizations from restricted accounts:</p> <p>Professional and Occupational Affairs —to continue current program. \$ 795</p> | <p>State Board of Medicine — to continue current program. \$ 244</p> <p>State Board of Osteopathic Medicine — to continue current program. \$ 126</p> <p>State Board of Podiatry — to continue current program. \$ 49</p> <p>State Athletic Commission —to continue current program. 24 —lease and moving costs related to the Philadelphia State Office Building cost containment initiative. 15 \$ 39 <i>Appropriation Increase</i></p> <p>Corporation Bureau (EA) — nonrecurring projects. \$ 72</p> <p>Corporation Bureau- Transfer to General Fund (EA) —nonrecurring transfer from the Corporation Bureau Account. \$ -2,000</p> |
|---|--|

Recommendations assume that fees for all boards will be sufficient to fund the recommended expenditure level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 4,552 | \$ 4,713 | \$ 4,754 | \$ 4,754 | \$ 4,754 | \$ 4,754 | \$ 4,754 |
| Statewide Uniform Registry of Electors | 6,500 | 13,500 | 7,700 | 7,000 | 7,000 | 7,000 | 7,000 |
| Voter Registration | 563 | 568 | 545 | 545 | 545 | 545 | 545 |
| Lobbying Disclosure | 0 | 1,350 | 848 | 848 | 848 | 848 | 848 |
| Electoral College | 0 | 0 | 10 | 0 | 0 | 0 | 10 |
| Voting of Citizens in Military Service..... | 40 | 40 | 60 | 40 | 40 | 40 | 60 |
| County Election Expenses (EA) | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| TOTAL GENERAL FUND | \$ 12,055 | \$ 20,571 | \$ 14,317 | \$ 13,587 | \$ 13,587 | \$ 13,587 | \$ 13,617 |



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; 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.

State Employees' Retirement System

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|-------------------------|-------------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| <u>GENERAL FUND:</u> | | | |
| <i>Grants and Subsidies:</i> | | | |
| National Guard - Employer Contribution..... | \$ 4 | \$ 4 | \$ 4 |
| | <u>4</u> | <u>4</u> | <u>4</u> |
| <u>OTHER FUNDS:</u> | | | |
| STATE EMPLOYEES' RETIREMENT FUND: | | | |
| State Employees' Retirement Administration..... | \$ 24,925 | \$ 26,568 | \$ 27,348 |
| Directed Commissions..... | 297 | 1,000 | 1,500 |
| | <u>25,222</u> | <u>27,568</u> | <u>28,848</u> |
| STATE EMPLOYEES' RETIREMENT FUND TOTAL..... | <u>\$ 25,222</u> | <u>\$ 27,568</u> | <u>\$ 28,848</u> |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 4 | \$ 4 | \$ 4 |
| SPECIAL FUNDS..... | 0 | 0 | 0 |
| OTHER FUNDS..... | 25,222 | 27,568 | 28,848 |
| | <u>25,226</u> | <u>27,572</u> | <u>28,852</u> |
| TOTAL ALL FUNDS..... | <u>\$ 25,226</u> | <u>\$ 27,572</u> | <u>\$ 28,852</u> |

State Employees' Retirement System

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 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..... | 25,222 | 27,568 | 28,848 | 28,348 | 28,348 | 28,348 | 28,348 |
| SUBCATEGORY TOTAL..... | \$ 25,226 | \$ 27,572 | \$ 28,852 | \$ 28,352 | \$ 28,352 | \$ 28,352 | \$ 28,352 |
| 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..... | 25,222 | 27,568 | 28,848 | 28,348 | 28,348 | 28,348 | 28,348 |
| DEPARTMENT TOTAL..... | \$ 25,226 | \$ 27,572 | \$ 28,852 | \$ 28,352 | \$ 28,352 | \$ 28,352 | \$ 28,352 |

State Employees' Retirement System

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 1924. 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 \$35 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 to 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 six and one-quarter 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 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.

The State Employees' Retirement Board is responsible for the administration of the commonwealth 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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Retirement counseling sessions..... | 39,920 | 40,900 | 41,900 | 42,900 | 44,400 | 45,800 | 47,100 |
| Total number of retired employees | 103,191 | 105,500 | 107,900 | 110,200 | 112,500 | 114,600 | 116,400 |
| Total benefits payments (in billions)..... | \$2.07 | \$2.32 | \$2.54 | \$2.74 | \$2.99 | \$3.31 | \$3.59 |

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
 \$ 780 —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.

State Employees' Retirement System

Program: State Employees' Retirement (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| National Guard - Employer Contribution.... | \$ 4 | \$ 4 | \$ 4 | \$ 4 | \$ 4 | \$ 4 | \$ 4 |
| STATE EMPLOYEES' RETIREMENT FUND: | | | | | | | |
| State Employees' Retirement | | | | | | | |
| Administration..... | \$ 24,925 | \$ 26,568 | \$ 27,348 | \$ 27,348 | \$ 27,348 | \$ 27,348 | \$ 27,348 |
| Directed Commissions..... | 297 | 1,000 | 1,500 | 1,000 | 1,000 | 1,000 | 1,000 |
| TOTAL STATE EMPLOYEES' RETIREMENT FUND..... | \$ 25,222 | \$ 27,568 | \$ 28,848 | \$ 28,348 | \$ 28,348 | \$ 28,348 | \$ 28,348 |



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)

2006-07 2007-08 2008-09
ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

| | \$ 165,472 | \$ 167,391 | \$ 172,018 |
|--|-------------------|-------------------|-------------------|
| General Government Operations..... | \$ 165,472 | \$ 167,391 | \$ 172,018 |
| (F)Drug Enforcement..... | 750 | 500 | 1,000 |
| (F)Bulletproof Vests..... | 1,473 | 0 | 0 |
| (F)Marijuana Eradication..... | 100 | 0 | 0 |
| (F)Motor Carrier Safety..... | 17,592 | 11,244 | 13,377 |
| (F)Computer Crime Prevention..... | 500 | 0 | 0 |
| (F)Speed Timing Equipment..... | 500 | 0 | 0 |
| (F)Drug Recognition Expert Program..... | 25 | 0 | 0 |
| (F)Domestic Terrorism Training..... | 380 | 0 | 0 |
| (F)2005 Homeland Security Grant..... | 1,000 | 0 | 0 |
| (F)Terrorism Prevention Program..... | 500 | 0 | 0 |
| (F)Cold Case DNA..... | 733 | 0 | 0 |
| (F)DNA Personnel..... | 70 | 0 | 0 |
| (F)Area Computer Crime..... | 0 | 7,443 | 8,985 |
| (F)Radiation Emergency Response Fund..... | 10 | 0 | 0 |
| (F)DNA Backlog Reduction..... | 360 | 0 | 0 |
| (F)Innovative Occupant Protection..... | 500 | 0 | 0 |
| (F)Child Passenger Fitting Station..... | 670 | 0 | 0 |
| (F)DNA Capacity Enhancement..... | 1,000 | 0 | 0 |
| (F)Human Trafficking..... | 450 | 0 | 0 |
| (F)Private Sector Outreach..... | 100 | 0 | 0 |
| (F)NW Regional Meth Task Force..... | 250 | 0 | 0 |
| (F)Forensic Casework Backlog..... | 137 | 0 | 0 |
| (F)Forensic Cameras..... | 500 | 0 | 0 |
| (F)Critical Infrastructure Upgrade..... | 17,350 | 0 | 0 |
| (F)Anti-Gang Initiative..... | 100 | 0 | 0 |
| (F)Law Enforcement Preparedness (EA)..... | 0 | 3,295 | 5,055 |
| (F)DUI Enforcement(EA)..... | 1,050 | 0 | 0 |
| (F)Safety Education(EA)..... | 50 | 0 | 0 |
| (F)Interstate Highway Enforcement(EA)..... | 600 | 0 | 0 |
| (F)Sobriety Test Training(EA)..... | 20 | 0 | 0 |
| (F)Construction Zone Patrolling(EA)..... | 10,000 | 10,000 | 10,000 |
| (F)Corridor Safety(EA)..... | 200 | 0 | 0 |
| (F)Crash Reduction(EA)..... | 150 | 0 | 0 |
| (F)Combat Underage Drinking(EA)..... | 215 | 350 | 105 |
| (F)Occupant Protection(EA)..... | 750 | 0 | 0 |
| (F)DCSI-Triggerlock (EA)..... | 454 | 0 | 0 |
| (F)Amber Alert (EA)..... | 40 | 0 | 0 |
| (F)Impaired Driving Visibility Enforcement (EA)..... | 175 | 0 | 0 |
| (F)ATF-PSP Partnership (EA)..... | 140 | 0 | 0 |
| (F)DNA Chemistry Technicians (EA)..... | 100 | 0 | 0 |
| (F)Checkpoint Strikeforce (EA)..... | 250 | 0 | 0 |
| (F)Avian Influenza- Point of Dispensing (EA)..... | 155 | 0 | 0 |
| (F)Aggressive Driver Prevention (EA)..... | 600 | 0 | 0 |
| (F)Scientific Lab Equipment (EA)..... | 125 | 0 | 0 |
| (F)Disaster and Storm Relief - 2006-07 (EA)..... | 750 | 0 | 0 |
| (F)Megan's Law Upgrade (EA)..... | 162 | 0 | 0 |
| (F)Pa Port Security Grant (EA)..... | 0 | 2,660 | 5,100 |
| (F)Law Enforcement Projects (EA)..... | 0 | 2,240 | 0 |
| (A)Turnpike Commission..... | 33,188 | 33,500 | 33,500 |
| (A)Gaming Control Board..... | 366 | 0 | 0 |
| (A)Sale of Automobiles..... | 102 | 150 | 150 |
| (A)Criminal History Record Checks..... | 8,861 | 9,000 | 8,800 |
| (A)Training Fees..... | 1 | 5 | 52 |
| (A)Reimbursement for Services..... | 2,842 | 2,141 | 2,800 |
| (A)Fingerprint Record Checks..... | 1,477 | 1,250 | 1,650 |
| (A)Registry of Protection..... | 147 | 120 | 145 |
| (A)Purchasing Card Rebates..... | 21 | 95 | 40 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|--------------------------|--------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| (A)Littering Fines..... | 6 | 25 | 30 |
| (A)Credit Card Receipts..... | 2,590 | 2,200 | 2,500 |
| (A)Photographic Services..... | 24 | 25 | 25 |
| (A)Delaware River Toll Bridge..... | 1,406 | 1,540 | 1,640 |
| Subtotal..... | <u>\$ 277,539</u> | <u>\$ 255,174</u> | <u>\$ 266,972</u> |
| Additional State Troopers..... | 6,347 | 0 | 0 |
| Law Enforcement Information Technology..... | 8,375 | 8,375 | 7,700 |
| Incident Information Management System..... | 3,510 | 1,782 | 1,053 |
| Municipal Police Training..... | 3,846 | 4,269 | 4,997 |
| (A)Admission Vouchers..... | 107 | 0 | 147 |
| (A)Pre Employment Testing..... | 4 | 0 | 0 |
| Subtotal..... | <u>\$ 3,957</u> | <u>\$ 4,269</u> | <u>\$ 5,144</u> |
| Automated Fingerprint Identification System..... | 1,226 | 1,226 | 1,226 |
| (F)DCSI - Palm Readers (EA)..... | 500 | 0 | 0 |
| Subtotal..... | <u>\$ 1,726</u> | <u>\$ 1,226</u> | <u>\$ 1,226</u> |
| Gun Checks..... | 900 | 0 | 0 |
| (R)Firearm Records Check..... | 3,096 | 5,528 | 5,605 |
| Subtotal..... | <u>\$ 3,996</u> | <u>\$ 5,528</u> | <u>\$ 5,605</u> |
| Subtotal - State Funds..... | \$ 189,676 | \$ 183,043 | \$ 186,994 |
| Subtotal - Federal Funds..... | 61,536 | 37,732 | 43,622 |
| Subtotal - Augmentations..... | 51,142 | 50,051 | 51,479 |
| Subtotal - Restricted Revenues..... | 3,096 | 5,528 | 5,605 |
| Total - General Government..... | <u>\$ 305,450</u> | <u>\$ 276,354</u> | <u>\$ 287,700</u> |
| STATE FUNDS..... | \$ 189,676 | \$ 183,043 | \$ 186,994 |
| FEDERAL FUNDS..... | 61,536 | 37,732 | 43,622 |
| AUGMENTATIONS..... | 51,142 | 50,051 | 51,479 |
| RESTRICTED REVENUES..... | 3,096 | 5,528 | 5,605 |
| GENERAL FUND TOTAL..... | <u>\$ 305,450</u> | <u>\$ 276,354</u> | <u>\$ 287,700</u> |
| MOTOR LICENSE FUND: | | | |
| <i>General Government:</i> | | | |
| General Government Operations..... | \$ 442,531 | \$ 450,581 | \$ 465,085 |
| Additional State Troopers..... | 17,161 | 0 | 0 |
| Law Enforcement Information Technology..... | 22,645 | 22,645 | 20,820 |
| Incident Information Management System..... | 9,490 | 4,818 | 2,847 |
| Municipal Police Training..... | 3,846 | 4,269 | 4,997 |
| Patrol Vehicles..... | 12,786 | 10,825 | 11,000 |
| (A)Automobile Sales..... | 2,266 | 2,000 | 2,000 |
| Automated Fingerprint Identification System..... | 121 | 121 | 121 |
| Commercial Vehicles Inspection..... | 3,773 | 5,924 | 5,924 |
| Subtotal..... | <u>\$ 514,619</u> | <u>\$ 501,183</u> | <u>\$ 512,794</u> |
| Subtotal - State Funds..... | \$ 512,353 | \$ 499,183 | \$ 510,794 |
| Subtotal - Augmentations..... | 2,266 | 2,000 | 2,000 |
| Total - General Government..... | <u>\$ 514,619</u> | <u>\$ 501,183</u> | <u>\$ 512,794</u> |
| STATE FUNDS..... | \$ 512,353 | \$ 499,183 | \$ 510,794 |
| AUGMENTATIONS..... | 2,266 | 2,000 | 2,000 |
| MOTOR LICENSE FUND TOTAL..... | <u>\$ 514,619</u> | <u>\$ 501,183</u> | <u>\$ 512,794</u> |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|--------------------------|--------------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| <u>OTHER FUNDS:</u> | | | |
| GENERAL FUND: | | | |
| Seized/Forfeited Property - Federal..... | \$ 3,974 | \$ 300 | \$ 300 |
| State Drug Act Forfeiture Funds..... | 864 | 400 | 400 |
| State Criminal Enforcement Forfeiture Funds..... | 143 | 50 | 50 |
| Crime Lab User Fees..... | 426 | 300 | 300 |
| Auto Theft and Arson Fund..... | 1,694 | 1,500 | 1,500 |
| Insurance Fraud Prevention..... | 0 | 250 | 250 |
| GENERAL FUND TOTAL..... | <u>\$ 7,101</u> | <u>\$ 2,800</u> | <u>\$ 2,800</u> |
| DNA DETECTION FUND: | | | |
| DNA Detection of Offenders(EA)..... | \$ 652 | \$ 1,498 | \$ 1,891 |
| STATE GAMING FUND: | | | |
| (R)Gaming Enforcement..... | \$ 0 | \$ 11,573 | \$ 17,002 |
| STATE STORES FUND: | | | |
| Liquor Control Enforcement..... | \$ 22,999 | \$ 23,665 | \$ 23,722 |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 189,676 | \$ 183,043 | \$ 186,994 |
| SPECIAL FUNDS..... | 512,353 | 499,183 | 510,794 |
| FEDERAL FUNDS..... | 61,536 | 37,732 | 43,622 |
| AUGMENTATIONS..... | 53,408 | 52,051 | 53,479 |
| RESTRICTED..... | 3,096 | 5,528 | 5,605 |
| OTHER FUNDS..... | 30,752 | 39,536 | 45,415 |
| TOTAL ALL FUNDS..... | <u>\$ 850,821</u> | <u>\$ 817,073</u> | <u>\$ 845,909</u> |

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| PUBLIC PROTECTION AND LAW ENFORCEMENT | | | | | | | |
| GENERAL FUND..... | \$ 189,676 | \$ 183,043 | \$ 186,994 | \$ 186,994 | \$ 186,994 | \$ 186,994 | \$ 186,994 |
| SPECIAL FUNDS..... | 512,353 | 499,183 | 510,794 | 510,794 | 510,794 | 510,794 | 510,794 |
| FEDERAL FUNDS..... | 61,536 | 37,732 | 43,622 | 43,622 | 43,622 | 43,622 | 43,622 |
| OTHER FUNDS..... | 87,256 | 97,115 | 104,499 | 104,499 | 104,499 | 104,499 | 104,499 |
| SUBCATEGORY TOTAL..... | \$ 850,821 | \$ 817,073 | \$ 845,909 | \$ 845,909 | \$ 845,909 | \$ 845,909 | \$ 845,909 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 189,676 | \$ 183,043 | \$ 186,994 | \$ 186,994 | \$ 186,994 | \$ 186,994 | \$ 186,994 |
| SPECIAL FUNDS..... | 512,353 | 499,183 | 510,794 | 510,794 | 510,794 | 510,794 | 510,794 |
| FEDERAL FUNDS..... | 61,536 | 37,732 | 43,622 | 43,622 | 43,622 | 43,622 | 43,622 |
| OTHER FUNDS..... | 87,256 | 97,115 | 104,499 | 104,499 | 104,499 | 104,499 | 104,499 |
| DEPARTMENT TOTAL..... | \$ 850,821 | \$ 817,073 | \$ 845,909 | \$ 845,909 | \$ 845,909 | \$ 845,909 | \$ 845,909 |

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. Daily, approximately 1.5 million criminal justice information exchange transactions take place via CLEAN. 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 continue 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 utilize 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 attempt 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

Program: Public Protection and Law Enforcement (continued)

civilian 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 intrastate 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 maintain 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 assistance

Program: Public Protection and Law Enforcement (continued)

during emergencies. The State Police has 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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Operations | | | | | | | |
| Sworn complement | 4,660 | 4,660 | 4,696 | 4,707 | 4,707 | 4,707 | 4,707 |
| Civilian complement..... | 1,741 | 1,767 | 1,767 | 1,767 | 1,767 | 1,767 | 1,767 |
| Number of Troopers assigned to law enforcement activities..... | 3,934 | 4,194 | 4,230 | 4,241 | 4,241 | 4,241 | 4,241 |
| Vehicle Standards Control | | | | | | | |
| School bus inspections | 28,556 | 30,840 | 31,865 | 32,846 | 33,010 | 33,173 | 33,338 |
| Motor Carrier Safety Inspections (MCSAP) | 66,497 | 70,000 | 70,350 | 70,701 | 71,054 | 71,409 | 71,766 |
| Percentage of MCSAP inspections that placed commercial vehicles out-of-service..... | 27% | 30% | 30% | 30% | 30% | 30% | 30% |
| Vehicle Traffic Supervision | | | | | | | |
| Percentage of commonwealth highways patrolled by the State Police | 63% | 63% | 63% | 63% | 63% | 63% | 64% |
| Vehicle accidents | 82,513 | 78,387 | 74,467 | 70,744 | 67,207 | 63,846 | 60,654 |
| Vehicle accident fatalities..... | 757 | 719 | 683 | 649 | 616 | 585 | 556 |
| Traffic citations issued..... | 506,844 | 507,350 | 507,858 | 508,366 | 508,874 | 509,383 | 509,892 |
| DUI arrests - individuals arrested..... | 15,628 | 15,643 | 15,659 | 15,674 | 16,001 | 16,016 | 16,034 |
| Criminal Law Enforcement and Crime Prevention | | | | | | | |
| Percentage of Commonwealth population 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 | 158 | 153 | 149 | 144 | 140 | 136 |
| Criminal arrests | 2,519 | 2,645 | 2,777 | 2,916 | 3,061 | 3,215 | 3,375 |
| Percentage of cleared offenses in which person was identified | 63.7% | 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 | 1,514 | 1,604 | 1,636 | 1,668 | 1,702 | 1,736 | 1,770 |
| Persons arrested | 10,393 | 10,600 | 10,834 | 11,159 | 11,605 | 12,069 | 12,673 |
| Percentage of cleared offenses in which person was identified | 23.0% | 25.0% | 25.0% | 25.0% | 25.0% | 25.0% | 25.0% |
| Percentage of those arrested who are convicted | 81.7% | 70.0% | 70.0% | 70.0% | 70.0% | 70.0% | 70.0% |
| Methamphetamine lab responses..... | 41 | 45 | 50 | 52 | 55 | 58 | 61 |

Program: Public Protection and Law Enforcement (continued)

| Program Measures: (continued) | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Critical incident responses by the Special Emergency Response Team..... | 187 | 185 | 181 | 177 | 174 | 171 | 167 |
| Incident responses by the Hazardous Device and Explosives Section | 275 | 283 | 291 | 300 | 310 | 319 | 328 |
| Megan's Law: number of registered sex offenders * | 10,690 | 13,000 | 14,950 | 17,192 | 19,771 | 22,737 | 22,737 |
| CLEAN/NCIC transactions **..... | 1,633,058 | 1,714,710 | 1,800,446 | 1,890,468 | 1,984,992 | 2,084,212 | 2,188,453 |
| Crime Lab | | | | | | | |
| Specimens submitted for DNA analysis..... | 38,923 | 40,869 | 42,912 | 45,058 | 45,959 | 46,878 | 47,816 |
| No-suspect DNA positive identifications..... | 555 | 582 | 593 | 605 | 617 | 630 | 642 |
| Fingerprint cards submitted..... | 352,428 | 369,467 | 387,941 | 407,338 | 427,705 | 449,090 | 471,544 |
| Cases solved through identification of latent prints | 772 | 787 | 803 | 820 | 836 | 852 | 870 |
| Background Checks | | | | | | | |
| Firearms Checks: checks conducted for the purchase of a firearm and to carry a concealed weapon..... | 503,013 | 505,528 | 508,055 | 510,596 | 513,149 | 515,714 | 518,293 |
| Firearm purchase and concealed weapon applications denied from criminal history checks..... | 8,230 | 8,271 | 8,312 | 8,354 | 8,396 | 8,438 | 8,480 |
| Criminal history checks for employment purposes..... | 1,157,483 | 1,215,357 | 1,276,125 | 1,339,931 | 1,406,928 | 1,477,274 | 1,551,138 |
| Crime Tip Line | | | | | | | |
| Terrorism Hotline calls with possible intelligence..... | 287 | 301 | 316 | 332 | 349 | 366 | 386 |
| Terrorism tips received | 431 | 453 | 475 | 499 | 524 | 550 | 578 |
| Drug tips received..... | 318 | 334 | 339 | 345 | 351 | 357 | 363 |
| Liquor Control Enforcement | | | | | | | |
| Enforcement investigations | 51,044 | 46,450 | 46,914 | 47,383 | 47,857 | 48,336 | 48,819 |
| Complaints received..... | 15,071 | 15,372 | 15,677 | 15,993 | 16,313 | 16,640 | 16,972 |
| Inspections of open liquor establishments.. | 4,076 | 4,157 | 4,240 | 4,325 | 4,412 | 4,500 | 4,590 |
| Administrative Warning Letters issued due to Liquor Code violations..... | 2,529 | 2,579 | 2,631 | 2,684 | 2,737 | 2,792 | 2,848 |
| Administrative Citation Letters issued for Liquor Code violations..... | 3,053 | 3,114 | 3,176 | 3,240 | 3,304 | 3,371 | 3,438 |

*The number of sex offenders registered under Megan's Law has changed due to new laws that require more offenders to register.

**CLEAN/NCIC transactions have increased with system upgrades that allow more and better access.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | |
|---|---|
| <p>GENERAL FUND AND MOTOR LICENSE FUND COMBINED</p> <p>General Government Operations</p> <p>\$ 19,131 —to continue current program.</p> <p>Law Enforcement Information Technology</p> <p>\$ -2,500 —nonrecurring projects.</p> <p>Incident Information Management System</p> <p>\$ -2,700 —nonrecurring projects.</p> | <p>Municipal Police Training</p> <p>\$ 1,456 —to continue current program.</p> <p>Patrol Vehicles</p> <p>\$ 175 —to continue current program.</p> <p>STATE STORES FUND</p> <p>Liquor Control Enforcement</p> <p>\$ 57 —to continue current program.</p> |
|---|---|

* In addition, the Pennsylvania Instant Gun Check System initiative recommends \$5,605,000 from the Firearms Records Check restricted account as a result of self-funding the gun checks program.

Program: Public Protection and Law Enforcement (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 165,472 | \$ 167,391 | \$ 172,018 | \$ 172,018 | \$ 172,018 | \$ 172,018 | \$ 172,018 |
| Additional State Troopers | 6,347 | 0 | 0 | 0 | 0 | 0 | 0 |
| Law Enforcement Information Technology | 8,375 | 8,375 | 7,700 | 7,700 | 7,700 | 7,700 | 7,700 |
| Incident Information Management System | 3,510 | 1,782 | 1,053 | 1,053 | 1,053 | 1,053 | 1,053 |
| Municipal Police Training..... | 3,846 | 4,269 | 4,997 | 4,997 | 4,997 | 4,997 | 4,997 |
| Automated Fingerprint Identification System..... | 1,226 | 1,226 | 1,226 | 1,226 | 1,226 | 1,226 | 1,226 |
| Gun Checks..... | 900 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL GENERAL FUND | \$ 189,676 | \$ 183,043 | \$ 186,994 | \$ 186,994 | \$ 186,994 | \$ 186,994 | \$ 186,994 |
| MOTOR LICENSE FUND: | | | | | | | |
| General Government Operations | \$ 442,531 | \$ 450,581 | \$ 465,085 | \$ 465,085 | \$ 465,085 | \$ 465,085 | \$ 465,085 |
| Additional State Troopers | 17,161 | 0 | 0 | 0 | 0 | 0 | 0 |
| Law Enforcement Information Technology | 22,645 | 22,645 | 20,820 | 20,820 | 20,820 | 20,820 | 20,820 |
| Incident Information Management System | 9,490 | 4,818 | 2,847 | 2,847 | 2,847 | 2,847 | 2,847 |
| Municipal Police Training..... | 3,846 | 4,269 | 4,997 | 4,997 | 4,997 | 4,997 | 4,997 |
| Patrol Vehicles..... | 12,786 | 10,825 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| Automated Fingerprint Identification System..... | 121 | 121 | 121 | 121 | 121 | 121 | 121 |
| Commercial Vehicles Inspection..... | 3,773 | 5,924 | 5,924 | 5,924 | 5,924 | 5,924 | 5,924 |
| TOTAL MOTOR LICENSE FUND..... | \$ 512,353 | \$ 499,183 | \$ 510,794 | \$ 510,794 | \$ 510,794 | \$ 510,794 | \$ 510,794 |
| STATE STORES FUND: | | | | | | | |
| Liquor Control Enforcement..... | \$ 22,999 | \$ 23,665 | \$ 23,722 | \$ 23,722 | \$ 23,722 | \$ 23,722 | \$ 23,722 |



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)
2006-07 2007-08 2008-09
ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

| | | | | | | |
|------------------------------------|----|-------|----|-------|----|-------|
| General Government Operations..... | \$ | 1,338 | \$ | 1,519 | \$ | 1,519 |
|------------------------------------|----|-------|----|-------|----|-------|

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-----------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| EDUCATION SUPPORT SERVICES | | | | | | | |
| GENERAL FUND..... | \$ 1,338 | \$ 1,519 | \$ 1,519 | \$ 1,519 | \$ 1,519 | \$ 1,519 | \$ 1,519 |
| 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..... | \$ 1,338 | \$ 1,519 | \$ 1,519 | \$ 1,519 | \$ 1,519 | \$ 1,519 | \$ 1,519 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 1,338 | \$ 1,519 | \$ 1,519 | \$ 1,519 | \$ 1,519 | \$ 1,519 | \$ 1,519 |
| 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..... | \$ 1,338 | \$ 1,519 | \$ 1,519 | \$ 1,519 | \$ 1,519 | \$ 1,519 | \$ 1,519 |

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 lying 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

This appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| General Government Operations | \$ 1,338 | \$ 1,519 | \$ 1,519 | \$ 1,519 | \$ 1,519 | \$ 1,519 | \$ 1,519 |



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) | | |
|---|-------------------------------|----------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| GENERAL FUND: | | | |
| General Government: | | | |
| General Operations..... | \$ 1,932 | \$ 0 | \$ 0 |
| Transportation Operations..... | 0 | 253 | 253 |
| Rail Freight and Intermodal Coordination..... | 0 | 979 | 979 |
| (F)FTA - Technical Studies Grants..... | 4,465 | 4,465 | 4,140 |
| (F)Capital Assistance..... | 385 | 450 | 0 |
| (F)Surface Transportation Assistance..... | 920 | 2,000 | 500 |
| (F)FTA - Capital Improvement Grants..... | 5,700 | 6,000 | 6,000 |
| (F)Title IV Rail Assistance..... | 36 | 36 | 36 |
| (F)Maglev..... | 5,000 | 5,000 | 5,000 |
| (R)Project Management Oversight - PTAF (EA)..... | 1,000 | 0 | 0 |
| (A)PTAF- Oversight..... | 0 ^a | 0 ^a | 0 ^a |
| Rail Safety Inspection..... | 434 | 0 | 0 |
| Vehicle Sales Tax Collections..... | 1,253 | 1,253 | 1,139 |
| Voter Registration..... | 377 | 377 | 365 |
| Subtotal - State Funds..... | \$ 3,996 | \$ 2,862 | \$ 2,736 |
| Subtotal - Federal Funds..... | 16,506 | 17,951 | 15,676 |
| Subtotal - Restricted Revenues..... | 1,000 | 0 | 0 |
| Total - General Government..... | \$ 21,502 | \$ 20,813 | \$ 18,412 |
| Grants and Subsidies: | | | |
| Mass Transportation Assistance..... | \$ 299,442 | \$ 0 | \$ 0 |
| Rural Transportation Assistance..... | 1,000 | 0 | 0 |
| (F)TEA 21 - Access to Jobs..... | 2,000 | 3,000 | 2,000 |
| Fixed Route Transit..... | 7,200 | 0 | 0 |
| (F)New Freedom Job Access..... | 0 | 3,000 | 2,000 |
| Shared Ride Transit for Persons with Disabilities..... | 4,800 | 0 | 0 |
| Intercity Transportation..... | 7,413 | 0 | 0 |
| (F)Surface Transportation - Operating..... | 14,100 | 16,000 | 16,000 |
| (F)Surface Transportation Assistance Capital..... | 4,000 | 5,000 | 5,000 |
| (F)FTA - Capital Improvements..... | 25,000 | 25,000 | 25,000 |
| (F)FTA - Intelligent Vehicles - Public Transit..... | 2,645 | 2,645 | 0 |
| (F)FTA - Intelligent Transit System Deployment..... | 14,214 | 14,214 | 0 |
| (R)Technical Assistance - PTAF (EA)..... | 6,651 | 5,254 | 0 |
| (R)Community Transportation Equipment Grants - PTAF (EA)..... | 3,280 | 1,244 | 0 |
| (R)Mass Transit Grants (EA)..... | 69,666 | 0 | 0 |
| (R)Rural Transit Grants (EA)..... | 4,134 | 0 | 0 |
| (R)Community Transportation (EA)..... | 2,149 | 0 | 0 |
| Rail Freight Assistance..... | 10,500 | 11,000 | 11,000 |
| Subtotal - State Funds..... | \$ 330,355 | \$ 11,000 | \$ 11,000 |
| Subtotal - Federal Funds..... | 61,959 | 68,859 | 50,000 |
| Subtotal - Restricted Revenues..... | 85,880 | 6,498 | 0 |
| Total - Grants and Subsidies..... | \$ 478,194 | \$ 86,357 | \$ 61,000 |
| STATE FUNDS..... | \$ 334,351 | \$ 13,862 | \$ 13,736 |
| FEDERAL FUNDS..... | 78,465 | 86,810 | 65,676 |
| RESTRICTED REVENUES..... | 86,880 | 6,498 | 0 |
| GENERAL FUND TOTAL..... | \$ 499,696 | \$ 107,170 | \$ 79,412 |
| MOTOR LICENSE FUND: | | | |
| General Government: | | | |
| General Government Operations..... | \$ 52,998 | \$ 53,878 | \$ 54,374 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|----------------|----------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| (F)Federal Aid - Intelligent Transportation System..... | 2,472 | 1,350 | 1,600 |
| (A)Reimbursement - Other Agencies..... | 187 | 215 | 215 |
| (A)Mass Transportation..... | 109 | 0 | 0 |
| (A)Duplicating Services..... | 86 | 114 | 114 |
| (A)Aviation Restricted Revenue..... | 0 | 161 | 161 |
| (A)Administrative Hearings..... | 27 | 40 | 40 |
| (A)Litter Fine Receipts..... | 7 | 9 | 9 |
| (A)Reimb Drug & Alcohol Testing..... | 0 | 60 | 60 |
| Welcome Centers..... | 2,845 | 2,974 | 3,091 |
| Highway Systems Technology..... | 21,100 | 22,100 | 22,100 |
| Subtotal..... | \$ 79,831 | \$ 80,901 | \$ 81,764 |
| Highway and Safety Improvements..... | 150,000 | 150,000 | 150,000 |
| Security Wall Pilot Program..... | 18,000 | 5,000 | 5,000 |
| Expanded Highway and Bridge Program..... | 0 | 415,000 | 465,000 |
| Highway Capital Projects (EA)..... | 211,000 | 216,000 | 216,000 |
| (F)Highway Research, Planning and Construction..... | 814,924 | 893,000 | 927,000 |
| (F)Highway Safety - Construction (EA)..... | 100 | 0 | 0 |
| (A)Highway Construction Contributions..... | 11,471 | 7,000 | 13,000 |
| (A)Joint Use Leases..... | 516 | 0 | 0 |
| (A)Intern Program - PHEAA Reimbursement..... | 184 | 0 | 0 |
| (A)Proceeds from sale of R/W..... | 766 | 0 | 0 |
| (A)Licensing Fees- Engineering Software..... | 88 | 0 | 0 |
| (R)Highway Capital Projects - Excise Tax (EA)..... | 85,996 | 76,059 | 76,972 |
| (R)Highway Bridge Projects (EA)..... | 90,000 | 90,000 | 110,000 |
| (A)Construction Contributions..... | 173 | 2,856 | 2,800 |
| (A)Reimbursements From Local Governments..... | 85 | 0 | 0 |
| (A)Proceeds From Sale of Right-of-Way--State Bridge..... | 18 | 0 | 0 |
| (R)Bridges - Excise Tax (EA)..... | 65,763 | 58,163 | 57,333 |
| (F)Federal Aid - Highway Bridge Projects..... | 214,578 | 220,145 | 250,000 |
| (A)Bridge Reimbursement from Local Governments..... | 0 | 0 | 200 |
| Highway Maintenance..... | 770,500 | 770,500 | 809,000 |
| Secondary Road - Maintenance and Resurfacing (EA)..... | 65,230 | 65,230 | 66,350 |
| Highway Maintenance Safety Projects..... | 15,000 | 10,000 | 10,000 |
| Smoother Roads and Priority Bridges..... | 150,000 | 12,000 | 12,000 |
| Bridge Preservation..... | 48,000 | 18,000 | 0 |
| Emergency Highway and Bridge Repair..... | 35,000 | 5,000 | 15,000 |
| Reinvestment - Facilities..... | 16,540 | 16,540 | 16,540 |
| (A)Reimbursements From Other State Agencies..... | 1,250 | 0 | 0 |
| (F)Highway Research, Planning and Construction..... | 200,395 | 210,000 | 210,000 |
| (F)State and Community Highway Safety..... | 2,520 | 30,000 | 6,000 |
| (F)Highway Safety - Maintenance (EA)..... | 4,000 | 4,000 | 4,000 |
| (F)Federal Disaster Reimbursement - FHWA..... | 19,964 | 13,500 | 12,500 |
| (R)Highway Maintenance - Excise Tax (EA)..... | 185,462 | 190,912 | 192,226 |
| (R)Highway Maintenance Enhancement (EA)..... | 268,357 | 285,823 | 277,664 |
| (A)Highway Maintenance Contributions..... | 8,677 | 20,960 | 20,000 |
| (F)Disaster Recovery - FEMA..... | 12,191 | 13,500 | 12,500 |
| (A)Sale of Gas, Oil and Antifreeze..... | 15 | 0 | 0 |
| (A)Sale of Right-of-Way - Hwy Maint..... | 2 | 0 | 0 |
| (A)Sale of Equipment..... | 4,482 | 4,040 | 5,000 |
| (A)Heavy Hauling - Bonded Roads..... | 500 | 0 | 0 |
| (A)Sale of Signs..... | 123 | 0 | 0 |
| (A)Accident Damage Claims..... | 5,347 | 0 | 0 |
| (A)Intern Program - PHEAA Reimbursement..... | 262 | 0 | 0 |
| Subtotal..... | \$ 3,477,479 | \$ 3,803,228 | \$ 3,942,085 |
| Homeland Security - Personal ID..... | 8,800 | 11,500 | 3,000 |
| Safety Administration and Licensing..... | 127,459 | 132,028 | 133,621 |
| (F)State and Community Highway Safety..... | 673 | 671 | 440 |
| (F)Highway Safety - Safety Administration (EA)..... | 300 | 300 | 300 |
| (A)Administrative Support..... | 61 | 100 | 100 |

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
|--|-------------------|----------------------|-------------------|
| (A)Computer Support..... | 0 | 100 | 0 |
| (A)Photo ID Program..... | 15,192 | 17,600 | 16,725 |
| (A)Emission Mechanic Training Courses..... | 74 | 130 | 130 |
| (A)Vehicle Sales Tax Collections..... | 0 ^b | 0 ^b | 0 ^b |
| (A)Reimbursement - Data Line Charges..... | 137 | 300 | 300 |
| (A)Postage..... | 308 | 492 | 375 |
| Subtotal..... | \$ 153,004 | \$ 163,221 | \$ 154,991 |
| (R)Aviation Operations..... | 4,966 | 4,689 | 4,689 |
| (F)Aviation Planning (EA)..... | 480 | 480 | 480 |
| (F)Airport Inspections (EA)..... | 30 | 30 | 30 |
| (F)Small Community Air Service Development (EA)..... | 0 | 400 | 0 |
| (A)Reimbursement - Flight Operations..... | 1,024 | 840 | 840 |
| (A)Airport Inspections and Licensing..... | 22 | 7 | 7 |
| (A)Reimbursement - Statewide Program..... | 3 | 60 | 60 |
| Subtotal..... | \$ 6,525 | \$ 6,506 | \$ 6,106 |
| Subtotal - State Funds..... | \$ 1,692,472 | \$ 1,905,750 | \$ 1,981,076 |
| Subtotal - Federal Funds..... | 1,272,627 | 1,387,376 | 1,424,850 |
| Subtotal - Augmentations..... | 51,196 | 55,084 | 60,136 |
| Subtotal - Restricted Revenues..... | 700,544 | 705,646 | 718,884 |
| Total - General Government..... | \$ 3,716,839 | \$ 4,053,856 | \$ 4,184,946 |
| Grants and Subsidies: | | | |
| Local Road Maintenance and Construction Payments..... | \$ 204,576 | \$ 205,751 | \$ 205,751 |
| Supplemental Local Road Maintenance & Construction Payments..... | 5,000 | 5,000 | 5,000 |
| Municipal Roads and Bridges..... | 0 | 30,000 | 30,000 |
| Maintenance and Construction of County Bridges..... | 0 | 5,000 | 5,000 |
| Payment to Turnpike Commission (EA)..... | 28,000 | 28,000 | 28,000 |
| (R)Local Road Payments - Excise Tax (EA)..... | 53,705 | 53,689 | 53,700 |
| (R)Payments to Municipalities (EA)..... | 37,594 | 37,478 | 38,044 |
| (R)Local Grants for Bridge Projects (EA)..... | 25,000 | 25,000 | 25,000 |
| (A)Reimbursements From Local Governments..... | 24 | 100 | 100 |
| (R)County Bridges - Excise Tax (EA)..... | 8,055 | 4,348 | 4,538 |
| (F)Federal Aid - Local Grants for Bridge Projects..... | 1,097 | 1,100 | 1,100 |
| (F)Federal Aid - County Bridges..... | 7 | 200 | 200 |
| (A)Local Governments..... | 0 | 0 | 100 |
| (R)Toll Roads - Excise Tax (EA)..... | 70,003 | 65,294 | 59,124 |
| (R)Annual Maintenance Payments - Highway Transfer (EA)..... | 18,352 | 18,648 | 18,748 |
| (R)Restoration Projects - Highway Transfer (EA)..... | 15,794 | 9,750 | 8,000 |
| (R)Airport Development..... | 8,000 | 9,000 | 9,000 |
| (F)Airport Development (EA)..... | 18,000 | 18,000 | 18,000 |
| (R)Real Estate Tax Rebate..... | 250 | 250 | 250 |
| Subtotal..... | \$ 493,457 | \$ 516,608 | \$ 509,655 |
| Subtotal - State Funds..... | \$ 237,576 | \$ 273,751 | \$ 273,751 |
| Subtotal - Federal Funds..... | 19,104 | 19,300 | 19,300 |
| Subtotal - Augmentations..... | 24 | 100 | 200 |
| Subtotal - Restricted Revenues..... | 236,753 | 223,457 | 216,404 |
| Total - Grants and Subsidies..... | \$ 493,457 | \$ 516,608 | \$ 509,655 |
| Refunds: | | | |
| Refunding Collected Monies (EA)..... | \$ 2,500 | \$ 4,000 | \$ 4,000 |
| Subtotal..... | \$ 2,500 | \$ 4,000 | \$ 4,000 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|---------------------|---------------------|
| | 2006-07 | 2007-08 | 2008-09 |
| | ACTUAL | AVAILABLE | BUDGET |
| STATE FUNDS..... | \$ 1,932,548 | \$ 2,183,501 | \$ 2,258,827 |
| FEDERAL FUNDS..... | 1,291,731 | 1,406,676 | 1,444,150 |
| AUGMENTATIONS..... | 51,220 | 55,184 | 60,336 |
| RESTRICTED REVENUES..... | 937,297 | 929,103 | 935,288 |
| MOTOR LICENSE FUND TOTAL..... | \$ 4,212,796 | \$ 4,574,464 | \$ 4,698,601 |
| LOTTERY FUND: | | | |
| <i>Grants and Subsidies:</i> | | | |
| Older Pennsylvanians Shared Rides (EA)..... | \$ 71,556 | \$ 76,900 | \$ 77,850 |
| Older Pennsylvanians Free Transit (EA)..... | 49,536 | 0 | 0 |
| Fixed Route Transportation..... | 20,500 | 0 | 0 |
| Transfer to Public Transportation Trust Fund (EA)..... | 0 ^c | 0 ^c | 0 ^c |
| Total - Grants and Subsidies..... | \$ 141,592 | \$ 76,900 | \$ 77,850 |
| LOTTERY FUND TOTAL..... | \$ 141,592 | \$ 76,900 | \$ 77,850 |
| OTHER FUNDS: | | | |
| GENERAL FUND: | | | |
| Federal Grants - Railroad Freight Rehabilitation..... | \$ 0 | \$ 1,000 | \$ 1,000 |
| Child Passenger Restraint Fund..... | 35 | 100 | 100 |
| GENERAL FUND TOTAL..... | \$ 35 | \$ 1,100 | \$ 1,100 |
| MOTOR LICENSE FUND: | | | |
| Federal Reimbursements - Highway Safety Program..... | \$ 10,402 | \$ 9,000 | \$ 9,000 |
| Reimbursements to Municipalities - Vehicle Code Fines..... | 13,609 | 18,000 | 14,000 |
| Federal Reimbursements - Flood Related Costs..... | 0 | 2,000 | 2,000 |
| Reimbursements to Other States-Apporioned Registration Plan..... | 25,955 | 39,000 | 40,000 |
| Federal Reimbursements - Bridge Projects..... | 61,599 | 40,000 | 50,000 |
| Motorcycle Safety Education..... | 4,440 | 5,500 | 5,500 |
| Equipment Rental Security Deposits..... | 0 | 1,000 | 1,000 |
| Payments to Blind/Visually Handicapped..... | 0 | 1,600 | 1,600 |
| Federal Reimbursements - Political Subdivisions..... | 112,796 | 100,000 | 110,000 |
| License and Registration Pickups..... | 0 | 15 | 15 |
| Engineering Software Maintenance..... | 0 | 200 | 200 |
| CDL- Hazadous Material Fees..... | 463 | 700 | 700 |
| MOTOR LICENSE FUND TOTAL..... | \$ 229,264 | \$ 217,015 | \$ 234,015 |
| GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND: | | | |
| Implementation Costs (EA)..... | \$ 30 | \$ 0 | \$ 0 |
| 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)..... | \$ 20,003 | \$ 30,000 | \$ 30,000 |
| LIQUID FUELS TAX FUND: | | | |
| Payments to Counties..... | \$ 0 | \$ 32,892 | \$ 32,950 |
| Auditor General's Audit Costs (EA)..... | 500 | 500 | 500 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|----------------------------|----------------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| LIQUID FUELS TAX FUND TOTAL..... | <u>\$ 500</u> | <u>\$ 33,392</u> | <u>\$ 33,450</u> |
| MOTOR VEHICLE TRANSACTION RECOVERY FUND: | | | |
| Reimbursement to Transportation..... | <u>\$ 0</u> | <u>\$ 170</u> | <u>\$ 170</u> |
| PUBLIC TRANSPORTATION ASSISTANCE FUND: | | | |
| Mass Transit Grants (EA)..... | \$ 178,398 | \$ 0 | \$ 0 |
| Transfer to General Fund (EA)..... | 0 ^d | 0 | 0 |
| Rural Transit Grants (EA)..... | 4,234 | 0 | 0 |
| Mass Transit EA..... | 0 | 163,815 | 171,207 |
| Transfer to Public Transportation Trust Fund (EA)..... | 0 ^e | 0 ^e | 0 ^e |
| PUBLIC TRANSPORTATION ASSISTANCE FUND TOTAL..... | <u>\$ 182,632</u> | <u>\$ 163,815</u> | <u>\$ 171,207</u> |
| PUBLIC TRANSPORTATION TRUST FUND: | | | |
| Mass Transit Operating (EA)..... | \$ 0 | \$ 699,224 | \$ 704,403 |
| Asset Improvement (EA)..... | 0 | 20,657 | 69,858 |
| Capital Improvement (EA)..... | 0 | 20,407 | 22,456 |
| Programs of Statewide Significance (EA)..... | 0 | 47,921 | 48,803 |
| Transit Administration and Oversight (EA)..... | 0 | 4,536 | 4,536 |
| PUBLIC TRANSPORTATION TRUST FUND TOTAL..... | <u>\$ 0</u> | <u>\$ 792,745</u> | <u>\$ 850,056</u> |
| DEPARTMENT TOTAL - ALL FUNDS | | | |
| GENERAL FUND..... | \$ 334,351 | \$ 13,862 | \$ 13,736 |
| SPECIAL FUNDS..... | 2,074,140 | 2,260,401 | 2,336,677 |
| FEDERAL FUNDS..... | 1,370,196 | 1,493,486 | 1,509,826 |
| AUGMENTATIONS..... | 51,220 | 55,184 | 60,336 |
| RESTRICTED..... | 1,024,177 | 935,601 | 935,288 |
| OTHER FUNDS..... | 433,179 | 1,238,952 | 1,320,713 |
| TOTAL ALL FUNDS..... | <u><u>\$ 5,287,263</u></u> | <u><u>\$ 5,997,486</u></u> | <u><u>\$ 6,176,576</u></u> |

^a Not added to the total to avoid double counting: 2006-07 Actual is \$0, 2007-08 Available is \$110,000, and 2008-09 Budget is \$0.

^b Not added to the total to avoid double counting: 2006-07 Actual is \$1,253,000, 2006-07 Available is \$1,253,000, and 2008-09 Budget is \$1,253,000.

^c Not added to the total to avoid double counting: 2006-07 Actual is \$0, 2007-08 Available is \$80,020,000, and 2008-09 Budget is \$82,160,000.

^d Not added to the total to avoid double counting: 2006-07 Actual is \$4,768,000, 2007-08 Available is \$0 and 2008-09 Budget is \$0.

^e Not added to the total to avoid double counting: 2006-07 Actual is \$0, 2007-08 Available is \$16,525,000, and 2008-09 Budget is \$14,593,000.

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| TRANSPORTATION SUPPORT SERVICES | | | | | | | |
| GENERAL FUND..... | \$ 1,932 | \$ 253 | \$ 253 | \$ 253 | \$ 253 | \$ 253 | \$ 253 |
| SPECIAL FUNDS..... | 55,498 | 57,878 | 58,374 | 58,374 | 58,374 | 58,374 | 58,374 |
| FEDERAL FUNDS..... | 2,472 | 1,350 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 |
| OTHER FUNDS..... | 914 | 1,399 | 1,399 | 1,399 | 1,399 | 1,399 | 1,399 |
| SUBCATEGORY TOTAL..... | \$ 60,816 | \$ 60,880 | \$ 61,626 | \$ 61,626 | \$ 61,626 | \$ 61,626 | \$ 61,626 |
| HIGHWAYS AND BRIDGES | | | | | | | |
| GENERAL FUND..... | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| SPECIAL FUNDS..... | 1,531,215 | 1,736,344 | 1,818,081 | 1,772,081 | 1,784,581 | 1,827,394 | 1,855,526 |
| FEDERAL FUNDS..... | 1,268,672 | 1,384,145 | 1,422,000 | 1,416,000 | 1,416,000 | 1,416,000 | 1,416,000 |
| OTHER FUNDS..... | 830,660 | 841,022 | 854,234 | 854,234 | 854,234 | 854,234 | 854,234 |
| SUBCATEGORY TOTAL..... | \$ 3,630,547 | \$ 3,961,511 | \$ 4,094,315 | \$ 4,042,315 | \$ 4,054,815 | \$ 4,097,628 | \$ 4,125,760 |
| LOCAL HIGHWAY AND BRIDGE ASSISTANCE | | | | | | | |
| GENERAL FUND..... | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| SPECIAL FUNDS..... | 209,576 | 245,751 | 245,751 | 245,751 | 245,751 | 245,751 | 245,751 |
| FEDERAL FUNDS..... | 1,104 | 1,300 | 1,300 | 1,300 | 1,300 | 1,300 | 1,300 |
| OTHER FUNDS..... | 347,028 | 340,405 | 355,680 | 355,680 | 355,680 | 355,680 | 355,680 |
| SUBCATEGORY TOTAL..... | \$ 557,708 | \$ 587,456 | \$ 602,731 | \$ 602,731 | \$ 602,731 | \$ 602,731 | \$ 602,731 |
| INTERMODAL TRANSPORTATION | | | | | | | |
| GENERAL FUND..... | \$ 330,789 | \$ 11,979 | \$ 11,979 | \$ 11,979 | \$ 11,979 | \$ 11,979 | \$ 11,979 |
| SPECIAL FUNDS..... | 141,592 | 76,900 | 77,850 | 77,850 | 77,850 | 77,850 | 77,850 |
| FEDERAL FUNDS..... | 96,975 | 105,720 | 84,186 | 84,186 | 84,186 | 84,186 | 84,186 |
| OTHER FUNDS..... | 283,777 | 983,504 | 1,041,709 | 1,114,349 | 1,145,532 | 1,179,761 | 1,214,606 |
| SUBCATEGORY TOTAL..... | \$ 853,133 | \$ 1,178,103 | \$ 1,215,724 | \$ 1,288,364 | \$ 1,319,547 | \$ 1,353,776 | \$ 1,388,621 |
| SAFETY ADMINISTRATION AND LICENSING | | | | | | | |
| GENERAL FUND..... | \$ 1,630 | \$ 1,630 | \$ 1,504 | \$ 1,504 | \$ 1,504 | \$ 1,504 | \$ 1,504 |
| SPECIAL FUNDS..... | 136,259 | 143,528 | 136,621 | 136,621 | 136,621 | 136,621 | 136,621 |
| FEDERAL FUNDS..... | 973 | 971 | 740 | 740 | 740 | 740 | 740 |
| OTHER FUNDS..... | 46,197 | 63,407 | 63,315 | 63,315 | 63,315 | 63,315 | 63,315 |
| SUBCATEGORY TOTAL..... | \$ 185,059 | \$ 209,536 | \$ 202,180 | \$ 202,180 | \$ 202,180 | \$ 202,180 | \$ 202,180 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 334,351 | \$ 13,862 | \$ 13,736 | \$ 13,736 | \$ 13,736 | \$ 13,736 | \$ 13,736 |
| SPECIAL FUNDS..... | 2,074,140 | 2,260,401 | 2,336,677 | 2,290,677 | 2,303,177 | 2,345,990 | 2,374,122 |
| FEDERAL FUNDS..... | 1,370,196 | 1,493,486 | 1,509,826 | 1,503,826 | 1,503,826 | 1,503,826 | 1,503,826 |
| OTHER FUNDS..... | 1,508,576 | 2,229,737 | 2,316,337 | 2,388,977 | 2,420,160 | 2,454,389 | 2,489,234 |
| DEPARTMENT TOTAL..... | \$ 5,287,263 | \$ 5,997,486 | \$ 6,176,576 | \$ 6,197,216 | \$ 6,240,899 | \$ 6,317,941 | \$ 6,380,918 |

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, budgetary, 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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Overhead costs as a percentage of department budget..... | 1.44% | 1.40% | 1.40% | 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
 \$ 496 —to continue current program.

All other appropriations are recommended at the current year funding level.

| Appropriations within this Program: | (Dollar Amounts in Thousands) | | | | | | |
|---------------------------------------|-------------------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
| GENERAL FUND: | | | | | | | |
| General Operations | \$ 1,932 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Transportation Operations..... | 0 | 253 | 253 | 253 | 253 | 253 | 253 |
| TOTAL MOTOR LICENSE FUND..... | \$ 1,932 | \$ 253 | \$ 253 | \$ 253 | \$ 253 | \$ 253 | \$ 253 |
| MOTOR LICENSE FUND: | | | | | | | |
| General Government Operations | \$ 52,998 | \$ 53,878 | \$ 54,374 | \$ 54,374 | \$ 54,374 | \$ 54,374 | \$ 54,374 |
| Refunding Collected Monies (EA) | 2,500 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| TOTAL MOTOR LICENSE FUND..... | \$ 55,498 | 57,878 | 58,374 | 58,374 | 58,374 | 58,374 | 58,374 |

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

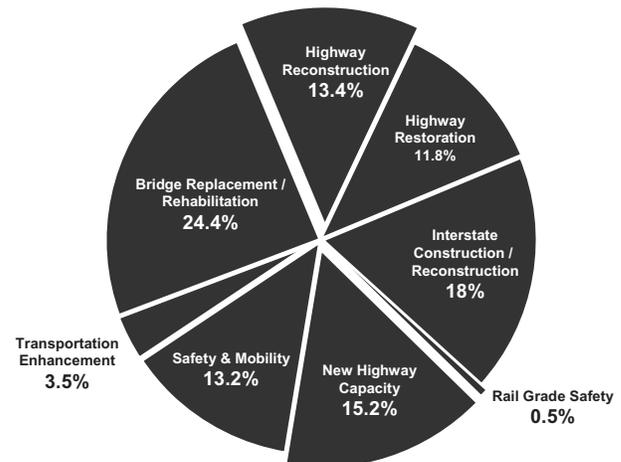
This program contributes to the economic vitality of the commonwealth and to the mobility of its residents through major construction or reconstruction of highways and bridges on the state-owned network.

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 2006 – September 2010)**



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 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: Highways and Bridges (continued)

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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Highway and Bridge Construction/Reconstruction | | | | | | | |
| Miles of new highway construction..... | 33 | 29 | 29 | 25 | 24 | 23 | 21 |
| Miles of Interstate reconstruction or restoration* | 89.4 | 94.0 | 94.0 | 72.0 | 69.0 | 66.0 | 63.0 |
| Miles of non-Interstate reconstruction or restoration* | 33.9 | 86.0 | 86.0 | 48.0 | 46.0 | 44.0 | 42.0 |
| Interstate highway system in good or excellent condition* | 71.8% | 74.6% | 74.6% | 74.6% | 74.6% | 74.6% | 74.6% |
| Interstate highway system in poor condition* | 5.2% | 4.8% | 4.8% | 4.8% | 4.8% | 4.8% | 4.8% |
| NHS non-Interstate highway system in good or excellent condition* | 65.5% | 65.5% | 65.5% | 65.5% | 65.5% | 65.5% | 65.5% |
| NHS non-Interstate highway system in poor condition* | 9.4% | 9.4% | 9.4% | 9.4% | 9.4% | 9.4% | 9.4% |
| Bridges replaced/repaired* | 186 | 200 | 200 | 200 | 200 | 200 | 200 |
| Structurally deficient bridges by deck area (%)* | 20.8% | 20.3% | 19.8% | 19.3% | 18.8% | 18.3% | 17.8% |
| Variance of final cost of construction versus original contract amount..... | 2.4% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Number of bridges preserved* | 582 | 400 | 400 | 400 | 400 | 400 | 400 |
| Highway and Bridge Maintenance | | | | | | | |
| Miles of state maintained highways..... | 39,843 | 39,818 | 39,793 | 39,768 | 39,743 | 39,718 | 39,693 |
| Miles of state maintained highways improved: | | | | | | | |
| Structural restoration* | 223 | 371 | 249 | 223 | 154 | 148 | 142 |
| Maintenance resurfacing* | 2,554 | 1,867 | 1,792 | 1,762 | 1,674 | 1,607 | 1,543 |
| Surface repairs* | 3,527 | 3,837 | 3,605 | 3,490 | 3,419 | 3,280 | 3,140 |
| Total | 6,304 | 6,075 | 5,646 | 5,475 | 5,247 | 5,035 | 4,825 |

* These measures will be updated for the impact of funds from Act 44 when the department and the local planning organizations determine specific projects.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Highway and Safety Improvement

This funding is in combination with Act 25 of 1991 revenues for 2008-09 of \$76.972 million (17 percent of 55 mills) and Highway Capital Projects authorized in Act 3 of 1997. Key new roadway and alignment of N. Johnsonburg Bypass in Elk County; reconstruction of US 22 from the intersection of PA 982 to the intersection with Auction Barn Road in Westmoreland County; reconstruction and realignment of Clyde Bypass in Indiana County; restoration of Lock Haven Bypass in Clinton County; grade separated interchange on PA 100 at Sheree Blvd; realignment and reconstruction of the south approach to West End Bridge in Allegheny County; widening of US 30 from Centennial Rd to County line in Adams County; restoration of US Business Rt. 22 from Rodi Rd to Mossie Blvd in Allegheny County.

Another priority is the preservation of the Interstate Highway System. During 2008-09 key projects in this area will include the construction of two new ramps at the I-79 / I-279 Interchange; reconstruction of 11.95 miles of I-79 from the Ohio River north to I-279 in Allegheny County; restoration of 33.45

miles of I-90 in Erie County; restoration and resurfacing of 46.59 miles of I-80 in Clearfield County; replacement of bridge parapets along 2.24 miles of I-95 in Philadelphia County; reconstruction and bridge repairs on I-99 from Cessna to Sproul interchanges in Bedford County; and restoration of 7.52 miles of I-376 in Allegheny County from S. Braddock Ave to US Business Rt 22.

Bridge Restricted Revenue

Major bridge projects to be started or continued during 2008-09 include the Lick Run Bridge in Clearfield County, Church Street Bridge in Wayne County, Norman Wood Bridge in Lancaster County, Gay Street/French Circle Bridge in Chester County, I-476 Schuylkill Bridge in Montgomery County, JFK Blvd. over Schuylkill in Philadelphia County, Schuylkill Expressway bridge painting in Philadelphia County, PA 997 Bridge/Interchange in Franklin County, I-99 Tyrone Viaduct painting in Blair County, Pemberton Bridge in Blair County, Blvd. of Allies Bridge replacement in Allegheny County, Point Marion Bridge in Greene County, and Rankin Bridge rehabilitation in Allegheny County.

Program: Highways and Bridges (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

New Highway and Bridge Program

Increased funding is provided by Act 44 of 2007 and the associated lease agreement with the Pennsylvania Turnpike Commission.

The activity to be performed under the Expanded Highway and Bridge Program appropriation is not included in the subcategory program measures. Projects have been approved for fiscal year 2007-08, which is the first year of the program as authorized by passage of Act 44 in mid-July of 2007.

During fiscal year 2007-08, the department will undertake the design of 94 bridges and 97 miles of roadway for construction in Fiscal Year 2008-09. During Fiscal Year 2007-08, construction will begin on 57 bridges and 733 miles of roadway.

Major projects expected to start in fiscal year 2007-08 include a bridge preservation project on I-95 in Philadelphia County; restoration of PA 100 in Chester County; replacement of the Forest Grove Bridge on SR 3074 in Allegheny County; restoration of I-76 in Montgomery County; resurfacing of US 422 in Lawrence County; restoration of PA 263 in Bucks County; resurfacing of US 22 in Lehigh County; restoration of I-84 in Lackawanna County; resurfacing of US 322 in Clearfield County; a bridge replacement on SR 3026 in Allegheny County.

Future projects will be determined through the metropolitan and rural planning organization process with the update of their 4-year Transportation Improvement Programs.

\$ 117

Welcome Centers

—to continue current program.

\$ 50,000

Expanded Highway and Bridge Program

—increase in payment from Pennsylvania Turnpike Commission mandated by Act 44 of 2007.

\$ 38,500

Highway Maintenance

—for increased maintenance program.

\$ 1,120

Secondary Roads - Maintenance and Resurfacing (EA)

—for increased maintenance program.

\$ -18,000

Bridge Preservation

—nonrecurring projects.

\$ 10,000

Emergency Highway and Bridge Repair

—for increased repairs.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| MOTOR LICENSE FUND: | | | | | | | |
| Highway Systems Technology | \$ 21,100 | \$ 22,100 | \$ 22,100 | \$ 22,100 | \$ 22,100 | \$ 22,100 | \$ 22,100 |
| Welcome Centers | 2,845 | 2,974 | 3,091 | 3,091 | 3,091 | 3,091 | 3,091 |
| Highway and Safety Improvements..... | 150,000 | 150,000 | 150,000 | 140,000 | 140,000 | 140,000 | 140,000 |
| Security Wall Pilot Program..... | 18,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Expanded Highway and Bridge Program .. | 0 | 415,000 | 465,000 | 465,000 | 477,500 | 490,313 | 503,445 |
| Highway Capital Projects (EA) | 211,000 | 216,000 | 216,000 | 216,000 | 216,000 | 216,000 | 216,000 |
| Highway Maintenance | 770,500 | 770,500 | 809,000 | 795,000 | 795,000 | 825,000 | 840,000 |
| Secondary Road - Maintenance and Resurfacing (EA) | 65,230 | 65,230 | 66,350 | 66,350 | 66,350 | 66,350 | 66,350 |
| Highway Maintenance Safety Projects | 15,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Smoother Roads and Priority Bridges | 150,000 | 12,000 | 12,000 | 0 | 0 | 0 | 0 |
| Bridge Preservation..... | 48,000 | 18,000 | 0 | 0 | 0 | 0 | 0 |
| Emergency Highway and Bridge Repair.... | 35,000 | 5,000 | 15,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Reinvestment - Facilities | 16,540 | 16,540 | 16,540 | 16,540 | 16,540 | 16,540 | 16,540 |
| Payment to Turnpike Commission (EA)..... | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 |
| TOTAL MOTOR LICENSE FUND..... | \$ 1,531,215 | \$ 1,736,344 | \$ 1,818,081 | \$ 1,772,081 | \$ 1,784,581 | \$ 1,827,394 | \$ 1,855,526 |

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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|---------|---------|
| Miles of highway locally administered: | | | | | | | |
| Total | 76,873 | 77,133 | 77,403 | 77,683 | 77,973 | 78,273 | 78,583 |
| Percentage of all locally maintained highways in the commonwealth | 65.9% | 66.0% | 66.0% | 66.1% | 66.2% | 66.3% | 66.4% |
| Local bridges: | | | | | | | |
| Total (greater than 20 feet) | 6,320 | 6,320 | 6,320 | 6,320 | 6,320 | 6,320 | 6,320 |
| Bridges brought up to standard through State Bridge Program | 41 | 48 | 48 | 48 | 48 | 48 | 48 |

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

All appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

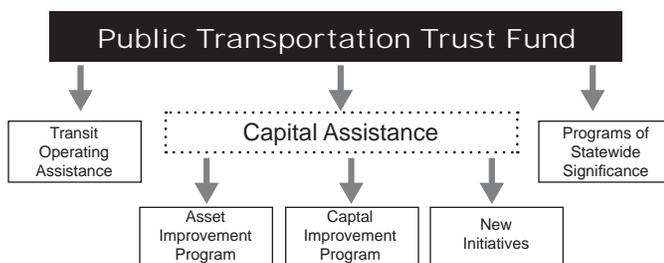
| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| MOTOR LICENSE FUND: | | | | | | | |
| Local Road Maintenance and Construction Payments..... | \$ 204,576 | \$ 205,751 | \$ 205,751 | \$ 205,751 | \$ 205,751 | \$ 205,751 | \$ 205,751 |
| Supplemental Local Road Maintenance & Construction Payments | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Municipal Roads and Bridges..... | 0 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Maintenance and Construction of County Bridges | 0 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| TOTAL MOTOR LICENSE FUND..... | \$ 209,576 | \$ 245,751 | \$ 245,751 | \$ 245,751 | \$ 245,751 | \$ 245,751 | \$ 245,751 |

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 3¹/₃ 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 3¹/₃ 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. The program had grown to 49 counties prior to Act 44, which authorized expansion to all eligible counties. Allegheny and Philadelphia are not included in this program because of their extensive fixed route networks and complementary paratransit service. The department is in the process of implementing the program in the remaining 16 counties. In 2006-07, individuals with disabilities scheduled more than 170,000 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

Program: Intermodal Transportation (continued)

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 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. About 500,000 passengers utilize commonwealth subsidized intercity bus services annually. 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 about three-quarters of a million passenger trips expected through this service.

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 137 public use airports and heliports. These include 15 with scheduled passenger service, all of which are operated by local governments or authorities. In addition

Program: Intermodal Transportation (continued)

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 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: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Public Transportation | | | | | | | |
| Passengers carried by state-assisted operators (millions annually)..... | 389.6 | 402.0 | 410.0 | 418.0 | 425.0 | 435.0 | 440.0 |
| Passengers per vehicle hour..... | 33.7 | 34.0 | 34.5 | 35.5 | 36.6 | 37.3 | 38.5 |
| Percentage share of average income of mass transit trips: | | | | | | | |
| From passenger..... | 34.0% | 40.4% | 40.4% | 40.4% | 40.4% | 40.4% | 40.4% |
| From commonwealth..... | 43.7% | 51.6% | 51.6% | 51.6% | 51.6% | 51.6% | 51.6% |
| From federal Government..... | 14.5% | 1.0% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% |
| From local government..... | 7.8% | 7.0% | 7.1% | 7.1% | 7.1% | 7.1% | 7.1% |
| Older Pennsylvanians Transit | | | | | | | |
| Free transit trips..... | 35,529,310 | 37,543,816 | 38,285,954 | 39,051,672 | 39,832,706 | 40,629,354 | 41,441,941 |
| Trips on state assisted shared ride vehicles..... | 5,137,927 | 5,199,972 | 5,292,353 | 5,398,200 | 5,506,164 | 5,616,288 | 5,728,613 |
| Cost to the commonwealth per trip: | | | | | | | |
| Free transit..... | \$1.93 | \$1.93 | \$2.10 | \$2.10 | \$2.10 | \$2.10 | \$2.10 |
| State assisted shared ride vehicles..... | \$13.14 | \$14.21 | \$14.71 | \$15.45 | \$16.22 | \$17.03 | \$17.88 |
| Intercity Transportation | | | | | | | |
| Intercity Bus: | | | | | | | |
| Passengers handled..... | 499,596 | 504,592 | 509,638 | 514,734 | 519,882 | 525,080 | 530,330 |
| Subsidy per bus mile..... | \$0.44 | \$0.44 | \$0.45 | \$0.45 | \$0.46 | \$0.46 | \$0.46 |
| Intercity Rail: | | | | | | | |
| Passengers handled..... | 736,775 | 758,878 | 781,645 | 805,094 | 829,247 | 854,124 | 879,748 |
| Subsidy per passenger mile..... | \$0.13 | \$0.13 | \$0.13 | \$0.13 | \$0.13 | \$0.14 | \$0.14 |
| Rail Freight | | | | | | | |
| Miles of rail lines: | | | | | | | |
| State assisted..... | 413 | 250 | 250 | 250 | 250 | 250 | 250 |
| Jobs created by state-supported rail freight improvements..... | | | | | | | |
| Additional trucks that would be needed without rail freight bulk cargo service.... | 1,299,476 | 825,000 | 825,000 | 825,000 | 825,000 | 825,000 | 825,000 |
| Aviation | | | | | | | |
| Airport development grants..... | 50 | 55 | 60 | 60 | 60 | 60 | 60 |
| Percentage of projects receiving federal priority..... | 85% | 90% | 92% | 95% | 97% | 97% | 97% |
| Percentage of runways with a pavement condition index of fair or better..... | 94% | 95% | 94% | 93% | 93% | 92% | 93% |

Percentage share of income from federal government: In 2006-07, federal flex funds were used in addition to regular operating subsidy. In 2007-08 and future years, projections are based on revised data from transit agencies on funding eligibility and availability.

Program: Intermodal Transportation (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

LOTTERY FUND
Older Pennsylvanians Shared Rides
 \$ 950 —to continue current programs 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.

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Rail Freight and Intermodal Coordination.. | \$ 0 | \$ 979 | \$ 979 | \$ 979 | \$ 979 | \$ 979 | \$ 979 |
| Rail Safety Inspection..... | 434 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mass Transportation Assistance..... | 299,442 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rural Transportation Assistance..... | 1,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fixed Route Transit | 7,200 | 0 | 0 | 0 | 0 | 0 | 0 |
| Shared Ride Transit for Persons | | | | | | | |
| with Disabilities | 4,800 | 0 | 0 | 0 | 0 | 0 | 0 |
| Intercity Transportation..... | 7,413 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rail Freight Assistance..... | 10,500 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| TOTAL GENERAL FUND | \$ 330,789 | \$ 11,979 | \$ 11,979 | \$ 11,979 | \$ 11,979 | \$ 11,979 | \$ 11,979 |
| LOTTERY FUND: | | | | | | | |
| Older Pennsylvanians Shared Rides (EA) | \$ 71,556 | \$ 76,900 | \$ 77,850 | \$ 77,850 | \$ 77,850 | \$ 77,850 | \$ 77,850 |
| Older Pennsylvanians Free Transit (EA) ... | 49,536 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fixed Route Transportation | 20,500 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL LOTTERY FUND..... | \$ 141,592 | \$ 76,900 | \$ 77,850 | \$ 77,850 | \$ 77,850 | \$ 77,850 | \$ 77,850 |
| PUBLIC TRANSPORTATION TRUST FUND: | | | | | | | |
| Mass Transit Operating (EA) | \$ 0 | \$ 699,224 | \$ 704,403 | \$ 718,481 | \$ 736,787 | \$ 757,883 | \$ 778,628 |
| Asset Improvement (EA) | 0 | 20,657 | 69,858 | 119,858 | 123,608 | 127,452 | 131,295 |
| Capital Improvement (EA) | 0 | 20,407 | 22,456 | 24,480 | 27,109 | 29,871 | 32,738 |
| Programs of Statewide Significance (EA).. | 0 | 47,921 | 48,803 | 50,685 | 52,476 | 54,657 | 56,920 |
| Transit Administration and Oversight (EA) | 0 | 4,536 | 4,536 | 4,536 | 4,536 | 4,536 | 4,536 |
| TOTAL GENERAL FUND | \$ 0 | \$ 792,745 | \$ 850,056 | \$ 918,040 | \$ 944,516 | \$ 974,399 | \$ 1,004,117 |

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 11.1 million vehicles were registered under Pennsylvania's annual renewal cycle. This total included over 197,000 heavy trucks greater than 17,000 pounds and more than 153,000 trailers greater than 10,000 pounds. The number of licensed drivers has remained consistent over the past few years at 8.5 million, including 400,000 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. Almost 900,000 driving knowledge and skills tests were conducted in 2006-07, to certify applicants to operate passenger and commercial vehicles and motorcycles. A statewide network of facilities conducts written, oral and skills tests. Generally, around 320,000 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 1.9 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 125,000 vehicle suspensions were imposed during fiscal year 2006-07 for insurance infractions.

The department currently has 97 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 2006-07, 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 241 messenger sites, processing 1.5 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. On May 16, 2001, the department successfully implemented its Internet renewal system for use by the general public. This program gives customers the ability to renew their non-commercial driver's license, photo identification card or vehicle registration via the Internet. As of July 2007, over 9.4 million driver's license and vehicle registration renewals have been completed using the Internet renewal service.

Transportation

Program: Safety Administration and Licensing (continued)

| Program Measures: | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|------------|------------|------------|------------|------------|------------|------------|
| Vehicles inspected: | | | | | | | |
| Safety inspections | 10,820,000 | 10,830,000 | 10,840,000 | 10,850,000 | 10,860,000 | 10,875,000 | 10,885,000 |
| Emission inspections | 6,650,970 | 6,800,000 | 6,830,000 | 6,860,000 | 6,900,000 | 6,930,000 | 6,965,000 |
| Registrations: | | | | | | | |
| New | 1,226,113 | 1,250,000 | 1,260,000 | 1,270,000 | 1,280,000 | 1,290,000 | 1,300,000 |
| Renewed | 8,482,861 | 8,486,890 | 8,571,758 | 8,657,476 | 8,744,051 | 8,831,491 | 8,919,806 |
| Licensed drivers: | | | | | | | |
| New | 320,751 | 320,000 | 320,000 | 320,000 | 320,000 | 320,000 | 320,000 |
| Renewed | 1,954,115 | 2,100,000 | 2,100,000 | 2,100,000 | 2,100,000 | 2,100,000 | 2,100,000 |
| New commercial drivers licensed | 13,598 | 13,600 | 13,600 | 13,600 | 13,600 | 13,600 | 13,600 |
| Photo identification cards issued (non-driver photos) | | | | | | | |
| | 310,489 | 320,000 | 320,000 | 320,000 | 320,000 | 320,000 | 320,000 |
| Service center customers served within 30 minutes | | | | | | | |
| | 91.8% | 99% | 99% | 99% | 99% | 99% | 99% |
| Access rate of driver and vehicle services call center | | | | | | | |
| | 98.4% | 95% | 95% | 95% | 95% | 95% | 95% |

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

| | | | | |
|----|--------------------------------------|------------------------------|----|---|
| | GENERAL FUND | | | MOTOR LICENSE FUND |
| | Vehicle Sales Tax Collections | | | Homeland Security - Personal ID |
| \$ | -114 | —reduction in reimbursement. | \$ | -8,500 |
| | | | | —adjustment to implementation of REAL ID program. |
| | Voter Registration | | | Safety Administration and Licensing |
| \$ | -12 | —reduction in reimbursement. | \$ | 1,593 |
| | | | | —to continue current program. |

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Vehicle Sales Tax Collections | \$ 1,253 | \$ 1,253 | \$ 1,139 | \$ 1,139 | \$ 1,139 | \$ 1,139 | \$ 1,139 |
| Voter Registration | 377 | 377 | 365 | 365 | 365 | 365 | 365 |
| TOTAL GENERAL FUND | \$ 1,630 | \$ 1,630 | \$ 1,504 | \$ 1,504 | \$ 1,504 | \$ 1,504 | \$ 1,504 |
| MOTOR LICENSE FUND: | | | | | | | |
| Homeland Security - Personal ID | \$ 8,800 | \$ 11,500 | \$ 3,000 | \$ 3,000 | \$ 3,000 | \$ 3,000 | \$ 3,000 |
| Safety Administration and Licensing | 127,459 | 132,028 | 133,621 | 133,621 | 133,621 | 133,621 | 133,621 |
| TOTAL MOTOR LICENSE FUND | \$ 136,259 | \$ 143,528 | \$ 136,621 | \$ 136,621 | \$ 136,621 | \$ 136,621 | \$ 136,621 |



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)
 2006-07 2007-08 2008-09
 ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

Senate:

| | | | | | | |
|--|----|---------|----|---------|----|---------|
| Fifty Senators..... | \$ | 5,700 | \$ | 5,700 | \$ | 5,700 |
| Senate President - Personnel Expenses..... | | 340 | | 340 | | 340 |
| Employees of Chief Clerk..... | | 6,000 | | 6,000 | | 6,000 |
| Salaried Officers and Employees..... | | 9,000 | | 9,000 | | 9,000 |
| Incidental Expenses..... | | 3,226 | | 3,226 | | 3,226 |
| Postage - Chief Clerk and Legislative Journal..... | | 1,465 | | 1,465 | | 1,465 |
| President..... | | 5 | | 0 | | 0 |
| President Pro Tempore..... | | 20 | | 0 | | 0 |
| President and President Pro Tempore..... | | 0 | | 25 | | 25 |
| Expenses - Senators..... | | 1,329 | | 1,329 | | 1,329 |
| Legislative Printing and Expenses..... | | 16,400 | | 16,400 | | 16,400 |
| Computer Services (R)..... | | 5,350 | | 0 | | 0 |
| Computer Services (D)..... | | 5,350 | | 0 | | 0 |
| Computer Services (R) and (D)..... | | 0 | | 10,700 | | 10,700 |
| Committee on Appropriations (R)..... | | 4,900 | | 0 | | 0 |
| Committee on Appropriations (D)..... | | 4,900 | | 0 | | 0 |
| Committee on Appropriations (R) and (D)..... | | 0 | | 9,800 | | 9,800 |
| Caucus Operations (R) and (D)..... | | 0 | | 38,500 | | 38,500 |
| Caucus Operations (R)..... | | 19,250 | | 0 | | 0 |
| Caucus Operations (D)..... | | 19,250 | | 0 | | 0 |
| Committee and Contingent Expenses (R) and (D)..... | | 0 | | 658 | | 658 |
| Committee and Contingent (R)..... | | 329 | | 0 | | 0 |
| Committee and Contingent (D)..... | | 329 | | 0 | | 0 |
| Senate Flag Purchase..... | | 24 | | 24 | | 24 |
| Subtotal..... | \$ | 103,167 | \$ | 103,167 | \$ | 103,167 |

House of Representatives:

| | | | | | | |
|--|----|--------|----|--------|----|--------|
| Members' Salaries, Speaker's Extra Compensation..... | \$ | 19,222 | \$ | 19,222 | \$ | 19,222 |
| House Employees (R)..... | | 16,225 | | 0 | | 0 |
| House Employees (D)..... | | 20,225 | | 0 | | 0 |
| House Employees (R) and (D)..... | | 0 | | 36,450 | | 36,450 |
| Speaker's Office..... | | 897 | | 1,943 | | 1,943 |
| Bi-Partisan Committee, Chief Clerk, Comptroller & EMS..... | | 12,814 | | 12,814 | | 12,814 |
| Mileage - Representatives, Officers and Employees..... | | 400 | | 400 | | 400 |
| Chief Clerk and Legislative Journal..... | | 3,000 | | 3,000 | | 3,000 |
| 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 | | 761 | | 761 |

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
|--|-------------------|----------------------|-------------------|
| Legislative Office for Research Liaison..... | 786 | 786 | 786 |
| Incidental Expenses..... | 8,845 | 8,845 | 8,845 |
| Expenses - Representatives..... | 5,133 | 5,133 | 5,133 |
| Legislative Printing and Expenses..... | 17,165 | 17,165 | 17,165 |
| National Legislative Conference - Expenses..... | 527 | 527 | 527 |
| Committee on Appropriations (R)..... | 5,730 | 0 | 0 |
| Committee on Appropriations (D)..... | 5,730 | 0 | 0 |
| Committee on Appropriations (R) and (D)..... | 0 | 11,460 | 11,460 |
| Special Leadership Account (R)..... | 9,082 | 0 | 0 |
| Special Leadership Account (D)..... | 12,411 | 0 | 0 |
| Special Leadership Account (R) and (D)..... | 0 | 20,097 | 20,097 |
| Legislative Management Committee (R)..... | 20,657 | 0 | 0 |
| Legislative Management Committee (D)..... | 20,657 | 0 | 0 |
| Legislative Management Committee (R) and (D)..... | 0 | 41,314 | 41,314 |
| House Flag Purchase..... | 24 | 24 | 24 |
| Information Technology..... | 14,000 | 14,000 | 14,000 |
| School for New Members..... | 15 | 15 | 15 |
| Subtotal..... | \$ 194,306 | \$ 193,956 | \$ 193,956 |
| Legislative Reference Bureau: | | | |
| Legislative Reference Bureau - Salaries & Expenses..... | \$ 7,598 | \$ 7,598 | \$ 7,598 |
| Legislative Drafting System..... | 8,000 | 0 | 0 |
| Contingent Expenses..... | 20 | 20 | 20 |
| Printing of PA Bulletin and PA Code..... | 795 | 795 | 795 |
| Subtotal..... | \$ 16,413 | \$ 8,413 | \$ 8,413 |
| Legislative Miscellaneous and Commissions: | | | |
| Legislative Budget and Finance Committee..... | \$ 2,250 | \$ 2,250 | \$ 2,250 |
| Legislative Data Processing Center..... | 3,751 | 3,751 | 3,751 |
| Joint State Government Commission..... | 1,795 | 1,795 | 1,795 |
| Local Government Commission..... | 1,159 | 1,159 | 1,159 |
| Local Government Codes..... | 28 | 28 | 28 |
| Joint Legislative Air and Water Pollution Control Committee..... | 498 | 498 | 498 |
| Legislative Audit Advisory Commission..... | 178 | 178 | 178 |
| Independent Regulatory Review Commission..... | 2,050 | 2,050 | 2,050 |
| Capitol Preservation Committee..... | 900 | 900 | 900 |
| Capitol Restoration..... | 4,150 | 4,150 | 4,150 |
| Flag Conservation..... | 60 | 60 | 60 |
| Colonial History..... | 197 | 197 | 197 |
| Capitol Centennial..... | 250 | 0 | 0 |
| Rare Books Conservation..... | 400 | 400 | 400 |
| Commission on Sentencing..... | 1,120 | 1,470 | 1,470 |
| (F)NCHIP - Criminal Identification Technology (EA)..... | 322 | 0 | 0 |
| (F)DCSI - JNET Information Technology (EA)..... | 105 | 0 | 0 |
| (F)DCSI - Research and Data Management (EA)..... | 712 | 1,308 | 1,270 |
| Center For Rural Pennsylvania..... | 1,100 | 1,100 | 1,100 |
| Commonwealth Mail Processing Center..... | 1,300 | 1,300 | 1,300 |
| Host State Committee Expenses CSG..... | 200 | 50 | 50 |
| Pennsylvania Policy Database..... | 220 | 220 | 220 |
| Health Care Cost Containment Council..... | 4,019 | 4,412 | 5,424 |
| State Ethics Commission..... | 2,005 | 2,096 | 2,243 |
| Subtotal..... | \$ 28,769 | \$ 29,372 | \$ 30,493 |
| Subtotal - State Funds..... | \$ 341,516 | \$ 333,600 | \$ 334,759 |
| Subtotal - Federal Funds..... | 1,139 | 1,308 | 1,270 |
| Total - General Government..... | \$ 342,655 | \$ 334,908 | \$ 336,029 |

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
|--------------------------------|-------------------|----------------------|-------------------|
| STATE FUNDS..... | \$ 341,516 | \$ 333,600 | \$ 334,759 |
| FEDERAL FUNDS..... | 1,139 | 1,308 | 1,270 |
| GENERAL FUND TOTAL..... | \$ 342,655 | \$ 334,908 | \$ 336,029 |

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| LEGISLATURE | | | | | | | |
| GENERAL FUND..... | \$ 341,516 | \$ 333,600 | \$ 334,759 | \$ 334,759 | \$ 334,759 | \$ 334,759 | \$ 334,759 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 1,139 | 1,308 | 1,270 | 1,270 | 1,270 | 1,270 | 1,270 |
| OTHER FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUBCATEGORY TOTAL..... | \$ 342,655 | \$ 334,908 | \$ 336,029 | \$ 336,029 | \$ 336,029 | \$ 336,029 | \$ 336,029 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 341,516 | \$ 333,600 | \$ 334,759 | \$ 334,759 | \$ 334,759 | \$ 334,759 | \$ 334,759 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 1,139 | 1,308 | 1,270 | 1,270 | 1,270 | 1,270 | 1,270 |
| OTHER FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DEPARTMENT TOTAL..... | \$ 342,655 | \$ 334,908 | \$ 336,029 | \$ 336,029 | \$ 336,029 | \$ 336,029 | \$ 336,029 |

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 | | State Ethics Commission |
| | Health Care Cost Containment Council | \$ | 147 —to continue current program. |
| \$ 1,012 | —increase to replace augmentations to be deposited into the General Fund as required by Act 42 of 2007. | | |

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| TOTAL GENERAL FUND | <u>\$ 341,516</u> | <u>\$ 333,600</u> | <u>\$ 334,759</u> | <u>\$ 334,759</u> | <u>\$ 334,759</u> | <u>\$ 334,759</u> | <u>\$ 334,759</u> |



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)
 2006-07 2007-08 2008-09
 ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

Supreme Court:

| | | | |
|--|-----------|------------|------------|
| Supreme Court..... | \$ 14,801 | \$ 15,097 | \$ 15,071 |
| (A) Filing Fees..... | 413 | 422 | 425 |
| Justices Expenses..... | 180 | 184 | 130 |
| Interbranch Commission..... | 0 | 347 | 369 |
| Judicial Council..... | 406 | 145 | 154 |
| County Court Administrators..... | 17,670 | 18,023 | 18,832 |
| Court Management Education..... | 157 | 160 | 90 |
| (A) Court Management Program..... | 1 | 5 | 3 |
| Civil Procedural Rules Committee..... | 423 | 431 | 369 |
| Appellate/Orphans Rules Committee..... | 204 | 208 | 189 |
| Rules of Evidence Committee..... | 191 | 195 | 200 |
| Minor Court Rules Committee..... | 198 | 202 | 176 |
| Criminal Procedural Rules Committee..... | 463 | 472 | 475 |
| Domestic Relations Committee..... | 203 | 207 | 214 |
| Juvenile Court Rules Committee..... | 215 | 219 | 214 |
| Court Administrator..... | 10,000 | 10,200 | 10,849 |
| (F) Court Improvement Project..... | 863 | 1,370 | 1,370 |
| (F) Drug Court Training (F)..... | 200 | 200 | 0 |
| (A) Miscellaneous..... | 35 | 6 | 35 |
| Integrated Criminal Justice System..... | 2,467 | 2,516 | 2,586 |
| (R) Judicial Computer System..... | 41,897 | 56,883 | 58,783 |
| Unified Judicial System Security..... | 2,058 | 2,099 | 2,149 |
| Subtotal..... | \$ 93,045 | \$ 109,591 | \$ 112,683 |

Superior Court:

| | | | |
|----------------------|-----------|-----------|-----------|
| Superior Court..... | \$ 27,379 | \$ 27,927 | \$ 28,896 |
| (A) Filing Fees..... | 222 | 265 | 265 |
| Judges Expenses..... | 237 | 242 | 200 |
| Subtotal..... | \$ 27,838 | \$ 28,434 | \$ 29,361 |

Commonwealth Court:

| | | | |
|-------------------------|-----------|-----------|-----------|
| Commonwealth Court..... | \$ 16,638 | \$ 16,971 | \$ 17,881 |
| (A) Filing Fees..... | 162 | 180 | 160 |
| Judges Expenses..... | 143 | 146 | 143 |
| Subtotal..... | \$ 16,943 | \$ 17,297 | \$ 18,184 |

Courts of Common Pleas:

| | | | |
|---------------------------------|-----------|------------------------|-----------|
| Courts of Common Pleas..... | \$ 78,161 | \$ 85,995 ^a | \$ 88,850 |
| Senior Judge Reimbursement..... | 4,217 | 4,301 | 4,050 |
| Judicial Education..... | 1,346 | 1,373 | 1,240 |
| Ethics Committee..... | 58 | 59 | 59 |
| Subtotal..... | \$ 83,782 | \$ 91,728 | \$ 94,199 |

Magisterial District Judges:

| | | | |
|---|-----------|-----------|-----------|
| Magisterial District Judges..... | \$ 60,303 | \$ 61,509 | \$ 66,227 |
| Magisterial District Judge Education..... | 707 | 721 | 731 |
| (A) Registration Fees..... | 25 | 36 | 25 |
| Subtotal..... | \$ 61,035 | \$ 62,266 | \$ 66,983 |

Philadelphia Courts:

| | | | |
|----------------------|--------|--------|----------|
| Traffic Court..... | \$ 924 | \$ 942 | \$ 1,024 |
| Municipal Court..... | 5,842 | 5,959 | 6,227 |

Summary by Fund and Appropriation

| | (Dollar Amounts in Thousands) | | |
|---------------------------------------|-------------------------------|----------------------|-------------------|
| | 2006-07 ACTUAL | 2007-08 AVAILABLE | 2008-09 BUDGET |
| Law Clerks..... | 39 | 40 | 40 |
| Domestic Violence Services..... | 230 | 235 | 235 |
| Subtotal..... | \$ 7,035 | \$ 7,176 | \$ 7,526 |
| | | | |
| Judicial Conduct Board..... | \$ 1,202 | \$ 1,226 | \$ 1,274 |
| Court of Judicial Discipline..... | 476 | 486 | 489 |
| Subtotal - State Funds..... | \$ 247,538 | \$ 258,837 | \$ 269,633 |
| Subtotal - Federal Funds..... | 1,063 | 1,570 | 1,370 |
| Subtotal - Augmentations..... | 858 | 914 | 913 |
| Subtotal - Restricted Revenues..... | 41,897 | 56,883 | 58,783 |
| Total - General Government..... | \$ 291,356 | \$ 318,204 | \$ 330,699 |
| | | | |
| Grants and Subsidies: | | | |
| Reimbursement of County Costs: | | | |
| Jurors..... | \$ 1,369 | \$ 1,396 | \$ 1,169 |
| County Courts..... | 33,036 | 33,697 | 33,946 |
| Senior Judge..... | 2,000 | 2,040 | 1,500 |
| Gun Court Reimbursements..... | 700 | 714 | 1,375 |
| Court Consolidation..... | 2,000 | 2,040 | 2,080 |
| Subtotal..... | \$ 39,105 | \$ 39,887 | \$ 40,070 |
| Total - Grants and Subsidies..... | \$ 39,105 | \$ 39,887 | \$ 40,070 |
| | | | |
| STATE FUNDS..... | \$ 286,643 | \$ 298,724 | \$ 309,703 |
| FEDERAL FUNDS..... | 1,063 | 1,570 | 1,370 |
| AUGMENTATIONS..... | 858 | 914 | 913 |
| RESTRICTED REVENUES..... | 41,897 | 56,883 | 58,783 |
| GENERAL FUND TOTAL..... | \$ 330,461 | \$ 358,091 | \$ 370,769 |

^a Includes recommended supplemental appropriation of \$10,070,000.

Program Funding Summary

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------------------------|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| STATE JUDICIAL SYSTEM | | | | | | | |
| GENERAL FUND..... | \$ 286,643 | \$ 298,724 | \$ 309,703 | \$ 309,703 | \$ 309,703 | \$ 309,703 | \$ 309,703 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 1,063 | 1,570 | 1,370 | 1,370 | 1,370 | 1,370 | 1,370 |
| OTHER FUNDS..... | 42,755 | 57,797 | 59,696 | 59,696 | 59,696 | 59,696 | 59,696 |
| SUBCATEGORY TOTAL..... | \$ 330,461 | \$ 358,091 | \$ 370,769 | \$ 370,769 | \$ 370,769 | \$ 370,769 | \$ 370,769 |
| ALL PROGRAMS: | | | | | | | |
| GENERAL FUND..... | \$ 286,643 | \$ 298,724 | \$ 309,703 | \$ 309,703 | \$ 309,703 | \$ 309,703 | \$ 309,703 |
| SPECIAL FUNDS..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS..... | 1,063 | 1,570 | 1,370 | 1,370 | 1,370 | 1,370 | 1,370 |
| OTHER FUNDS..... | 42,755 | 57,797 | 59,696 | 59,696 | 59,696 | 59,696 | 59,696 |
| DEPARTMENT TOTAL..... | \$ 330,461 | \$ 358,091 | \$ 370,769 | \$ 370,769 | \$ 370,769 | \$ 370,769 | \$ 370,769 |

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 to 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 special 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 of Pennsylvania 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 Courts of Common Pleas 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.

There are two levels of appellate courts in Pennsylvania. The lower level consists of the Superior Court with fifteen judges and the Commonwealth Court with nine judges. At the higher level, Pennsylvania's court of last resort is the Supreme Court with seven justices.

In general, appeals from the Courts of Common Pleas 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.

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.

The Judicial Computer System has the ultimate goal of computerization of the entire judiciary. Automated systems presently in place are the Magisterial District Judges

Program: State Judicial System (continued)

System (MDJS) which serves the 548 Magisterial District Judge offices; the Pennsylvania Appellate Courts Case Management System (PACMS), which is the integrated, automated case management system that serves the three appellate courts; and the Administrative Services Application Program (ASAP) 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
 \$ 10,979 —to continue current programs.

Appropriations within this Program:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND: | | | | | | | |
| Supreme Court | \$ 14,801 | \$ 15,097 | \$ 15,071 | \$ 15,071 | \$ 15,071 | \$ 15,071 | \$ 15,071 |
| Justices Expenses | 180 | 184 | 130 | 130 | 130 | 130 | 130 |
| Judicial Council | 406 | 145 | 154 | 154 | 154 | 154 | 154 |
| Interbranch Commission | 0 | 347 | 369 | 369 | 369 | 369 | 369 |
| County Court Administrators | 17,670 | 18,023 | 18,832 | 18,832 | 18,832 | 18,832 | 18,832 |
| Court Management Education | 157 | 160 | 90 | 90 | 90 | 90 | 90 |
| Civil Procedural Rules Committee | 423 | 431 | 369 | 369 | 369 | 369 | 369 |
| Appellate/Orphans Rules Committee | 204 | 208 | 189 | 189 | 189 | 189 | 189 |
| Rules of Evidence Committee | 191 | 195 | 200 | 200 | 200 | 200 | 200 |
| Minor Court Rules Committee | 198 | 202 | 176 | 176 | 176 | 176 | 176 |
| Criminal Procedural Rules Committee | 463 | 472 | 475 | 475 | 475 | 475 | 475 |
| Domestic Relations Committee | 203 | 207 | 214 | 214 | 214 | 214 | 214 |
| Juvenile Court Rules Committee | 215 | 219 | 214 | 214 | 214 | 214 | 214 |
| Court Administrator | 10,000 | 10,200 | 10,849 | 10,849 | 10,849 | 10,849 | 10,849 |
| Integrated Criminal Justice System | 2,467 | 2,516 | 2,586 | 2,586 | 2,586 | 2,586 | 2,586 |
| Unified Judicial System Security | 2,058 | 2,099 | 2,149 | 2,149 | 2,149 | 2,149 | 2,149 |
| Superior Court | 27,379 | 27,927 | 28,896 | 28,896 | 28,896 | 28,896 | 28,896 |
| Judges Expenses | 237 | 242 | 200 | 200 | 200 | 200 | 200 |
| Commonwealth Court | 16,638 | 16,971 | 17,881 | 17,881 | 17,881 | 17,881 | 17,881 |
| Judges Expenses | 143 | 146 | 143 | 143 | 143 | 143 | 143 |
| Courts of Common Pleas | 78,161 | 85,995 | 88,850 | 88,850 | 88,850 | 88,850 | 88,850 |
| Senior Judge Reimbursement | 4,217 | 4,301 | 4,050 | 4,050 | 4,050 | 4,050 | 4,050 |
| Judicial Education | 1,346 | 1,373 | 1,240 | 1,240 | 1,240 | 1,240 | 1,240 |
| Ethics Committee | 58 | 59 | 59 | 59 | 59 | 59 | 59 |
| Magisterial District Judges | 60,303 | 61,509 | 66,227 | 66,227 | 66,227 | 66,227 | 66,227 |
| Magisterial District Judge Education | 707 | 721 | 731 | 731 | 731 | 731 | 731 |
| Traffic Court | 924 | 942 | 1,024 | 1,024 | 1,024 | 1,024 | 1,024 |
| Municipal Court | 5,842 | 5,959 | 6,227 | 6,227 | 6,227 | 6,227 | 6,227 |
| Law Clerks | 39 | 40 | 40 | 40 | 40 | 40 | 40 |
| Domestic Violence Services | 230 | 235 | 235 | 235 | 235 | 235 | 235 |
| Judicial Conduct Board | 1,202 | 1,226 | 1,274 | 1,274 | 1,274 | 1,274 | 1,274 |
| Court of Judicial Discipline | 476 | 486 | 489 | 489 | 489 | 489 | 489 |
| Jurors | 1,369 | 1,396 | 1,169 | 1,169 | 1,169 | 1,169 | 1,169 |
| County Courts | 33,036 | 33,697 | 33,946 | 33,946 | 33,946 | 33,946 | 33,946 |
| Senior Judge | 2,000 | 2,040 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Gun Court Reimbursements | 700 | 714 | 1,375 | 1,375 | 1,375 | 1,375 | 1,375 |
| Court Consolidation | 2,000 | 2,040 | 2,080 | 2,080 | 2,080 | 2,080 | 2,080 |
| TOTAL GENERAL FUND | \$ 286,643 | \$ 298,724 | \$ 309,703 | \$ 309,703 | \$ 309,703 | \$ 309,703 | \$ 309,703 |

CAPITAL BUDGET Program Summary

This section contains the 2008-09 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.

2008-09 New Project Authorizations — This section itemizes and describes the new capital projects recommended for authorization in 2008-09 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 2009-10 through 2012-13. 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 2008-09 and projects which will be authorized in the future(2009-13).

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)

| | 2008-09 Estimated | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| GENERAL OBLIGATION BOND FUNDING | | | | | |
| Revenues | | | | | |
| Capital Facilities Bonds | | | | | |
| Public Improvement Projects - Buildings and Structures..... | \$ 380,000 | \$ 790,000 | \$ 780,000 | \$ 475,000 | \$ 375,000 |
| Public Improvement Projects - Furniture and Equipment..... | 15,000 | 45,000 | 10,000 | 0 | 0 |
| Redevelopment Assistance Projects..... | 180,000 | 255,000 | 300,000 | 200,000 | 0 |
| Flood Control Projects..... | 15,000 | 15,000 | 3,000 | 4,000 | 4,000 |
| Transportation Assistance Projects..... | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| Less: Costs of Issue..... | -11,100 | -18,825 | -18,645 | -12,435 | -5,290 |
| Miscellaneous Revenue..... | 27,855 | 8,611 | 8,468 | 8,297 | 4,839 |
| Change in Available Cash..... | 32,160 | 4,153 | 2,994 | 3,602 | 72,607 |
| Total..... | <u>\$ 788,915</u> | <u>\$ 1,248,939</u> | <u>\$ 1,235,817</u> | <u>\$ 828,464</u> | <u>\$ 601,156</u> |
| Expenditures | | | | | |
| Capital Facilities Fund | | | | | |
| Public Improvement Projects - Buildings and Structures..... | \$ 445,657 | \$ 782,743 | \$ 775,866 | \$ 472,393 | \$ 381,533 |
| Public Improvement Projects - Furniture and Equipment..... | 13,316 | 46,079 | 14,118 | 293 | 0 |
| Redevelopment Assistance Projects..... | 167,124 | 255,505 | 292,053 | 201,524 | 65,088 |
| Flood Control Projects..... | 12,818 | 14,612 | 3,780 | 4,254 | 4,535 |
| Transportation Assistance Projects..... | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| Total - General Obligation Bonds..... | <u>\$ 788,915</u> | <u>\$ 1,248,939</u> | <u>\$ 1,235,817</u> | <u>\$ 828,464</u> | <u>\$ 601,156</u> |
| 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 | 18,619 | 18,619 |
| Acquisition, Rehabilitation and Development Project | | | | | |
| Environmental Stewardship Fund..... | 7,739 | 11,514 | 11,917 | 12,334 | 12,766 |
| Highway Projects - Motor License Fund..... | 396,385 | 399,773 | 400,467 | 401,163 | 401,866 |
| Total Current Revenues..... | <u>\$ 422,914</u> | <u>\$ 429,998</u> | <u>\$ 431,753</u> | <u>\$ 432,866</u> | <u>\$ 434,001</u> |
| TOTAL - ALL FUNDS | <u><u>\$ 1,211,829</u></u> | <u><u>\$ 1,678,935</u></u> | <u><u>\$ 1,667,570</u></u> | <u><u>\$ 1,261,330</u></u> | <u><u>\$ 1,035,156</u></u> |

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)

| | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> | <u>Total</u> |
|---|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|----------------------------|
| Agriculture..... | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Conservation and Natural Resources..... | 42,505 | 123,000 | 125,500 | 114,000 | 113,300 | 518,305 |
| Corrections..... | 43,400 | 0 | 0 | 0 | 0 | 43,400 |
| Education..... | 261,417 | 91,100 | 111,500 | 105,000 | 85,300 | 654,317 |
| Emergency Management and Homeland Security. | 3,500 | 0 | 0 | 0 | 0 | 3,500 |
| Environmental Protection..... | 24,000 | 7,440 | 27,951 | 51,563 | 33,210 | 144,164 |
| 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..... | 16,700 | 0 | 0 | 0 | 0 | 16,700 |
| Historical and Museum Commission..... | 18,000 | 28,080 | 11,590 | 0 | 0 | 57,670 |
| Liquor Control Board..... | 0 | 0 | 0 | 0 | 0 | 0 |
| Military and Veterans Affairs..... | 26,000 | 0 | 0 | 0 | 0 | 26,000 |
| Public Welfare..... | 17,970 | 23,380 | 20,730 | 3,184 | 0 | 65,264 |
| State Police..... | 0 | 0 | 0 | 0 | 0 | 0 |
| Transportation..... | 1,197,820 | 450,000 | 450,000 | 450,000 | 450,000 | 2,997,820 |
| TOTAL..... | <u>\$ 1,651,312</u> | <u>\$ 727,000</u> | <u>\$ 749,771</u> | <u>\$ 725,747</u> | <u>\$ 683,810</u> | <u>\$ 4,537,640</u> |

Capital Budget

RECOMMENDED 2008-09 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..... | 14,500 | 0 | 0 | 0 |
| Corrections..... | 43,400 | 0 | 0 | 0 |
| Education..... | 253,382 | 8,035 | 0 | 0 |
| Emergency Management and Homeland Security..... | 3,500 | 0 | 0 | 0 |
| Environmental Protection..... | 7,200 | 0 | 0 | 16,800 |
| Executive Offices..... | 0 | 0 | 0 | 0 |
| Fish and Boat Commission..... | 0 | 0 | 0 | 0 |
| Game Commission..... | 0 | 0 | 0 | 0 |
| General Services..... | 16,700 | 0 | 0 | 0 |
| Historical and Museum Commission..... | 16,800 | 600 | 0 | 0 |
| Liquor Control Board..... | 0 | 0 | 0 | 0 |
| Military and Veterans Affairs..... | 26,000 | 0 | 0 | 0 |
| Public Welfare..... | 17,970 | 0 | 0 | 0 |
| State Police..... | 0 | 0 | 0 | 0 |
| Transportation..... | 194,900 | 0 | 144,298 | 0 |
| TOTAL..... | \$ 594,352 | \$ 8,635 | \$ 144,298 | \$ 16,800 |

| | Current Revenues | | All Funds |
|---|---------------------|-----------------------------------|---------------------|
| | Highway Projects | Public Improvement Projects | |
| Agriculture..... | \$ 0 | \$ 0 | \$ 0 |
| Conservation and Natural Resources..... | 0 | 28,005 | 42,505 |
| Corrections..... | 0 | 0 | 43,400 |
| Education..... | 0 | 0 | 261,417 |
| Emergency Management and Homeland Security..... | 0 | 0 | 3,500 |
| Environmental Protection..... | 0 | 0 | 24,000 |
| Executive Offices..... | 0 | 0 | 0 |
| Fish and Boat Commission..... | 0 | 0 | 0 |
| Game Commission..... | 0 | 0 | 0 |
| General Services..... | 0 | 0 | 16,700 |
| Historical and Museum Commission..... | 0 | 600 | 18,000 |
| Liquor Control Board..... | 0 | 0 | 0 |
| Military and Veterans Affairs..... | 0 | 0 | 26,000 |
| Public Welfare..... | 0 | 0 | 17,970 |
| State Police..... | 0 | 0 | 0 |
| Transportation..... | 858,622 | 0 | 1,197,820 |
| TOTAL..... | \$ 858,622 | \$ 28,605 | \$ 1,651,312 |

Capital Budget

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 |
|---|-------------------------|--------------|---------------------------|--------------------------|
| 2008-09 PUBLIC IMPROVEMENT PROJECTS | | | | |
| Parks and Forest Management..... | \$ 40,205 | \$ 0 | \$ 2,300 | \$ 42,505 |
| TOTAL PROJECTS..... | \$ 40,205 | \$ 0 | \$ 2,300 | \$ 42,505 |
| | | | | |
| SOURCE OF FUNDS | | | | |
| General Obligation Bond Issues | | | | |
| Capital Facilities Fund - Buildings and Structures..... | \$ 12,200 | \$ 0 | \$ 2,300 | \$ 14,500 |
| Capital Facilities Fund - Furniture and Equipment..... | 0 | 0 | 0 | 0 |
| Subtotal General Obligation Bond Issues..... | \$ 12,200 | \$ 0 | \$ 2,300 | \$ 14,500 |
| | | | | |
| Current Revenues | | | | |
| Keystone Recreation, Park and Conservation Fund - Improvements and Rehabilitation..... | \$ 5,740 | \$ 0 | \$ 0 | \$ 5,740 |
| Environmental Stewardship Fund - Acquisition, Improvements and Rehabilitation..... | 17,350 | 0 | 0 | 17,350 |
| State Forestry Bridge - Parks and Forest Management..... | 2,915 | 0 | 0 | 2,915 |
| ATV/Snowmobile Funds- Parks and Forest Management..... | 1,000 | 0 | 0 | 1,000 |
| Transportation Enhancement Funds- Acquisition, Improvements and Rehabilitation..... | 1,000 | 0 | 0 | 1,000 |
| Subtotal Current Revenues..... | \$ 28,005 | \$ 0 | \$ 0 | \$ 28,005 |
| TOTAL..... | \$ 40,205 | \$ 0 | \$ 2,300 | \$ 42,505 |

Capital Budget

Department of Conservation and Natural Resources 2008-09 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

Ohiopyle State Park, Fayette County

| | | | |
|----------|------|--------|----------|
| \$ 4,700 | \$ 0 | \$ 300 | \$ 5,000 |
|----------|------|--------|----------|

NEW VISITORS' CENTER: This project will provide for the development of a visitors' center/park office to accommodate park usage. When completed, this project is expected to increase operating costs by \$80,000 annually.

Goldsboro State Park, Monroe County

| | | | |
|-------|---|-----|-------|
| 2,000 | 0 | 500 | 2,500 |
|-------|---|-----|-------|

REHABILITATE FACILITIES: This project will provide for the rehabilitation of day use area at the state park including infrastructure. When completed, this project is expected to increase operating costs by \$40,000 annually.

Forest District #18, Columbia County

| | | | |
|-------|---|-----|-------|
| 2,500 | 0 | 500 | 3,000 |
|-------|---|-----|-------|

REHABILITATE ROARING CREEK: This project will provide for the construction of needed rest facilities and parking lots. When completed, this project is not expected to increase operating costs.

Codorus State Park, York County

| | | | |
|----------|------|----------|----------|
| \$ 3,000 | \$ 0 | \$ 1,000 | \$ 4,000 |
|----------|------|----------|----------|

INSTALL NEW POOL: This project will provide for removal of the old pool and installation of a new pool. When completed, this project will not increase operating costs.

| | | | | |
|--------------------|------------------|-------------|-----------------|------------------|
| PROGRAM TOTAL..... | <u>\$ 12,200</u> | <u>\$ 0</u> | <u>\$ 2,300</u> | <u>\$ 14,500</u> |
|--------------------|------------------|-------------|-----------------|------------------|

Department of Conservation and Natural Resources 2008-09 Projects

(Dollar Amounts in Thousands)

| | Base Project Cost | Land Cost | Design & Contingencies | Total Project Cost |
|--|-------------------------|--------------|---------------------------|--------------------------|
| FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES | | | | |
| <i>PUBLIC IMPROVEMENT PROJECTS</i> | | | | |
| Program: Parks and Forest Management | | | | |
| Bald Eagle State Park, Centre County | \$ 400 | \$ 0 | \$ 0 | \$ 400 |
| ORIGINAL FURNITURE AND EQUIPMENT: This project will provide furniture and equipment for current capital projects at this location. When completed, furniture and equipment expenditures will not increase operating costs. | | | | |
| Cowans Gap State Park, Fulton County | 250 | 0 | 0 | 250 |
| REPLACE BRIDGE: This project will replace main park road bridge over South Branch Little Aughwick Creek. When completed, this project is not expected to increase operating costs. | | | | |
| Gifford Pinchot State Park, York County | 750 | 0 | 0 | 750 |
| REHABILITATE CAMP AREA WASHHOUSE: This project will rehabilitate the camp area washhouse. When completed, this project is not expected to increase operating costs. | | | | |
| Shawnee State Park, Bedford County | 300 | 0 | 0 | 300 |
| EMERGENCY DAM REPAIR: This project will provide for emergency spillway concrete and joint repair at the dam. When completed, this project is not expected to increase operating costs. | | | | |
| Ricketts Glen State Park, Luzerne County | 550 | 0 | 0 | 550 |
| REPAIR WASTEWATER AND WATER TREATMENT: This project will repair the sewage treatment plant and water system to comply to modern codes. When completed, this project is not expected to increase operating costs. | | | | |
| Beltzville State Park, Carbon County | 400 | 0 | 0 | 400 |
| REPAIR SEWAGE TREATMENT PLANT: This project will provide for repairs to the sewage system to reduce infiltration. When completed, this project is not expected to increase operating costs. | | | | |
| Delaware Canal State Park, Bucks County | 400 | 0 | 0 | 400 |
| REPAIR BRIDGE: This project will repair Smithtown 5 bridge. When completed, this project is not expected to increase operating costs. | | | | |
| Delaware Canal State Park, Bucks County | 150 | 0 | 0 | 150 |
| REPAIR CANAL WALL: This project will repair Paunacussing Creek canal wall. When completed, this project is not expected to increase operating costs. | | | | |
| Moraine State Park, Butler County | 220 | 0 | 0 | 220 |
| REPLACE DRAINAGE: This project will provide for the replacement of drainage and repave road #10050, North Shore. When completed, this project is not expected to increase operating costs. | | | | |

Capital Budget

Department of Conservation and Natural Resources 2008-09 Projects

(Dollar Amounts in Thousands)

| | Base Project Cost | Land Cost | Design & Contingencies | Total Project Cost |
|--|-------------------------|--------------|---------------------------|--------------------------|
| FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES | | | | |
| <i>PUBLIC IMPROVEMENT PROJECTS (continued)</i> | | | | |
| Program: Parks and Forest Management | | | | |
| Ohiopyle State Park, Fayette County | \$ 650 | \$ 0 | \$ 0 | \$ 650 |
| CONSTRUCT SHOWERHOUSE: This project will construct a shower house at Mitchell Field for boaters. When completed, this project is not expected to increase operating costs. | | | | |
| Greenwood Furnace State Park, Huntingdon County | 160 | 0 | 0 | 160 |
| PAVE ROADS: This project will provide for the paving of roads in the campground. When completed, this project is not expected to increase operating costs. | | | | |
| Pine Grove Furnace State Park, Cumberland County | 200 | 0 | 0 | 200 |
| PAVE PARK ROADS: This project will rehabilitate and repave park roads and parking lots within the park. When completed, this project is not expected to increase operating costs. | | | | |
| Nockamixon State Park, Bucks County | 300 | 0 | 0 | 300 |
| REPLACE BOAT DOCK: This project will replace the boat rental dock within the park. When completed, this project is not expected to increase operating costs. | | | | |
| Nockamixon State Park, Bucks County | 200 | 0 | 0 | 200 |
| PAVE ROADS: This project will pave the main loop road and spur at the modern cabin colony. When completed, this project is not expected to increase operating costs. | | | | |
| Presque Isle State Park, Erie County | 160 | 0 | 0 | 160 |
| BEACH REPLENISHMENT: This project will replenish sand mounds phase 3. When completed, this project is not expected to increase operating costs. | | | | |
| Regional Park/Forest District #13 Office, Cameron County | 400 | 0 | 0 | 400 |
| EXPAND PARKING: This project will provide for the expansion of parking and renovate office facilities. When completed, this project is not expected to increase operating costs. | | | | |
| Tiadaghton State Forest, Lycoming County | 250 | 0 | 0 | 250 |
| CONSTRUCT CROSSING: This project will provide for the construction of a grade crossing for Pine Creek Trail at Jersey Shore. When completed, this project is not expected to increase operating costs. | | | | |
| PROGRAM TOTAL..... | \$ 5,740 | \$ 0 | \$ 0 | \$ 5,740 |

Department of Conservation and Natural Resources 2008-09 Projects

| | (Dollar Amounts in Thousands) | | | Total Project Cost |
|---|-------------------------------|--------------|---------------------------|--------------------------|
| | Base Project Cost | Land Cost | Design & Contingencies | |
| FROM ENVIRONMENTAL STEWARDSHIP FUND | | | | |
| CURRENT REVENUES | | | | |
| <i>PUBLIC IMPROVEMENT PROJECTS (continued)</i> | | | | |
| Program: Parks and Forest Management | | | | |
| Bald Eagle State Park, Centre County | \$ 5,600 | \$ 0 | \$ 0 | \$ 5,600 |
| CONSTRUCT RUSTIC INN: This project will provide for the construction of a rustic inn within the park. When completed, this project is not expected to increase operating costs. | | | | |
| Cook Forest State Park, Clarion County | 600 | 0 | 0 | 600 |
| REPAIR WATER SYSTEM: This project will repair the water system and rehabilitate booster station and water storage tanks. When completed, this project is not expected to increase operating | | | | |
| Neshaminy State Park, Bucks County | 350 | 0 | 0 | 350 |
| REHABILITATE POOL CONCESSION BUILDING: This project will rehabilitate the pool concession building. When completed, this project is not expected to increase operating costs. | | | | |
| Evansburg State Park, Montgomery County | 250 | 0 | 0 | 250 |
| CONSTRUCT SEWAGE COLLECTION FACILITY: This project will construct a sewage collection system to connect residences to municipal system. When completed, this project is not expected to increase operating costs. | | | | |
| White Clay Creek Preserve, Chester County | 150 | 0 | 0 | 150 |
| RECONSTRUCT CEMETERY WALL: This project will reconstruct the cemetery wall at London Tract Meeting House. When completed, this project is not expected to increase operating costs. | | | | |
| Sinnemahoning State Park, Cameron County | 500 | 0 | 0 | 500 |
| REPLACE BRIDGE: This project will replace two bridges on main park road. When completed, this project is not expected to increase operating costs. | | | | |
| Kooser State Park, Somerset County | 1,300 | 0 | 0 | 1,300 |
| PAVE MAIN ROAD: This project will repave main park road and replace two bridges. When completed, this project is not expected to increase operating costs. | | | | |
| Codorus State Park, York County | 2,600 | 0 | 0 | 2,600 |
| 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. | | | | |
| Hickory Run State Park, Carbon County | 2,000 | 0 | 0 | 2,000 |
| REPLACE PIT LATRINES: This project will replace four pit latrines at the campground and organized group camp with flush comfort stations. When completed, this project is not expected to increase operating costs. | | | | |

Capital Budget

Department of Conservation and Natural Resources 2008-09 Projects

(Dollar Amounts in Thousands)

| | Base Project Cost | Land Cost | Design & Contingencies | Total Project Cost |
|---|-------------------------|--------------|---------------------------|--------------------------|
| FROM ENVIRONMENTAL STEWARDSHIP FUND | | | | |
| CURRENT REVENUES | | | | |
| <i>PUBLIC IMPROVEMENT PROJECTS</i> | | | | |
| Program: Parks and Forest Management | | | | |
| Delaware Canal State Park, Bucks County | \$ 500 | \$ 0 | \$ 0 | \$ 500 |
| REPLACE BRIDGE: This project will replace Ferry Street Bridge. When completed, this project is not expected to increase operating costs. | | | | |
| Weiser State Forest, Schuylkill County | 3,500 | 0 | 0 | 3,500 |
| 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. | | | | |
| PROGRAM TOTAL..... | <u>\$ 17,350</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 17,350</u> |

Capital Budget

Department of Conservation and Natural Resources 2008-09 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 | \$ 300 | \$ 0 | \$ 0 | \$ 300 |
| 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. | | | | |
| Rothrock State Forest, Huntingdon County | 300 | 0 | 0 | 300 |
| REPLACE LINGLE VALLEY ROAD BRIDGE: This project will replace Lingle Valley Road Bridge over Laurel Creek. When completed, this project is not expected to increase operating costs. | | | | |
| Rothrock State Forest, Huntingdon County | 300 | 0 | 0 | 300 |
| REPLACE PENNSYLVANIA FURNACE ROAD BRIDGE: This project will replace Pennsylvania Furnace Road Bridge over Globe Run. When completed, this project is not expected to increase operating costs. | | | | |
| Bald Eagle State Forest, Union County | 300 | 0 | 0 | 300 |
| REPLACE BRANDON ROAD BRIDGE: This project will replace Brandon Road Bridge over North Buffalo Creek. When completed, this project is not expected to increase operating costs. | | | | |
| Moshannon State Forest, Centre County | 185 | 0 | 0 | 185 |
| REPLACE GORDON ROAD BRIDGE: This project will replace Gordon Road Bridge over Anderson Creek. When completed, this project is not expected to increase operating costs. | | | | |
| Sproul State Forest, Clinton County | 500 | 0 | 0 | 500 |
| REPLACE BEAVER DAM ROAD BRIDGE: This project will replace Beaver Dam Run Road over Beaver Dam Run (Bridge Nos 10-9002,3,4). When completed, this project is not expected to increase operating costs. | | | | |
| Tiadaghton State Forest, Lycoming County | 830 | 0 | 0 | 830 |
| REPLACE BRIDGES: This project will replace Francis Road Bridge over Randall Hollow, Pipeline Road Bridge over unnamed tributary, and bridges 9027, 9016, 9003, and 9004. When completed, this project is not expected to increase operating costs. | | | | |
| Elk State Forest, Cameron County | 200 | 0 | 0 | 200 |
| REPLACE BRIDGE: This project is to replace Dents Run Bridge over Little Dents Run. When completed, this project is not expected to increase operating costs. | | | | |
| PROGRAM TOTAL..... | <u>\$ 2,915</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 2,915</u> |

Capital Budget

Department of Conservation and Natural Resources 2008-09 Projects

(Dollar Amounts in Thousands)

| | Base Project Cost | Land Cost | Design & Contingencies | Total Project Cost |
|--|-------------------------|--------------|---------------------------|--------------------------|
| FROM ATV/SNOWMOBILE FUNDS | | | | |
| CURRENT REVENUES | | | | |
| <i>PUBLIC IMPROVEMENT PROJECTS (continued)</i> | | | | |
| Program: Parks and Forest Management | | | | |
| Sproul State Forest, Centre County | \$ 500 | \$ 0 | \$ 0 | \$ 500 |
| CONSTRUCT ATV TRAIL: This project will construct an ATV trail over Beech Creek and Two Rock Run. When completed, this project is not expected to increase operating costs. | | | | |
| Moshannon State Forest, Centre County | 500 | 0 | 0 | 500 |
| NORTH RUN ROAD OVER SMAYS RUN: This project is for North Run Road over Smays Run. When completed, this project is not expected to increase operating costs. | | | | |
| PROGRAM TOTAL..... | \$ 1,000 | \$ 0 | \$ 0 | \$ 1,000 |

FROM TRANSPORTATION ENHANCEMENT FUNDS
CURRENT REVENUES

PUBLIC IMPROVEMENT PROJECTS (continued)

Program: Parks and Forest Management

| | | | | |
|---|----------|------|------|----------|
| Delaware Canal State Park, Bucks County | \$ 1,000 | \$ 0 | \$ 0 | \$ 1,000 |
| CONSTRUCT PEDESTRIAN PATH: This project will construct a pedestrian tow path access through railroad at Conrail siding at Fairless Steel. When completed, this project is not expected to increase operating costs. | | | | |
| PROGRAM TOTAL..... | \$ 1,000 | \$ 0 | \$ 0 | \$ 1,000 |

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 |
|---|-------------------------|--------------|---------------------------|--------------------------|
| 2008-09 PUBLIC IMPROVEMENT PROJECTS | | | | |
| Institutionalization of Offenders..... | \$ 36,125 | \$ 0 | \$ 7,275 | \$ 43,400 |
| TOTAL PROJECTS..... | \$ 36,125 | \$ 0 | \$ 7,275 | \$ 43,400 |
| SOURCE OF FUNDS | | | | |
| General Obligation Bond Issues | | | | |
| Capital Facilities Fund - Buildings and Structures..... | \$ 36,125 | \$ 0 | \$ 7,275 | \$ 43,400 |
| Capital Facilities Fund - Furniture and Equipment..... | 0 | 0 | 0 | 0 |
| Subtotal General Obligation Bond Issues..... | 36,125 | 0 | 7,275 | 43,400 |
| TOTAL..... | \$ 36,125 | \$ 0 | \$ 7,275 | \$ 43,400 |

Department of Corrections 2008-09 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 Dallas | State \$ 4,200 | \$ 0 | \$ 800 | \$ 5,000 |
| ADDITIONAL FUNDING FOR PROJECT 578-19: This project will provide additional funds for project 578-19 for phase 2 to rebuild the No. 2 coal boiler with controls and required piping and demolish boiler No. 3 that can not be repaired. When completed, this project is expected to reduce operating costs by \$800,000 annually. | Fed. 0 | 0 | 0 | 0 |
| State Correctional Institution at Mahanoy Township | State 580 | 0 | 120 | 700 |
| REPLACE BURIED PERIMETER CABLE: This project will replace buried perimeter intrusion system around entire perimeter of the institution. When completed, this project is not expected to increase operating costs. | Fed. 0 | 0 | 0 | 0 |
| State Correctional Institution at Albion | State 650 | 0 | 150 | 800 |
| REPLACE BURIED PERIMETER CABLE: This project will replace buried perimeter intrusion system around entire perimeter of the institution. When completed, this project is not expected to increase operating costs. | Fed. 0 | 0 | 0 | 0 |
| State Correctional Institution at Cresson | State 580 | 0 | 120 | 700 |
| REPLACE DEL NORTE PERIMETER SYSTEM: This project will replace the Del Norte perimeter intrusion system around the entire perimeter of the institution. When completed, this project is not expected to increase operating costs. | Fed. 0 | 0 | 0 | 0 |
| State Correctional Institution at Coal Township | State 540 | 0 | 110 | 650 |
| REPLACE BURIED PERIMETER CABLE: This project will replace buried perimeter intrusion system around entire perimeter of the institution. When completed, this project is not expected to increase operating costs. | Fed. 0 | 0 | 0 | 0 |
| State Correctional Institution at Somerset | State 650 | 0 | 150 | 800 |
| REPLACE BURIED PERIMETER CABLE: This project will replace buried perimeter intrusion system around entire perimeter of the institution. When completed, this project is not expected to increase operating costs. | Fed. 0 | 0 | 0 | 0 |
| State Correctional Institution at Graterford | State 12,500 | 0 | 2,500 | 15,000 |
| ADDITIONAL FUNDING FOR PROJECT 577-29: This project will provide for funding for project 577-29 Phase III including replacing all plumbing and plumbing fixtures in cell blocks C, D, and E. When completed this project is not expected to increase operating costs. | Fed. 0 | 0 | 0 | 0 |

Capital Budget

Department of Corrections 2008-09 Projects

(Dollar Amounts in Thousands)

| | Base Project Cost | Land Cost | Design & Contingencies | Total Project Cost |
|--|-------------------------|--------------|---------------------------|--------------------------|
| FROM CAPITAL FACILITIES BOND FUNDS | | | | |
| <i>PUBLIC IMPROVEMENT PROJECTS (continued)</i> | | | | |
| Program: Institutionalization of Offenders | | | | |
| State Correctional Institution at Camp Hill | State \$ 825 | \$ 0 | \$ 175 | \$ 1,000 |
| ADDITIONAL FUNDS FOR PROJECT 573-29: This project will provide for additional funding to complete the replacement of water main infrastructure since the original amount is inadequate by today's construction costs. When completed, this project is not expected to increase operating costs. | Fed. 0 | 0 | 0 | 0 |
| State Correctional Institution at Cresson | State 3,300 | 0 | 700 | 4,000 |
| ADDITIONAL FUNDS FOR PROJECT 1574-4: This project will provide for additional funding required to design a new kitchen and loading dock to serve an expanded inmate population. When completed, this project is not expected to increase operating costs. | Fed. 0 | 0 | 0 | 0 |
| State Correctional Institution at Mercer | State 2,500 | 0 | 500 | 3,000 |
| EXPAND KITCHEN AND DINING AREAS: This project will expand the kitchen preparation area and dining area to include new equipment and renovations as required for expanded population. When completed, this project is not expected to increase operating costs. | Fed. 0 | 0 | 0 | 0 |
| State Correctional Institution at Muncy | State 5,200 | 0 | 1,050 | 6,250 |
| CONSTRUCT NEW INFIRMARY WITH LONG TERM CARE: This project will replace infirmary and build a new long term care unit as required to meet the demand of a large increase in female inmates, and as the facility serving geriatric inmates, more space is needed for these services. When completed, this project is not expected to increase operating costs. | Fed. 0 | 0 | 0 | 0 |
| State Correctional Institution at Huntingdon | State 2,200 | 0 | 425 | 2,625 |
| ELECTRICAL UPGRADE: This project will upgrade electrical services to blocks and cells to meet current electrical demands. When completed, this project is not expected to increase operating costs. | Fed. 0 | 0 | 0 | 0 |
| State Correctional Institution at Waymart | State 2,400 | 0 | 475 | 2,875 |
| UPGRADE STORMWATER AND SEWER LINES: This project will separate the rain leaders and sewer lines to meet current codes and sewer authority requirements along with sewer and storm infrastructure. When completed, this project is not expected to increase operating costs. | Fed. 0 | 0 | 0 | 0 |
| Total State..... | \$ 36,125 | \$ 0 | \$ 7,275 | \$ 43,400 |
| Total Federal..... | 0 | 0 | 0 | 0 |
| PROGRAM TOTAL..... | <u>\$ 36,125</u> | <u>\$ 0</u> | <u>\$ 7,275</u> | <u>\$ 43,400</u> |

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 |
| 2008-09 PUBLIC IMPROVEMENT PROJECTS | | | | |
| Educational Support Services..... | \$ 1,350 | \$ 0 | \$ 150 | \$ 1,500 |
| State Owned Schools..... | 16,672 | 0 | 1,245 | 17,917 |
| Higher Education - State-Related Universities..... | 57,200 | 0 | 10,800 | 68,000 |
| Higher Education - State System of Higher Education..... | 139,800 | 0 | 34,200 | 174,000 |
| TOTAL PROJECTS..... | <u>\$ 215,022</u> | <u>\$ 0</u> | <u>\$ 46,395</u> | <u>\$ 261,417</u> |
| SOURCE OF FUNDS | | | | |
| General Obligation Bond Issues | | | | |
| Capital Facilities Fund - Buildings and Structures..... | \$ 207,787 | \$ 0 | \$ 45,595 | \$ 253,382 |
| Capital Facilities Fund - Furniture and Equipment..... | 7,235 | 0 | 800 | 8,035 |
| Subtotal General Obligation Bond Issues..... | <u>\$ 215,022</u> | <u>\$ 0</u> | <u>\$ 46,395</u> | <u>\$ 261,417</u> |
| TOTAL..... | <u>\$ 215,022</u> | <u>\$ 0</u> | <u>\$ 46,395</u> | <u>\$ 261,417</u> |

Capital Budget

Department of Education 2008-09 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: Educational Support Services

Department of Education Headquarters

| | | | | |
|--|----------|------|--------|----------|
| | \$ 1,350 | \$ 0 | \$ 150 | \$ 1,500 |
|--|----------|------|--------|----------|

RENOVATION OF HEADQUARTERS: This project will provide improvements and upgrades to three floors of the Department of Education headquarters building at 333 Market Street. When completed, this project is not expected to increase operating costs.

| | | | | |
|--------------------|-----------------|-------------|---------------|-----------------|
| PROGRAM TOTAL..... | <u>\$ 1,350</u> | <u>\$ 0</u> | <u>\$ 150</u> | <u>\$ 1,500</u> |
|--------------------|-----------------|-------------|---------------|-----------------|

Program: State Owned Schools

Scranton School for the Deaf

| | | | | |
|--|----------|------|------|----------|
| | \$ 3,500 | \$ 0 | \$ 0 | \$ 3,500 |
|--|----------|------|------|----------|

LIFE SAFETY, HEALTH & SECURITY - ADDITIONAL FUNDING: This project will provide for additional funding for project number 416-15 for life safety, health and security upgrades. When completed, this project is not expected to increase operating costs.

Scranton School for the Deaf

| | | | | |
|--|-------|---|-----|-------|
| | 8,095 | 0 | 900 | 8,995 |
|--|-------|---|-----|-------|

INSTALL CULVERT: This project will provide for the installation of approximately 750 feet of concrete box culvert structure to route Meadowbrook Creek underground. When completed, this project is not expected to increase operating costs.

Scranton School for the Deaf

| | | | | |
|--|-----|---|---|-----|
| | 937 | 0 | 0 | 937 |
|--|-----|---|---|-----|

RENOVATE GYMNASIUM - ADDITIONAL FUNDING: This project will provide for additional funding for project number 416-14 for the renovation of the gymnasium. When completed, this project is not expected to increase operating costs.

Scranton School for the Deaf

| | | | | |
|--|-------|---|-----|-------|
| | 3,105 | 0 | 345 | 3,450 |
|--|-------|---|-----|-------|

CONSTRUCT ADDITION - BROADCAST AND DEAF SERVICES BUILDING: This project will provide for an addition designed for studio broadcasting and development of video training programs for the deaf and hard of hearing. When completed, this project is not expected to increase operating costs.

Capital Budget

Department of Education 2008-09 Projects

(Dollar Amounts in Thousands)

| | Base Project Cost | Land Cost | Design & Contingencies | Total Project Cost |
|---|-------------------------|--------------|---------------------------|--------------------------|
| FROM CAPITAL FACILITIES BOND FUNDS | | | | |
| <i>PUBLIC IMPROVEMENT PROJECTS (continued)</i> | | | | |
| Program: Higher Education - State Owned Schools (continued) | | | | |
| Scranton School for the Deaf | \$ 1,035 | \$ 0 | \$ 0 | \$ 1,035 |
| ORIGINAL FURNITURE AND EQUIPMENT: This project will provide for original furniture and equipment for the borad cast and deaf services building expansion. When completed, this project is not expected to increase operating costs. | | | | |
| PROGRAM TOTAL..... | <u>\$ 16,672</u> | <u>\$ 0</u> | <u>\$ 1,245</u> | <u>\$ 17,917</u> |
| Program: Higher Education - State-Related Universities | | | | |
| Lincoln University | \$ 16,000 | \$ 0 | \$ 4,000 | \$ 20,000 |
| RENOVATE JOHN MILLER DICKEY HALL: This project will provide for the complete renovation of the John Miller Dickey Hall to meet modern needs. When completed, this project will not increase operating costs since the University is responsible for maintenance. | | | | |
| University of Pittsburgh | 24,000 | 0 | 6,000 | 30,000 |
| CONSTRUCT ADDTION SALK HALL - ADDITIONAL FUNDING: This project will provide additional funding for the Salk Hall addition (project # 1103-385). When completed, this project will not increase operating costs since the University is responsible for maintenance. | | | | |
| Pennsylvania State University - Eastern Region | 14,000 | 0 | 0 | 14,000 |
| CAPITAL RENEWAL - EASTERN REGION ADDITIONAL FUNDING: This project will provide additional funding for the capital renewal for campuses in the eastern region of the university includir code compliances and infrastructure upgrades. When completed, this project will not increase operating costs since the University is responsible for maintenance. | | | | |
| Lincoln University | 3,200 | 0 | 800 | 4,000 |
| ORIGINAL FURNITURE AND EQUIPMENT, JOHN MILLER DICKEY 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. | | | | |
| PROGRAM TOTAL..... | <u>\$ 57,200</u> | <u>\$ 0</u> | <u>\$ 10,800</u> | <u>\$ 68,000</u> |

Department of Education 2008-09 Projects

(Dollar Amounts in Thousands)

| | Base Project Cost | Land Cost | Design & Contingencies | Total Project Cost |
|---|-------------------------|--------------|---------------------------|--------------------------|
| FROM CAPITAL FACILITIES BOND FUNDS | | | | |
| <i>PUBLIC IMPROVEMENT PROJECTS (continued)</i> | | | | |
| Program: Higher Education - State System of Higher Education | | | | |
| Mansfield University | \$ 4,800 | \$ 0 | \$ 1,200 | \$ 6,000 |
| UPGRADE WATER TREATMENT PLANT: This project will rehabilitate the water treatment plant originally constructed in the 1930's to accommodate modern needs. When completed, this project will not increase operating costs since the University is responsible for maintenance. | | | | |
| Edinboro University | 14,400 | 0 | 3,600 | 18,000 |
| RENOVATE OR REPLACE ROSS HALL: This project will provide funding for the renovation or replacement of Ross Hall including HVAC, windows, doors, exterior and interior surfaces. When completed, this project will not increase operating costs since the University is responsible for maintenance. | | | | |
| Shippensburg University | 8,000 | 0 | 2,000 | 10,000 |
| RENOVATE STEAM DISTRIBUTION SYSTEM - ADDITIONAL FUNDING: This project will provide additional funding to renovate the high pressure steam distribution system for heat throughout the campus. When completed, this project will not increase operating costs since the University is responsible for maintenance. | | | | |
| Cheyney University | 4,800 | 0 | 1,200 | 6,000 |
| CARVER SCIENCE BUILDING RENOVATION - ADDITIONAL FUNDING: This project will provide for additional funding for the renovation of Carver Science building. When completed, this project will not increase operating costs since the University is responsible for maintenance. | | | | |
| Cheyney University | 8,000 | 0 | 2,000 | 10,000 |
| RENOVATE WASTEWATER TREATMENT PLANT: This project will provide for the upgrade of the wastewater treatment plant to utilize best practices available and to comply with modern codes. When completed, this project will not increase operating costs since the University is responsible for maintenance. | | | | |
| Cheyney University | 6,400 | 0 | 1,600 | 8,000 |
| ADA MODIFICATIONS CAMPUS WIDE: This project will provide for the modification of various buildings, parking, sidewalks and public access areas campus wide to comply with ADA requirements for faculty, students, staff and general public. When completed, this project will not increase operating costs since the University is responsible for maintenance. | | | | |

Department of Education 2008-09 Projects

(Dollar Amounts in Thousands)

| | Base Project Cost | Land Cost | Design & Contingencies | Total Project Cost |
|---|-------------------------|--------------|---------------------------|--------------------------|
| FROM CAPITAL FACILITIES BOND FUNDS | | | | |
| <i>PUBLIC IMPROVEMENT PROJECTS (continued)</i> | | | | |
| Program: Higher Education - State System of Higher Education (continued) | | | | |
| Kutztown University | \$ 24,000 | \$ 0 | \$ 6,000 | \$ 30,000 |
| REPLACE EDUCATIONAL BUILDING: This project will provide for the demolition, replacement, and reloaction of the educational buildingto address enrollmentgrowth. When completed, this project will not increase operating costs since the University is responsible for maintenance. | | | | |
| West Chester University | 8,000 | 0 | 2,000 | 10,000 |
| CAMPUS GEOTHERMAL UTILITY CONVERSION: This project will provide funding for the conversion from a coal fired steam system to a geothermal-based heating and cooling system. When completed, this project will not increase operating costs since the University is responsible for maintenance. | | | | |
| California Uniiversity | 10,400 | 0 | 2,600 | 13,000 |
| RENOVATE KEYSTONE HALL: This project will provide for the renovation of Keystone Hall including infrastructure and to comply with modern codes. When completed, this project will not increase operating costs since the University is responsible for maintenance. | | | | |
| Clarion University | 32,000 | 0 | 8,000 | 40,000 |
| RENOVATE AND EXPAND TIPPIN GYMNASIUM: This project will provide for the renovation and expansion of Tippin Gymnasium to accomdate sustained enrollment and modern codes. When completed, this project will not increase operating costs since the University is responsible for maintenance. | | | | |
| West Chester University | 16,000 | 0 | 4,000 | 20,000 |
| RENOVATE MCCARTHY HALL: This project will provide for the renovation of McCarthy Hall to accommodate a conversion from a residence hall to academic classroom space. When completed, this project will not increase operating costs since the University is responsible for maintenance. | | | | |
| Bloomsburg University | 500 | 0 | 0 | 500 |
| ORIGINAL FURNITURE AND EQUIPMENT - SUTLIFF HALL: This project will provide supplemental 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. | | | | |

Capital Budget

Department of Education 2008-09 Projects

(Dollar Amounts in Thousands)

| | Base Project Cost | Land Cost | Design & Contingencies | Total Project Cost |
|---|-------------------------|--------------|---------------------------|--------------------------|
| FROM CAPITAL FACILITIES BOND FUNDS | | | | |
| <i>PUBLIC IMPROVEMENT PROJECTS (continued)</i> | | | | |
| Program: Higher Education - State System of Higher Education (continued) | | | | |
| East Stoudsburg University | \$ 1,000 | \$ 0 | \$ 0 | \$ 1,000 |
| ORIGINAL FURNITURE AND EQUIPMENT - ROSENKRANS HALL: This project will provide supplemental funding for the purchase of movable 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. | | | | |
| Lock Haven University | 1,500 | 0 | 0 | 1,500 |
| ORIGINAL FURNITURE AND EQUIPMENT - SCIENCE AND MATH CENTER: This project will provide supplemental funding for the purchase of movable 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. | | | | |
| PROGRAM TOTAL..... | \$ 139,800 | \$ 0 | \$ 34,200 | \$ 174,000 |

EMERGENCY MANAGEMENT AND HOMELAND SECURITY

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 |
|---|-------------------------|--------------|---------------------------|--------------------------|
| 2008-09 PUBLIC IMPROVEMENT PROJECTS | | | | |
| Emergency Management..... | \$ 2,800 | \$ 0 | \$ 700 | \$ 3,500 |
| TOTAL PROJECTS..... | <u>\$ 2,800</u> | <u>\$ 0</u> | <u>\$ 700</u> | <u>\$ 3,500</u> |
| SOURCE OF FUNDS | | | | |
| General Obligation Bond Issues | | | | |
| Capital Facilities Fund - Buildings and Structures..... | \$ 2,800 | \$ 0 | \$ 700 | \$ 3,500 |
| Capital Facilities Fund - Furniture and Equipment..... | 0 | 0 | 0 | 0 |
| TOTAL..... | <u>\$ 2,800</u> | <u>\$ 0</u> | <u>\$ 700</u> | <u>\$ 3,500</u> |

Emergency Management and Homeland Security 2008-09 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: Emergency Management

| | | | | |
|---------------------------|----------|------|--------|----------|
| State Fire Academy | \$ 1,600 | \$ 0 | \$ 400 | \$ 2,000 |
|---------------------------|----------|------|--------|----------|

APPARATUS REPLACEMENT: This project will provide for the design and purchase of new state of the art equipment for the Stat Fire Training Academy to replace current outdated fixtures. When completed, this project is not expected to increase operating costs.

| | | | | |
|---------------------------|-------|---|-----|-------|
| State Fire Academy | 1,200 | 0 | 300 | 1,500 |
|---------------------------|-------|---|-----|-------|

BURN BUILDING REPAIR-UPGRADE: This project will provide for the design and construction of a thermal lining in the areas of the burn facility that were not finished in the original project to extend the useful life of the building. When completed, this project is not expected to increase operating costs.

| | | | | |
|--------------------|----------|------|--------|----------|
| PROGRAM TOTAL..... | \$ 2,800 | \$ 0 | \$ 700 | \$ 3,500 |
|--------------------|----------|------|--------|----------|

DEPARTMENT OF ENVIRONMENTAL PROTECTION

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 |
| 2008-09 PUBLIC IMPROVEMENT PROJECTS | | | | |
| Environmental Protection and Management..... | \$ 6,000 | \$ 0 | \$ 1,200 | \$ 7,200 |
| FLOOD CONTROL PROJECTS | | | | |
| Environmental Protection and Management..... | 14,000 | 0 | 2,800 | 16,800 |
| TOTAL PROJECTS..... | <u>\$ 20,000</u> | <u>\$ 0</u> | <u>\$ 4,000</u> | <u>\$ 24,000</u> |
| SOURCE OF FUNDS | | | | |
| General Obligation Bond Issues | | | | |
| Capital Facilities Fund - Buildings and Structures..... | \$ 6,000 | \$ 0 | \$ 1,200 | \$ 7,200 |
| Capital Facilities Fund - Flood Control..... | 14,000 | 0 | 2,800 | 16,800 |
| TOTAL..... | <u>\$ 20,000</u> | <u>\$ 0</u> | <u>\$ 4,000</u> | <u>\$ 24,000</u> |

Department of Environmental Protection 2008-09 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 | Project Cost |
|-------------------------|--------------|---------------------------|-----------------|
|-------------------------|--------------|---------------------------|-----------------|

FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Environmental Protection and Management

Borough of Dunbar, Fayette County

| | | | | | | | |
|----|-------|----|---|----|-----|----|-------|
| \$ | 1,000 | \$ | 0 | \$ | 200 | \$ | 1,200 |
|----|-------|----|---|----|-----|----|-------|

ADDITIONAL FUNDS: This project would add additional funds to DGS project 180-23 - providing for adding additional channel work, adding a flood wall, and stabilizing streambanks. When completed, this project is not expected to increase operating costs.

Borough of Wilmore, Cambria County

| | | | | | | | |
|--|-------|--|---|--|-----|--|-------|
| | 2,000 | | 0 | | 400 | | 2,400 |
|--|-------|--|---|--|-----|--|-------|

ADDITIONAL FUNDS: This project would add additional funds to the Wilmore Flood Protection Project constructing a compact levee along the North Branch of the Little Conemaugh River. When completed, this project is not expected to increase operating costs.

City of Jeannette, Westmoreland County

| | | | | | | | |
|--|-------|--|---|--|-----|--|-------|
| | 3,000 | | 0 | | 600 | | 3,600 |
|--|-------|--|---|--|-----|--|-------|

ADDITIONAL FUNDS: This project would add additional funds to DGS project 182-07 for phase 2 consisting of rehabilitating existing levee and new flood walls along Brush Creek. When completed, this project is not expected to increase operating costs.

| | | | | |
|--------------------|-----------------|-------------|-----------------|-----------------|
| PROGRAM TOTAL..... | <u>\$ 6,000</u> | <u>\$ 0</u> | <u>\$ 1,200</u> | <u>\$ 7,200</u> |
|--------------------|-----------------|-------------|-----------------|-----------------|

Department of Environmental Protection 2008-09 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 | Project Cost |
|-------------------------|--------------|---------------------------|-----------------|
|-------------------------|--------------|---------------------------|-----------------|

FROM CAPITAL FACILITIES BOND FUNDS

FLOOD CONTROL PROJECTS

Program: Environmental Protection and Management

| | | | | |
|---|----------|------|--------|----------|
| Borough of Millvale, Shaler & Ross Townships, Allegheny County | \$ 3,000 | \$ 0 | \$ 600 | \$ 3,600 |
|---|----------|------|--------|----------|

ADDITIONAL FUNDS: This project would add funds to the Girtys Run Federal Flood Protection Project to fund the state's portion of the non federal construction costs as per agreement. When completed, this project is not expected to increase operating costs.

| | | | | |
|---|-------|---|-----|-------|
| Etna Borough and Shaler Township, Allegheny County | 3,000 | 0 | 600 | 3,600 |
|---|-------|---|-----|-------|

ADDITIONAL FUNDS: This project would add funds to the Pine Creek Federal Flood Protection Project to fund the state's portion of the non federal construction costs as per agreement. When completed, this project is not expected to increase operating costs.

| | | | | |
|--|-------|---|-------|-------|
| City of Scranton, Lackawanna County | 5,000 | 0 | 1,000 | 6,000 |
|--|-------|---|-------|-------|

ADDITIONAL FUNDS: This project would add funds to the Greenridge portion of the Scranton Flood Federal Flood Protection Project to fund the state's portion of the non federal construction costs as per agreement. When completed, this project is not expected to increase operating costs.

| | | | | |
|---|-------|---|-----|-------|
| City of Pittsburgh, Allegheny County | 3,000 | 0 | 600 | 3,600 |
|---|-------|---|-----|-------|

ADDITIONAL FUNDS: This project would add funds to the Saw Mill Run Federal Flood Protection Project to fund the state's portion of the non federal construction costs as per agreement. When completed, this project is not expected to increase operating costs.

| | | | | |
|--------------------|-----------|------|----------|-----------|
| PROGRAM TOTAL..... | \$ 14,000 | \$ 0 | \$ 2,800 | \$ 16,800 |
|--------------------|-----------|------|----------|-----------|

Capital Budget

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 |
| 2008-09 PUBLIC IMPROVEMENT PROJECTS | | | | |
| Facility, Property and Commodity Management..... | \$ 16,700 | \$ 0 | \$ 0 | \$ 16,700 |
| TOTAL PROJECTS..... | <u>\$ 16,700</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 16,700</u> |
| SOURCE OF FUNDS | | | | |
| General Obligation Bond Issues | | | | |
| Capital Facilities Fund - Buildings and Structures..... | \$ 16,700 | \$ 0 | \$ 0 | \$ 16,700 |
| TOTAL..... | <u>\$ 16,700</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 16,700</u> |

Department of General Services 2008-09 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: Facility, Property and Commodity Management

| | | | | |
|---|----------|------|------|----------|
| Forum Building, Dauphin County | \$ 1,000 | \$ 0 | \$ 0 | \$ 1,000 |
| REPLACE ELECTRICAL SERVICE: This project will provide for the replacement of all electrical panels and rewire the building to fully occupy the building. When completed, this project is not expected to increase operating costs. | | | | |
| Forum Building, Dauphin County | 500 | 0 | 0 | 500 |
| 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 not expected to increase operating costs. | | | | |
| Agriculture Building, Dauphin County | 2,000 | 0 | 0 | 2,000 |
| REPLACE ELECTRICAL SWITCHGEAR: This project will provide for the replacement of high voltage switchgear and related components. When completed, this project is not expected to increase operating costs. | | | | |
| 18th & Herr Trade Shops, Dauphin County | 350 | 0 | 0 | 350 |
| INSTALL SPRINKLER SYSTEM: This project will provide for the installment of a sprinkler system and fire/evacuation alarm panels monitored by the capitol police communications center. When completed, this project is not expected to increase operating costs. | | | | |
| Capitol East Wing, Dauphin County | 1,000 | 0 | 0 | 1,000 |
| REPLACE PLAZA DRAINS: This project will provide for the replacement of plaza drains, basins and respective liners. When completed, this project is not expected to increase operating costs. | | | | |
| Forum Building, Dauphin County | 5,000 | 0 | 0 | 5,000 |
| CENTRAL PLANT CONNECTION: This project will provide for the connection of the Forum Building to the central plant for heating and cooling. When completed, this project is not expected to increase operating costs. | | | | |
| Forum Building, Dauphin County | 1,000 | 0 | 0 | 1,000 |
| RENOVATE RESTROOMS: This project will provide for the refurbishing of all building restrooms with new fixtures and plumbing to meet modern codes. When completed, this project is not expected to increase operating costs. | | | | |

Capital Budget

Department of General Services 2008-09 Projects

(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 | | | | |
| Health and Welfare Building, Dauphin County | \$ 400 | \$ 0 | \$ 0 | \$ 400 |
| DUCTWORK CLEANING: This project will provide for the cleaning and sanitizing of all HVAC ductwork in the building to prevent microbial growth and germs from infiltration. When completed, this project is not expected to increase operating costs. | | | | |
| 22nd & Forster State Office Building, Dauphin County | 200 | 0 | 0 | 200 |
| ASBESTOS REMEDIATION: This project will provide for the remediation of asbestos-laden tiles throughout the office building. When completed, this project is not expected to increase operating costs. | | | | |
| DGS Annex Complex, Dauphin County | 750 | 0 | 0 | 750 |
| REPLACE BOILER: This project will provide for the replacement of the current boiler with a more efficient new boiler with capacity for future growth. When completed, this project is expected to reduce costs by 10% to 15% annually. | | | | |
| DGS Annex Complex, Dauphin County | 4,500 | 0 | 0 | 4,500 |
| REMEDiate MOLD & ASBESTOS: This project will provide for the remediation of asbestos and mold in various buildings and areas throughout the annex complex. When completed, this project is not expected to increase operating costs. | | | | |
| PROGRAM TOTAL | \$ 16,700 | \$ 0 | \$ 0 | \$ 16,700 |

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 |
| 2008-09 PUBLIC IMPROVEMENT PROJECTS | | | | |
| State Historic Preservation..... | \$ 15,200 | \$ 0 | \$ 2,800 | \$ 18,000 |
| TOTAL PROJECTS..... | <u>\$ 15,200</u> | <u>\$ 0</u> | <u>\$ 2,800</u> | <u>\$ 18,000</u> |
| SOURCE OF FUNDS | | | | |
| General Obligation Bond Issues | | | | |
| Capital Facilities Fund - Buildings and Structures..... | \$ 14,000 | \$ 0 | \$ 2,800 | \$ 16,800 |
| Capital Facilities Fund - Furniture and Equipment..... | 600 | 0 | 0 | 600 |
| TOTAL..... | <u>\$ 14,600</u> | <u>\$ 0</u> | <u>\$ 2,800</u> | <u>\$ 17,400</u> |
| Current Revenues | | | | |
| Improvements and Rehabilitation..... | \$ 600 | \$ 0 | \$ 0 | \$ 600 |
| Subtotal Current Revenues..... | <u>\$ 600</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 600</u> |
| TOTAL..... | <u>\$ 15,200</u> | <u>\$ 0</u> | <u>\$ 2,800</u> | <u>\$ 18,000</u> |

Capital Budget

Historical and Museum Commission 2008-09 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: State Historic Preservation

| | | | | |
|--|------------------|-------------|-----------------|------------------|
| <p>Landis Valley Museum, Lancaster County RENOVATION OF VISITORS' CENTER: This project will provide for the partial renovation and construction of the new visitors' center including infrastructure. When completed, this project will not increase operating costs.</p> | \$ 10,000 | \$ 0 | \$ 2,000 | \$ 12,000 |
| <p>Erie Maritime Museum, Erie County RESTORATION US BRIG NIAGARA: This project will provide for the restoration of the US Brig Niagara including hull, keel, planking, frame and rails. When completed, this project will not increase operating costs.</p> | 4,000 | 0 | 800 | 4,800 |
| <p>Ephrata Cloister, Lancaster County ORIGINAL FURNITURE AND EQUIPMENT FOR RENOVATION OF VISITORS' CENTER: This project will provide for the original furniture and equipment for the newly renovated visitors' center including high-density storage system. When completed, furniture and equipment expenditures are not expected to increase operating costs.</p> | 600 | 0 | 0 | 600 |
| <p>PROGRAM TOTAL.....</p> | <u>\$ 14,600</u> | <u>\$ 0</u> | <u>\$ 2,800</u> | <u>\$ 17,400</u> |

FROM CURRENT REVENUES

PUBLIC IMPROVEMENT PROJECTS

Program: State Historic Preservation

| | | | | |
|---|---------------|-------------|-------------|---------------|
| <p>Pennsylvania Military Museum, Centre County CONSTRUCT COLLECTIONS STORAGE BUILDING: This project will provide for the design and construction of a 2,500 square foot storage building for historical military vehicles. When completed, this project are not expected to increase operating costs.</p> | \$ 600 | \$ 0 | \$ 0 | \$ 600 |
| <p>PROGRAM TOTAL.....</p> | <u>\$ 600</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 600</u> |

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 |
|---|-------------------------|--------------|---------------------------|--------------------------|
| 2008-09 PUBLIC IMPROVEMENT PROJECTS | | | | |
| State Military Readiness..... | \$ 21,200 | \$ 0 | \$ 4,800 | \$ 26,000 |
| TOTAL PROJECTS..... | <u>\$ 21,200</u> | <u>\$ 0</u> | <u>\$ 4,800</u> | <u>\$ 26,000</u> |
| SOURCE OF FUNDS | | | | |
| General Obligation Bond Issues | | | | |
| Capital Facilities Fund - Buildings and Structures..... | \$ 21,200 | \$ 0 | \$ 4,800 | \$ 26,000 |
| Capital Facilities Fund - Furniture and Equipment..... | 0 | 0 | 0 | 0 |
| TOTAL..... | <u>\$ 21,200</u> | <u>\$ 0</u> | <u>\$ 4,800</u> | <u>\$ 26,000</u> |

Department of Military and Veterans Affairs 2008-09 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: State Military Readiness

Allentown Readiness Center, Lehigh County

REHABILITATION OF READINESS CENTER: This project will rehabilitate the Allentown Readiness Center to enhance state military readiness with adequate facilities to include assembly hall, dining facilities, classrooms, administration offices, storage space, rest rooms, locker rooms and mechanical room. When completed, this project is expected to decrease operating costs by \$15,000 annually.

| | | | | | | | | |
|-------|----|-------|----|---|----|-----|----|-------|
| State | \$ | 4,200 | \$ | 0 | \$ | 800 | \$ | 5,000 |
| Fed. | | 0 | | 0 | | 0 | | 0 |

Lock Haven Readiness Center, Clinton County

REHABILITATION OF READINESS CENTER: This project will rehabilitate the Lock Haven Readiness Center to enhance state military readiness with adequate facilities to include assembly hall, dining facilities, classrooms, administration offices, storage space, rest rooms, locker rooms and mechanical room. When completed, this project is expected to decrease operating costs by \$11,000 annually.

| | | | | | | | | |
|-------|--|-------|--|---|--|-----|--|-------|
| State | | 3,200 | | 0 | | 800 | | 4,000 |
| Fed. | | 0 | | 0 | | 0 | | 0 |

New Castle Readiness Center, Lawrence County

REHABILITATION OF READINESS CENTER: This project will rehabilitate the New Castle Readiness Center to enhance state military readiness with adequate facilities to include assembly hall, dining facilities, classrooms, administration offices, storage space, rest rooms, locker rooms, and mechanical room. When completed, this project is expected to decrease operating costs by nearly \$9,000 annually.

| | | | | | | | | |
|-------|--|-------|--|---|--|-----|--|-------|
| State | | 3,200 | | 0 | | 800 | | 4,000 |
| Fed. | | 0 | | 0 | | 0 | | 0 |

Pittsburgh-Crane Readiness Center, Allegheny County

REHABILITATION OF READINESS CENTER: This project will rehabilitate the Pittsburgh Readiness Center to enhance state military readiness with adequate facilities to include assembly hall, dining facilities, classrooms, administration offices, storage space, rest rooms, locker rooms and mechanical room. When completed, this project is expected to decrease operating costs by \$15,000 annually.

| | | | | | | | | |
|-------|--|-------|--|---|--|-----|--|-------|
| State | | 3,200 | | 0 | | 800 | | 4,000 |
| Fed. | | 0 | | 0 | | 0 | | 0 |

Plymouth Readiness Center, Luzerne County

REHABILITATION OF READINESS CENTER: This project will rehabilitate the Plymouth Readiness Center to enhance state military readiness with adequate facilities to include assembly hall, dining facilities, classrooms, administration offices, storage space, rest rooms, locker rooms and mechanical room. When completed, this project is expected to decrease operating costs by nearly \$9,000 annually.

| | | | | | | | | |
|-------|----|-------|----|---|----|-----|----|-------|
| State | \$ | 3,200 | \$ | 0 | \$ | 800 | \$ | 4,000 |
| Fed. | | 0 | | 0 | | 0 | | 0 |

Department of Military and Veterans Affairs 2008-09 Projects

(Dollar Amounts in Thousands)

| | Base Project Cost | Land Cost | Design & Contingencies | Total Project Cost |
|---|-------------------------|--------------|---------------------------|--------------------------|
| FROM CAPITAL FACILITIES BOND FUNDS | | | | |
| <i>PUBLIC IMPROVEMENT PROJECTS (continued)</i> | | | | |
| Program: State Military Readiness (continued) | | | | |
| Washington Readiness Center, Washington County | State \$ 4,200 | \$ 0 | \$ 800 | \$ 5,000 |
| REHABILITATION OF READINESS CENTER: This project will rehabilitate the Washington Readiness Center to enhance state military readiness with adequate facilities to include assembly hall, dining facilities, classrooms, administration offices, storage space, rest rooms, locker rooms and mechanical room. When completed, this project is expected to decrease operating costs by over \$13,000 annually. | Fed. 0 | 0 | 0 | 0 |
| | | | | |
| Total State..... | \$ 21,200 | \$ 0 | \$ 4,800 | \$ 26,000 |
| Total Federal..... | 0 | 0 | 0 | 0 |
| | | | | |
| PROGRAM TOTAL..... | <u>\$ 21,200</u> | <u>\$ 0</u> | <u>\$ 4,800</u> | <u>\$ 26,000</u> |

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 |
|---|-------------------------|--------------|---------------------------|--------------------------|
| 2008-09 PUBLIC IMPROVEMENT PROJECTS | | | | |
| Human Services..... | \$ 14,975 | \$ 0 | \$ 2,995 | \$ 17,970 |
| TOTAL PROJECTS..... | <u>\$ 14,975</u> | <u>\$ 0</u> | <u>\$ 2,995</u> | <u>\$ 17,970</u> |
| SOURCE OF FUNDS | | | | |
| General Obligation Bond Issues | | | | |
| Capital Facilities Fund - Buildings and Structures..... | \$ 14,975 | \$ 0 | \$ 2,995 | \$ 17,970 |
| Capital Facilities Fund - Furniture and Equipment..... | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL..... | <u>\$ 14,975</u> | <u>\$ 0</u> | <u>\$ 2,995</u> | <u>\$ 17,970</u> |

Department of Public Welfare 2008-09 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: Human Services

| | | | | | | | | |
|---|----|--------|----|---|----|-------|----|--------|
| <p>Loysville Youth Development Center, Perry County ADDITIONAL FUNDING TO PROJECT 588-9: This project will provide for additional funding for project 588-9 construction of water filtration system. When completed this project is expected to reduce operating costs by \$150,000 annually.</p> | \$ | 450 | \$ | 0 | \$ | 90 | \$ | 540 |
| <p>Torrance State Hospital, Westmoreland County BOILER PLANT RENOVATION: This project will upgrade the existing coal fired boiler in order to comply with emission guidelines and enhance coal boilers with natural gas. When completed this project is expected to decrease operating costs by \$215,000 annually.</p> | | 5,500 | | 0 | | 1,100 | | 6,600 |
| <p>White Haven Center, Luzerne County UPGRADE HEATING SYSTEM: This project will upgrade heating systems in various buildings since radiant heating units have reached end of life. When completed this project is expected to decrease operating costs.</p> | | 2,000 | | 0 | | 400 | | 2,400 |
| <p>Danville State Hospital, Mountour County ADDITIONAL FUNDING PROJECT 503-15: This project will provide for additional funding to project 503-15 for exterior improvements to block building. When completed this project is not expected to increase operating costs.</p> | | 900 | | 0 | | 180 | | 1,080 |
| <p>Allentown State Hospital, Lehigh County RENOVATE DOMESTIC AND FIRE HYDRANT WATER SYSTEM: This project will renovate existing water distribution system to domestic water supply and fire hydrant/sprinkler supply lines. When completed this project is not expected to increase operating costs.</p> | | 4,800 | | 0 | | 960 | | 5,760 |
| <p>New Castle Youth Development Center, Lawrence County UPGRADE HVAC SYSTEM: This project will upgrade the HVAC system to reduce extreme heat/humidity for residents. When completed this project is expected to decrease operating costs by \$85,000 annually.</p> | | 825 | | 0 | | 165 | | 990 |
| <p>Wernersville State Hospital, Berks County RENOVATE BATHROOMS: This project will renovate patient bathrooms including piping fixtures to comply with ADA accommodations. When completed this project is not expected to increase operating costs.</p> | | 500 | | 0 | | 100 | | 600 |
| <p>PROGRAM TOTAL.....</p> | \$ | 14,975 | \$ | 0 | \$ | 2,995 | \$ | 17,970 |

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 |
|---|-------------------------|------------------|---------------------------|--------------------------|
| 2008-09 PUBLIC IMPROVEMENT PROJECTS | | | | |
| State Highway and Bridge Maintenance..... | \$ 143,000 | \$ 13,000 | \$ 23,400 | \$ 179,400 |
| Highway Safety..... | 13,050 | 500 | 1,950 | 15,500 |
| Subtotal..... | \$ 156,050 | \$ 13,500 | \$ 25,350 | \$ 194,900 |
| TRANSPORTATION ASSISTANCE PROJECTS | | | | |
| Air Transportation..... | \$ 4,000 | \$ 0 | \$ 1,000 | \$ 5,000 |
| Urban Mass Transportation..... | 379,747 | 0 | 13,932 | 393,679 |
| Rural and Intercity Rail..... | 0 | 0 | 0 | 0 |
| Subtotal..... | \$ 383,747 | \$ 0 | \$ 14,932 | \$ 398,679 |
| HIGHWAY PROJECTS | | | | |
| State Highway, Bridge and Administration Construction/Reconstruction..... | \$ 1,074,169 | \$ 52,853 | \$ 472,997 | \$ 1,600,019 |
| TOTAL PROJECTS..... | <u>\$ 1,613,966</u> | <u>\$ 66,353</u> | <u>\$ 513,279</u> | <u>\$ 2,193,598</u> |
| SOURCE OF FUNDS | | | | |
| General Obligation Bond Issues | | | | |
| Capital Facilities Fund - Transportation Assistance..... | \$ 129,366 | \$ 0 | \$ 14,932 | \$ 144,298 |
| Capital Facilities Fund - Public Improvement Projects..... | 156,050 | 13,500 | 25,350 | 194,900 |
| Current Revenues | | | | |
| Motor License Fund..... | \$ 496,277 | \$ 25,492 | \$ 336,853 | \$ 858,622 |
| Federal Funds..... | 806,196 | 19,553 | 128,408 | 954,157 |
| Local Funds..... | 26,077 | 7,808 | 7,736 | 41,621 |
| TOTAL..... | <u>\$ 1,613,966</u> | <u>\$ 66,353</u> | <u>\$ 513,279</u> | <u>\$ 2,193,598</u> |

Department of Transportation 2008-09 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: State Highway and Bridge Maintenance

Clearfield County Maintenance Facility

NEW COUNTY FACILITY: This project will provide for the construction or acquisition of a new county maintenance facility including salt ar equipment storage buildings and site development. When complete this project will increase operating costs by \$510,000 annuall

| | | | | |
|-------|-----------|----------|----------|-----------|
| State | \$ 11,000 | \$ 1,000 | \$ 1,800 | \$ 13,800 |
| Fed. | 0 | 0 | 0 | 0 |
| Local | 0 | 0 | 0 | 0 |

Potter County Maintenance Facility

NEW COUNTY FACILITY: This project will provide for the construction or acquisition of a new county maintenance facility including salt ar equipment storage buildings and site development. When complete this project will increase operating costs by \$510,000 annuall

| | | | | |
|-------|--------|-------|-------|--------|
| State | 11,000 | 1,000 | 1,800 | 13,800 |
| Fed. | 0 | 0 | 0 | 0 |
| Local | 0 | 0 | 0 | 0 |

Franklin County Maintenance Facility

NEW COUNTY FACILITY: This project will provide for the construction or acquisition of a new county maintenance facility including salt ar equipment storage buildings and site development. When complete this project will increase operating costs by \$510,000 annuall

| | | | | |
|-------|--------|-------|-------|--------|
| State | 11,000 | 1,000 | 1,800 | 13,800 |
| Fed. | 0 | 0 | 0 | 0 |
| Local | 0 | 0 | 0 | 0 |

Perry County Maintenance Facility

NEW COUNTY FACILITY: This project will provide for the construction or acquisition of a new county maintenance facility including salt ar equipment storage buildings and site development. When complete this project will increase operating costs by \$510,000 annuall

| | | | | |
|-------|--------|-------|-------|--------|
| State | 11,000 | 1,000 | 1,800 | 13,800 |
| Fed. | 0 | 0 | 0 | 0 |
| Local | 0 | 0 | 0 | 0 |

Wayne County Maintenance Facility

NEW COUNTY FACILITY: This project will provide for the construction or acquisition of a new county maintenance facility including salt ar equipment storage buildings and site development. When complete this project will increase operating costs by \$510,000 annuall

| | | | | |
|-------|--------|-------|-------|--------|
| State | 11,000 | 1,000 | 1,800 | 13,800 |
| Fed. | 0 | 0 | 0 | 0 |
| Local | 0 | 0 | 0 | 0 |

Carbon County Maintenance Facility

NEW COUNTY FACILITY: This project will provide for the construction or acquisition of a new county maintenance facility including salt ar equipment storage buildings and site development. When complete this project will increase operating costs by \$510,000 annuall

| | | | | |
|-------|--------|-------|-------|--------|
| State | 11,000 | 1,000 | 1,800 | 13,800 |
| Fed. | 0 | 0 | 0 | 0 |
| Local | 0 | 0 | 0 | 0 |

Crawford County Maintenance Facility

NEW COUNTY FACILITY: This project will provide for the construction or acquisition of a new county maintenance facility including salt ar equipment storage buildings and site development. When complete this project will increase operating costs by \$510,000 annuall

| | | | | |
|-------|--------|-------|-------|--------|
| State | 11,000 | 1,000 | 1,800 | 13,800 |
| Fed. | 0 | 0 | 0 | 0 |
| Local | 0 | 0 | 0 | 0 |

Armstrong County Maintenance Facility

NEW COUNTY FACILITY: This project will provide for the construction or acquisition of a new county maintenance facility including salt ar equipment storage buildings and site development. When complete this project will increase operating costs by \$510,000 annuall

| | | | | |
|-------|--------|-------|-------|--------|
| State | 11,000 | 1,000 | 1,800 | 13,800 |
| Fed. | 0 | 0 | 0 | 0 |
| Local | 0 | 0 | 0 | 0 |

Philadelphia County Maintenance Facility

NEW COUNTY FACILITY: This project will provide for the construction or acquisition of a new county maintenance facility including salt ar equipment storage buildings and site development. When complete this project will increase operating costs by \$510,000 annuall

| | | | | |
|-------|--------|-------|-------|--------|
| State | 11,000 | 1,000 | 1,800 | 13,800 |
| Fed. | 0 | 0 | 0 | 0 |
| Local | 0 | 0 | 0 | 0 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS (continued)

Program: State Highway and Bridge Maintenance

| | Base Project Cost | Land Cost | Design & Contingencies | Total Project Cost |
|---|-------------------------|------------------|---------------------------|--------------------------|
| Lycoming County Maintenance Facility | 11,000 | 1,000 | 1,800 | 13,800 |
| NEW COUNTY FACILITY: This project will provide for the construction or acquisition of a new county maintenance facility including salt and equipment storage buildings and site development. When complete this project will increase operating costs by \$510,000 annually | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| Centre County Maintenance Facility | 11,000 | 1,000 | 1,800 | 13,800 |
| NEW COUNTY FACILITY: This project will provide for the construction or acquisition of a new county maintenance facility including salt and equipment storage buildings and site development. When complete this project will increase operating costs by \$510,000 annually | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| Berks County Maintenance Facility | 11,000 | 1,000 | 1,800 | 13,800 |
| NEW COUNTY FACILITY: This project will provide for the construction or acquisition of a new county maintenance facility including salt and equipment storage buildings and site development. When complete this project will increase operating costs by \$510,000 annually | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| Beaver County Maintenance Facility | 11,000 | 1,000 | 1,800 | 13,800 |
| NEW COUNTY FACILITY: This project will provide for the construction or acquisition of a new county maintenance facility including salt and equipment storage buildings and site development. When complete this project will increase operating costs by \$510,000 annually | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| PROGRAM TOTAL..... | <u>\$ 143,000</u> | <u>\$ 13,000</u> | <u>\$ 23,400</u> | <u>\$ 179,400</u> |

Program: Highway Safety

| | | | | | |
|---|-------|----------|------|--------|----------|
| Dauphin County Server Farm | State | \$ 1,500 | \$ 0 | \$ 500 | \$ 2,000 |
| ELECTRICAL UPGRADES: This project will provide for the required electrical renovations to obtain a tier 3 level designation, which may include system redundancy (i.e. switchgear, etc.) and/or stand alone transformers. When completed, this project will not increase operating costs. | Fed. | 0 | 0 | 0 | 0 |
| | Local | 0 | 0 | 0 | 0 |
| Dauphin County Statewide Traffic Management Center | State | 4,000 | 500 | 500 | 5,000 |
| CONSTRUCT STATEWIDE TRAFFIC MANAGEMENT CENTER: This project will provide for the construction of a new statewide traffic management center facility including buildings, site acquisition and development. When completed this project will increase operating costs by \$510,000 annually. | Fed. | 0 | 0 | 0 | 0 |
| | Local | 0 | 0 | 0 | 0 |
| Dauphin County Sign Shop Facility | State | 1,250 | 0 | 250 | 1,500 |
| CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage pre-engineered steel building including development at the sign shop facility. When completed, this project will not increase operating costs | Fed. | 0 | 0 | 0 | 0 |
| | Local | 0 | 0 | 0 | 0 |
| Lawrence County Safety Rest Area | State | 1,800 | 0 | 200 | 2,000 |
| RENOVATE AND EXPAND SITE: This project will provide for the renovation and expansion of site 15 safety rest area including storage, parking and development. When completed, this project will not increase operating costs. | Fed. | 0 | 0 | 0 | 0 |
| | Local | 0 | 0 | 0 | 0 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

| | Base Project Cost | Land Cost | Design & Contingencies | Total Project Cost |
|---|-------------------------|---------------|---------------------------|--------------------------|
| FROM CAPITAL FACILITIES BOND FUNDS | | | | |
| <i>PUBLIC IMPROVEMENT PROJECTS (continued)</i> | | | | |
| Program: Highway Safety | | | | |
| York County Welcome Center | 4,500 | 0 | 500 | 5,000 |
| RENOVATE AND EXPAND SITE: This project will provide for the renovation and expansion of the existing welcome center and rest area including parking, restrooms, display areas, tourism services, picnic areas and building compliances to modern codes. When completed, this project will increase operating costs by \$750,000 annually. | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| PROGRAM TOTAL..... | \$ 13,050 | \$ 500 | \$ 1,950 | \$ 15,500 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

| Base Project Cost | Land Cost | Design & Contingencies | Total Project Cost |
|-------------------------|--------------|---------------------------|--------------------------|
|-------------------------|--------------|---------------------------|--------------------------|

FROM CAPITAL FACILITIES BOND FUNDS

TRANSPORTATION ASSISTANCE PROJECTS

Program: Air Transportation

Harrisburg International Airport
 AIRPORT IMPROVEMENTS: This project will provide for the economic development and safety enhancement at the airport. When completed, this project is not expected to increase operating costs.

| | | | | | | | | |
|-------|----|-------|----|---|----|-------|----|-------|
| State | \$ | 4,000 | \$ | 0 | \$ | 1,000 | \$ | 5,000 |
| Fed. | | 0 | | 0 | | 0 | | 0 |
| Local | | 0 | | 0 | | 0 | | 0 |

| | | | | | | | | |
|--------------------------|----|-----------------|----|-------------|----|-----------------|----|-----------------|
| TOTAL STATE FUNDS..... | \$ | 4,000 | \$ | 0 | \$ | 1,000 | \$ | 5,000 |
| TOTAL FEDERAL FUNDS..... | | 0 | | 0 | | 0 | | 0 |
| TOTAL LOCAL FUNDS..... | | 0 | | 0 | | 0 | | 0 |
| PROGRAM TOTAL..... | | <u>\$ 4,000</u> | | <u>\$ 0</u> | | <u>\$ 1,000</u> | | <u>\$ 5,000</u> |

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

| | Base Project Cost | Land Cost | Design & Contingencies | Total Project Cost |
|---|-------------------------|--------------|---------------------------|--------------------------|
| FROM CAPITAL FACILITIES BOND FUNDS | | | | |
| TRANSPORTATION ASSISTANCE PROJECTS (continued) | | | | |
| 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. | | | | |
| Centre Area Transportation Authority | State \$ 23 | \$ 0 | \$ 3 | \$ 26 |
| ADDITIONAL FUNDING: | Fed. 106 | 0 | 0 | 106 |
| This project will provide for the replacement CNG compressors at fueling station, which have met their useful life | Local 1 | 0 | 0 | 1 |
| Centre Area Transportation Authority | State 522 | 0 | 58 | 580 |
| PURCHASE BUSES: | Fed. 2,400 | 0 | 0 | 2,400 |
| This project will provide for the purchase of 11 CNG transit buses to replace existing buses, which have met their useful life | Local 20 | 0 | 0 | 20 |
| Lehigh and Northampton Transportation Authority | State 261 | 0 | 29 | 290 |
| PURCHASE BUSES: | Fed. 1,200 | 0 | 0 | 1,200 |
| This project will provide for the purchase of 5 heavy duty transit buses for expanded fixed route public transportation service | Local 10 | 0 | 0 | 10 |
| Lehigh and Northampton Transportation Authority | State 216 | 0 | 24 | 240 |
| REPLACE PARATRANSIT BUSES: | Fed. 992 | 0 | 0 | 992 |
| This project will provide for the replacement of 20 paratransit service small transit buses which have met their useful life | Local 8 | 0 | 0 | 8 |
| Southeastern Pennsylvania Transportation Authority | State 2,088 | 0 | 232 | 2,320 |
| F.F.Y. 2008 TRANSIT ENHANCEMENT PROGRAM: | Fed. 9,600 | 0 | 0 | 9,600 |
| This project will provide for additional funding for the rehabilitation of the Market Street Elevated Reconstruction Program. This program includes the complete reconstruction of superstructure foundations, abutments and bearings. | Local 80 | 0 | 0 | 80 |
| Southeastern Pennsylvania Transportation Authority | State 20,354 | 0 | 2,262 | 22,616 |
| F.F.Y. 2008 TRANSIT ENHANCEMENT PROGRAM: | Fed. 93,600 | 0 | 0 | 93,600 |
| This project will provide for additional funding for the rehabilitation of the Market Street Elevated Reconstruction Program and the Pacific Transportation Center. This program includes the complete reconstruction of superstructure, foundations, abutments and bearings. | Local 784 | 0 | 0 | 784 |
| Southeastern Pennsylvania Transportation Authority | State 13,569 | 0 | 1,508 | 15,077 |
| F.F.Y. 2009 TRANSIT ENHANCEMENT PROGRAM: | Fed. 62,400 | 0 | 0 | 62,400 |
| This project will provide for the bus purchase program, fare collection system upgrade, Market Street Elevated Reconstruction, SMART Stations, state of good repair program, station accessibility, systems improvement program and utility fleet renewal. | Local 523 | 0 | 0 | 523 |
| Southeastern Pennsylvania Transportation Authority | State 616 | 0 | 68 | 684 |
| UPGRADE SILVERLINER PROPULSION SYSTEM: | Fed. 2,832 | 0 | 0 | 2,832 |
| This project will provide for the improvements to the Silverliner IV fleet including door control relay panel, blending valve and HVAC control upgrade. | Local 24 | 0 | 0 | 24 |
| Southeastern Pennsylvania Transportation Authority | State 870 | 0 | 97 | 967 |
| F.F.Y. 2009 FEDERAL HIGHWAY FLEX PROJECTS: | Fed. 4,003 | 0 | 0 | 4,003 |
| This project will provide for the Exton station parking expansion, upgrading of warning devices at various railroad/high grade crossings and the construction of the Villanova Intermodal Transportation Center. | Local 34 | 0 | 0 | 34 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

| | Base Project Cost | Land Cost | Design & Contingencies | Total Project Cost | |
|--|-------------------------|--------------|---------------------------|--------------------------|----------|
| FROM CAPITAL FACILITIES BOND FUNDS | | | | | |
| TRANSPORTATION ASSISTANCE PROJECTS (continued) | | | | | |
| Program: Urban Mass Transportation (continued) | | | | | |
| Southeastern Pennsylvania Transportation Authority | State | \$ 3,757 | \$ 0 | \$ 418 | \$ 4,175 |
| F.F.Y. 2009 TRANSIT BUS PURCHASE PROGRAM: | Fed. | 17,280 | 0 | 0 | 17,280 |
| This program will provide for the acquisition of 400 accessible 40 foot lo floor buses and will include a pricing option for diesel-electric hybrid buses replacing those which have met their useful life | Local | 145 | 0 | 0 | 145 |
| Port Authority of Allegheny County | State | 8,525 | 0 | 947 | 9,472 |
| PURCHASE AUTOMATED FARE COLLECTION EQUIPMENT: | Fed. | 39,200 | 0 | 0 | 39,200 |
| This project will provide for a smart card based fare collection syste that can be utilized by all regional transit operators that elect to particip in the project utilizing common infrastructure for better coordination c regional services | Local | 328 | 0 | 0 | 328 |
| Area Transportation Authority | State | 101 | 0 | 11 | 112 |
| REPLACE MEDIUM DUTY TRANSIT BUSES: | Fed. | 465 | 0 | 0 | 465 |
| This project will provide for the purchase of six accessible less tha 30-foot replacement buses and one accessible replacement va | Local | 4 | 0 | 0 | 4 |
| Area Transportation Authority | State | 215 | 0 | 24 | 239 |
| CONTINUATION OF ITS PROJECT: | Fed. | 990 | 0 | 0 | 990 |
| This project will provide for the continuation of the ITS project includi the automatic vehicle locator and video surveillance systerr | Local | 9 | 0 | 0 | 9 |
| Area Transportation Authority | State | 565 | 0 | 63 | 628 |
| CONSTRUCT PASSENGER TERMINALS: | Fed. | 2,600 | 0 | 0 | 2,600 |
| This project will provide for the construction of St Mary's anc Punxsutawney passenger terminals | Local | 22 | 0 | 0 | 22 |
| Crawford Area Transportation Authority | State | 194 | 0 | 22 | 216 |
| PURCHASE BUSES: | Fed. | 896 | 0 | 0 | 896 |
| This project will provide for the purchase of up to six new accessibl fixed route buses | Local | 8 | 0 | 0 | 8 |
| Erie Metropolitan Transit Authority | State | 261 | 0 | 29 | 290 |
| VEHICLE LOCATOR SYSTEM: | Fed. | 1,200 | 0 | 0 | 1,200 |
| This project will provide for the acquisition of an automated vehicl locator system. | Local | 10 | 0 | 0 | 10 |
| Fayette County | State | 112 | 0 | 12 | 124 |
| REPLACE BUS: | Fed. | 513 | 0 | 0 | 513 |
| This project will provide for the replacement of a 30 foot bus an related equipment | Local | 4 | 0 | 0 | 4 |
| Red Rose Transit Authority | State | 870 | 0 | 97 | 967 |
| OPERATIONS CENTER RENOVATIONS AND EXPANSION: | Fed. | 6,800 | 0 | 0 | 6,800 |
| This project will provide for the expansion of the operations center bu: storage building, maintenance garage and administration office | Local | 733 | 0 | 0 | 733 |
| Red Rose Transit Authority | State | 218 | 0 | 24 | 242 |
| PURCHASE FARE COLLECTION & OPERATING EQUIPMENT: | Fed. | 1,000 | 0 | 0 | 1,000 |
| This project will provide for the fare collection and support equipmer (bus washer) purchase and replacement program | Local | 8 | 0 | 0 | 8 |
| Union-Snyder Transportation Alliance | State | 172 | 0 | 19 | 191 |
| CONSTRUCT VEHICLE STORAGE/MAINTENANCE FACILITY: | Fed. | 792 | 0 | 0 | 792 |
| This project will provide additional funding for the construction of a vehic storage/maintenance facility and purchase of shop equipmen | Local | 7 | 0 | 0 | 7 |

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

| | Base Project Cost | Land Cost | Design & Contingencies | Total Project Cost | | | | |
|---|-------------------------|----------------|---------------------------|--------------------------|-----------|---------------|----|----------------|
| FROM CAPITAL FACILITIES BOND FUNDS | | | | | | | | |
| TRANSPORTATION ASSISTANCE PROJECTS (continued) | | | | | | | | |
| Program: Urban Mass Transportation (continued) | | | | | | | | |
| Southeastern Pennsylvania Transportation Authority | State | \$ 40,891 | \$ 0 | \$ 4,544 | \$ 45,435 | | | |
| VEHICLE OVERHAUL PROGRAM: | Fed. | 0 | 0 | 0 | 0 | | | |
| This project will provide for SEPTA's FY 2008-2009 Vehicle Overhaul Program, which provides for the major overhaul of SEPTA's rolling stock | Local | 1,565 | 0 | 0 | 1,565 | | | |
| Southeastern Pennsylvania Transportation Authority | State | 28,711 | 0 | 3,190 | 31,901 | | | |
| 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 | 1,099 | 0 | 0 | 1,099 | | | |
| Cambria County Transit Authority | State | 308 | 0 | 34 | 342 | | | |
| REPLACE BUSES: This project will provide for the replacement of buses, which have met their useful life | Fed. | 0 | 0 | 0 | 0 | | | |
| | Local | 12 | 0 | 0 | 12 | | | |
| Erie Metropolitan Transit Authority | State | 486 | 0 | 54 | 540 | | | |
| REPLACE BUSES, FACILITY REHABILITATION & RELATED EQUIPMENT: | Fed. | 0 | 0 | 0 | 0 | | | |
| This project will provide for bus replacement, facility rehabilitation and related equipment | Local | 18 | 0 | 0 | 18 | | | |
| Pottstown Urban Transit | State | 591 | 0 | 66 | 657 | | | |
| REPLACE BUSES: | Fed. | 0 | 0 | 0 | 0 | | | |
| This project will provide for the replacement of existing buses, which have met their useful life | Local | 23 | 0 | 0 | 23 | | | |
| Erie Metropolitan Transit Authority | State | 870 | 0 | 97 | 967 | | | |
| CONSTRUCT NEW TRANSIT FACILITY: This project will provide for the construction of a new transit facility, which will be a combined administrative maintenance building for the fixed route and paratransit division | Fed. | 0 | 0 | 0 | 0 | | | |
| | Local | 33 | 0 | 0 | 33 | | | |
| TOTAL STATE FUNDS..... | \$ | 125,366 | \$ | 0 | \$ | 13,932 | \$ | 139,298 |
| TOTAL FEDERAL FUNDS..... | | 248,869 | | 0 | | 0 | | 248,869 |
| TOTAL LOCAL FUNDS..... | | 5,512 | | 0 | | 0 | | 5,512 |
| PROGRAM TOTAL..... | \$ | <u>379,747</u> | \$ | <u>0</u> | \$ | <u>13,932</u> | \$ | <u>393,679</u> |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|--|---------|-------------------------|--------------|----------------|--------------------------|
| Allegheny County | State | \$ 18,500 | \$ 0 | \$ 1,850 | \$ 20,350 |
| SR 60 S Expressway 1 | Federal | 0 | 0 | 0 | 0 |
| Findlay & Moon Townships | Local | 0 | 0 | 0 | 0 |
| Concrete Patching Repair Interstate Maintenance | Total | 18,500 | 0 | 1,850 | 20,350 |
| Allegheny County | State | 18,500 | 0 | 1,850 | 20,350 |
| SR 60, S. Expressway 2 | Federal | 0 | 0 | 0 | 0 |
| Findlay & Moon Townships | Local | 0 | 0 | 0 | 0 |
| Concrete Patching Repair Interstate Maintenance | Total | 18,500 | 0 | 1,850 | 20,350 |
| Allegheny County | State | 20,000 | 0 | 2,000 | 22,000 |
| SR 60 S. Expressway #3 | Federal | 0 | 0 | 0 | 0 |
| Moon Township | Local | 0 | 0 | 0 | 0 |
| Concrete Patching Repair Interstate Maintenance | Total | 20,000 | 0 | 2,000 | 22,000 |
| Allegheny County | State | 20,000 | 0 | 2,000 | 22,000 |
| SR 60 S. Expressway #4 | Federal | 0 | 0 | 0 | 0 |
| Moon Township | Local | 0 | 0 | 0 | 0 |
| Concrete Patching Repair Interstate Maintenance | Total | 20,000 | 0 | 2,000 | 22,000 |
| Allegheny County | State | 1,050 | 0 | 105 | 1,155 |
| SR 79 Wash Co/Bridgeville | Federal | 9,450 | 0 | 945 | 10,395 |
| Bridgeville Borough /South Fayette Township | Local | 0 | 0 | 0 | 0 |
| Concrete Patching Repair Interstate Maintenance | Total | 10,500 | 0 | 1,050 | 11,550 |
| Allegheny County | State | 450 | 0 | 45 | 495 |
| SR79 Campbells Rn/Moon Rn | Federal | 4,050 | 0 | 405 | 4,455 |
| Kennedy & Robinson Townships | Local | 0 | 0 | 0 | 0 |
| Concrete Patching Repair Interstate Maintenance | Total | 4,500 | 0 | 450 | 4,950 |
| Bedford County | State | 850 | 0 | 0 | 850 |
| I-70 Breezewood to Fulton Co Line | Federal | 7,650 | 0 | 0 | 7,650 |
| East Providence Township | Local | 0 | 0 | 0 | 0 |
| Pavement restoration, bridge rehabilitation, safety improvements | Total | 8,500 | 0 | 0 | 8,500 |
| Berks County | State | 75 | 0 | 250 | 325 |
| SR 1021/1024 Intersection Imp | Federal | 0 | 0 | 0 | 0 |
| Maxatawny Township | Local | 0 | 0 | 0 | 0 |
| Tree Cutting, excavating and shoulder work. | Total | 75 | 0 | 250 | 325 |
| Berks County | State | 100 | 0 | 500 | 600 |
| SR 12 Safety Improvements | Federal | 0 | 0 | 0 | 0 |
| Alsace Township | Local | 0 | 0 | 0 | 0 |
| Excavating, embankment, shoulders, guide rail and utility poles | Total | 100 | 0 | 500 | 600 |
| Berks County | State | 250 | 15 | 145 | 410 |
| SR 222/422 Non Urban Area | Federal | 0 | 0 | 580 | 580 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Installation of dynamic message signs | Total | 250 | 15 | 725 | 990 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|---|---------|-------------------------|--------------|----------------|--------------------------|
| Berks County | State | \$ 254 | \$ 20 | \$ 850 | \$ 1,124 |
| Route 222 Non Urban CCTV | Federal | 1,016 | 80 | 3,400 | 4,496 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Install Closed Circuit Television Cameras | Total | 1,270 | 100 | 4,250 | 5,620 |
| Berks County | State | 225 | 15 | 150 | 390 |
| Route 222/422 Urban Area | Federal | 0 | 0 | 600 | 600 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Installation of Variable Message Signs (VMS) and Closed Circuit Television Cameras (CCTV). | Total | 225 | 15 | 750 | 990 |
| Berks County | State | 75 | 0 | 225 | 300 |
| SR 3008 Intersection Imp. | Federal | 0 | 0 | 0 | 0 |
| Lower & North Heidelberg Townships | Local | 0 | 0 | 0 | 0 |
| Curve Safety Improvements: tree cutting, excavation and shoulder work. | Total | 75 | 0 | 225 | 300 |
| Berks County | State | 75 | 0 | 225 | 300 |
| SR 3023 Intersection Imp. | Federal | 0 | 0 | 0 | 0 |
| Lower Heidelberg Township | Local | 0 | 0 | 0 | 0 |
| Curve Safety Improvements: tree cutting, excavation, and shoulder work. | Total | 75 | 0 | 225 | 300 |
| Berks County | State | 100 | 40 | 260 | 400 |
| SR 562, Oley Turnpike & Shelbourne Rd | Federal | 400 | 160 | 1,040 | 1,600 |
| Exeter Township | Local | 0 | 0 | 0 | 0 |
| Intersection Improvement and Congestion Mitigation | Total | 500 | 200 | 1,300 | 2,000 |
| Berks County | State | 525 | 0 | 0 | 525 |
| Interstate Safety Gates | Federal | 2,100 | 0 | 0 | 2,100 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| SR 78 safety gates - Entire 78 Corridor | Total | 2,625 | 0 | 0 | 2,625 |
| Berks County | State | 20 | 0 | 455 | 475 |
| RATS Precast Parapets | Federal | 80 | 0 | 4,095 | 4,175 |
| Greenwich Township | Local | 0 | 0 | 0 | 0 |
| Replacement of precast parapets | Total | 100 | 0 | 4,550 | 4,650 |
| Berks County | State | 360 | 15 | 115 | 490 |
| I-78/SR 61- HAR CCTV CMS | Federal | 0 | 0 | 1,035 | 1,035 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Installation of Closed Circuit Television Cameras (CCTV), Highway Advisory Radio (HAR) and Changeable Message Signs (CMS). | Total | 360 | 15 | 1,150 | 1,525 |
| Blair County | State | 300 | 0 | 0 | 300 |
| PA 36 under I-99 | Federal | 2,700 | 0 | 0 | 2,700 |
| City of Altoona & Logan Township | Local | 0 | 0 | 0 | 0 |
| Increase clearance beneath I-99 | Total | 3,000 | 0 | 0 | 3,000 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|---|---------|-------------------------|--------------|----------------|--------------------------|
| Blair County | State | \$ 1,750 | \$ 0 | \$ 0 | \$ 1,750 |
| I-99 Sproul-Newry Pull off | Federal | 15,750 | 0 | 0 | 15,750 |
| Freedom Township | Local | 0 | 0 | 0 | 0 |
| Pavement restoration, bridge rehabilitation and safety improvements. | Total | 17,500 | 0 | 0 | 17,500 |
| Blair County | State | 400 | 0 | 0 | 400 |
| I-99 US22/PA764 Interchange | Federal | 3,600 | 0 | 0 | 3,600 |
| Allegheny Township | Local | 0 | 0 | 0 | 0 |
| Pavement restoration, bridge rehabilitation and safety improvements. | Total | 4,000 | 0 | 0 | 4,000 |
| Blair County | State | 480 | 0 | 0 | 480 |
| I-99 Plank Rd to Frankstown Rd CPR | Federal | 4,320 | 0 | 0 | 4,320 |
| City of Altoona & Logan Township | Local | 0 | 0 | 0 | 0 |
| Pavement restoration, bridge rehabilitation and safety improvements | Total | 4,800 | 0 | 0 | 4,800 |
| Blair County | State | 500 | 0 | 0 | 500 |
| I-99 Blair County Ramps | Federal | 4,500 | 0 | 0 | 4,500 |
| Greenfield, Freedom, Allegheny, Logan, Antis & Snyder Townships | Local | 0 | 0 | 0 | 0 |
| Pavement Restoration, Safety Improvements | Total | 5,000 | 0 | 0 | 5,000 |
| Bradford County | State | 400 | 0 | 100 | 500 |
| 6-M19 Tracy Rd to T-624 | Federal | 1,600 | 0 | 0 | 1,600 |
| Standing Stone Township | Local | 0 | 0 | 0 | 0 |
| Highway Restoration | Total | 2,000 | 0 | 100 | 2,100 |
| Butler County | State | 16,080 | 3,470 | 200 | 19,750 |
| Simon Properties Project | Federal | 14,220 | 8,480 | 800 | 23,500 |
| Cranberry Township | Local | 17,700 | 7,750 | 6,850 | 32,300 |
| Highway reconstruction/realignment of PA 228 from SR 3020 (Freedom Rd) to SR 3021 (Franklin Rd) | Total | 48,000 | 19,700 | 7,850 | 75,550 |
| Butler County | State | 650 | 0 | 25 | 675 |
| I-79 South Mill and Fill | Federal | 5,850 | 0 | 225 | 6,075 |
| Cranberry and Jackson Townships | Local | 0 | 0 | 0 | 0 |
| Preventive maintenance; Allegheny County line to SR 3025 Interchange | Total | 6,500 | 0 | 250 | 6,750 |
| Butler County | State | 650 | 0 | 25 | 675 |
| I-79 North Mill and Fill | Federal | 5,850 | 0 | 225 | 6,075 |
| Muddy Creek and Worth Townships | Local | 0 | 0 | 0 | 0 |
| Preventive maintenance; PA 488 Interchange to Lawrence County line | Total | 6,500 | 0 | 250 | 6,750 |
| Butler County | State | 650 | 0 | 25 | 675 |
| I-79 Middle Mill and Fill | Federal | 5,850 | 0 | 225 | 6,075 |
| Jackson, Lancaster and Muddy Creek Townships | Local | 0 | 0 | 0 | 0 |
| Preventive maintenance; SR 3025 Interchange to PA 488 Interchange | Total | 6,500 | 0 | 250 | 6,750 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|--|---------|-------------------------|--------------|----------------|--------------------------|
| Butler and Clarion Counties | State | \$ 300 | \$ 0 | \$ 20 | \$ 320 |
| Butler I-80 Mill and Fill | Federal | 2,700 | 0 | 180 | 2,880 |
| Allegheny and Richland Townships | Local | 0 | 0 | 0 | 0 |
| Preventive maintenance; I-80 in Butler County and into Clarion County to PA 478 Interchange | Total | 3,000 | 0 | 200 | 3,200 |
| Carbon County | State | 200 | 0 | 220 | 420 |
| I-80 DMS CCTV Round 1 | Federal | 0 | 0 | 880 | 880 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Install Dynamic Message signs (DMS) and Closed Circuit Television Cameras (CCTV) along Interstate 80. | Total | 200 | 0 | 1,100 | 1,300 |
| Carbon County | State | 205 | 0 | 185 | 390 |
| I-80 DMS CCTV HAR Round 2 | Federal | 0 | 0 | 740 | 740 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Install Dynamic Message Signs (DMS), Closed Circuit Television Cameras (CCTV), Highway Advisory Radio (HAR) & Highway Advisory Radio Beacons (HAR B). | Total | 205 | 0 | 925 | 1,130 |
| Carbon County | State | 250 | 150 | 150 | 550 |
| I-80 Off Ramp Extension | Federal | 0 | 0 | 1,350 | 1,350 |
| East Side Borough | Local | 0 | 0 | 0 | 0 |
| Lengthen ramp, rumble strips (white topping), flashing warning device. | Total | 250 | 150 | 1,500 | 1,900 |
| Carbon County | State | 13 | 0 | 291 | 304 |
| NEPA Mile Post Markers | Federal | 0 | 0 | 0 | 0 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Installation of tenth of a mile markers on interstates/expressways | Total | 13 | 0 | 291 | 304 |
| Centre County | State | 500 | 0 | 0 | 500 |
| Regional Operations Plan | Federal | 0 | 0 | 0 | 0 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Regional ITS Initiatives | Total | 500 | 0 | 0 | 500 |
| Centre County | State | 1,000 | 75 | 100 | 1,175 |
| Atherton and University Drive | Federal | 4,000 | 300 | 400 | 4,700 |
| State College Borough | Local | 0 | 0 | 0 | 0 |
| Safety Improvement | Total | 5,000 | 375 | 500 | 5,875 |
| Centre County | State | 300 | 10 | 50 | 360 |
| US 322 Corridor Safety Imp. | Federal | 1,200 | 100 | 200 | 1,500 |
| Harris & Potter Townships | Local | 0 | 0 | 0 | 0 |
| Safety Improvement and Congestion Reduction | Total | 1,500 | 110 | 250 | 1,860 |
| Centre County | State | 800 | 25 | 100 | 925 |
| SR 350 Curve Improvement. & Truck pull off | Federal | 3,200 | 100 | 400 | 3,700 |
| Rush & Taylor Townships | Local | 0 | 0 | 0 | 0 |
| Safety Improvement | Total | 4,000 | 125 | 500 | 4,625 |
| Centre County | State | 3,640 | 1,300 | 200 | 5,140 |
| Turn Lane At 45/144 | Federal | 0 | 0 | 0 | 0 |
| Potter Township | Local | 0 | 0 | 0 | 0 |
| Highway Restore | Total | 3,640 | 1,300 | 200 | 5,140 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|---|---------|-------------------------|--------------|----------------|--------------------------|
| Centre County | State | \$ 3,245 | \$ 545 | \$ 535 | \$ 4,325 |
| PA 550 Third Lane | Federal | 0 | 0 | 300 | 300 |
| Bellefonte Borough & Spring Township | Local | 0 | 0 | 0 | 0 |
| Congestion Reduction | Total | 3,245 | 545 | 835 | 4,625 |
| Centre County | State | 1,500 | 0 | 30 | 1,530 |
| I-80- B34 | Federal | 13,500 | 0 | 270 | 13,770 |
| Rush, Snow Shoe and Boggs Townships | Local | 0 | 0 | 0 | 0 |
| Mill and Resurface | Total | 15,000 | 0 | 300 | 15,300 |
| Centre County | State | 2,500 | 0 | 30 | 2,530 |
| I-80-B33 | Federal | 22,500 | 0 | 270 | 22,770 |
| Green Township | Local | 0 | 0 | 0 | 0 |
| Overlay, Patching and Parapets | Total | 25,000 | 0 | 300 | 25,300 |
| Centre County | State | 1,300 | 20 | 0 | 1,320 |
| Jonathon Run ARD | Federal | 0 | 0 | 0 | 0 |
| Boggs & Snow Shoe Townships | Local | 0 | 0 | 0 | 0 |
| Highway Reconstruction | Total | 1,300 | 20 | 0 | 1,320 |
| Clarion County | State | 450 | 0 | 30 | 480 |
| Clarion West I-80 Mill and Fill | Federal | 4,050 | 0 | 270 | 4,320 |
| Richland and Beaver Townships | Local | 0 | 0 | 0 | 0 |
| Preventive maintenance; PA 478 Interchange to SR 3007 Interchange | Total | 4,500 | 0 | 300 | 4,800 |
| Clearfield County | State | 500 | 0 | 0 | 500 |
| Regional Operations Plan | Federal | 0 | 0 | 0 | 0 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Regional ITS Initiatives | Total | 500 | 0 | 0 | 500 |
| Clearfield County | State | 695 | 286 | 103 | 1,084 |
| DuBois Signal Timing | Federal | 0 | 0 | 0 | 0 |
| DuBois City & Sandy Township | Local | 0 | 0 | 0 | 0 |
| Safety Improvement | Total | 695 | 286 | 103 | 1,084 |
| Clearfield County | State | 300 | 25 | 75 | 400 |
| Atherton St and SR 45 | Federal | 1,200 | 100 | 300 | 1,600 |
| State Borough and Townships | Local | 0 | 0 | 0 | 0 |
| Safety Improvement | Total | 1,500 | 125 | 375 | 2,000 |
| Clearfield County | State | 650 | 50 | 100 | 800 |
| 9th Street Intersection | Federal | 0 | 0 | 0 | 0 |
| Morris Township | Local | 0 | 0 | 0 | 0 |
| Resurfacing and Signal | Total | 650 | 50 | 100 | 800 |
| Clinton County | State | 500 | 0 | 0 | 500 |
| Regional Operations Plan | Federal | 0 | 0 | 0 | 0 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Regional ITS Initiatives | Total | 500 | 0 | 0 | 500 |
| Clinton County | State | 800 | 25 | 100 | 925 |
| Auction Road Intersection | Federal | 3,200 | 100 | 400 | 3,700 |
| Lamar Township | Local | 0 | 0 | 0 | 0 |
| Safety Improvement | Total | 4,000 | 125 | 500 | 4,625 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|---|---------|-------------------------|--------------|----------------|--------------------------|
| Elk County | State | \$ 4,785 | \$ 50 | \$ 80 | \$ 4,915 |
| Million Dollar Hwy Better | Federal | 0 | 0 | 0 | 0 |
| City of St. Marys | Local | 0 | 0 | 0 | 0 |
| Highway Restoration | Total | 4,785 | 50 | 80 | 4,915 |
| Erie County | State | 200 | 60 | 75 | 335 |
| Waterford Improvements | Federal | 1,800 | 540 | 675 | 3,015 |
| Waterford Township & Borough | Local | 0 | 0 | 0 | 0 |
| Intersection improvements at SR 19/97 north and south | Total | 2,000 | 600 | 750 | 3,350 |
| Erie County | State | 200 | 0 | 100 | 300 |
| Erie ITS Initiative | Federal | 800 | 0 | 400 | 1,200 |
| Various Municipalities | Local | 0 | 0 | 0 | 0 |
| Construction & coordination of an ITS command center | Total | 1,000 | 0 | 500 | 1,500 |
| Fulton County | State | 900 | 0 | 0 | 900 |
| I-70 East Bound Bedford Co - Amaranth | Federal | 8,100 | 0 | 0 | 8,100 |
| Brush Creek & Union Townships | Local | 0 | 0 | 0 | 0 |
| Pavement restoration, bridge rehabilitation, safety improvements | Total | 9,000 | 0 | 0 | 9,000 |
| Fulton County | State | 1,420 | 0 | 0 | 1,420 |
| I-70 Amaranth to MD Line | Federal | 12,780 | 0 | 0 | 12,780 |
| Union, Brush Creek & Bethel Townships | Local | 0 | 0 | 0 | 0 |
| Pavement restoration, bridge rehabilitation, safety improvements | Total | 14,200 | 0 | 0 | 14,200 |
| Greene County | State | 2,600 | 0 | 200 | 2,800 |
| I-79 Long Wall Mining Reconstruction | Federal | 23,400 | 0 | 1,800 | 25,200 |
| Whiteley and Franklin Townships | Local | 0 | 0 | 0 | 0 |
| Interstate Reconstruction of I-79 in Greene County in the area of long wall mining. | Total | 26,000 | 0 | 2,000 | 28,000 |
| Greene County | State | 3,000 | 0 | 255 | 3,255 |
| I-79 Reconstruction #2 | Federal | 27,000 | 0 | 2,295 | 29,295 |
| Whiteley and Franklin Townships | Local | 0 | 0 | 0 | 0 |
| Total reconstruction of Interstate 79 mainline on existing alignment segment | Total | 30,000 | 0 | 2,550 | 32,550 |
| Greene County | State | 1,500 | 0 | 180 | 1,680 |
| I-79 Reconstruction #3 | Federal | 13,500 | 0 | 1,620 | 15,120 |
| Washington Township | Local | 0 | 0 | 0 | 0 |
| Total reconstruction of I-79 mainline on existing alignment segment | Total | 15,000 | 0 | 1,800 | 16,800 |
| Greene County | State | 2,500 | 0 | 500 | 3,000 |
| I-79 from MP 0 to MP 14 | Federal | 22,500 | 0 | 4,500 | 27,000 |
| Perry, Whiteley, Franklin Townships | Local | 0 | 0 | 0 | 0 |
| Interstate improvements from MP 0 to MP 14 | Total | 25,000 | 0 | 5,000 | 30,000 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|---|---------|-------------------------|--------------|----------------|--------------------------|
| Greene County | State | \$ 12,750 | \$ 0 | \$ 0 | \$ 12,750 |
| Smoother Roads I-79 | Federal | 0 | 0 | 0 | 0 |
| Franklin Township | Local | 0 | 0 | 0 | 0 |
| Milling and resurfacing, guide rail, pavement markings & signing. | Total | 12,750 | 0 | 0 | 12,750 |
| Indiana County | State | 600 | 0 | 40 | 640 |
| Armagh Bypass East | Federal | 2,400 | 0 | 160 | 2,560 |
| East Wheatfield Township | Local | 0 | 0 | 0 | 0 |
| Highway restoration and resurfacing; PA 56 Interchange to PA 403 Interchange | Total | 3,000 | 0 | 200 | 3,200 |
| Indiana County | State | 600 | 0 | 40 | 640 |
| Armagh Bypass West | Federal | 2,400 | 0 | 160 | 2,560 |
| East Wheatfield Township | Local | 0 | 0 | 0 | 0 |
| Highway restoration and resurfacing; T-893 (McClain Hill Road) to PA 56 Interchange | Total | 3,000 | 0 | 200 | 3,200 |
| Jefferson County | State | 300 | 0 | 20 | 320 |
| Jefferson West I-80 Mill and Fill | Federal | 2,700 | 0 | 180 | 2,880 |
| Union and Rose Townships | Local | 0 | 0 | 0 | 0 |
| Preventive maintenance; Clarion County line to PA 36 Interchange | Total | 3,000 | 0 | 200 | 3,200 |
| Jefferson County | State | 2,700 | 0 | 70 | 2,770 |
| Jefferson I-80 I-4R | Federal | 24,300 | 0 | 630 | 24,930 |
| Brookville Borough, Pine Creek and Rose Townships | Local | 0 | 0 | 0 | 0 |
| Interstate highway and bridge restoration | Total | 27,000 | 0 | 700 | 27,700 |
| Lackawanna County | State | 600 | 0 | 100 | 700 |
| ITS Improvements/Purchases | Federal | 2,400 | 0 | 400 | 2,800 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| I-81 Corridor; I-84 Corridor; I-380 Corridor; US 6 Corridor | Total | 3,000 | 0 | 500 | 3,500 |
| Lehigh County | State | 100 | 100 | 250 | 450 |
| Lehigh Avenue Retaining Wall | Federal | 0 | 0 | 0 | 0 |
| Whitehall Township | Local | 0 | 0 | 0 | 0 |
| PUC order foot drainage study | Total | 100 | 100 | 250 | 450 |
| Lehigh County | State | 100 | 50 | 250 | 400 |
| SR 145 Safety Improvement | Federal | 0 | 0 | 0 | 0 |
| North Whitehall Township | Local | 0 | 0 | 0 | 0 |
| Excavate rock, shoulder, correct drainage. | Total | 100 | 50 | 250 | 400 |
| Lehigh County | State | 100 | 40 | 200 | 340 |
| 222 & Shantz Rd. Intersection | Federal | 500 | 160 | 800 | 1,460 |
| Upper Macungie Township | Local | 0 | 0 | 0 | 0 |
| Signalization | Total | 600 | 200 | 1,000 | 1,800 |
| Lehigh County | State | 100 | 100 | 300 | 500 |
| Cedar Crest CCIP | Federal | 400 | 400 | 1,200 | 2,000 |
| South Whitehall, Salisbury, Lower Macungie and Upper Milford Corridor Signal modifications/improvements | Local | 0 | 0 | 0 | 0 |
| | Total | 500 | 500 | 1,500 | 2,500 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|--|---------|-------------------------|--------------|----------------|--------------------------|
| Lehigh County | State | \$ 100 | \$ 40 | \$ 170 | \$ 310 |
| Kernsville Rd at Jordan Rd | Federal | 400 | 160 | 680 | 1,240 |
| North Whitehall Township | Local | 0 | 0 | 0 | 0 |
| Replace headwalls with inlets, replace concrete gutter with pipe, tree removal, attenuate bridge, GR upgrade, re-grading to eliminate GR, UP set back and removal, swale | Total | 500 | 200 | 850 | 1,550 |
| Lehigh County | State | 150 | 40 | 2,500 | 2,690 |
| LVTS Precast Parapets | Federal | 600 | 160 | 10,000 | 10,760 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Replacement of precast parapets | Total | 750 | 200 | 12,500 | 13,450 |
| Lehigh & Northampton Counties | State | 100 | 0 | 625 | 725 |
| I-78 Median Guiderail | Federal | 0 | 0 | 0 | 0 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Median Guide rail at selected areas. | Total | 100 | 0 | 625 | 725 |
| Lehigh & Northampton Counties | State | 100 | 15 | 185 | 300 |
| Lehigh Valley MPO-HAR-B | Federal | 0 | 0 | 0 | 0 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Installation of Highway Advisory Radio Beacons (HAR-B) | Total | 100 | 15 | 185 | 300 |
| Lehigh & Northampton Counties | State | 95 | 15 | 280 | 390 |
| Lehigh Valley MPO- DMS | Federal | 380 | 60 | 1,120 | 1,560 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Install Dynamic Message Signs | Total | 475 | 75 | 1,400 | 1,950 |
| Lehigh & Northampton Counties | State | 100 | 0 | 517 | 617 |
| Rat 22/I-78/Rt.33 Queue Detectors Replacement. | Federal | 0 | 0 | 0 | 0 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Replace existing Queue Detectors with Passive Acoustic Sensors | Total | 100 | 0 | 517 | 617 |
| Luzerne County | State | 600 | 0 | 100 | 700 |
| ITS Improvements/Purchases | Federal | 2,400 | 0 | 400 | 2,800 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| I-80 Corridor; I-81 Corridor; PA 309 Corridor | Total | 3,000 | 0 | 500 | 3,500 |
| Lycoming County | State | 400 | 10 | 10 | 420 |
| US 15/ PA 220 Ramp | Federal | 1,600 | 40 | 40 | 1,680 |
| City of Williamsport | Local | 0 | 0 | 0 | 0 |
| Reconstruction | Total | 2,000 | 50 | 50 | 2,100 |
| Lycoming County | State | 350 | 10 | 10 | 370 |
| Broad Street - Loyalsock Creek to Montour Street | Federal | 1,600 | 40 | 40 | 1,680 |
| Montoursville Borough | Local | 0 | 0 | 0 | 0 |
| Reconstruction | Total | 1,950 | 50 | 50 | 2,050 |
| Monroe County | State | 60 | 10 | 800 | 870 |
| SR 33 Med. Bar. South Sec | Federal | 240 | 40 | 3,200 | 3,480 |
| Hamilton Township | Local | 0 | 0 | 0 | 0 |
| Installation of Median Barrier | Total | 300 | 50 | 4,000 | 4,350 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|---|---------|-------------------------|--------------|----------------|--------------------------|
| Monroe County | State | \$ 40 | \$ 10 | \$ 500 | \$ 550 |
| SR 33 Med. Bar. North Sec | Federal | 160 | 40 | 2,000 | 2,200 |
| Ross and Hamilton Townships | Local | 0 | 0 | 0 | 0 |
| Installation of Median Barrier | Total | 200 | 50 | 2,500 | 2,750 |
| Monroe County | State | 150 | 0 | 150 | 300 |
| I-80 DMS CCTV Round 1 | Federal | 0 | 0 | 600 | 600 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Install Dynamic Message Signs (DMS) and Closed Circuit Television Cameras (CCTV). | Total | 150 | 0 | 750 | 900 |
| Monroe County | State | 150 | 0 | 180 | 330 |
| I-80 DMS CCTV Round 2 | Federal | 0 | 0 | 720 | 720 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Install Dynamic Message Signs (DMS) and Closed Circuit Television Cameras (CCTV). | Total | 150 | 0 | 900 | 1,050 |
| Monroe County | State | 175 | 0 | 145 | 320 |
| I-80/I-380 DMS CCTV Round 4 | Federal | 0 | 0 | 580 | 580 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Install Dynamic Message Signs (DMS) and Closed Circuit Television Cameras (CCTV). | Total | 175 | 0 | 725 | 900 |
| Monroe County | State | 150 | 45 | 105 | 300 |
| I-80/I-380 DMS Round 5 | Federal | 0 | 0 | 0 | 0 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Install Dynamic Message Signs | Total | 150 | 45 | 105 | 300 |
| Monroe County | State | 200 | 0 | 2,343 | 2,543 |
| Group B Precast Parapets | Federal | 800 | 0 | 9,372 | 10,172 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Replacement of precast parapets with Hoan-Like details | Total | 1,000 | 0 | 11,715 | 12,715 |
| Monroe County | State | 65 | 10 | 270 | 345 |
| I-80/I-380 DMS CCTV HAR | Federal | 260 | 40 | 1,080 | 1,380 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Install Dynamic Message Signs (DMS) Closed Circuit Television Cameras (CCTV), Highway Advisory Radio (HAR), and Highway Advisory Radio Beacons (HAR-B). | Total | 325 | 50 | 1,350 | 1,725 |
| Monroe County | State | 100 | 0 | 1,020 | 1,120 |
| Group A Precast Parapets | Federal | 400 | 0 | 4,080 | 4,480 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Replacement of precast parapets with Hoan-Like details | Total | 500 | 0 | 5,100 | 5,600 |
| Monroe County | State | 80 | 0 | 2,054 | 2,134 |
| Group C Precast Parapets | Federal | 320 | 0 | 8,216 | 8,536 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Replacement of precast parapets with Hoan-Like details | Total | 400 | 0 | 10,270 | 10,670 |
| Northampton County | State | 55 | 5 | 340 | 400 |
| SR 191/248 Closed Loop | Federal | 220 | 20 | 1,360 | 1,600 |
| Nazareth Borough | Local | 0 | 0 | 0 | 0 |
| Installation Of A Closed Loop System | Total | 275 | 25 | 1,700 | 2,000 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|---|---------|-------------------------|--------------|----------------|--------------------------|
| Northampton County | State | \$ 150 | \$ 50 | \$ 500 | \$ 700 |
| SR 611 Canal Lock Curves | Federal | 0 | 0 | 0 | 0 |
| Williams Township | Local | 0 | 0 | 0 | 0 |
| Flashing Warning Devices, rock excavation, median barrier, retaining wall and shoulders. | Total | 150 | 50 | 500 | 700 |
| Northampton County | State | 150 | 50 | 400 | 600 |
| SR 611 Safety Improvement | Federal | 0 | 0 | 0 | 0 |
| Williams Township & City of Easton | Local | 0 | 0 | 0 | 0 |
| Drainage, remove curbs, shoulders, guide rail and utility pole. | Total | 150 | 50 | 400 | 600 |
| Northampton County | State | 115 | 85 | 500 | 700 |
| Delaware River Valley CMP | Federal | 0 | 0 | 0 | 0 |
| Lower Mount Bethel Township | Local | 0 | 0 | 0 | 0 |
| A Corridor Management Plan to preserve scenic, historic and cultural qualities of the Delaware River Scenic Byway. | Total | 115 | 85 | 500 | 700 |
| Northampton County | State | 100 | 200 | 4,700 | 5,000 |
| 33 Park & Ride Expansion | Federal | 0 | 0 | 0 | 0 |
| Bethlehem Township | Local | 0 | 0 | 0 | 0 |
| Expansion of existing Park and Ride facility | Total | 100 | 200 | 4,700 | 5,000 |
| Pike County | State | 400 | 0 | 80 | 480 |
| ITS Improvements/Purchases | Federal | 1,600 | 0 | 320 | 1,920 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| I-84 Corridor | Total | 2,000 | 0 | 400 | 2,400 |
| Potter County | State | 200 | 25 | 75 | 300 |
| SR 6 & 872 Turn Lanes | Federal | 800 | 100 | 300 | 1,200 |
| Coudersport Borough & Eulalia Township | Local | 0 | 0 | 0 | 0 |
| Safety Improvement | Total | 1,000 | 125 | 375 | 1,500 |
| Schuylkill County | State | 100 | 0 | 220 | 320 |
| Group D Precast Parapets | Federal | 0 | 0 | 880 | 880 |
| Port Carbon Borough | Local | 0 | 0 | 0 | 0 |
| Replacement of precast parapets | Total | 100 | 0 | 1,100 | 1,200 |
| Schuylkill County | State | 50 | 50 | 225 | 325 |
| SR 61 Tunnel Road | Federal | 0 | 0 | 0 | 0 |
| East Norwegian Township | Local | 0 | 0 | 0 | 0 |
| Upgrade signalization | Total | 50 | 50 | 225 | 325 |
| Schuylkill County | State | 50 | 50 | 200 | 300 |
| SR 61 Brick Hill Rd. | Federal | 0 | 0 | 0 | 0 |
| West Brunswick Township | Local | 0 | 0 | 0 | 0 |
| Interim Signal | Total | 50 | 50 | 200 | 300 |
| Schuylkill County | State | 50 | 10 | 240 | 300 |
| SR 61 Median Barrier | Federal | 200 | 40 | 960 | 1,200 |
| West Brunswick Township and North Manheim Township & Orwigsburg Borough | Local | 0 | 0 | 0 | 0 |
| Median Barrier Installation | Total | 250 | 50 | 1,200 | 1,500 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|---|---------|-------------------------|--------------|----------------|--------------------------|
| Schuylkill County | State | \$ 50 | \$ 50 | \$ 200 | \$ 300 |
| SR 61/ 895 Intersection | Federal | 0 | 0 | 0 | 0 |
| Deer Lake Borough | Local | 0 | 0 | 0 | 0 |
| Interim Traffic Signal | Total | 50 | 50 | 200 | 300 |
| Schuylkill County | State | 200 | 0 | 215 | 415 |
| I-81 DMS/CCTV Round 1 | Federal | 0 | 0 | 860 | 860 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Install Dynamic Message Signs (DMS) & Closed Circuit Television Cameras (CCTV) | Total | 200 | 0 | 1,075 | 1,275 |
| Schuylkill County | State | 65 | 10 | 240 | 315 |
| I-81 CCTV DMS HAR Round 2 | Federal | 260 | 40 | 960 | 1,260 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Install Dynamic Message Signs (DMS), Closed Circuit Television Cameras (CCTV), Highway Advisory Radio (HAR) and Highway Advisory Radio Beacons (HAR-B). | Total | 325 | 50 | 1,200 | 1,575 |
| Sullivan County | State | 404 | 0 | 18 | 422 |
| SR 1015 from SR 87 to Bradford County Line | Federal | 0 | 0 | 0 | 0 |
| Cherry Township | Local | 0 | 0 | 0 | 0 |
| Widen and Resurface | Total | 404 | 0 | 18 | 422 |
| Susquehanna County | State | 400 | 0 | 80 | 480 |
| ITS Improvements/Purchases | Federal | 1,600 | 0 | 320 | 1,920 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| I-81 Corridor | Total | 2,000 | 0 | 400 | 2,400 |
| Washington County | State | 1,000 | 100 | 90 | 1,190 |
| TR 18 at Tylerdale | Federal | 4,000 | 400 | 360 | 4,760 |
| City of Washington | Local | 0 | 0 | 0 | 0 |
| Intersection Improvement and Signal Improvement | Total | 5,000 | 500 | 450 | 5,950 |
| Washington County | State | 200 | 100 | 80 | 380 |
| SR 19 / Glenn Cannon Drive | Federal | 800 | 400 | 320 | 1,520 |
| North Strabane Township | Local | 0 | 0 | 0 | 0 |
| Intersection Improvement | Total | 1,000 | 500 | 400 | 1,900 |
| Washington County | State | 2,500 | 0 | 300 | 2,800 |
| I-70 Reconstruction #1 | Federal | 22,500 | 0 | 2,700 | 25,200 |
| Buffalo and Donegal Townships and Claysville Borough | Local | 0 | 0 | 0 | 0 |
| Total reconstruction of I-70 mainline on existing alignment segment | Total | 25,000 | 0 | 3,000 | 28,000 |
| Washington County | State | 7,750 | 0 | 0 | 7,750 |
| I-70 Pavement Preservation | Federal | 0 | 0 | 0 | 0 |
| South Strabane and Somerset Townships | Local | 0 | 0 | 0 | 0 |
| Milling and resurfacing | Total | 7,750 | 0 | 0 | 7,750 |
| Westmoreland County | State | 600 | 120 | 80 | 800 |
| Irwin Br - Circleville | Federal | 2,400 | 480 | 320 | 3,200 |
| North Huntingdon Township and Irwin Borough | Local | 0 | 0 | 0 | 0 |
| Widen to provide center / left turning lane and add signals where warranted. | Total | 3,000 | 600 | 400 | 4,000 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|---|---------|-------------------------|------------------|-------------------|--------------------------|
| Westmoreland County | State | \$ 100 | \$ 120 | \$ 80 | \$ 300 |
| Leger Road - Malts Lane | Federal | 4,000 | 480 | 320 | 4,800 |
| North Huntingdon Township | Local | 0 | 0 | 0 | 0 |
| Widen to provide center / left turning lane and add signals where warranted. | Total | 4,100 | 600 | 400 | 5,100 |
| Westmoreland County | State | 700 | 160 | 60 | 920 |
| Allegheny Co Line to Leger Rd | Federal | 2,800 | 640 | 240 | 3,680 |
| North Huntingdon Township | Local | 0 | 0 | 0 | 0 |
| Widen to provide center / left turning lane and add signals where warranted. | Total | 3,500 | 800 | 300 | 4,600 |
| TOTAL STATE FUNDS | | 176,526 | 7,876 | 37,266 | 221,668 |
| TOTAL FEDERAL FUNDS..... | | 339,856 | 13,700 | 86,703 | 440,259 |
| TOTAL LOCAL FUNDS..... | | 17,700 | 7,750 | 6,850 | 32,300 |
| PROGRAM TOTAL..... | | <u>\$ 534,082</u> | <u>\$ 29,326</u> | <u>\$ 130,819</u> | <u>\$ 694,227</u> |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|--|---------|-------------------------|--------------|----------------|--------------------------|
| Adams County | State | \$ 745 | \$ 0 | \$ 955 | \$ 1,700 |
| PA 16 over Miney Branch of Tom's Creek | Federal | 0 | 0 | 0 | 0 |
| Hamiltonban Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 745 | 0 | 955 | 1,700 |
| Adams County | State | 1,716 | 0 | 1,906 | 3,622 |
| Bridge Rehab & Deck Replacement, PA 16 over Toms Creek | Federal | 0 | 0 | 0 | 0 |
| Liberty Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 1,716 | 0 | 1,906 | 3,622 |
| Allegheny County | State | 6,100 | 20 | 600 | 6,720 |
| Curry Hollow Road | Federal | 0 | 0 | 0 | 0 |
| Pleasant Hills Borough | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 6,100 | 20 | 600 | 6,720 |
| Allegheny County | State | 552 | 10 | 196 | 758 |
| BF08 - Bull Creek #8 | Federal | 0 | 0 | 0 | 0 |
| Fawn Township | Local | 138 | 2 | 49 | 189 |
| Bridge Replacement | Total | 690 | 12 | 245 | 947 |
| Allegheny County | State | 1,520 | 10 | 416 | 1,946 |
| CC06 - Chartiers Creek #6 | Federal | 0 | 0 | 0 | 0 |
| Carnegie Borough | Local | 380 | 2 | 104 | 486 |
| Bridge Rehabilitation | Total | 1,900 | 12 | 520 | 2,432 |
| Allegheny County | State | 566 | 10 | 216 | 792 |
| DE09 - Deer Creek #9 | Federal | 0 | 0 | 0 | 0 |
| Indiana Township | Local | 142 | 2 | 54 | 198 |
| Bridge Rehabilitation | Total | 708 | 12 | 270 | 990 |
| Allegheny County | State | 3,450 | 3 | 180 | 3,633 |
| DK01 - Dookers Hollow #1 | Federal | 18,400 | 16 | 960 | 19,376 |
| North Braddock Borough | Local | 1,150 | 1 | 60 | 1,211 |
| Bridge Rehabilitation | Total | 23,000 | 20 | 1,200 | 24,220 |
| Allegheny County | State | 600 | 18 | 300 | 918 |
| DL05 - Little Deer Creek #5 | Federal | 0 | 0 | 0 | 0 |
| Indiana Township | Local | 150 | 5 | 75 | 230 |
| Bridge Replacement | Total | 750 | 23 | 375 | 1,148 |
| Allegheny County | State | 360 | 12 | 168 | 540 |
| FU07 - Flaugherty Run #7 | Federal | 0 | 0 | 0 | 0 |
| Crescent Township | Local | 90 | 3 | 42 | 135 |
| Bridge Rehabilitation | Total | 450 | 15 | 210 | 675 |
| Allegheny County | State | 340 | 10 | 196 | 546 |
| MN01 - Montour Run #1 | Federal | 0 | 0 | 0 | 0 |
| Findlay Township | Local | 85 | 2 | 49 | 136 |
| Bridge Replacement | Total | 425 | 12 | 245 | 682 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|-------------------------------------|---------|-------------------------|--------------|----------------|--------------------------|
| Allegheny County | State | \$ 308 | \$ 50 | \$ 168 | \$ 526 |
| MT04 - Montour Run #4 | Federal | 0 | 0 | 0 | 0 |
| Findlay Township | Local | 77 | 13 | 42 | 132 |
| Bridge Rehabilitation | Total | 385 | 63 | 210 | 658 |
| Allegheny County | State | 348 | 20 | 168 | 536 |
| MT05 - Montour Run #5 | Federal | 0 | 0 | 0 | 0 |
| Findlay Township | Local | 87 | 5 | 42 | 134 |
| Bridge Rehabilitation | Total | 435 | 25 | 210 | 670 |
| Allegheny County | State | 300 | 14 | 304 | 618 |
| MT06 - Montour Run #6 | Federal | 0 | 0 | 0 | 0 |
| Findlay Township | Local | 75 | 4 | 76 | 155 |
| Bridge Rehabilitation | Total | 375 | 18 | 380 | 773 |
| Allegheny County | State | 424 | 12 | 272 | 708 |
| PI09 - Pine Creek #9 | Federal | 0 | 0 | 0 | 0 |
| Shaler Township | Local | 106 | 3 | 68 | 177 |
| Bridge Rehabilitation | Total | 530 | 15 | 340 | 885 |
| Allegheny County | State | 384 | 12 | 256 | 652 |
| PM06 - Plum Creek #6 | Federal | 0 | 0 | 0 | 0 |
| Plum Borough | Local | 96 | 3 | 64 | 163 |
| Bridge Replacement | Total | 480 | 15 | 320 | 815 |
| Allegheny County | State | 312 | 0 | 200 | 512 |
| PN09 - Pine Creek #9 | Federal | 0 | 0 | 0 | 0 |
| Pine Township | Local | 78 | 0 | 50 | 128 |
| Bridge Replacement | Total | 390 | 0 | 250 | 640 |
| Allegheny County | State | 352 | 20 | 208 | 580 |
| TH10 - Thoms Run Road | Federal | 0 | 0 | 0 | 0 |
| Collier Township | Local | 88 | 5 | 52 | 145 |
| Bridge Replacement | Total | 440 | 25 | 260 | 725 |
| Allegheny County | State | 312 | 12 | 176 | 500 |
| XP04 - Spruce Run #4 | Federal | 0 | 0 | 0 | 0 |
| Ben Avon Borough | Local | 78 | 3 | 44 | 125 |
| Bridge Replacement | Total | 390 | 15 | 220 | 625 |
| Armstrong County | State | 600 | 75 | 180 | 855 |
| Route 68 Group Bridge 2 | Federal | 0 | 0 | 0 | 0 |
| Bradys Bend Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement over Sugar Creek | Total | 600 | 75 | 180 | 855 |
| Beaver County | State | 8,000 | 0 | 800 | 8,800 |
| T-Beam Georgetown Rd/ Mill Creek | Federal | 0 | 0 | 0 | 0 |
| Greene Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 8,000 | 0 | 800 | 8,800 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|--|---------|-------------------------|--------------|----------------|--------------------------|
| Bedford County | State | \$ 494 | \$ 20 | \$ 128 | \$ 642 |
| SR 0096 Bridge over Dunnings Creek | Federal | 1,976 | 80 | 512 | 2,568 |
| Napier Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 2,470 | 100 | 640 | 3,210 |
| Bradford County | State | 1,700 | 0 | 50 | 1,750 |
| Conrail / Susquehanna River | Federal | 0 | 0 | 0 | 0 |
| Towanda Township | Local | 0 | 0 | 0 | 0 |
| Towanda River Bridge, James Street | Total | 1,700 | 0 | 50 | 1,750 |
| Bradford County | State | 800 | 40 | 100 | 940 |
| Ellis Creek | Federal | 0 | 0 | 0 | 0 |
| Asylum Township | Local | 0 | 0 | 0 | 0 |
| 0.5 Miles North-East of Durell | Total | 800 | 40 | 100 | 940 |
| Bradford County | State | 4,500 | 40 | 350 | 4,890 |
| Tributary to Chemung River | Federal | 0 | 0 | 0 | 0 |
| Athens Township | Local | 0 | 0 | 0 | 0 |
| Village East of Wilawana | Total | 4,500 | 40 | 350 | 4,890 |
| Bradford County | State | 300 | 30 | 80 | 410 |
| Tributary to Towanda Creek | Federal | 0 | 0 | 0 | 0 |
| Leroy Township | Local | 0 | 0 | 0 | 0 |
| 2 Miles West of West Leroy | Total | 300 | 30 | 80 | 410 |
| Bucks County | State | 921 | 65 | 2,514 | 3,500 |
| SR 202, Bristol Road over North Branch Neshaminy Creek | Federal | 0 | 0 | 0 | 0 |
| New Britain Township and Chalfont Borough | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 921 | 65 | 2,514 | 3,500 |
| Bucks County | State | 5,000 | 0 | 384 | 5,384 |
| SR 2020, Tyburn Road over Ramp G, SR 2055 | Federal | 0 | 0 | 0 | 0 |
| Falls Township | Local | 0 | 0 | 0 | 0 |
| Superstructure Replacement or Rehabilitation | Total | 5,000 | 0 | 384 | 5,384 |
| Bucks County | State | 5,000 | 0 | 384 | 5,384 |
| SR 2020, Tyburn Road over Warner Company Access | Federal | 0 | 0 | 0 | 0 |
| Falls Township | Local | 0 | 0 | 0 | 0 |
| Superstructure Replacement or Rehabilitation | Total | 5,000 | 0 | 384 | 5,384 |
| Bucks County | State | 5,000 | 0 | 384 | 5,384 |
| SR 2020, Tyburn Road over Pennsylvania Ave | Federal | 0 | 0 | 0 | 0 |
| Falls Township | Local | 0 | 0 | 0 | 0 |
| Superstructure Replacement or Rehabilitation | Total | 5,000 | 0 | 384 | 5,384 |
| Bucks County | State | 5,000 | 0 | 384 | 5,384 |
| SR 2020, Tyburn Road over Newbold Road SR 2109 | Federal | 0 | 0 | 0 | 0 |
| Falls Township | Local | 0 | 0 | 0 | 0 |
| Superstructure Replacement or Rehabilitation | Total | 5,000 | 0 | 384 | 5,384 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|--|---------|-------------------------|--------------|----------------|--------------------------|
| Bucks County | State | \$ 460 | \$ 30 | \$ 1,510 | \$ 2,000 |
| SR 2025, Bristol Road over Neshaminy Creek | Federal | 0 | 0 | 0 | 0 |
| Warwick Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 460 | 30 | 1,510 | 2,000 |
| Bucks County | State | 691 | 35 | 750 | 1,476 |
| SR 32, River Road over PA Canal at Golden Pheasant Inn | Federal | 0 | 0 | 0 | 0 |
| Tinicum Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 691 | 35 | 750 | 1,476 |
| Bucks County | State | 546 | 35 | 1,419 | 2,000 |
| SR 32, River Road over Cuttalossa Creek | Federal | 0 | 0 | 0 | 0 |
| Solebury Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 546 | 35 | 1,419 | 2,000 |
| Bucks County | State | 1,093 | 250 | 2,157 | 3,500 |
| SR 4013, Diamond St or Main St over SEPTA leased to Conrail | Federal | 0 | 0 | 0 | 0 |
| Sellersville Borough | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,093 | 250 | 2,157 | 3,500 |
| Bucks County | State | 691 | 60 | 1,249 | 2,000 |
| SR 4027, Allentown Road over Ridge Valley Creek | Federal | 0 | 0 | 0 | 0 |
| Milford Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 691 | 60 | 1,249 | 2,000 |
| Centre County | State | 200 | 50 | 50 | 300 |
| SR 1002 Br Little Marsh Creek | Federal | 0 | 0 | 0 | 0 |
| Boggs Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 200 | 50 | 50 | 300 |
| Centre County | State | 1,400 | 0 | 0 | 1,400 |
| Linn St Wall | Federal | 5,600 | 0 | 0 | 5,600 |
| Bellefonte Borough | Local | 0 | 0 | 0 | 0 |
| Retaining Wall Reconstruction | Total | 7,000 | 0 | 0 | 7,000 |
| Centre County | State | 2,400 | 0 | 200 | 2,600 |
| Interstate 80 Overhead Bridges - 10 Bridges | Federal | 0 | 0 | 0 | 0 |
| Pine Township, Lawrence Township, Graham Township, Bradford Township and Sandy Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 2,400 | 0 | 200 | 2,600 |
| Centre County | State | 389 | 24 | 365 | 778 |
| Br. Penns Creek Bridge | Federal | 1,556 | 96 | 1,460 | 3,112 |
| Penn Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,945 | 120 | 1,825 | 3,890 |
| Centre County | State | 2,069 | 270 | 612 | 2,951 |
| North Fork Beech Creek Bridge | Federal | 0 | 0 | 0 | 0 |
| Snow Shoe Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 2,069 | 270 | 612 | 2,951 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|--|---------|-------------------------|--------------|----------------|--------------------------|
| Centre County | State | \$ 500 | \$ 0 | \$ 0 | \$ 500 |
| Elk Creek Bridge | Federal | 0 | 0 | 0 | 0 |
| Penn Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 500 | 0 | 0 | 500 |
| Centre County | State | 200 | 60 | 60 | 320 |
| SR 0045 Bridge | Federal | 800 | 240 | 240 | 1,280 |
| Ferguson Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,000 | 300 | 300 | 1,600 |
| Centre County | State | 1,500 | 0 | 100 | 1,600 |
| Interstate 80 Overhead Bridges | Federal | 0 | 0 | 0 | 0 |
| Snow Shoe Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 1,500 | 0 | 100 | 1,600 |
| Chester County | State | 460 | 30 | 1,510 | 2,000 |
| SR 282, Creek Road over East Branch of Brandywine Creek, Sec. 0022-5137 | Federal | 0 | 0 | 0 | 0 |
| Wallace Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 460 | 30 | 1,510 | 2,000 |
| Chester County | State | 575 | 60 | 1,365 | 2,000 |
| SR 282, Creek Road East Branch of Brandywine Creek, Sec. 0032-1806 | Federal | 0 | 0 | 0 | 0 |
| Wallace Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 575 | 60 | 1,365 | 2,000 |
| Chester County | State | 546 | 35 | 1,419 | 2,000 |
| SR 3044, Ewing Road over White Clay Creek | Federal | 0 | 0 | 0 | 0 |
| London Grove Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 546 | 35 | 1,419 | 2,000 |
| Chester County | State | 518 | 25 | 957 | 1,500 |
| SR 4008, Little Washington Twp over Indian Run | Federal | 0 | 0 | 0 | 0 |
| West Brandywine Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 518 | 25 | 957 | 1,500 |
| Chester County | State | 604 | 35 | 1,361 | 2,000 |
| Cambridge Road over West Branch of Brandywine Creek | Federal | 0 | 0 | 0 | 0 |
| Honey Brook Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 604 | 35 | 1,361 | 2,000 |
| Clearfield County | State | 1,000 | 200 | 200 | 1,400 |
| Bridge Replacement | Federal | 0 | 0 | 0 | 0 |
| Huston Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,000 | 200 | 200 | 1,400 |
| Clearfield County | State | 1,300 | 125 | 500 | 1,925 |
| SR 0219 over Beaver Run | Federal | 0 | 0 | 0 | 0 |
| Burnside Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,300 | 125 | 500 | 1,925 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|---|---------|-------------------------|--------------|----------------|--------------------------|
| Clearfield County | State | \$ 1,100 | \$ 125 | \$ 500 | \$ 1,725 |
| SR 219 Little Anderson Creek | Federal | 0 | 0 | 0 | 0 |
| Bloom Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,100 | 125 | 500 | 1,725 |
| Clearfield County | State | 500 | 200 | 200 | 900 |
| Sandy Creek Bridge | Federal | 0 | 0 | 0 | 0 |
| Sandy Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 500 | 200 | 200 | 900 |
| Clearfield County | State | 10,000 | 150 | 1,200 | 11,350 |
| Interstate 80 Bridge Replacements - 2 Bridges | Federal | 0 | 0 | 0 | 0 |
| Cooper Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 10,000 | 150 | 1,200 | 11,350 |
| Clinton County | State | 200 | 0 | 100 | 300 |
| SR 2002 Spangler Run | Federal | 0 | 0 | 0 | 0 |
| Logan Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 200 | 0 | 100 | 300 |
| Clinton County | State | 500 | 200 | 200 | 900 |
| Walter Run | Federal | 0 | 0 | 0 | 0 |
| Leidy Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 500 | 200 | 200 | 900 |
| Clinton County | State | 750 | 100 | 250 | 1,100 |
| Beaver Dam Run | Federal | 0 | 0 | 0 | 0 |
| Leidy Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 750 | 100 | 250 | 1,100 |
| Clinton County | State | 750 | 200 | 200 | 1,150 |
| Bridge over Dry Run | Federal | 0 | 0 | 0 | 0 |
| Lamar Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 750 | 200 | 200 | 1,150 |
| Clinton County | State | 3,300 | 300 | 600 | 4,200 |
| Big Fishing Creek | Federal | 0 | 0 | 0 | 0 |
| Porter Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 3,300 | 300 | 600 | 4,200 |
| Columbia County | State | 900 | 0 | 20 | 920 |
| Over Pine Creek | Federal | 0 | 0 | 0 | 0 |
| Fishing Creek Township | Local | 0 | 0 | 0 | 0 |
| 2 Miles East of Jonestown | Total | 900 | 0 | 20 | 920 |
| Columbia County | State | 800 | 0 | 60 | 860 |
| Over Roaring Creek | Federal | 0 | 0 | 0 | 0 |
| Locust Township | Local | 0 | 0 | 0 | 0 |
| Village of Slabtown | Total | 800 | 0 | 60 | 860 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|---|---------|-------------------------|--------------|----------------|--------------------------|
| Columbia County | State | \$ 800 | \$ 0 | \$ 60 | \$ 860 |
| Over Roaring Creek | Federal | 0 | 0 | 0 | 0 |
| Franklin Township | Local | 0 | 0 | 0 | 0 |
| 4 Miles South West of Catawissa Boro | Total | 800 | 0 | 60 | 860 |
| Bridge Rehabilitation | | | | | |
| Columbia County | State | 1,100 | 40 | 100 | 1,240 |
| Over Catawissa Creek | Federal | 0 | 0 | 0 | 0 |
| Catawissa Borough | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 1,100 | 40 | 100 | 1,240 |
| Cumberland County | State | 650 | 0 | 810 | 1,460 |
| Rehabilitate the North Street Bridge (SR 2002) | Federal | 0 | 0 | 0 | 0 |
| over Letort Spring Run | Local | 0 | 0 | 0 | 0 |
| Carlisle Borough | Total | 650 | 0 | 810 | 1,460 |
| Bridge Rehabilitation | | | | | |
| Cumberland County | State | 1,850 | 0 | 2,120 | 3,970 |
| Slate Hill Rd. Bridge (SR 2025) over US 15 | Federal | 0 | 0 | 0 | 0 |
| Lower Allen Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 1,850 | 0 | 2,120 | 3,970 |
| Cumberland County | State | 1,660 | 0 | 1,660 | 3,320 |
| Burnt House Road Bridge | Federal | 0 | 0 | 0 | 0 |
| Dickinson Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 1,660 | 0 | 1,660 | 3,320 |
| Dauphin County | State | 1,425 | 0 | 1,710 | 3,135 |
| SR 1006 over Wiconisco Creek | Federal | 0 | 0 | 0 | 0 |
| Washington Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 1,425 | 0 | 1,710 | 3,135 |
| Dauphin County | State | 1,680 | 0 | 1,950 | 3,630 |
| Rehabilitate the PA 147 Millersburg Bridge over Wiconisco Creek | Federal | 0 | 0 | 0 | 0 |
| Upper Paxton Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 1,680 | 0 | 1,950 | 3,630 |
| Dauphin County | State | 1,305 | 0 | 1,590 | 2,895 |
| SR 2010 over Manada Creek | Federal | 0 | 0 | 0 | 0 |
| South Hanover Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 1,305 | 0 | 1,590 | 2,895 |
| Dauphin County | State | 640 | 0 | 800 | 1,440 |
| PA 209 over Little Wiconisco Creek | Federal | 0 | 0 | 0 | 0 |
| Upper Paxton Township | Local | 0 | 0 | 0 | 0 |
| Bridge Preventive Manintenance | Total | 640 | 0 | 800 | 1,440 |
| Dauphin County | State | 2,480 | 0 | 2,510 | 4,990 |
| PA 441 Bridge and SR 3006 Bridge over I-283 | Federal | 0 | 0 | 0 | 0 |
| Swatara Township | Local | 0 | 0 | 0 | 0 |
| Bridge Preservations | Total | 2,480 | 0 | 2,510 | 4,990 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|---|---------|-------------------------|--------------|----------------|--------------------------|
| Dauphin County | State | \$ 2,570 | \$ 30 | \$ 250 | \$ 2,850 |
| Chambers Hill Road over SR 0283 and SR 3001 | Federal | 0 | 0 | 0 | 0 |
| Swatara Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 2,570 | 30 | 250 | 2,850 |
| Dauphin County | State | 490 | 0 | 600 | 1,090 |
| Rehabilitate the Wiconisco St. Br. #1 over Wiconisco Creek | Federal | 0 | 0 | 0 | 0 |
| Upper Paxton Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 490 | 0 | 600 | 1,090 |
| Dauphin County | State | 490 | 0 | 600 | 1,090 |
| Rehabilitate the Wiconisco St. Br. #2 over Little Wiconisco Creek | Federal | 0 | 0 | 0 | 0 |
| Upper Paxton Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 490 | 0 | 600 | 1,090 |
| Dauphin County | State | 1,680 | 0 | 1,950 | 3,630 |
| Rehabilitate the PA 443 Bridge over Fishing Creek | Federal | 0 | 0 | 0 | 0 |
| Middle Paxton Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 1,680 | 0 | 1,950 | 3,630 |
| Dauphin County | State | 2,025 | 0 | 2,310 | 4,335 |
| PA 230 over Conewago Creek | Federal | 0 | 0 | 0 | 0 |
| Londonderry Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 2,025 | 0 | 2,310 | 4,335 |
| Delaware County | State | 1,150 | 200 | 3,150 | 4,500 |
| SR 1026, College Avenue over SEPTA/P&W Line | Federal | 0 | 0 | 0 | 0 |
| Haverford Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,150 | 200 | 3,150 | 4,500 |
| Delaware County | State | 518 | 70 | 2,512 | 3,100 |
| Bridge Rehabilitation SR 1034 over Darby Creek | Federal | 0 | 0 | 0 | 0 |
| Radnor Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 518 | 70 | 2,512 | 3,100 |
| Delaware County | State | 662 | 40 | 2,798 | 3,500 |
| SR 420, Kedron Avenue over Stoney Creek | Federal | 0 | 0 | 0 | 0 |
| Ridley Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 662 | 40 | 2,798 | 3,500 |
| Delaware County | State | 691 | 60 | 1,749 | 2,500 |
| SR 3046, Smithbridge Road over Webb Creek | Federal | 0 | 0 | 0 | 0 |
| Concord Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 691 | 60 | 1,749 | 2,500 |
| Elk County | State | 1,000 | 200 | 200 | 1,400 |
| Bridge Replacement | Federal | 0 | 0 | 0 | 0 |
| St Marys City | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,000 | 200 | 200 | 1,400 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|--------------------------------|---------|-------------------------|--------------|----------------|--------------------------|
| Elk County | State | \$ 1,100 | \$ 150 | \$ 250 | \$ 1,500 |
| SR 219 Mead Run | Federal | 0 | 0 | 0 | 0 |
| Horton Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,100 | 150 | 250 | 1,500 |
| Elk County | State | 1,000 | 200 | 200 | 1,400 |
| Bridge - Sec 0340-1155 | Federal | 0 | 0 | 0 | 0 |
| Ridgway Borough | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,000 | 200 | 200 | 1,400 |
| Elk County | State | 200 | 40 | 60 | 300 |
| Bridge over Big Mill Creek | Federal | 800 | 160 | 240 | 1,200 |
| Ridgway Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,000 | 200 | 300 | 1,500 |
| Elk County | State | 1,000 | 200 | 200 | 1,400 |
| Bridge Replacement | Federal | 0 | 0 | 0 | 0 |
| Millstone Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,000 | 200 | 200 | 1,400 |
| Elk County | State | 200 | 50 | 50 | 300 |
| Mead Run | Federal | 0 | 0 | 0 | 0 |
| Horton Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement/Box Culvert | Total | 200 | 50 | 50 | 300 |
| Erie County | State | 500 | 0 | 300 | 800 |
| SR 2019 over Lilley Run | Federal | 0 | 0 | 0 | 0 |
| Concord Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 500 | 0 | 300 | 800 |
| Erie County | State | 1,800 | 0 | 400 | 2,200 |
| Iroquois Avenue Arch | Federal | 0 | 0 | 0 | 0 |
| Harborcreek Twp | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,800 | 0 | 400 | 2,200 |
| Fayette County | State | 320 | 8 | 114 | 442 |
| Champion Creek Bridge | Federal | 1,280 | 32 | 456 | 1,768 |
| Saltlick Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,600 | 40 | 570 | 2,210 |
| Fayette County | State | 600 | 30 | 120 | 750 |
| SR 1029 over SR 119 | Federal | 2,400 | 120 | 480 | 3,000 |
| Bullskin Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 3,000 | 150 | 600 | 3,750 |
| Fayette County | State | 650 | 40 | 230 | 920 |
| SR 1051 Bridge | Federal | 0 | 0 | 0 | 0 |
| Dunbar Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 650 | 40 | 230 | 920 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|------------------------|---------|-------------------------|--------------|----------------|--------------------------|
| Fayette County | State | \$ 400 | \$ 40 | \$ 140 | \$ 580 |
| SR 119 Bridge | Federal | 0 | 0 | 0 | 0 |
| Springhill Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 400 | 0 | 140 | 540 |
| Fayette County | State | 350 | 40 | 130 | 520 |
| SR 2002 Bridge | Federal | 0 | 0 | 0 | 0 |
| Wharton Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 350 | 40 | 130 | 520 |
| Fayette County | State | 815 | 40 | 290 | 1,145 |
| Chaney Run Bridge | Federal | 0 | 0 | 0 | 0 |
| Wharton Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 815 | 40 | 290 | 1,145 |
| Fayette County | State | 230 | 8 | 76 | 314 |
| Beaver Creek Bridge | Federal | 920 | 32 | 304 | 1,256 |
| Wharton Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,150 | 40 | 380 | 1,570 |
| Fayette County | State | 225 | 8 | 80 | 313 |
| SR 2023 Bridge | Federal | 900 | 32 | 320 | 1,252 |
| North Union Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,125 | 40 | 400 | 1,565 |
| Fayette County | State | 750 | 75 | 400 | 1,225 |
| Benningtons Spring Run | Federal | 0 | 0 | 0 | 0 |
| South Union Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 750 | 75 | 400 | 1,225 |
| Fayette County | State | 435 | 40 | 160 | 635 |
| SR 3003 Bridge | Federal | 0 | 0 | 0 | 0 |
| Springhill Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 435 | 40 | 160 | 635 |
| Fayette County | State | 318 | 8 | 114 | 440 |
| York Run Bridge | Federal | 1,272 | 32 | 456 | 1,760 |
| Georges Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,590 | 40 | 570 | 2,200 |
| Fayette County | State | 333 | 8 | 85 | 426 |
| Middle Run Bridge | Federal | 1,332 | 32 | 340 | 1,704 |
| German Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,665 | 40 | 425 | 2,130 |
| Fayette County | State | 750 | 75 | 400 | 1,225 |
| Bear Run Bridge | Federal | 0 | 0 | 0 | 0 |
| South Union Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 750 | 75 | 400 | 1,225 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|-----------------------|---------|-------------------------|--------------|----------------|--------------------------|
| Fayette County | State | \$ 600 | \$ 40 | \$ 210 | \$ 850 |
| SR 381 Bridge | Federal | 0 | 0 | 0 | 0 |
| Saltlick Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 600 | 40 | 210 | 850 |
| Fayette County | State | 620 | 40 | 220 | 880 |
| Braddocks Run Bridge | Federal | 0 | 0 | 0 | 0 |
| Wharton Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 620 | 40 | 220 | 880 |
| Fayette County | State | 1,096 | 8 | 178 | 1,282 |
| SR 40 over SR 43 | Federal | 4,384 | 32 | 712 | 5,128 |
| South Union Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 5,480 | 40 | 890 | 6,410 |
| Fayette County | State | 925 | 40 | 330 | 1,295 |
| SR 4003 Bridge | Federal | 0 | 0 | 0 | 0 |
| Luzerne Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 925 | 40 | 330 | 1,295 |
| Fayette County | State | 650 | 40 | 230 | 920 |
| SR 4011 Bridge | Federal | 0 | 0 | 0 | 0 |
| Jefferson Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 650 | 40 | 230 | 920 |
| Fayette County | State | 380 | 40 | 140 | 560 |
| Mill Run Bridge | Federal | 0 | 0 | 0 | 0 |
| Washington Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 380 | 40 | 140 | 560 |
| Fayette County | State | 2,305 | 40 | 485 | 2,830 |
| Rush Run Bridge | Federal | 0 | 0 | 0 | 0 |
| Luzerne Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 2,305 | 40 | 485 | 2,830 |
| Fayette County | State | 555 | 40 | 200 | 795 |
| SR 4038 Bridge | Federal | 0 | 0 | 0 | 0 |
| Perry Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 555 | 40 | 200 | 795 |
| Fayette County | State | 1,030 | 40 | 355 | 1,425 |
| Irish Run Bridge | Federal | 0 | 0 | 0 | 0 |
| Bullskin Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,030 | 40 | 355 | 1,425 |
| Fayette County | State | 700 | 40 | 250 | 990 |
| Mountain Creek Bridge | Federal | 0 | 0 | 0 | 0 |
| Georges Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 700 | 40 | 250 | 990 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|---|---------|-------------------------|--------------|----------------|--------------------------|
| Fayette County | State | \$ 12,000 | \$ 200 | \$ 700 | \$ 12,900 |
| Layton Bridge | Federal | 48,000 | 800 | 2,800 | 51,600 |
| Perry Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 60,000 | 1,000 | 3,500 | 64,500 |
| Franklin County | State | 1,170 | 0 | 1,380 | 2,550 |
| Guinter Road Bridge over Conococheague Creek | Federal | 0 | 0 | 0 | 0 |
| Antrim Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 1,170 | 0 | 1,380 | 2,550 |
| Franklin County | State | 1,000 | 0 | 1,210 | 2,210 |
| SR 4010 over Rock Spring Branch of Back Creek | Federal | 0 | 0 | 0 | 0 |
| Hamilton Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 1,000 | 0 | 1,210 | 2,210 |
| Franklin County | State | 760 | 0 | 920 | 1,680 |
| SR 433 over Rowe Run. | Federal | 0 | 0 | 0 | 0 |
| South Hampton Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 760 | 0 | 920 | 1,680 |
| Fulton County | State | 525 | 0 | 10 | 535 |
| SR 3006 (Mill Hill Rd) over I-70 | Federal | 2,100 | 0 | 40 | 2,140 |
| Bethel Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 2,625 | 0 | 50 | 2,675 |
| Greene County | State | 1,300 | 40 | 200 | 1,540 |
| SR 1003 Bridge | Federal | 5,200 | 160 | 800 | 6,160 |
| Franklin Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 6,500 | 200 | 1,000 | 7,700 |
| Greene County | State | 736 | 8 | 64 | 808 |
| Pumpkin Run Bridge | Federal | 736 | 32 | 256 | 1,024 |
| Rices Landing Borough | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,472 | 40 | 320 | 1,832 |
| Greene County | State | 255 | 40 | 90 | 385 |
| SR 1014 over Castile Run | Federal | 0 | 0 | 0 | 0 |
| Morgan Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 255 | 40 | 90 | 385 |
| Greene County | State | 150 | 75 | 100 | 325 |
| SR 1016 over Little Whiteley Creek | Federal | 600 | 0 | 400 | 1,000 |
| Cumberland Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 750 | 75 | 500 | 1,325 |
| Greene County | State | 1,400 | 0 | 300 | 1,700 |
| Muddy Creek Bridge #2 | Federal | 0 | 0 | 0 | 0 |
| Cumberland Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,400 | 0 | 300 | 1,700 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|------------------------------|---------|-------------------------|--------------|----------------|--------------------------|
| Greene County | State | \$ 580 | \$ 40 | \$ 200 | \$ 820 |
| SR 1021 over Muddy Creek | Federal | 0 | 0 | 0 | 0 |
| Cumberland Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 580 | 40 | 200 | 820 |
| Greene County | State | 1,300 | 40 | 200 | 1,540 |
| SR 1024 Bridge | Federal | 5,200 | 160 | 800 | 6,160 |
| Franklin Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 6,500 | 200 | 1,000 | 7,700 |
| Greene County | State | 750 | 75 | 400 | 1,225 |
| SR 18 over Hoge Run | Federal | 0 | 0 | 0 | 0 |
| Center Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 750 | 75 | 400 | 1,225 |
| Greene County | State | 750 | 75 | 400 | 1,225 |
| SR 18 over Br McCourtney Run | Federal | 0 | 0 | 0 | 0 |
| Center Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 750 | 75 | 400 | 1,225 |
| Greene County | State | 580 | 40 | 200 | 820 |
| Bacon Run Bridge | Federal | 0 | 0 | 0 | 0 |
| Perry Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 580 | 40 | 200 | 820 |
| Greene County | State | 230 | 8 | 80 | 318 |
| Whiteley Creek Bridge | Federal | 920 | 32 | 320 | 1,272 |
| Whiteley Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,150 | 40 | 400 | 1,590 |
| Greene County | State | 299 | 8 | 83 | 390 |
| SR 2016 Bridge | Federal | 1,196 | 32 | 332 | 1,560 |
| Monongahela Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,495 | 40 | 415 | 1,950 |
| Greene County | State | 695 | 40 | 250 | 985 |
| SR 2018 Bridge | Federal | 0 | 0 | 0 | 0 |
| Whiteley Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 695 | 40 | 250 | 985 |
| Greene County | State | 839 | 8 | 156 | 1,003 |
| SR 2021 over Dunkard Creek | Federal | 3,356 | 32 | 624 | 4,012 |
| Dunkard Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 4,195 | 40 | 780 | 5,015 |
| Greene County | State | 1,300 | 40 | 200 | 1,540 |
| SR 2030 Bridge | Federal | 5,200 | 160 | 800 | 6,160 |
| Whiteley Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 6,500 | 200 | 1,000 | 7,700 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|----------------------|---------|-------------------------|--------------|----------------|--------------------------|
| Greene County | State | \$ 750 | \$ 40 | \$ 270 | \$ 1,060 |
| SR 218 Bridge | Federal | 0 | 0 | 0 | 0 |
| Franklin Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 750 | 40 | 270 | 1,060 |
| Greene County | State | 600 | 40 | 210 | 850 |
| SR 218 Bridge #2 | Federal | 0 | 0 | 0 | 0 |
| Franklin Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 600 | 40 | 210 | 850 |
| Greene County | State | 620 | 40 | 220 | 880 |
| Grimes Run Bridge | Federal | 0 | 0 | 0 | 0 |
| Morgan Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 620 | 40 | 220 | 880 |
| Greene County | State | 750 | 75 | 400 | 1,225 |
| SR 3001 Bridge | Federal | 0 | 0 | 0 | 0 |
| Aleppo Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 750 | 75 | 400 | 1,225 |
| Greene County | State | 585 | 40 | 200 | 825 |
| SR 3001 Bridge | Federal | 0 | 0 | 0 | 0 |
| Richhill Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 585 | 40 | 200 | 825 |
| Greene County | State | 255 | 40 | 90 | 385 |
| SR 3009 Bridge | Federal | 0 | 0 | 0 | 0 |
| Jackson Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 255 | 40 | 90 | 385 |
| Greene County | State | 585 | 40 | 205 | 830 |
| Coon Run Bridge | Federal | 0 | 0 | 0 | 0 |
| Springhill Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 585 | 40 | 205 | 830 |
| Greene County | State | 264 | 8 | 96 | 368 |
| SR 3012 Bridge | Federal | 1,056 | 32 | 384 | 1,472 |
| Aleppo Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,320 | 40 | 480 | 1,840 |
| Greene County | State | 325 | 40 | 120 | 485 |
| Pursley Creek Bridge | Federal | 0 | 0 | 0 | 0 |
| Center Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 325 | 40 | 120 | 485 |
| Greene County | State | 550 | 40 | 190 | 780 |
| SR 3018 Bridge | Federal | 0 | 0 | 0 | 0 |
| Aleppo Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 550 | 40 | 190 | 780 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|---|---------|-------------------------|--------------|----------------|--------------------------|
| Greene County | State | \$ 510 | \$ 40 | \$ 180 | \$ 730 |
| SR 3022 Bridge | Federal | 0 | 0 | 0 | 0 |
| Richhill Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 510 | 40 | 180 | 730 |
| Greene County | State | 415 | 40 | 150 | 605 |
| Owens Run Bridge | Federal | 0 | 0 | 0 | 0 |
| Richhill Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 415 | 40 | 150 | 605 |
| Greene County | State | 580 | 40 | 210 | 830 |
| SR 4007 Bridge | Federal | 0 | 0 | 0 | 0 |
| Gray Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 580 | 40 | 210 | 830 |
| Greene County | State | 1,500 | 40 | 200 | 1,740 |
| I-79 Bridges over SR 221 | Federal | 6,000 | 160 | 800 | 6,960 |
| Washington Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 7,500 | 200 | 1,000 | 8,700 |
| Greene County | State | 580 | 40 | 200 | 820 |
| SR 88 Bridge | Federal | 0 | 0 | 0 | 0 |
| Dunkard Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 580 | 40 | 200 | 820 |
| Greene County | State | 370 | 40 | 130 | 540 |
| SR 88 Bridge #2 | Federal | 0 | 0 | 0 | 0 |
| Dunkard Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 370 | 40 | 130 | 540 |
| Indiana County | State | 1,500 | 0 | 0 | 1,500 |
| Metz Road Bridges | Federal | 0 | 0 | 0 | 0 |
| Cherry Hill Township | Local | 0 | 0 | 0 | 0 |
| Deck Replacement Bridges Carrying SR 422 | Total | 1,500 | 0 | 0 | 1,500 |
| Indiana County | State | 135 | 15 | 45 | 195 |
| T-851 East Run Bridge No. 1 | Federal | 720 | 80 | 240 | 1,040 |
| Grant Township | Local | 45 | 5 | 15 | 65 |
| Bridge replacement over Little Mahoning Creek | Total | 900 | 100 | 300 | 1,300 |
| Juniata County | State | 200 | 0 | 100 | 300 |
| SR 333 Tributary to Hunters Creek | Federal | 0 | 0 | 0 | 0 |
| Turbett Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 200 | 0 | 100 | 300 |
| Juniata County | State | 2,500 | 125 | 600 | 3,225 |
| SR 35 Cocolamus Creek | Federal | 0 | 0 | 0 | 0 |
| Fayette Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 2,500 | 125 | 600 | 3,225 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|---|---------|-------------------------|--------------|----------------|--------------------------|
| Juniata County | State | \$ 850 | \$ 125 | \$ 500 | \$ 1,475 |
| SR 35 Tributary Cocolamus Creek | Federal | 0 | 0 | 0 | 0 |
| Tuscarora Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 850 | 125 | 500 | 1,475 |
| Juniata County | State | 1,000 | 300 | 300 | 1,600 |
| Tuscarora Creek | Federal | 0 | 0 | 0 | 0 |
| Lack Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,000 | 300 | 300 | 1,600 |
| Lancaster County | State | 4,780 | 0 | 5,200 | 9,980 |
| US 222 PM Group over US 222 Expressway | Federal | 0 | 0 | 0 | 0 |
| Manheim Borough & West Earl Township | Local | 0 | 0 | 0 | 0 |
| Bridge Preservation | Total | 4,780 | 0 | 5,200 | 9,980 |
| Lancaster County | State | 4,130 | 0 | 4,550 | 8,680 |
| Bridge Rehabilitation, US 222 Expressway Bridges over SR 1051 | Federal | 0 | 0 | 0 | 0 |
| East Cocalico Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 4,130 | 0 | 4,550 | 8,680 |
| Lancaster County | State | 300 | 25 | 150 | 475 |
| North Cedar Street Bridge over Lititz Run | Federal | 0 | 0 | 0 | 0 |
| Lititz Borough | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 300 | 25 | 150 | 475 |
| Lancaster County | State | 1,115 | 0 | 1,400 | 2,515 |
| PA 896 East Brook Road Bridge over Mill Creek | Federal | 0 | 0 | 0 | 0 |
| East Lampeter Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 1,115 | 0 | 1,400 | 2,515 |
| Lawrence County | State | 8,000 | 0 | 240 | 8,240 |
| Bridge Preservation | Federal | 0 | 0 | 0 | 0 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Regional Bridge Preservation | Total | 8,000 | 0 | 240 | 8,240 |
| Lawrence County | State | 800 | 0 | 100 | 900 |
| Bridge Paint Lawrence | Federal | 0 | 0 | 0 | 0 |
| Various Townships | Local | 0 | 0 | 0 | 0 |
| Regional Bridge Preservation | Total | 800 | 0 | 100 | 900 |
| Lebanon County | State | 960 | 0 | 700 | 1,660 |
| Bridge Rehabilitation, SR 1020 over Oil Run | Federal | 0 | 0 | 0 | 0 |
| Swatara Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 960 | 0 | 700 | 1,660 |
| Lehigh County | State | 114 | 50 | 160 | 324 |
| Newside Road at Memorial Road over Mill Creek | Federal | 456 | 200 | 640 | 1,296 |
| Heidelberg Township | Local | 0 | 0 | 0 | 0 |
| Bridge Preservation | Total | 570 | 250 | 800 | 1,620 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|--|---------|-------------------------|--------------|----------------|--------------------------|
| Luzerne County | State | \$ 304 | \$ 30 | \$ 108 | \$ 442 |
| Abrahams Creek | Federal | 1,214 | 121 | 434 | 1,769 |
| Forty Fort Borough | Local | 0 | 0 | 0 | 0 |
| Superstructure Replacement | Total | 1,518 | 151 | 542 | 2,211 |
| Luzerne County | State | 302 | 30 | 105 | 437 |
| Bridge Little Nescopeck Creek | Federal | 0 | 0 | 0 | 0 |
| Conyngham Borough | Local | 0 | 0 | 0 | 0 |
| Superstructure Replacement | Total | 302 | 30 | 105 | 437 |
| Lycoming County | State | 368 | 50 | 0 | 418 |
| SR 15 over SR 973 | Federal | 0 | 0 | 0 | 0 |
| Lycoming Township | Local | 0 | 0 | 0 | 0 |
| Epoxy Overlay | Total | 368 | 50 | 0 | 418 |
| Lycoming County | State | 800 | 10 | 200 | 1,010 |
| English Center Bridge over Little Pine Creek | Federal | 3,200 | 40 | 800 | 4,040 |
| Pine Township | Local | 0 | 0 | 0 | 0 |
| Rehabilitate Bridge | Total | 4,000 | 50 | 1,000 | 5,050 |
| McKean County | State | 200 | 50 | 50 | 300 |
| Br. Pierce Brook | Federal | 0 | 0 | 0 | 0 |
| Keating Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement/Box Culvert | Total | 200 | 50 | 50 | 300 |
| McKean County | State | 2,000 | 200 | 650 | 2,850 |
| Annin Creek Bridge | Federal | 0 | 0 | 0 | 0 |
| Annin Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 2,000 | 200 | 650 | 2,850 |
| McKean County | State | 1,400 | 0 | 0 | 1,400 |
| Bradford Bypass II, 10 Bridges | Federal | 5,600 | 0 | 0 | 5,600 |
| Foster Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement or Rehabilitation | Total | 7,000 | 0 | 0 | 7,000 |
| McKean County | State | 1,250 | 125 | 600 | 1,975 |
| SR 246 Baker Run | Federal | 0 | 0 | 0 | 0 |
| Otto Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,250 | 125 | 600 | 1,975 |
| McKean County | State | 800 | 125 | 300 | 1,225 |
| Branch Foster Brook | Federal | 0 | 0 | 0 | 0 |
| Foster Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 800 | 125 | 300 | 1,225 |
| McKean County | State | 200 | 50 | 50 | 300 |
| SR 346 Windfall Run | Federal | 0 | 0 | 0 | 0 |
| Otto Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 200 | 50 | 50 | 300 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|--|---------|-------------------------|--------------|----------------|--------------------------|
| McKean County | State | \$ 200 | \$ 50 | \$ 50 | \$ 300 |
| Br. Potato Creek Box Culvert | Federal | 0 | 0 | 0 | 0 |
| Norwich Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement/Box Culvert | Total | 200 | 50 | 50 | 300 |
| Mercer County | State | 700 | 0 | 250 | 950 |
| SR 173 over Mill Creek | Federal | 0 | 0 | 0 | 0 |
| Worth Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 700 | 0 | 250 | 950 |
| Mercer County | State | 1,000 | 0 | 350 | 1,350 |
| Perry Hwy over Black Run | Federal | 0 | 0 | 0 | 0 |
| Sandy Creek Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,000 | 0 | 350 | 1,350 |
| Mifflin County | State | 200 | 0 | 100 | 300 |
| SR 1002 Tributary Honey Creek | Federal | 0 | 0 | 0 | 0 |
| Armagh Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 200 | 0 | 100 | 300 |
| Mifflin County | State | 1,000 | 300 | 300 | 1,600 |
| Laurel Run | Federal | 0 | 0 | 0 | 0 |
| Armagh Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,000 | 300 | 300 | 1,600 |
| Mifflin County | State | 2,500 | 175 | 700 | 3,375 |
| SR 2001 Tributary Jacks Creek | Federal | 0 | 0 | 0 | 0 |
| Derry Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 2,500 | 175 | 700 | 3,375 |
| Mifflin County | State | 1,000 | 300 | 300 | 1,600 |
| Jacks Creek | Federal | 0 | 0 | 0 | 0 |
| Derry Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,000 | 300 | 300 | 1,600 |
| Mifflin County | State | 200 | 50 | 50 | 300 |
| Belltown Run | Federal | 0 | 0 | 0 | 0 |
| Decatur Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement/Box Culvert | Total | 200 | 50 | 50 | 300 |
| Montgomery County | State | 200 | 50 | 400 | 650 |
| Stokes Avenue Superstructure | Federal | 800 | 200 | 1,600 | 2,600 |
| Towamencin Township | Local | 0 | 0 | 0 | 0 |
| Superstructure Replacement | Total | 1,000 | 250 | 2,000 | 3,250 |
| Montgomery County | State | 1,035 | 70 | 3,895 | 5,000 |
| SR 1024, Salford Station Road over Mill Race | Federal | 0 | 0 | 0 | 0 |
| Upper Salford Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,035 | 70 | 3,895 | 5,000 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|--|---------|-------------------------|--------------|----------------|--------------------------|
| Montgomery County | State | \$ 575 | \$ 40 | \$ 2,885 | \$ 3,500 |
| SR 2027, Pennsylvania Avenue over Sandy Run | Federal | 0 | 0 | 0 | 0 |
| Whitemarsh Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 575 | 40 | 2,885 | 3,500 |
| Montgomery County | State | 863 | 55 | 2,582 | 3,500 |
| SR 2040, Mill Road over Pennypack Creek | Federal | 0 | 0 | 0 | 0 |
| Upper Moreland Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 863 | 55 | 2,582 | 3,500 |
| Montgomery County | State | 575 | 50 | 3,375 | 4,000 |
| SR 3003, Stenton Avenue over Wissahickon Creek | Federal | 0 | 0 | 0 | 0 |
| Whitemarsh Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 575 | 50 | 3,375 | 4,000 |
| Montgomery County | State | 806 | 70 | 4,500 | 5,376 |
| SR 4042, Grosstown Road over Manatawney Creek | Federal | 0 | 0 | 0 | 0 |
| West Pottsgrove Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 806 | 70 | 4,500 | 5,376 |
| Montgomery County | State | 863 | 200 | 8,937 | 10,000 |
| SR 611, Old York Road over Tributary Pennypack Creek | Federal | 0 | 0 | 0 | 0 |
| Upper Moreland Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 863 | 200 | 8,937 | 10,000 |
| Northampton County | State | 80 | 50 | 170 | 300 |
| North Main Street at Twp-762 | Federal | 720 | 200 | 680 | 1,600 |
| Bethlehem Township | Local | 0 | 0 | 0 | 0 |
| Bridge replacement | Total | 800 | 250 | 850 | 1,900 |
| Northampton County | State | 135 | 20 | 540 | 695 |
| SR 33/191 Interchange Bridge | Federal | 540 | 80 | 2,160 | 2,780 |
| Bethlehem Township | Local | 0 | 0 | 0 | 0 |
| Bridge Deck Preservation | Total | 675 | 100 | 2,700 | 3,475 |
| Northumberland County | State | 260 | 20 | 80 | 360 |
| Over Tributary to Muddy Run | Federal | 1,040 | 0 | 0 | 1,040 |
| Delaware Township | Local | 0 | 0 | 0 | 0 |
| 1 Mile South Mcewensville | Total | 1,300 | 20 | 80 | 1,400 |
| Northumberland County | State | 400 | 8 | 20 | 428 |
| Tributary West bank Susquehanna River | Federal | 800 | 32 | 80 | 912 |
| Point Township | Local | 0 | 0 | 0 | 0 |
| 0.5 Miles North of Northumberland | Total | 1,200 | 40 | 100 | 1,340 |
| Northumberland County | State | 300 | 40 | 60 | 400 |
| Tributary to Delaware Run | Federal | 0 | 0 | 0 | 0 |
| Delaware Township | Local | 0 | 0 | 0 | 0 |
| 3 Miles North Of Dewart | Total | 300 | 40 | 60 | 400 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|---|---------|-------------------------|--------------|----------------|--------------------------|
| Northumberland County | State | \$ 700 | \$ 40 | \$ 100 | \$ 840 |
| Over Deibler Creek | Federal | 0 | 0 | 0 | 0 |
| Ralpho Township | Local | 0 | 0 | 0 | 0 |
| Village of Elysburg | Total | 700 | 40 | 100 | 840 |
| Perry County | State | 1,140 | 0 | 1,400 | 2,540 |
| Bridge Rehabilitation, PA 17 Bridge over Buffalo Creek | Federal | 0 | 0 | 0 | 0 |
| Saville Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 1,140 | 0 | 1,400 | 2,540 |
| Perry County | State | 2,490 | 0 | 2,800 | 5,290 |
| US 22/322 Millerstown Bridge over Cocolamus Creek | Federal | 0 | 0 | 0 | 0 |
| Greenwood Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 2,490 | 0 | 2,800 | 5,290 |
| Philadelphia County | State | 3,600 | 200 | 31,200 | 35,000 |
| SR 1, Roosevelt Blvd over Roberts Road and Wayne Junction | Federal | 0 | 0 | 0 | 0 |
| Philadelphia | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 3,600 | 200 | 31,200 | 35,000 |
| Philadelphia County | State | 3,784 | 548 | 20,668 | 25,000 |
| SR 1016, Roosevelt Blvd (2) Bridge | Federal | 0 | 0 | 0 | 0 |
| Philadelphia | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 3,784 | 548 | 20,668 | 25,000 |
| Philadelphia County | State | 1,725 | 550 | 22,725 | 25,000 |
| SR 2007, 49th Street over Amtrak | Federal | 0 | 0 | 0 | 0 |
| Philadelphia | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,725 | 550 | 22,725 | 25,000 |
| Philadelphia County | State | 2,073 | 700 | 24,940 | 27,713 |
| SR 2010, Cecil B. More Avenue over Amtrak | Federal | 0 | 0 | 0 | 0 |
| Philadelphia | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 2,073 | 700 | 24,940 | 27,713 |
| Philadelphia County | State | 1,497 | 200 | 7,203 | 8,900 |
| SR 3003, University Avenue over B & O Railroad | Federal | 0 | 0 | 0 | 0 |
| Philadelphia | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,497 | 200 | 7,203 | 8,900 |
| Philadelphia County | State | 920 | 150 | 6,000 | 7,070 |
| SR 3003, University Avenue over CSX Railroad | Federal | 0 | 0 | 0 | 0 |
| Philadelphia | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 920 | 150 | 6,000 | 7,070 |
| Philadelphia County | State | 920 | 100 | 4,000 | 5,020 |
| SR 3021, Frankford Avenue over Frankford Creek | Federal | 0 | 0 | 0 | 0 |
| Philadelphia | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 920 | 100 | 4,000 | 5,020 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|---|---------|-------------------------|--------------|----------------|--------------------------|
| Philadelphia County | State | \$ 1,150 | \$ 300 | \$ 1,450 | \$ 2,900 |
| SR 4011, Coulter Avenue over SEPTA, Replacement | Federal | 0 | 0 | 0 | 0 |
| Philadelphia | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,150 | 300 | 1,450 | 2,900 |
| Philadelphia County | State | 3,223 | 1,000 | 26,390 | 30,613 |
| SR 676, Vine Street Expressway (7) Bridges | Federal | 0 | 0 | 0 | 0 |
| Philadelphia | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 3,223 | 1,000 | 26,390 | 30,613 |
| Potter County | State | 200 | 50 | 50 | 300 |
| Little Phoenix | Federal | 0 | 0 | 0 | 0 |
| Pike Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement/Box Culvert | Total | 200 | 50 | 50 | 300 |
| Potter County | State | 1,000 | 200 | 200 | 1,400 |
| Bridge Replacement | Federal | 0 | 0 | 0 | 0 |
| Genesee Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,000 | 200 | 200 | 1,400 |
| Potter County | State | 1,000 | 200 | 200 | 1,400 |
| Bridge Replacement | Federal | 0 | 0 | 0 | 0 |
| Wharton Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,000 | 200 | 200 | 1,400 |
| Potter County | State | 650 | 150 | 250 | 1,050 |
| SR 449 Genessee River | Federal | 0 | 0 | 0 | 0 |
| Ulysses Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 650 | 150 | 250 | 1,050 |
| Potter County | State | 1,000 | 200 | 200 | 1,400 |
| Bridge Replacement | Federal | 0 | 0 | 0 | 0 |
| Hebron Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,000 | 200 | 200 | 1,400 |
| Potter County | State | 1,000 | 200 | 200 | 1,400 |
| Bridge Replacement | Federal | 0 | 0 | 0 | 0 |
| Ulysses Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,000 | 200 | 200 | 1,400 |
| Potter County | State | 850 | 125 | 600 | 1,575 |
| SR 49 Cowanesque Creek | Federal | 0 | 0 | 0 | 0 |
| Harrison Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 850 | 125 | 600 | 1,575 |
| Potter County | State | 1,000 | 200 | 200 | 1,400 |
| Bridge Replacement | Federal | 0 | 0 | 0 | 0 |
| Coudersport Borough | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,000 | 200 | 200 | 1,400 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|--------------------------------------|---------|-------------------------|--------------|----------------|--------------------------|
| Schuylkill County | State | \$ 200 | \$ 50 | \$ 250 | \$ 500 |
| US 209 over Swatara Creek | Federal | 0 | 0 | 0 | 0 |
| Reilly Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 200 | 50 | 250 | 500 |
| Schuylkill County | State | 90 | 60 | 150 | 300 |
| Goldmine Road Bridge | Federal | 360 | 240 | 600 | 1,200 |
| Porter Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 450 | 300 | 750 | 1,500 |
| Schuylkill County | State | 300 | 100 | 400 | 800 |
| Snyders Bridge over Lizard Creek | Federal | 1,200 | 400 | 1,600 | 3,200 |
| Stroud Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,500 | 500 | 2,000 | 4,000 |
| Susquehanna County | State | 411 | 41 | 143 | 595 |
| Tributary to Dubois Creek | Federal | 0 | 0 | 0 | 0 |
| Franklin Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 411 | 41 | 143 | 595 |
| Susquehanna County | State | 212 | 21 | 74 | 307 |
| Salt Lick Creek | Federal | 846 | 85 | 295 | 1,226 |
| New Milford Township | Local | 0 | 0 | 0 | 0 |
| Superstructure Replacement | Total | 1,058 | 106 | 369 | 1,533 |
| Susquehanna County | State | 343 | 34 | 119 | 496 |
| Jones Creek | Federal | 0 | 0 | 0 | 0 |
| Liberty Township | Local | 0 | 0 | 0 | 0 |
| Superstructure Replacement | Total | 343 | 34 | 119 | 496 |
| Susquehanna County | State | 367 | 37 | 128 | 532 |
| Petts Creek | Federal | 0 | 0 | 0 | 0 |
| Bridgewater Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 367 | 37 | 128 | 532 |
| Susquehanna County | State | 501 | 50 | 174 | 725 |
| Tributary Tunkhannock Creek | Federal | 0 | 0 | 0 | 0 |
| Gibson Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 501 | 50 | 174 | 725 |
| Susquehanna County | State | 225 | 22 | 80 | 327 |
| Leslie Creek | Federal | 899 | 90 | 322 | 1,311 |
| Lenox Township | Local | 0 | 0 | 0 | 0 |
| Rehabilitation with Deck Replacement | Total | 1,124 | 112 | 402 | 1,638 |
| Tioga County | State | 900 | 30 | 20 | 950 |
| Over Harts Creek | Federal | 0 | 0 | 0 | 0 |
| Lawrence Township | Local | 0 | 0 | 0 | 0 |
| 1 Mile South of Lawrenceville | Total | 900 | 30 | 20 | 950 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|------------------------------------|---------|-------------------------|--------------|----------------|--------------------------|
| Tioga County | State | \$ 700 | \$ 40 | \$ 100 | \$ 840 |
| Over Bear Creek | Federal | 0 | 0 | 0 | 0 |
| Jackson Township | Local | 0 | 0 | 0 | 0 |
| 1 Mile West of Millerton | Total | 700 | 40 | 100 | 840 |
| Tioga County | State | 700 | 40 | 100 | 840 |
| Over Tributary to Bear Creek | Federal | 0 | 0 | 0 | 0 |
| Jackson Township | Local | 0 | 0 | 0 | 0 |
| 0.7 Miles South West of Millerton | Total | 700 | 40 | 100 | 840 |
| Tioga County | State | 2,500 | 40 | 100 | 2,640 |
| Little Fall Creek | Federal | 0 | 0 | 0 | 0 |
| Liberty Township | Local | 0 | 0 | 0 | 0 |
| 5 Miles West of Liberty Borough | Total | 2,500 | 40 | 100 | 2,640 |
| Union County | State | 200 | 40 | 60 | 300 |
| Over Spruce Run | Federal | 800 | 0 | 0 | 800 |
| White Deer Township | Local | 0 | 0 | 0 | 0 |
| 2.5 Miles West Of Kelly Crossroads | Total | 1,000 | 40 | 60 | 1,100 |
| Venango County | State | 450 | 50 | 350 | 850 |
| SR 8 over Slippery Rock Creek | Federal | 0 | 0 | 0 | 0 |
| Irwin Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 450 | 50 | 350 | 850 |
| Washington County | State | 650 | 0 | 0 | 650 |
| Hanlon Station Bridge | Federal | 0 | 0 | 0 | 0 |
| Jefferson Township | Local | 0 | 0 | 0 | 0 |
| Bridge Removal | Total | 650 | 0 | 0 | 650 |
| Washington County | State | 750 | 40 | 270 | 1,060 |
| SR 1006 Bridge | Federal | 0 | 0 | 0 | 0 |
| Peters Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 750 | 40 | 270 | 1,060 |
| Washington County | State | 1,186 | 8 | 188 | 1,382 |
| Chartiers Creek Bridge | Federal | 4,744 | 32 | 752 | 5,528 |
| Chartiers Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 5,930 | 40 | 940 | 6,910 |
| Washington County | State | 1,010 | 40 | 350 | 1,400 |
| SR 1009 over Chartiers Creek | Federal | 0 | 0 | 0 | 0 |
| Canonsburg Borough | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,010 | 40 | 350 | 1,400 |
| Washington County | State | 530 | 40 | 190 | 760 |
| Taylors Run Bridge | Federal | 0 | 0 | 0 | 0 |
| Carroll Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 530 | 40 | 190 | 760 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|-----------------------------|---------|-------------------------|--------------|----------------|--------------------------|
| Washington County | State | \$ 515 | \$ 40 | \$ 180 | \$ 735 |
| SR 1020 Bridge | Federal | 0 | 0 | 0 | 0 |
| Carroll Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 515 | 40 | 180 | 735 |
| Washington County | State | 745 | 40 | 260 | 1,045 |
| SR 1045 Bridge | Federal | 0 | 0 | 0 | 0 |
| Chartiers Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 745 | 40 | 260 | 1,045 |
| Washington County | State | 570 | 40 | 200 | 810 |
| Short Creek Bridge | Federal | 0 | 0 | 0 | 0 |
| East Finley Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 570 | 40 | 200 | 810 |
| Washington County | State | 830 | 40 | 290 | 1,160 |
| Chartiers Creek Bridge | Federal | 0 | 0 | 0 | 0 |
| North Strabane Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 830 | 40 | 290 | 1,160 |
| Washington County | State | 463 | 8 | 122 | 593 |
| Little Tenmile Creek Bridge | Federal | 1,852 | 32 | 488 | 2,372 |
| Amwell Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 2,315 | 40 | 610 | 2,965 |
| Washington County | State | 887 | 8 | 160 | 1,055 |
| SR 2027 Bridge | Federal | 3,548 | 32 | 640 | 4,220 |
| Speers Borough | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 4,435 | 40 | 800 | 5,275 |
| Washington County | State | 307 | 8 | 110 | 425 |
| Pike Run Bridge | Federal | 1,228 | 32 | 440 | 1,700 |
| West Pike Run Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,535 | 40 | 550 | 2,125 |
| Washington County | State | 510 | 40 | 180 | 730 |
| Little Pike Run Bridge | Federal | 0 | 0 | 0 | 0 |
| West Pike Run Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 510 | 40 | 180 | 730 |
| Washington County | State | 525 | 40 | 190 | 755 |
| Two Mile Run Bridge | Federal | 0 | 0 | 0 | 0 |
| Centerville Borough | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 525 | 40 | 190 | 755 |
| Washington County | State | 380 | 40 | 140 | 560 |
| SR 3017 Bridge | Federal | 0 | 0 | 0 | 0 |
| East Finley Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 380 | 40 | 140 | 560 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|-----------------------------|---------|-------------------------|--------------|----------------|--------------------------|
| Washington County | State | \$ 409 | \$ 8 | \$ 120 | \$ 537 |
| SR 3035 Bridge | Federal | 1,636 | 32 | 480 | 2,148 |
| West Finley Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 2,045 | 40 | 600 | 2,685 |
| Washington County | State | 545 | 40 | 190 | 775 |
| SR 331 Bridge | Federal | 0 | 0 | 0 | 0 |
| Hopewell Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 545 | 40 | 190 | 775 |
| Washington County | State | 435 | 40 | 160 | 635 |
| SR 331 Bridge #2 | Federal | 0 | 0 | 0 | 0 |
| Hopewell Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 435 | 40 | 160 | 635 |
| Washington County | State | 540 | 40 | 190 | 770 |
| Saint Patrick Run Bridge | Federal | 0 | 0 | 0 | 0 |
| Robinson Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 540 | 40 | 190 | 770 |
| Washington County | State | 850 | 40 | 300 | 1,190 |
| Robinson Run Bridge | Federal | 0 | 0 | 0 | 0 |
| Midway Borough | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 850 | 40 | 300 | 1,190 |
| Washington County | State | 545 | 40 | 190 | 775 |
| Little Raccoon Creek Bridge | Federal | 0 | 0 | 0 | 0 |
| Smith & Robinson Townships | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 545 | 40 | 190 | 775 |
| Washington County | State | 787 | 8 | 152 | 947 |
| SR 4022 Bridge | Federal | 3,148 | 32 | 608 | 3,788 |
| Canton Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 3,935 | 40 | 760 | 4,735 |
| Washington County | State | 501 | 8 | 126 | 635 |
| Burgetts Fork Bridge | Federal | 2,004 | 32 | 504 | 2,540 |
| Burgettstown Borough | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 2,505 | 40 | 630 | 3,175 |
| Washington County | State | 225 | 8 | 78 | 311 |
| Georges Run Bridge | Federal | 900 | 32 | 312 | 1,244 |
| Canton Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,125 | 40 | 390 | 1,555 |
| Washington County | State | 381 | 8 | 120 | 509 |
| Millers Run Bridge | Federal | 1,524 | 32 | 480 | 2,036 |
| Mount Pleasant Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,905 | 40 | 600 | 2,545 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|--------------------------------------|---------|-------------------------|--------------|----------------|--------------------------|
| Washington County | State | \$ 850 | \$ 40 | \$ 300 | \$ 1,190 |
| SR 481 Bridge | Federal | 0 | 0 | 0 | 0 |
| Fallowfield Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 850 | 40 | 300 | 1,190 |
| Washington County | State | 850 | 40 | 300 | 1,190 |
| Western Avenue Bridge | Federal | 0 | 0 | 0 | 0 |
| Houston Borough | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 850 | 40 | 300 | 1,190 |
| Washington County | State | 625 | 8 | 136 | 769 |
| SR 8042 Bridge | Federal | 2,500 | 32 | 544 | 3,076 |
| West Brownsville Borough | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 3,125 | 40 | 680 | 3,845 |
| Washington County | State | 920 | 40 | 320 | 1,280 |
| SR 837 Bridge | Federal | 0 | 0 | 0 | 0 |
| Union Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 920 | 40 | 320 | 1,280 |
| Washington County | State | 550 | 40 | 190 | 780 |
| SR 837 Bridge #2 | Federal | 0 | 0 | 0 | 0 |
| Carroll Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 550 | 40 | 190 | 780 |
| Washington County | State | 455 | 40 | 160 | 655 |
| SR 837 Bridge #3 | Federal | 0 | 0 | 0 | 0 |
| City of Monongahela | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 455 | 40 | 160 | 655 |
| Washington County | State | 600 | 40 | 210 | 850 |
| SR 844 Bridge | Federal | 0 | 0 | 0 | 0 |
| Canton Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 600 | 40 | 210 | 850 |
| Wayne County | State | 221 | 22 | 77 | 320 |
| West Branch Wallenpaupack Creek | Federal | 886 | 89 | 308 | 1,283 |
| Salem Township | Local | 0 | 0 | 0 | 0 |
| Rehabilitation with Deck Replacement | Total | 1,107 | 111 | 385 | 1,603 |
| Westmoreland County | State | 540 | 40 | 190 | 770 |
| Hannas Run Bridge | Federal | 0 | 0 | 0 | 0 |
| Fairfield Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 540 | 40 | 190 | 770 |
| Westmoreland County | State | 1,200 | 0 | 200 | 1,400 |
| Keystone Park Road Bridge | Federal | 0 | 0 | 0 | 0 |
| Derry Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,200 | 0 | 200 | 1,400 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|------------------------------|---------|-------------------------|--------------|----------------|--------------------------|
| Westmoreland County | State | \$ 500 | \$ 40 | \$ 180 | \$ 720 |
| SR 1022 Bridge | Federal | 0 | 0 | 0 | 0 |
| Unity Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 500 | 40 | 180 | 720 |
| Westmoreland County | State | 439 | 8 | 120 | 567 |
| Crabtree Creek Bridge | Federal | 1,756 | 32 | 480 | 2,268 |
| Salem Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 2,195 | 40 | 600 | 2,835 |
| Westmoreland County | State | 3,040 | 80 | 500 | 3,620 |
| Salina Bridge | Federal | 14,960 | 320 | 2,000 | 17,280 |
| Bell Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 18,000 | 400 | 2,500 | 20,900 |
| Westmoreland County | State | 1,250 | 40 | 450 | 1,740 |
| Zellers Run Bridge | Federal | 0 | 0 | 0 | 0 |
| Southwest Greensburg Borough | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,250 | 40 | 450 | 1,740 |
| Westmoreland County | State | 2,600 | 80 | 400 | 3,080 |
| West Newton Bridge | Federal | 10,400 | 320 | 1,600 | 12,320 |
| West Newton Borough | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 13,000 | 400 | 2,000 | 15,400 |
| Westmoreland County | State | 400 | 40 | 140 | 580 |
| SR 136 Bridge | Federal | 0 | 0 | 0 | 0 |
| Hempfield Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 400 | 40 | 140 | 580 |
| Westmoreland County | State | 495 | 40 | 175 | 710 |
| SR 2012 over Sewickley Ck | Federal | 0 | 0 | 0 | 0 |
| Mount Pleasant Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 495 | 40 | 175 | 710 |
| Westmoreland County | State | 225 | 8 | 80 | 313 |
| Slate Creek Bridge | Federal | 900 | 32 | 320 | 1,252 |
| Southwest Greensburg Borough | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,125 | 40 | 400 | 1,565 |
| Westmoreland County | State | 650 | 40 | 230 | 920 |
| SR 2017 over Sewickley Ck | Federal | 0 | 0 | 0 | 0 |
| Unity Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 650 | 40 | 230 | 920 |
| Westmoreland County | State | 545 | 40 | 190 | 775 |
| SR 2023 Bridge | Federal | 0 | 0 | 0 | 0 |
| Unity Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 545 | 40 | 190 | 775 |
| Westmoreland County | State | 730 | 40 | 255 | 1,025 |
| Tubmill Run Bridge | Federal | 0 | 0 | 0 | 0 |
| Fairfield Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 730 | 40 | 255 | 1,025 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|-------------------------------|---------|-------------------------|--------------|----------------|--------------------------|
| Westmoreland County | State | \$ 565 | \$ 40 | \$ 200 | \$ 805 |
| SR 286 over Wolford Run | Federal | 0 | 0 | 0 | 0 |
| Bell Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 565 | 40 | 200 | 805 |
| Westmoreland County | State | 365 | 40 | 130 | 535 |
| SR 3015 Bridge | Federal | 0 | 0 | 0 | 0 |
| Rostraver Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 365 | 40 | 130 | 535 |
| Westmoreland County | State | 475 | 40 | 170 | 685 |
| SR 3015 Bridge #2 | Federal | 0 | 0 | 0 | 0 |
| Rostraver Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 475 | 40 | 170 | 685 |
| Westmoreland County | State | 555 | 8 | 130 | 693 |
| Little Sewickley Creek Bridge | Federal | 2,220 | 32 | 520 | 2,772 |
| Sewickley Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 2,775 | 40 | 650 | 3,465 |
| Westmoreland County | State | 400 | 40 | 140 | 580 |
| SR 3016 Bridge | Federal | 0 | 0 | 0 | 0 |
| Sewickley Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 400 | 40 | 140 | 580 |
| Westmoreland County | State | 545 | 40 | 190 | 775 |
| SR 3017 over Cedar Creek | Federal | 0 | 0 | 0 | 0 |
| Rostraver Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 545 | 40 | 190 | 775 |
| Westmoreland County | State | 585 | 40 | 205 | 830 |
| Smithton Run Bridge | Federal | 0 | 0 | 0 | 0 |
| South Huntingdon Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 585 | 40 | 205 | 830 |
| Westmoreland County | State | 495 | 40 | 170 | 705 |
| Possam Hollow Run Bridge | Federal | 0 | 0 | 0 | 0 |
| North Huntingdon Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 495 | 40 | 170 | 705 |
| Westmoreland County | State | 565 | 40 | 200 | 805 |
| SR 3073 over Meadow Run | Federal | 0 | 0 | 0 | 0 |
| East Huntingdon Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 565 | 40 | 200 | 805 |
| Westmoreland County | State | 445 | 40 | 155 | 640 |
| Buffalo Run Bridge | Federal | 0 | 0 | 0 | 0 |
| East Huntingdon Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 445 | 40 | 155 | 640 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|------------------------------------|---------|-------------------------|--------------|----------------|--------------------------|
| Westmoreland County | State | \$ 550 | \$ 40 | \$ 190 | \$ 780 |
| Painters Run Bridge | Federal | 0 | 0 | 0 | 0 |
| South Huntingdon Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 550 | 40 | 190 | 780 |
| Westmoreland County | State | 304 | 8 | 83 | 395 |
| Pine Run Bridge | Federal | 1,216 | 32 | 332 | 1,580 |
| Allegheny Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,520 | 40 | 415 | 1,975 |
| Westmoreland County | State | 1,009 | 8 | 170 | 1,187 |
| SR 336 Bridge over SR 56 | Federal | 4,036 | 32 | 680 | 4,748 |
| City of New Kensington | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 5,045 | 40 | 850 | 5,935 |
| Westmoreland County | State | 2,000 | 100 | 400 | 2,500 |
| Donegal Township Bridge | Federal | 0 | 0 | 0 | 0 |
| Donegal Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 2,000 | 100 | 400 | 2,500 |
| Westmoreland County | State | 750 | 75 | 400 | 1,225 |
| Camp Run Bridge | Federal | 0 | 0 | 0 | 0 |
| Donegal Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 750 | 75 | 400 | 1,225 |
| Westmoreland County | State | 750 | 75 | 400 | 1,225 |
| Powdermill Run Bridge | Federal | 0 | 0 | 0 | 0 |
| Cook Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 750 | 75 | 400 | 1,225 |
| Westmoreland County | State | 715 | 40 | 250 | 1,005 |
| SR 4009 Bridge | Federal | 0 | 0 | 0 | 0 |
| City of Jeannette | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 715 | 40 | 250 | 1,005 |
| Westmoreland County | State | 324 | 8 | 116 | 448 |
| SR 4012 Br over Brush Creek | Federal | 1,296 | 32 | 464 | 1,792 |
| Manor Borough & Hempfield Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,620 | 40 | 580 | 2,240 |
| Westmoreland County | State | 225 | 8 | 80 | 313 |
| SR 4022 over Brush Run | Federal | 900 | 32 | 320 | 1,252 |
| Penn Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 1,125 | 40 | 400 | 1,565 |
| Westmoreland County | State | 445 | 40 | 155 | 640 |
| Brush Run Bridge | Federal | 0 | 0 | 0 | 0 |
| Penn Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 445 | 40 | 155 | 640 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|---|---------|-------------------------|--------------|----------------|--------------------------|
| Westmoreland County | State | \$ 400 | \$ 40 | \$ 140 | \$ 580 |
| SR 4067 Bridge | Federal | 0 | 0 | 0 | 0 |
| Washington Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 400 | 40 | 140 | 580 |
| Westmoreland County | State | 665 | 40 | 230 | 935 |
| SR 819 over Jacks Run | Federal | 0 | 0 | 0 | 0 |
| Salem Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 665 | 40 | 230 | 935 |
| Westmoreland County | State | 538 | 8 | 128 | 674 |
| Monastery Run Bridge | Federal | 2,152 | 32 | 512 | 2,696 |
| Unity Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 2,690 | 40 | 640 | 3,370 |
| Westmoreland County | State | 545 | 8 | 104 | 657 |
| Repko Run Bridge | Federal | 2,180 | 32 | 416 | 2,628 |
| New Alexandria Borough | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 2,725 | 40 | 520 | 3,285 |
| Westmoreland County | State | 750 | 75 | 400 | 1,225 |
| Bridge over Stony Run | Federal | 0 | 0 | 0 | 0 |
| Derry Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 750 | 75 | 400 | 1,225 |
| Westmoreland County | State | 435 | 8 | 120 | 563 |
| Ninemile Run Bridge | Federal | 1,740 | 32 | 480 | 2,252 |
| Unity Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 2,175 | 40 | 600 | 2,815 |
| Westmoreland County | State | 519 | 8 | 102 | 629 |
| Brush Creek Bridge | Federal | 2,076 | 32 | 408 | 2,516 |
| North Huntingdon Township | Local | 0 | 0 | 0 | 0 |
| Bridge Replacement | Total | 2,595 | 40 | 510 | 3,145 |
| Wyoming County | State | 248 | 25 | 87 | 360 |
| Tributary Susquehanna River | Federal | 0 | 0 | 0 | 0 |
| Eaton Township | Local | 0 | 0 | 0 | 0 |
| Superstructure Replacement | Total | 248 | 25 | 87 | 360 |
| York County | State | 2,365 | 0 | 2,600 | 4,965 |
| SR 1016, Cool Springs Road Bridge over US 30 | Federal | 0 | 0 | 0 | 0 |
| Hellam Township | Local | 0 | 0 | 0 | 0 |
| Bridge Preservation | Total | 2,365 | 0 | 2,600 | 4,965 |
| York County | State | 1,640 | 0 | 1,800 | 3,440 |
| SR 3017, Reynolds Mill Rd. over Codorus Creek | Federal | 0 | 0 | 0 | 0 |
| York Township | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 1,640 | 0 | 1,800 | 3,440 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design Cost | Total Project Cost |
|--|---------|-------------------------|------------------|-------------------|--------------------------|
| York County | State | \$ 1,440 | \$ 0 | \$ 1,650 | \$ 3,090 |
| Indian Rock Dam Road over West Branch of Codorus Creek | Federal | 0 | 0 | 0 | 0 |
| North Codorus & West Manchester Townships | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 1,440 | 0 | 1,650 | 3,090 |
| York County | State | 1,070 | 0 | 1,280 | 2,350 |
| SR 3046 over West Branch of Codorus Creek | Federal | 0 | 0 | 0 | 0 |
| North Codorus & West Manchester Townships | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 1,070 | 0 | 1,280 | 2,350 |
| York County | State | 420 | 0 | 580 | 1,000 |
| SR 4009 over Bennett Creek | Federal | 0 | 0 | 0 | 0 |
| Newberry Township | Local | 0 | 0 | 0 | 0 |
| Bridge Superstructure Replacement | Total | 420 | 0 | 580 | 1,000 |
| York County | State | 810 | 20 | 370 | 1,200 |
| Three bridges on I-83 from Bridge over Norfolk Southern to South of US 30 | Federal | 7,290 | 180 | 3,330 | 10,800 |
| North York and Springettsbury Townships | Local | 0 | 0 | 0 | 0 |
| Bridge Rehabilitation | Total | 8,100 | 200 | 3,700 | 12,000 |
| TOTAL STATE FUNDS..... | | 315,101 | 17,616 | 299,237 | 631,954 |
| TOTAL FEDERAL FUNDS..... | | 217,471 | 5,853 | 41,705 | 265,029 |
| TOTAL LOCAL FUNDS..... | | 2,865 | 58 | 886 | 3,809 |
| PROGRAM TOTAL..... | | <u>\$ 535,437</u> | <u>\$ 23,527</u> | <u>\$ 341,828</u> | <u>\$ 900,792</u> |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

ADMINISTRATION PROJECTS

Program: State Highway and Bridge Construction

| | | Base Project Cost | Land Cost | Design & Contingencies | Total Project Cost |
|---|---------|-------------------------|--------------|---------------------------|--------------------------|
| Montgomery County Parking Garage | State | \$ 500 | \$ 0 | \$ 0 | \$ 500 |
| REPAIR GARAGE PARKING DECK: This project will provide for the repair and resurfacing of the parking garage deck in District 6-0. | Federal | 0 | 0 | 0 | 0 |
| | Local | 0 | 0 | 0 | 0 |
| | Total | 500 | 0 | 0 | 500 |
| Montgomery County Engineering District 6-0 | State | 300 | 0 | 0 | 300 |
| REPLACE HVAC PIPING: This project will provide for the replacement of the HVAC system supply and return water replacement. | Federal | 0 | 0 | 0 | 0 |
| | Local | 0 | 0 | 0 | 0 |
| | Total | 300 | 0 | 0 | 300 |
| McKean County Maintenance Facility | State | 300 | 0 | 0 | 300 |
| RENOVATE MAINTENANCE FACILITY: This project will provide for the renovation and upgrade of the front office restrooms and HVAC system at the county maintenance garage. | Federal | 0 | 0 | 0 | 0 |
| | Local | 0 | 0 | 0 | 0 |
| | Total | 300 | 0 | 0 | 300 |
| Juniata County Maintenance Facility | State | 400 | 0 | 50 | 450 |
| RENOVATE MAINTENANCE FACILITY: This project will provide for the renovation and upgrade of the front office restrooms and HVAC system at the county maintenance garage. | Federal | 0 | 0 | 0 | 0 |
| | Local | 0 | 0 | 0 | 0 |
| | Total | 400 | 0 | 50 | 450 |
| Northumberland County Maintenance Facility | State | 450 | 0 | 50 | 500 |
| CONSTRUCT NEW PREVENTIVE MAINTENANCE BAY: This project will provide for the construction of a new preventative maintenance bay/building at the county maintenance garage. | Federal | 0 | 0 | 0 | 0 |
| | Local | 0 | 0 | 0 | 0 |
| | Total | 450 | 0 | 50 | 500 |
| Snyder County Maintenance Facility | State | 350 | 0 | 50 | 400 |
| CONSTRUCT NEW BRIDGE SHOP: This project will provide for the demolition of the old garage and construct a new facility for the bridge beam shop at the county maintenance garage. | Federal | 0 | 0 | 0 | 0 |
| | Local | 0 | 0 | 0 | 0 |
| | Total | 350 | 0 | 50 | 400 |
| Butler County Maintenance Facility | State | 550 | 0 | 50 | 600 |
| REPLACE BOILERS: This project will provide for maintenance repairs including replacing boilers and installing infrared heat in the county maintenance garage. | Federal | 0 | 0 | 0 | 0 |
| | Local | 0 | 0 | 0 | 0 |
| | Total | 550 | 0 | 50 | 600 |
| Jefferson County Maintenance Facility | State | 500 | 0 | 50 | 550 |
| NEW VEHICLE WASH: This project will provide for the construction of a new vehicle wash building at the Jefferson County maintenance garage. | Federal | 0 | 0 | 0 | 0 |
| | Local | 0 | 0 | 0 | 0 |
| | Total | 500 | 0 | 50 | 550 |
| Indiana County Maintenance Facility | State | 500 | 0 | 50 | 550 |
| NEW VEHICLE WASH: This project will provide for the construction of a new vehicle wash building at the Indiana County maintenance garage. | Federal | 0 | 0 | 0 | 0 |
| | Local | 0 | 0 | 0 | 0 |
| | Total | 500 | 0 | 50 | 550 |

Capital Budget

Department of Transportation 2008-09 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

ADMINISTRATION PROJECTS

Program: State Highway and Bridge Construction

Indiana County District 10-0 Engineering Office
 CONSTRUCT OPERATIONS CENTER: This project will provide
 for the construction of a regional training/emergency operations
 center at District 10-0 Engineering Office.

| | Base Project Cost | Land Cost | Design & Contingencies | Total Project Cost |
|--------------------------|-------------------------|--------------|---------------------------|--------------------------|
| State | 800 | 0 | 50 | 850 |
| Federal | 0 | 0 | 0 | 0 |
| Local | 0 | 0 | 0 | 0 |
| Total | 800 | 0 | 50 | 850 |
| TOTAL STATE FUNDS..... | 4,650 | 0 | 350 | 5,000 |
| TOTAL FEDERAL FUNDS..... | 0 | 0 | 0 | 0 |
| TOTAL LOCAL FUNDS..... | 0 | 0 | 0 | 0 |
| PROGRAM TOTAL..... | \$ 4,650 | \$ 0 | \$ 350 | \$ 5,000 |

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)

| | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Agriculture..... | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Conservation and Natural Resources..... | 123,000 | 125,500 | 114,000 | 113,300 |
| Corrections..... | 0 | 0 | 0 | 0 |
| Education..... | 91,100 | 111,500 | 105,000 | 85,300 |
| Emergency Management and Homeland Security..... | 0 | 0 | 0 | 0 |
| Environmental Protection..... | 7,440 | 27,951 | 51,563 | 33,210 |
| 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..... | 28,080 | 11,590 | 0 | 0 |
| Military and Veterans Affairs..... | 0 | 0 | 0 | 0 |
| Public Welfare..... | 23,380 | 20,730 | 3,184 | 0 |
| State Police..... | 0 | 0 | 0 | 0 |
| Transportation..... | 450,000 | 450,000 | 450,000 | 450,000 |
| TOTAL..... | <u>\$ 727,000</u> | <u>\$ 749,771</u> | <u>\$ 725,747</u> | <u>\$ 683,810</u> |

Forecast of Future Projects

This section contains estimated authorizations (State funds only) for future Capital Budgets from 2008-09 through 2011-12. 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

Agriculture

PUBLIC IMPROVEMENT PROJECTS: Provides for improvements at the Farm Show Complex and the laborator

| | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|-------------|----------------------|----------------------|----------------------|----------------------|
| Agriculture | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

Conservation and Natural Resources

PUBLIC IMPROVEMENT PROJECTS: Provides for construction and renovation of support, day use, camping facilities and utility systems at the state parks; construction of district offices, centers, garages, radio communications systems and rehabilitation of forest roads in forest districts. Also may include original furniture and equipment authorizations

| | | | | |
|------------------------------------|--------|--------|--------|--------|
| Conservation and Natural Resources | 83,000 | 84,500 | 72,000 | 70,300 |
|------------------------------------|--------|--------|--------|--------|

Corrections

PUBLIC IMPROVEMENT PROJECTS: Provides for construction and renovation of administrative, industrial, educational and housing facilities and utilities at the state-owned correctional institution. Also may include original furniture and equipment authorization

| | | | | |
|-------------|---|---|---|---|
| Corrections | 0 | 0 | 0 | 0 |
|-------------|---|---|---|---|

Education

PUBLIC IMPROVEMENT PROJECTS: Provides for construction expansion, renovation and conversion of classroom and auxiliary buildings, utilities and recreational facilities for the State System Higher Education, State-Owned Schools and for the State-Related Universities. Also may include original furniture and equipment authorizations

| | | | | |
|-----------|--------|---------|---------|--------|
| Education | 91,100 | 111,500 | 105,000 | 85,300 |
|-----------|--------|---------|---------|--------|

Emergency Management and Homeland Security

PUBLIC IMPROVEMENT PROJECTS: Provides for construction and renovations at the State Fire Academy, Emergency Operations Center around the state and other emergency facilities

| | | | | |
|--|---|---|---|---|
| Emergency Management and Homeland Security | 0 | 0 | 0 | 0 |
|--|---|---|---|---|

Environmental Protection

PUBLIC IMPROVEMENT PROJECTS: Provides for construction and improvement projects to protect the environment and the health and safety of citizens using state lands and waterways. These projects include flood protection construction. Also may include original furniture and equipment authorizations

| | | | | |
|--------------------------|-------|--------|--------|--------|
| Environmental Protection | 7,440 | 22,951 | 46,313 | 28,710 |
|--------------------------|-------|--------|--------|--------|

Environmental Protection

FLOOD CONTROL PROJECTS: Provides for the state share of federal flood control projects including the construction and improvement of levees, dikes, walls, revetments, dams, lake reservoirs and other works deemed necessary to control floods. Also will control, preserve and regulate the flow of rivers and streams

| | | | | |
|--------------------------|---|-------|-------|-------|
| Environmental Protection | 0 | 5,000 | 5,250 | 4,500 |
|--------------------------|---|-------|-------|-------|

General Services

PUBLIC IMPROVEMENT PROJECTS: Provides for the construction, renovation and improvements to state office buildings and facilities

| | | | | |
|------------------|---|---|---|---|
| General Services | 0 | 0 | 0 | 0 |
|------------------|---|---|---|---|

Capital Budget

Forecast of Future Projects

(Dollar Amounts in Thousands)

| FROM CAPITAL FACILITIES BOND FUNDS (continued) | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|----------------------|----------------------|----------------------|----------------------|
| Historical and Museum Commission | \$ 28,080 | \$ 11,590 | \$ 0 | \$ 0 |
| PUBLIC IMPROVEMENT PROJECTS: Provides for restoration and renovation of historic facilities, installation of fire and security systems, development of fixed exhibits and miscellaneous building and utility improvements at commonwealth owned museums and historic sites. Also may include original furniture and equipment authorizations | | | | |
| Military and Veterans Affairs | 0 | 0 | 0 | 0 |
| PUBLIC IMPROVEMENT PROJECTS: Provides for land acquisition renovations, additions and replacement at the state armories and veterans' homes. Also may include original furniture and equipment authorizations | | | | |
| Public Welfare | 23,380 | 20,730 | 3,184 | 0 |
| PUBLIC IMPROVEMENT PROJECTS: Provides for construction and renovation of patient buildings, support facilities and utilities at the state institutions for the mentally ill and mentally retarded, restoration centers and youth development centers. Also may include original furniture and equipment authorizations | | | | |
| State Police | 0 | 0 | 0 | 0 |
| PUBLIC IMPROVEMENT PROJECTS: Provides for renovation expansion and construction of troop headquarters/station facilities and driver examination facilities. Also may include original furniture and equipment authorizations | | | | |
| Transportation | 0 | 0 | 0 | 0 |
| PUBLIC IMPROVEMENT PROJECTS: Provides for construction of and additions to highway maintenance and district office building driver examination facilities, welcome centers and state-owned airport facilities. Also may include original furniture and equipment authorizations | | | | |
| Transportation | 150,000 | 150,000 | 150,000 | 150,000 |
| TRANSPORTATION ASSISTANCE PROJECTS: Provides for the purchase/rehabilitation of rolling stock and equipment and for construction/renovation of facilities operated by local mass transportation agencies. Also includes the purchase and improvement of rail lines | | | | |
| CAPITAL FACILITIES BOND FUNDS | | | | |
| Total — Public Improvement Program..... | \$ 233,000 | \$ 251,271 | \$ 226,497 | \$ 184,310 |
| Total — Flood Control Program..... | 0 | 5,000 | 5,250 | 4,500 |
| Total — Transportation Assistance Program..... | 150,000 | 150,000 | 150,000 | 150,000 |
| SUBTOTAL— CAPITAL FACILITIES BOND FUNDS..... | \$ 383,000 | \$ 406,271 | \$ 381,747 | \$ 338,810 |

Capital Budget

Forecast of Future Projects

(Dollar Amounts in Thousands)

| | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|----------------------|----------------------|----------------------|----------------------|
| FROM CURRENT REVENUES | | | | |
| Conservation and Natural Resources | \$ 15,000 | \$ 16,000 | \$ 17,000 | \$ 18,000 |
| PUBLIC IMPROVEMENT PROJECTS — KEYSTONE RECREATION, PARK AND CONSERVATION FUND: Provides for the rehabilitation repair and development of state park and forest facilities which are critical for visitor safety and environmental protection or essential for facility operation. | | | | |
| Conservation and Natural Resources | 25,000 | 25,000 | 25,000 | 25,000 |
| PUBLIC IMPROVEMENT PROJECTS — ENVIRONMENTAL STEWARDSHIP FUND: Provides for the acquisition, rehabilitation and development of open space, forests, parks and scenic environment | | | | |
| Fish and Boat Commission | 2,000 | 1,500 | 1,000 | 1,000 |
| 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 and recreational boating facilities | | | | |
| Game Commission | 2,000 | 1,000 | 1,000 | 1,000 |
| PUBLIC IMPROVEMENT PROJECTS — GAME FUND: Provides for acquisition of additional state game land | | | | |
| Transportation | 300,000 | 300,000 | 300,000 | 300,000 |
| HIGHWAY PROJECTS — MOTOR LICENSE FUND: Provides for the purchase of right-of-way, construction, and reconstruction of highways and bridges on the commonwealth road system and major federally designated safety projects | | | | |
| 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..... | \$ 727,000 | \$ 749,771 | \$ 725,747 | \$ 683,810 |

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 | 2008-09 Estimated | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Executive Offices..... | \$ 7,480 | \$ 33,279 | \$ 20,535 | \$ 8,075 | \$ 1,775 |
| Agriculture..... | 904 | 6,304 | 4,213 | 2,081 | 431 |
| Conservation and Natural Resources..... | 42,313 | 69,150 | 68,441 | 69,406 | 85,921 |
| Community and Economic Development..... | 167,124 | 285,739 | 335,797 | 222,182 | 85,746 |
| Corrections..... | 25,378 | 23,097 | 26,466 | 15,925 | 15,925 |
| Education..... | 141,809 | 253,521 | 215,512 | 140,597 | 143,000 |
| Emergency Management and Homeland Security..... | 35 | 2,313 | 3,428 | 1,896 | 1,896 |
| Environmental Protection..... | 17,173 | 28,050 | 24,153 | 17,665 | 24,059 |
| Fish and Boat Commission..... | 750 | 750 | 750 | 750 | 750 |
| General Services..... | 203,901 | 339,350 | 306,304 | 151,704 | 36,854 |
| Historical and Museum Commission..... | 722 | 19,312 | 29,749 | 17,936 | 21,147 |
| Military and Veterans Affairs..... | 28,219 | 25,879 | 21,592 | 12,214 | 12,214 |
| Public Welfare..... | 14,059 | 11,459 | 12,411 | 11,598 | 15,435 |
| State Police..... | 1,378 | 3,555 | 4,141 | 1,955 | 1,955 |
| Transportation..... | 560,584 | 577,179 | 594,078 | 587,346 | 588,049 |
| TOTAL - ALL STATE FUNDS..... | \$ 1,211,829 | \$ 1,678,935 | \$ 1,667,570 | \$ 1,261,330 | \$ 1,035,156 |

Totals may not add due to rounding.

Capital Budget

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)

| | 2008-09 Estimated | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| CAPITAL FACILITIES BOND FUNDS | | | | | |
| Executive Offices | | | | | |
| Public Improvement Projects | | | | | |
| Projects Currently Authorized | | | | | |
| Buildings and Structures..... | \$ 1,813 | \$ 23,586 | \$ 16,359 | \$ 8,075 | \$ 1,775 |
| Furniture and Equipment..... | 5,667 | 9,693 | 4,176 | 0 | 0 |
| Projects in 2008-09 Budget | | | | | |
| Buildings and Structures..... | 0 | 0 | 0 | 0 | 0 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Future Projects (2009-13) | | | | | |
| Buildings and Structures..... | 0 | 0 | 0 | 0 | 0 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| TOTAL - EXECUTIVE OFFICES..... | <u>\$ 7,480</u> | <u>\$ 33,279</u> | <u>\$ 20,535</u> | <u>\$ 8,075</u> | <u>\$ 1,775</u> |
| Agriculture | | | | | |
| Public Improvement Projects | | | | | |
| Projects Currently Authorized | | | | | |
| Buildings and Structures..... | \$ 904 | \$ 6,304 | \$ 4,213 | \$ 2,081 | \$ 431 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Projects in 2008-09 Budget | | | | | |
| Buildings and Structures..... | 0 | 0 | 0 | 0 | 0 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Future Projects (2009-13) | | | | | |
| Buildings and Structures..... | 0 | 0 | 0 | 0 | 0 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| TOTAL - AGRICULTURE..... | <u>\$ 904</u> | <u>\$ 6,304</u> | <u>\$ 4,213</u> | <u>\$ 2,081</u> | <u>\$ 431</u> |
| Conservation and Natural Resources | | | | | |
| Public Improvement Projects | | | | | |
| Projects Currently Authorized | | | | | |
| Buildings and Structures..... | \$ 13,955 | \$ 28,418 | \$ 22,921 | \$ 11,033 | \$ 7,283 |
| Furniture and Equipment..... | 12 | 64 | 21 | 0 | 0 |
| Projects in 2008-09 Budget | | | | | |
| Buildings and Structures..... | 443 | 3,987 | 6,645 | 6,645 | 6,645 |
| Furniture and Equipment..... | 2,124 | 6,375 | 0 | 0 | 0 |
| Future Projects (2009-13) | | | | | |
| Buildings and Structures..... | 0 | 830 | 8,315 | 20,775 | 40,608 |
| Furniture and Equipment..... | 0 | 1 | 3 | 0 | 0 |
| TOTAL - CONSERVATION AND NATURAL RESOURCES..... | <u>\$ 16,534</u> | <u>\$ 39,675</u> | <u>\$ 37,905</u> | <u>\$ 38,453</u> | <u>\$ 54,536</u> |
| Community and Economic Development | | | | | |
| Public Improvement Projects | | | | | |
| Projects Currently Authorized | | | | | |
| Buildings and Structures..... | \$ 0 | \$ 30,234 | \$ 43,744 | \$ 20,658 | \$ 20,658 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Projects in 2008-09 Budget | | | | | |
| Buildings and Structures..... | 0 | 0 | 0 | 0 | 0 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Future Projects (2009-13) | | | | | |
| Buildings and Structures..... | 0 | 0 | 0 | 0 | 0 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Subtotal..... | <u>\$ 0</u> | <u>\$ 30,234</u> | <u>\$ 43,744</u> | <u>\$ 20,658</u> | <u>\$ 20,658</u> |
| Redevelopment Assistance Projects | | | | | |
| Projects Currently Authorized | | | | | |
| Acquisition and Construction..... | \$ 167,124 | \$ 255,505 | \$ 292,053 | \$ 201,524 | \$ 65,088 |
| TOTAL - COMMUNITY AND ECONOMIC DEVELOPMENT..... | <u>\$ 167,124</u> | <u>\$ 285,739</u> | <u>\$ 335,797</u> | <u>\$ 222,182</u> | <u>\$ 85,746</u> |

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

| | <u>2008-09</u> Estimated | <u>2009-10</u> Estimated | <u>2010-11</u> Estimated | <u>2011-12</u> Estimated | <u>2012-13</u> Estimated |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Corrections | | | | | |
| Public Improvement Projects | | | | | |
| Projects Currently Authorized | | | | | |
| Buildings and Structures..... | \$ 24,914 | \$ 19,134 | \$ 19,937 | \$ 9,415 | \$ 9,415 |
| Furniture and Equipment..... | 30 | 57 | 19 | 0 | 0 |
| Projects in 2008-09 Budget | | | | | |
| Buildings and Structures..... | 434 | 3,906 | 6,510 | 6,510 | 6,510 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Future Projects (2009-13) | | | | | |
| Buildings and Structures..... | 0 | 0 | 0 | 0 | 0 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| TOTAL - CORRECTIONS..... | <u>\$ 25,378</u> | <u>\$ 23,097</u> | <u>\$ 26,466</u> | <u>\$ 15,925</u> | <u>\$ 15,925</u> |
| Education | | | | | |
| Public Improvement Projects | | | | | |
| Projects Currently Authorized | | | | | |
| Buildings and Structures..... | \$ 134,311 | \$ 205,697 | \$ 162,164 | \$ 77,840 | \$ 55,190 |
| Furniture and Equipment..... | 2,956 | 18,082 | 6,027 | 0 | 0 |
| Projects in 2008-09 Budget | | | | | |
| Buildings and Structures..... | 2,534 | 22,804 | 38,007 | 38,007 | 38,007 |
| Furniture and Equipment..... | 2,008 | 6,027 | 0 | 0 | 0 |
| Future Projects (2009-13) | | | | | |
| Buildings and Structures..... | 0 | 911 | 9,314 | 24,750 | 49,803 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| TOTAL - EDUCATION..... | <u>\$ 141,809</u> | <u>\$ 253,521</u> | <u>\$ 215,512</u> | <u>\$ 140,597</u> | <u>\$ 143,000</u> |
| Emergency Management and Homeland Security | | | | | |
| Public Improvement Projects | | | | | |
| Projects Currently Authorized | | | | | |
| Buildings and Structures..... | \$ 0 | \$ 1,998 | \$ 2,903 | \$ 1,371 | \$ 1,371 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Projects in 2008-09 Budget | | | | | |
| Buildings and Structures..... | 35 | 315 | 525 | 525 | 525 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Future Projects (2009-13) | | | | | |
| Buildings and Structures..... | 0 | 0 | 0 | 0 | 0 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| TOTAL - EMERGENCY MANAGEMENT AND HOMELAND SECURITY..... | <u>\$ 35</u> | <u>\$ 2,313</u> | <u>\$ 3,428</u> | <u>\$ 1,896</u> | <u>\$ 1,896</u> |
| Environmental Protection | | | | | |
| Public Improvement Projects | | | | | |
| Projects Currently Authorized | | | | | |
| Buildings and Structures..... | \$ 4,283 | \$ 12,716 | \$ 18,393 | \$ 8,686 | \$ 8,686 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Projects in 2008-09 Budget | | | | | |
| Buildings and Structures..... | 72 | 648 | 1,080 | 1,080 | 1,080 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Future Projects (2009-13) | | | | | |
| Buildings and Structures..... | 0 | 74 | 900 | 3,645 | 9,758 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Subtotal | <u>\$ 4,355</u> | <u>\$ 13,438</u> | <u>\$ 20,373</u> | <u>\$ 13,411</u> | <u>\$ 19,524</u> |
| Flood Control Projects | | | | | |
| Projects Currently Authorized | | | | | |
| Structures and Improvements..... | \$ 10,130 | \$ 3,524 | \$ 292 | \$ 114 | \$ 0 |
| Projects in 2008-09 Budget | | | | | |
| Structures and Improvements..... | 2,688 | 11,088 | 2,688 | 0 | 0 |
| Future Projects (2009-13) | | | | | |
| Structures and Improvements..... | 0 | 0 | 800 | 4,140 | 4,535 |
| Subtotal | <u>\$ 12,818</u> | <u>\$ 14,612</u> | <u>\$ 3,780</u> | <u>\$ 4,254</u> | <u>\$ 4,535</u> |
| TOTAL - ENVIRONMENTAL PROTECTION..... | <u>\$ 17,173</u> | <u>\$ 28,050</u> | <u>\$ 24,153</u> | <u>\$ 17,665</u> | <u>\$ 24,059</u> |

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

| | <u>2008-09</u> <u>Estimated</u> | <u>2009-10</u> <u>Estimated</u> | <u>2010-11</u> <u>Estimated</u> | <u>2011-12</u> <u>Estimated</u> | <u>2012-13</u> <u>Estimated</u> |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| General Services | | | | | |
| Public Improvement Projects | | | | | |
| Projects Currently Authorized | | | | | |
| Buildings and Structures..... | \$ 203,495 | \$ 333,754 | \$ 302,435 | \$ 149,199 | \$ 34,349 |
| Furniture and Equipment..... | 239 | 4,093 | 1,364 | 0 | 0 |
| Projects in 2008-09 Budget | | | | | |
| Buildings and Structures..... | 167 | 1,503 | 2,505 | 2,505 | 2,505 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Future Projects (2009-13) | | | | | |
| Buildings and Structures..... | 0 | 0 | 0 | 0 | 0 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| TOTAL - GENERAL SERVICES..... | \$ 203,901 | \$ 339,350 | \$ 306,304 | \$ 151,704 | \$ 36,854 |
| Historical and Museum Commission | | | | | |
| Public Improvement Projects | | | | | |
| Projects Currently Authorized | | | | | |
| Buildings and Structures..... | \$ 388 | \$ 16,092 | \$ 22,165 | \$ 9,868 | \$ 9,868 |
| Furniture and Equipment..... | 22 | 220 | 73 | 0 | 0 |
| Projects in 2008-09 Budget | | | | | |
| Buildings and Structures..... | 168 | 1,512 | 2,520 | 2,520 | 2,520 |
| Furniture and Equipment..... | 144 | 457 | 0 | 0 | 0 |
| Future Projects (2009-13) | | | | | |
| Buildings and Structures..... | 0 | 281 | 2,643 | 5,255 | 8,759 |
| Furniture and Equipment..... | 0 | 750 | 2,348 | 293 | 0 |
| TOTAL - HISTORICAL AND MUSEUM | \$ 722 | \$ 19,312 | \$ 29,749 | \$ 17,936 | \$ 21,147 |
| Military and Veterans Affairs | | | | | |
| Public Improvement Projects | | | | | |
| Projects Currently Authorized | | | | | |
| Buildings and Structures..... | \$ 27,845 | \$ 23,279 | \$ 17,605 | \$ 8,314 | \$ 8,314 |
| Furniture and Equipment..... | 114 | 260 | 87 | 0 | 0 |
| Projects in 2008-09 Budget | | | | | |
| Buildings and Structures..... | 260 | 2,340 | 3,900 | 3,900 | 3,900 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Future Projects (2009-13) | | | | | |
| Buildings and Structures..... | 0 | 0 | 0 | 0 | 0 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| TOTAL - MILITARY AFFAIRS..... | \$ 28,219 | \$ 25,879 | \$ 21,592 | \$ 12,214 | \$ 12,214 |
| Public Welfare | | | | | |
| Public Improvement Projects | | | | | |
| Projects Currently Authorized | | | | | |
| Buildings and Structures..... | \$ 13,879 | \$ 9,608 | \$ 7,404 | \$ 3,497 | \$ 3,497 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Projects in 2008-09 Budget | | | | | |
| Buildings and Structures..... | 180 | 1,617 | 2,696 | 2,696 | 2,696 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Future Projects (2009-13) | | | | | |
| Buildings and Structures..... | 0 | 234 | 2,311 | 5,405 | 9,242 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| TOTAL - PUBLIC WELFARE..... | \$ 14,059 | \$ 11,459 | \$ 12,411 | \$ 11,598 | \$ 15,435 |

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

| | <u>2008-09</u> Estimated | <u>2009-10</u> Estimated | <u>2010-11</u> Estimated | <u>2011-12</u> Estimated | <u>2012-13</u> Estimated |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| State Police | | | | | |
| Public Improvement Projects | | | | | |
| Projects Currently Authorized | | | | | |
| Buildings and Structures..... | \$ 1,378 | \$ 3,555 | \$ 4,141 | \$ 1,955 | \$ 1,955 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Projects in 2008-09 Budget | | | | | |
| Buildings and Structures..... | 0 | 0 | 0 | 0 | 0 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Future Projects (2009-13) | | | | | |
| Buildings and Structures..... | 0 | 0 | 0 | 0 | 0 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| TOTAL - STATE POLICE | <u>\$ 1,378</u> | <u>\$ 3,555</u> | <u>\$ 4,141</u> | <u>\$ 1,955</u> | <u>\$ 1,955</u> |
| Transportation | | | | | |
| Public Improvement Projects | | | | | |
| Projects Currently Authorized | | | | | |
| Buildings and Structures..... | \$ 12,230 | \$ 9,685 | \$ 14,076 | \$ 6,648 | \$ 6,648 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Projects in 2008-09 Budget | | | | | |
| Buildings and Structures..... | 1,969 | 17,721 | 29,535 | 29,535 | 29,535 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Future Projects (2009-13) | | | | | |
| Buildings and Structures..... | 0 | 0 | 0 | 0 | 0 |
| Furniture and Equipment..... | 0 | 0 | 0 | 0 | 0 |
| Subtotal..... | <u>\$ 14,199</u> | <u>\$ 27,406</u> | <u>\$ 43,611</u> | <u>\$ 36,183</u> | <u>\$ 36,183</u> |
| Transportation Assistance Projects | | | | | |
| Projects Currently Authorized | | | | | |
| Mass Transit, Rail and Air..... | \$ 150,000 | \$ 136,000 | \$ 123,000 | \$ 102,000 | \$ 103,000 |
| Projects in 2008-09 Budget | | | | | |
| Mass Transit, Rail and Air..... | 0 | 14,000 | 22,000 | 29,000 | 14,000 |
| Future Projects (2009-13) | | | | | |
| Mass Transit, Rail and Air..... | 0 | 0 | 5,000 | 19,000 | 33,000 |
| Subtotal..... | <u>\$ 150,000</u> | <u>\$ 150,000</u> | <u>\$ 150,000</u> | <u>\$ 150,000</u> | <u>\$ 150,000</u> |
| TOTAL - TRANSPORTATION..... | <u>\$ 164,199</u> | <u>\$ 177,406</u> | <u>\$ 193,611</u> | <u>\$ 186,183</u> | <u>\$ 186,183</u> |
| TOTAL - CAPITAL FACILITIES BOND FUNDS | | | | | |
| Public Improvement Projects | | | | | |
| Buildings and Structures..... | \$ 445,657 | \$ 782,743 | \$ 775,866 | \$ 472,393 | \$ 381,533 |
| Furniture and Equipment..... | 13,316 | 46,079 | 14,118 | 293 | 0 |
| Redevelopment Assistance Projects | | | | | |
| Acquisition and Construction..... | 167,124 | 255,505 | 292,053 | 201,524 | 65,088 |
| Flood Control Projects | | | | | |
| Structures and Improvements..... | 12,818 | 14,612 | 3,780 | 4,254 | 4,535 |
| Transportation Assistance Projects | | | | | |
| Mass Transit, Rail and Air..... | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| TOTAL..... | <u>\$ 788,915</u> | <u>\$ 1,248,939</u> | <u>\$ 1,235,817</u> | <u>\$ 828,464</u> | <u>\$ 601,156</u> |

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

| | <u>2008-09</u> <u>Estimated</u> | <u>2009-10</u> <u>Estimated</u> | <u>2010-11</u> <u>Estimated</u> | <u>2011-12</u> <u>Estimated</u> | <u>2012-13</u> <u>Estimated</u> |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| CURRENT REVENUES | | | | | |
| FISH AND BOAT FUND | | | | | |
| Fish and Boat Commission | | | | | |
| Public Improvement Projects | | | | | |
| Projects Currently Authorized..... | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 |
| Projects in 2008-09 Budget | 0 | 0 | 0 | 0 | 0 |
| Future Projects (2009-13) | 0 | 0 | 0 | 0 | 0 |
| TOTAL - FISH AND BOAT COMMISSION..... | <u>\$ 750</u> | <u>\$ 750</u> | <u>\$ 750</u> | <u>\$ 750</u> | <u>\$ 750</u> |
| 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 | \$ 15,461 | \$ 12,369 | \$ 7,369 | \$ 1,744 |
| Projects in 2008-09 Budget | 0 | 0 | 0 | 0 | 0 |
| Future Projects (2009-13) | 0 | 2,500 | 6,250 | 11,250 | 16,875 |
| Subtotal..... | <u>\$ 18,040</u> | <u>\$ 17,961</u> | <u>\$ 18,619</u> | <u>\$ 18,619</u> | <u>\$ 18,619</u> |
| ENVIRONMENTAL STEWARDSHIP FUND | | | | | |
| Conservation and Natural Resources | | | | | |
| Environmental Stewardship Projects - Acquisition, Rehabilitation and Development | | | | | |
| Projects Currently Authorized..... | \$ 7,739 | \$ 11,514 | \$ 11,917 | \$ 12,334 | \$ 12,766 |
| Projects in 2008-09 Budget | 0 | 0 | 0 | 0 | 0 |
| Future Projects (2009-13) | 0 | 0 | 0 | 0 | 0 |
| Subtotal..... | <u>\$ 7,739</u> | <u>\$ 11,514</u> | <u>\$ 11,917</u> | <u>\$ 12,334</u> | <u>\$ 12,766</u> |
| TOTAL - CONSERVATION AND NATURAL RESOURCES..... | <u>\$ 25,779</u> | <u>\$ 29,475</u> | <u>\$ 30,536</u> | <u>\$ 30,953</u> | <u>\$ 31,385</u> |
| MOTOR LICENSE FUND | | | | | |
| Transportation | | | | | |
| Highway and Bridge Projects | | | | | |
| Projects Currently Authorized..... | \$ 396,385 | \$ 379,785 | \$ 372,435 | \$ 361,047 | \$ 341,586 |
| Projects in 2008-09 Budget | 0 | 11,993 | 20,023 | 20,058 | 28,131 |
| Future Projects (2009-13) | 0 | 7,995 | 8,009 | 20,058 | 32,149 |
| TOTAL - TRANSPORTATION..... | <u>\$ 396,385</u> | <u>\$ 399,773</u> | <u>\$ 400,467</u> | <u>\$ 401,163</u> | <u>\$ 401,866</u> |

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

| | <u>2008-09</u> Estimated | <u>2009-10</u> Estimated | <u>2010-11</u> Estimated | <u>2011-12</u> Estimated | <u>2012-13</u> 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 | 18,619 | 18,619 |
| Acquisition, Rehabilitation and Development Projects | | | | | |
| Environmental Stewardship Fund..... | 7,739 | 11,514 | 11,917 | 12,334 | 12,766 |
| Highway and Bridge Projects | | | | | |
| Motor License Fund | 396,385 | 399,773 | 400,467 | 401,163 | 401,866 |
| TOTAL - CURRENT REVENUES..... | <u>\$ 422,914</u> | <u>\$ 429,998</u> | <u>\$ 431,753</u> | <u>\$ 432,866</u> | <u>\$ 434,001</u> |
| TOTAL - ALL STATE FUNDS..... | <u>\$ 1,211,829</u> | <u>\$ 1,678,935</u> | <u>\$ 1,667,570</u> | <u>\$ 1,261,330</u> | <u>\$ 1,035,156</u> |

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, 2007. 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.

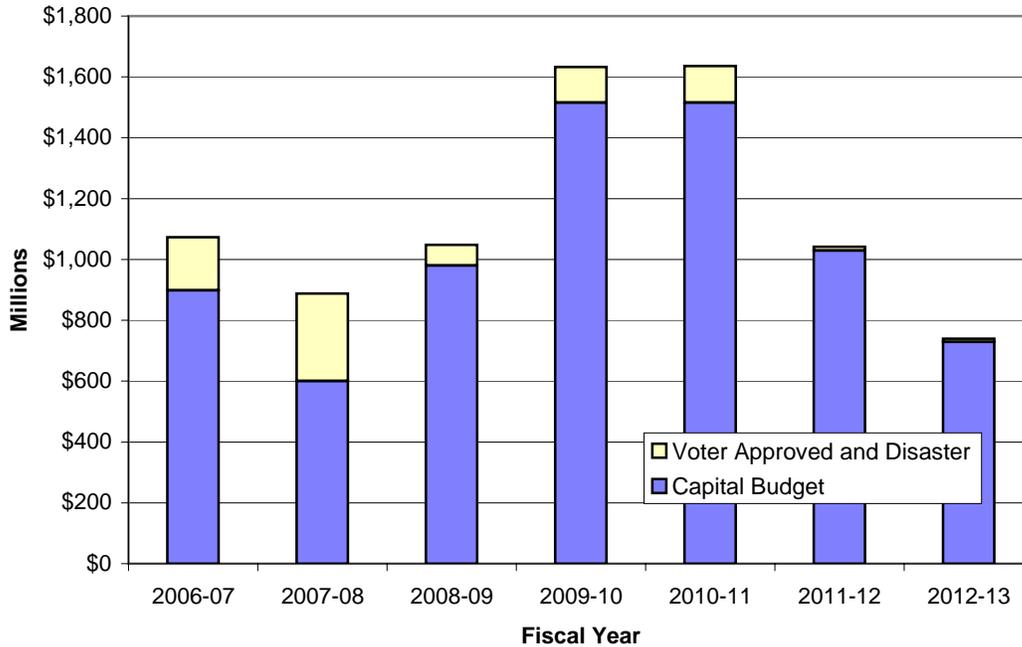
| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|-------------------------------|----------------------------|
| Debt Subject to Constitutional Limit | Total Debt Authorized | Total Original Debt Issued | Debt Outstanding* |
| Capital Budget..... | \$ 72,112,485 | \$ 16,270,130 | \$ 4,927,120 |
| Capital Budget Refunding Bonds Outstanding..... | ..... | ..... | 2,578,517 |
| Less: Capital Debt Fund Balance..... | ..... | ..... | 0 |
| Subtotal..... | <u>\$ 72,112,485</u> | <u>\$ 16,270,130</u> | <u>\$ 7,505,637</u> |
| | | | |
| Debt Not Subject to Constitutional Limit - Voter Approved and Disaster | | | |
| Disaster Relief..... | \$ 192,708 | \$ 170,800 | \$ 0 |
| Disaster Relief 1996..... | 110,000 | 26,000 | 6,505 |
| Economic Revitalization..... | 190,000 | 176,000 | 2,175 |
| Land and Water Development..... | 500,000 | 499,700 | 1,090 |
| Vietnam Veterans' Compensation..... | 65,000 | 62,000 | 0 |
| Volunteer Companies Loan..... | 100,000 | 50,000 | 660 |
| Water Facilities - 1981 Referendum..... | 300,000 | 288,500 | 7,965 |
| PENNVEST- 1988 & 1992 Referenda..... | 650,000 | 498,000 | 125,610 |
| Agricultural Conservation Easement..... | 100,000 | 100,000 | 6,795 |
| Local Criminal Justice..... | 200,000 | 195,500 | 4,955 |
| Nursing Home Loans..... | 100,000 | 69,000 | 0 |
| Keystone Recreation, Park and Conservation..... | 50,000 | 50,000 | 700 |
| Water Supply and Wastewater Infrastructure..... | 250,000 | 191,000 | 189,540 |
| Growing Greener..... | 625,000 | 290,000 | 284,620 |
| Persian Gulf Conflict Veterans' Compensation..... | 20,000 | 0 | 0 |
| Refunding Bonds Outstanding..... | ..... | ..... | 379,714 |
| Less: Non-capital Sinking Fund Balances..... | ..... | ..... | -455 |
| Subtotal..... | <u>\$ 3,452,708</u> | <u>\$ 2,666,500</u> | <u>\$ 1,009,874</u> |
| TOTAL..... | <u><u>\$ 75,565,193</u></u> | <u><u>\$ 18,936,630</u></u> | <u><u>\$ 8,515,511</u></u> |

* Total of debt issued plus accreted interest on capital appreciation bonds less debt redeemed or refunded.

GENERAL OBLIGATION BOND ISSUES 2006-07 Through 2012-13

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

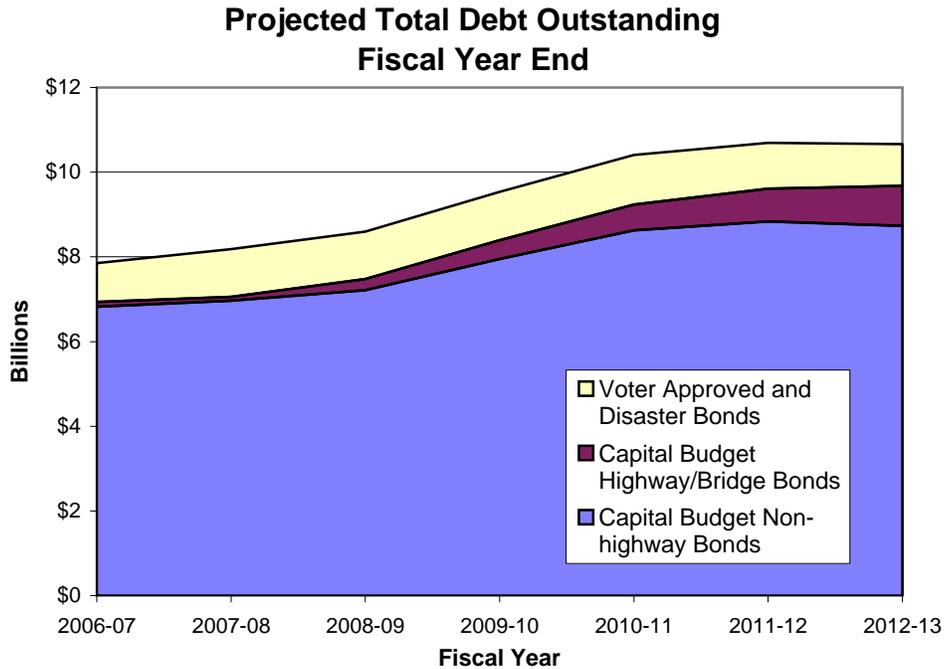


(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|----------------------------|--------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--------------------------|
| General Obligation Bond Issues | | | | | | | |
| Capital Budget | | | | | | | |
| Buildings and Structures..... | \$ 418,000 | \$ 200,000 | \$ 392,000 | \$ 665,000 | \$ 580,000 | \$ 275,000 | \$ 175,000 |
| Flood Control..... | 0 | 0 | 28,000 | 35,000 | 61,000 | 4,000 | 4,000 |
| Furnishings and Equipment..... | 5,000 | 0 | 15,000 | 45,000 | 10,000 | 0 | 0 |
| Redevelopment Assistance..... | 400,000 | 250,000 | 180,000 | 405,000 | 500,000 | 400,000 | 200,000 |
| Transportation Assistance..... | 75,000 | 150,000 | 165,000 | 165,000 | 165,000 | 150,000 | 150,000 |
| Bridge Projects..... | 0 | 0 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| Subtotal..... | <u>\$ 898,000</u> | <u>\$ 600,000</u> | <u>\$ 980,000</u> | <u>\$ 1,515,000</u> | <u>\$ 1,516,000</u> | <u>\$ 1,029,000</u> | <u>\$ 729,000</u> |
| Voter Approved and Disaster | | | | | | | |
| Disaster Relief..... | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Local Criminal Justice..... | 0 | 1,500 | 500 | 0 | 0 | 0 | 0 |
| PENNVEST -- 1988 & 1992 Referenda..... | 65,000 | 2,000 | 20,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Water and Wastewater Referendum..... | 83,000 | 117,000 | 0 | 0 | 0 | 0 | 0 |
| Growing Greener Referendum..... | 27,000 | 165,000 | 45,000 | 102,500 | 102,500 | 0 | 0 |
| Persian Gulf Conflict Veterans' Comp..... | 0 | 2,500 | 3,000 | 5,000 | 7,000 | 2,500 | 0 |
| Subtotal..... | <u>\$ 175,000</u> | <u>\$ 288,000</u> | <u>\$ 68,500</u> | <u>\$ 117,500</u> | <u>\$ 119,500</u> | <u>\$ 12,500</u> | <u>\$ 10,000</u> |
| TOTAL..... | <u><u>\$ 1,073,000</u></u> | <u><u>\$ 888,000</u></u> | <u><u>\$ 1,048,500</u></u> | <u><u>\$ 1,632,500</u></u> | <u><u>\$ 1,635,500</u></u> | <u><u>\$ 1,041,500</u></u> | <u><u>\$ 739,000</u></u> |

GENERAL OBLIGATION DEBT OUTSTANDING 2006-07 Through 2012-13

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)].

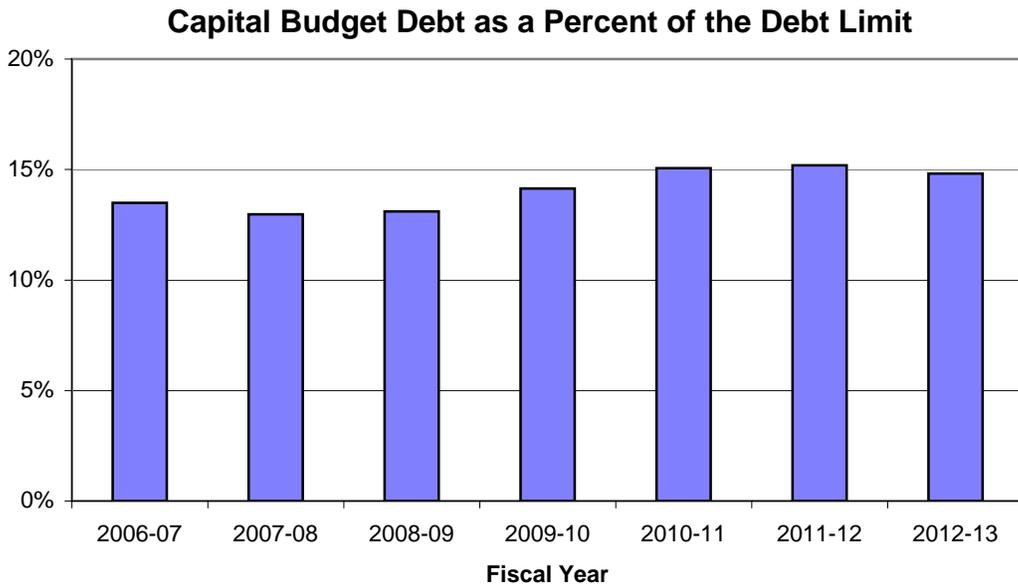


(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
|---|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| Fiscal Year End Debt Outstanding | | | | | | | |
| Capital Budget Non-highway Bonds..... | \$ 6,823,455 | \$ 6,964,831 | \$ 7,213,264 | \$ 7,950,068 | \$ 8,622,629 | \$ 8,838,186 | \$ 8,734,471 |
| Capital Budget Highway/Bridge Bonds.. | 111,122 | 87,497 | 266,905 | 442,698 | 611,683 | 775,812 | 940,010 |
| Voter Approved and Disaster Bonds..... | 915,821 | 1,133,213 | 1,117,492 | 1,145,301 | 1,169,874 | 1,080,737 | 991,365 |
| TOTAL..... | \$ 7,850,398 | \$ 8,185,541 | \$ 8,597,661 | \$ 9,538,067 | \$10,404,186 | \$10,694,735 | \$10,665,846 |

CONSTITUTIONAL DEBT LIMIT 2006-07 Through 2012-13

The Commonwealth 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.



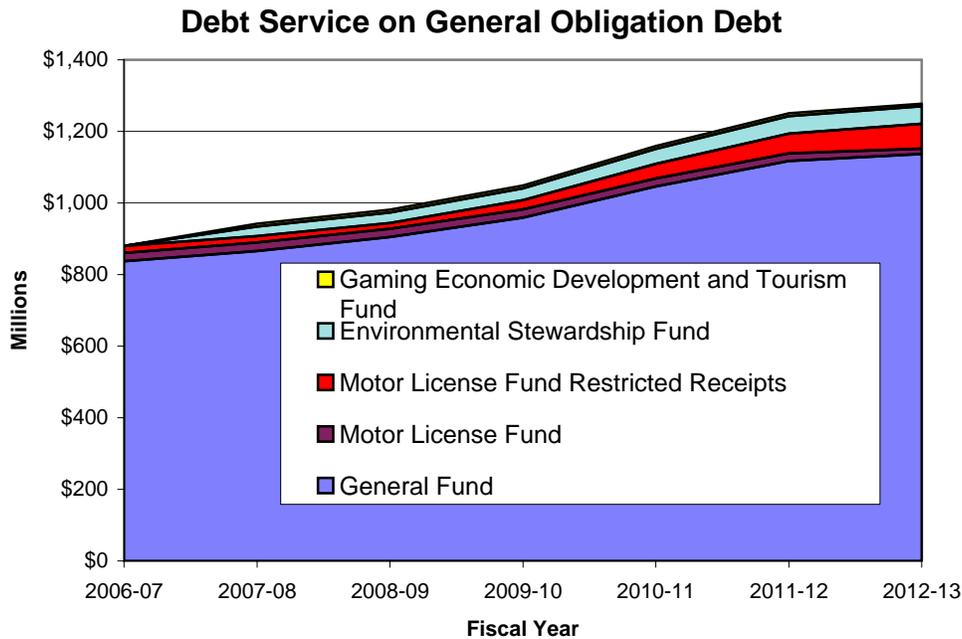
| | (Dollar Amounts in Thousands) | | | | | | |
|--|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| | Actual | Estimated | Budget | Estimated | Estimated | Estimated | Estimated |
| Debt Limit Projection | | | | | | | |
| Capital Budget Debt Subject to Constitutional Debt Limit: | | | | | | | |
| Outstanding Debt | | | | | | | |
| Beginning of Fiscal Year..... | \$ 6,487,619 | \$ 6,918,782 | \$ 7,052,328 | \$ 7,480,169 | \$ 8,392,766 | \$ 9,234,312 | \$ 9,613,998 |
| Debt to be Issued..... | 898,000 | 600,000 | 980,000 | 1,515,000 | 1,246,000 | 1,029,000 | 729,000 |
| Debt to be Retired*..... | -466,837 | -466,454 | -552,159 | -602,403 | -404,454 | -649,314 | -668,517 |
| Outstanding Debt | | | | | | | |
| End of Fiscal Year**..... | <u>\$ 6,918,782</u> | <u>\$ 7,052,328</u> | <u>\$ 7,480,169</u> | <u>\$ 8,392,766</u> | <u>\$ 9,234,312</u> | <u>\$ 9,613,998</u> | <u>\$ 9,674,481</u> |
| Debt Limit (from below)..... | 51,275,712 | 54,367,202 | 57,062,433 | 59,340,619 | 61,320,957 | 63,265,770 | 65,312,741 |
| Capital Budget Debt as a percent of Debt Limit..... | 13.5% | 13.0% | 13.1% | 14.1% | 15.1% | 15.2% | 14.8% |
| Calculation of Debt Limit: | | | | | | | |
| Average Tax Revenues | | | | | | | |
| Previous Five Years..... | \$ 29,300,407 | \$ 31,066,972 | \$ 32,607,105 | \$ 33,908,925 | \$ 35,040,547 | \$ 36,151,869 | \$ 37,321,566 |
| Debt Limit (1.75 times revenues)..... | <u>51,275,712</u> | <u>54,367,202</u> | <u>57,062,433</u> | <u>59,340,619</u> | <u>61,320,957</u> | <u>63,265,770</u> | <u>65,312,741</u> |

* Net of interest accreting on capital appreciation bonds during fiscal year.

** 2006-07 amount is net of sinking fund balances.

DEBT SERVICE ON GENERAL OBLIGATION DEBT 2006-07 Through 2012-13

This table shows the estimated debt service payable by the Commonwealth on currently outstanding general obligation bonds and on projected general obligation bond issues.

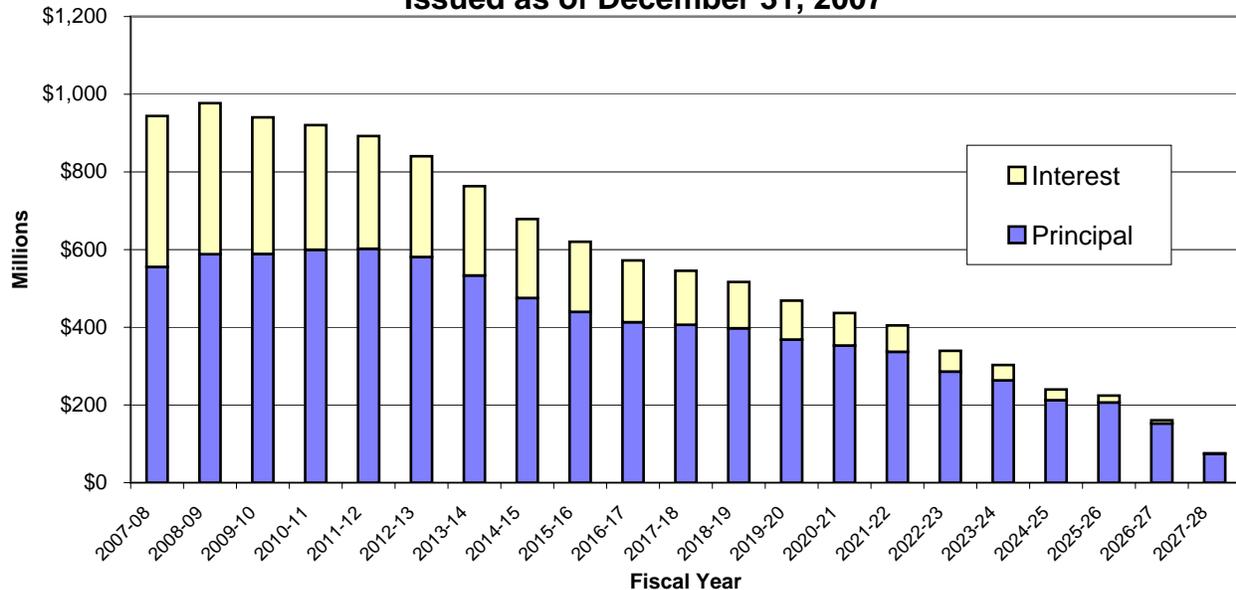


| | (Dollar Amounts in Thousands) | | | | | | |
|---|-------------------------------|--------------------------|--------------------------|---------------------------|---------------------------|---------------------------|----------------------------|
| | 2006-07 Actual | 2007-08 Estimated | 2008-09 Budget | 2009-10 Estimated | 2010-11 Estimated | 2011-12 Estimated | 2012-13 Estimated |
| General Fund | | | | | | | |
| Capital Budget Non-Highway..... | \$ 740,878 | \$ 777,384 | \$ 800,247 | \$ 854,842 | \$ 943,744 | \$ 967,158 | \$ 1,041,340 |
| Voter Approved and Disaster..... | 96,895 | 88,133 | 104,263 | 104,136 | 102,189 | 150,109 | 95,134 |
| Subtotal..... | <u>\$ 837,773</u> | <u>\$ 865,517</u> | <u>\$ 904,510</u> | <u>\$ 958,978</u> | <u>\$1,045,933</u> | <u>\$1,117,267</u> | <u>\$ 1,136,474</u> |
| Environmental Stewardship Fund | | | | | | | |
| Growing Greener II..... | \$ 0 | \$ 26,987 | \$ 29,294 | \$ 33,269 | \$ 41,393 | \$ 48,303 | \$ 48,296 |
| Gaming Economic Development and Tourism Fund | | | | | | | |
| Pennsylvania Convention Center..... | \$ 0 | \$ 7,959 | \$ 7,959 | \$ 7,959 | \$ 7,959 | \$ 7,959 | \$ 7,959 |
| Motor License Fund | | | | | | | |
| Capital Budget -- Highways..... | \$ 11,422 | \$ 12,193 | \$ 12,099 | \$ 11,634 | \$ 11,379 | \$ 10,510 | \$ 4,322 |
| Capital Budget..... | 11,372 | 11,796 | 11,713 | 11,713 | 11,055 | 11,055 | 10,973 |
| Subtotal..... | <u>\$ 22,794</u> | <u>\$ 23,989</u> | <u>\$ 23,812</u> | <u>\$ 23,347</u> | <u>\$ 22,434</u> | <u>\$ 21,565</u> | <u>\$ 15,295</u> |
| Motor License Fund Restricted Receipts | | | | | | | |
| Aviation -- Capital Budget..... | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Highway Bridge Improvement -- Capital Budget..... | 19,068 | 17,876 | 15,850 | 25,510 | 40,958 | 55,206 | 69,732 |
| Subtotal..... | <u>\$ 19,068</u> | <u>\$ 17,876</u> | <u>\$ 15,850</u> | <u>\$ 25,510</u> | <u>\$ 40,958</u> | <u>\$ 55,206</u> | <u>\$ 69,732</u> |
| TOTAL..... | <u><u>\$ 879,635</u></u> | <u><u>\$ 942,328</u></u> | <u><u>\$ 981,425</u></u> | <u><u>\$1,049,063</u></u> | <u><u>\$1,158,677</u></u> | <u><u>\$1,250,300</u></u> | <u><u>\$ 1,277,756</u></u> |

ANNUAL DEBT SERVICE ON OUTSTANDING GENERAL OBLIGATION BONDS Bonds Issued as of December 31, 2007

Fiscal year principal and interest payments on general obligation bonds issued as of the end of calendar year 2006 are shown in the table below. Debt service on projected bond issues is excluded from this data.

Principal and Interest on Outstanding Bonds Issued as of December 31, 2007



General Obligation Bond Annual Debt Service

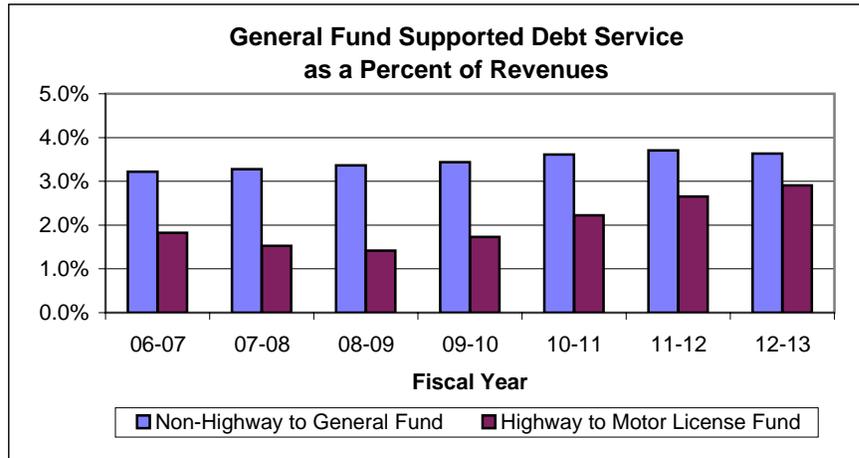
(Dollar Amounts in Thousands)

| Fiscal Year | Capital Budget (Non-highway) | | | Capital Budget (Highway) | | | Voter Approved and Disaster | | |
|-------------|------------------------------|------------|------------|--------------------------|----------|-----------|-----------------------------|-----------|-----------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2007-08 | \$ 511,533 | \$ 357,251 | \$ 868,784 | \$ 23,703 | \$ 6,365 | \$ 30,068 | \$ 20,080 | \$ 25,073 | \$ 45,153 |
| 2008-09 | 540,883 | 352,600 | 893,483 | 20,592 | 5,546 | 26,138 | 26,705 | 30,688 | 57,393 |
| 2009-10 | 543,637 | 320,236 | 863,873 | 17,452 | 2,960 | 20,412 | 27,620 | 28,569 | 56,189 |
| 2010-11 | 553,887 | 291,728 | 845,615 | 17,708 | 2,043 | 19,751 | 27,990 | 27,140 | 55,130 |
| 2011-12 | 558,383 | 263,235 | 821,618 | 15,952 | 1,199 | 17,151 | 27,875 | 25,658 | 53,533 |
| 2012-13 | 542,774 | 234,719 | 777,493 | 8,946 | 565 | 9,511 | 29,170 | 24,191 | 53,361 |
| 2013-14 | 503,935 | 207,087 | 711,022 | 4,175 | 145 | 4,320 | 25,205 | 22,810 | 48,015 |
| 2014-15 | 449,170 | 181,682 | 630,852 | 775 | 20 | 795 | 25,410 | 21,579 | 46,989 |

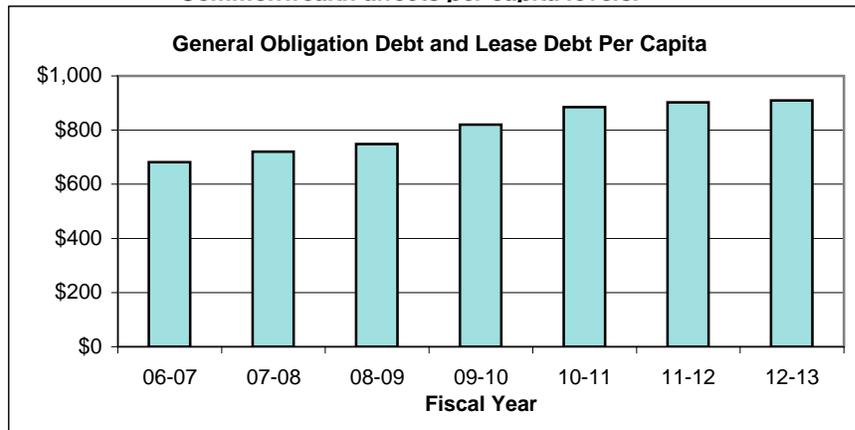
TRENDS IN DEBT SERVICE AND DEBT RATIOS 2006-07 Through 2012-13

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.

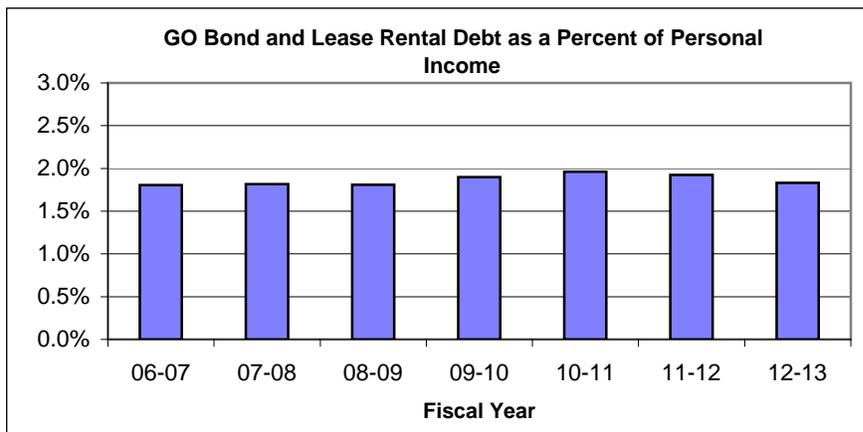
General Fund debt service as a percent of revenues remains below Standard & Poors criteria of 5% for issuers considered to have a "low debt burden."



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
06/30/07
(in millions)**

| | |
|--|----------|
| <p>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.</p> | \$ 181.4 |
| <p>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.</p> | 1,187.3 |
| <p>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.</p> | 1,622.1 |
| <p>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.</p> | 51.6 |
| <p>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.</p> | 10,749.9 |
| <p>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.</p> | 5,360.8 |
| <p>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.</p> | 4,010.7 |
| <p>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.</p> | 425.8 |



OTHER SPECIAL FUNDS

APPENDIX

This section provides brief descriptive and financial data for commonwealth funds not given an expanded treatment in other sections of the Governor's Budget. This information is presented to demonstrate the magnitude and complexity of the commonwealth's financial structure as well as give some details of the various funds.

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, 2007.

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 22,812 | \$ 20,160 | \$ 12,833 |
| Receipts: | | | |
| Interest..... | \$ 1,434 | \$ 1,506 | \$ 1,507 |
| Total Receipts..... | <u>1,434</u> | <u>1,506</u> | <u>1,507</u> |
| Total Funds Available | <u>\$ 24,246</u> | <u>\$ 21,666</u> | <u>\$ 14,340</u> |
| Disbursements: | | | |
| Environmental Protection..... | \$ 4,086 | \$ 8,833 | \$ 8,833 |
| Total Disbursements..... | <u>-4,086</u> | <u>-8,833</u> | <u>-8,833</u> |
| Cash Balance, Ending | <u>\$ 20,160</u> | <u>\$ 12,833</u> | <u>\$ 5,507</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 1,657 | \$ 1,679 | \$ 1,894 |
| Receipts: | | | |
| Federal Unemployment Trust Fund..... | \$ 187,688 | \$ 199,600 | \$ 198,500 |
| Federal — Other Funds..... | 9,305 | 50 | 50 |
| Interest | 120 | 120 | 120 |
| Other..... | -803 | 445 | 445 |
| Total Receipts..... | <u>196,310</u> | <u>200,215</u> | <u>199,115</u> |
| Total Funds Available | <u>\$ 197,967</u> | <u>\$ 201,894</u> | <u>\$ 201,009</u> |
| Disbursements: | | | |
| Labor and Industry..... | \$ 196,288 | \$ 200,000 | \$ 200,000 |
| Total Disbursements..... | <u>-196,288</u> | <u>-200,000</u> | <u>-200,000</u> |
| Cash Balance, Ending | <u>\$ 1,679</u> | <u>\$ 1,894</u> | <u>\$ 1,009</u> |

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 Pennsylvania State University). 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 (The Pennsylvania State University) for the benefit of Agriculture and Mechanical Arts.

Statement of Cash Receipts and Disbursements:

| | (Dollar Amounts in Thousands) | | |
|--------------------------------------|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 643 | \$ 638 | \$ 633 |
| Receipts: | | | |
| Interest..... | \$ 42 | \$ 42 | \$ 43 |
| Total Receipts..... | <u>42</u> | <u>42</u> | <u>43</u> |
| Total Funds Available | \$ 685 | \$ 680 | \$ 676 |
| Disbursements: | | | |
| Treasury..... | \$ 47 | \$ 47 | \$ 48 |
| Total Disbursements..... | <u>-47</u> | <u>-47</u> | <u>-48</u> |
| Cash Balance, Ending | \$ <u>638</u> | \$ <u>633</u> | \$ <u>628</u> |

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. Act 68 of 1999, the Environmental Stewardship and Watershed Protection Act, provided for an additional General Fund transfer in 1999-00 for the basic program and provided for transfers from the Environmental Stewardship Fund beginning on July 1, 2000, through June 30, 2004, to fund the purchase of easements. Act 233 of 2002 provided a one-time deposit of \$16,500,000 from municipal waste landfill disposal fees collected under 27 Pa. C.S. 6301. 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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 28,913 | \$ 33,839 | \$ 24,050 |
| Receipts: | | | |
| Transfer of Cigarette Tax..... | \$ 20,485 | \$ 20,485 | \$ 20,485 |
| Transfer from the Environmental Stewardship Fund..... | 8,005 | 7,100 | 8,494 |
| Interest..... | 2,379 | 2,511 | 978 |
| Other..... | 0 | 315 | 315 |
| Total Receipts..... | 30,869 | 30,411 | 30,272 |
| Total Funds Available | \$ 59,782 | \$ 64,250 | \$ 54,322 |
| Disbursements: | | | |
| Agriculture..... | \$ 25,943 | \$ 40,200 | \$ 28,200 |
| Total Disbursements..... | -25,943 | -40,200 | -28,200 |
| Cash Balance, Ending | \$ 33,839 | \$ 24,050 | \$ 26,122 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 0 | \$ 0 | \$ 0 |
| Receipts: | | | |
| Transfer from General Fund..... | \$ 1,885 | \$ 1,831 | \$ 1,786 |
| Accrued Interest on Bonds Sold..... | 0 | 0 | 0 |
| Total Receipts | <u>1,885</u> | <u>1,831</u> | <u>1,786</u> |
| Total Funds Available | <u>\$ 1,885</u> | <u>\$ 1,831</u> | <u>\$ 1,786</u> |
| Disbursements: | | | |
| Treasury..... | \$ 1,885 | \$ 1,831 | \$ 1,786 |
| Total Disbursements | <u>-1,885</u> | <u>-1,831</u> | <u>-1,786</u> |
| Cash Balance, Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 448 | \$ 473 | \$ 243 |
| Receipts: | | | |
| Operator Payments..... | \$ -3 | \$ 0 | \$ 0 |
| Interest | 28 | 20 | 20 |
| Total Receipts | <u>25</u> | <u>20</u> | <u>20</u> |
| Total Funds Available | <u>\$ 473</u> | <u>\$ 493</u> | <u>\$ 263</u> |
| Disbursements: | | | |
| Environmental Protection | \$ 0 | \$ 250 | \$ 250 |
| Total Disbursements | <u>0</u> | <u>-250</u> | <u>-250</u> |
| Cash Balance, Ending | <u>\$ 473</u> | <u>\$ 243</u> | <u>\$ 13</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 3,240 | \$ 3,499 | \$ 2,699 |
| Receipts: | | | |
| Assessments..... | \$ 6,330 | \$ 6,270 | \$ 6,439 |
| Interest | 312 | 405 | 405 |
| Total Receipts | <u>6,642</u> | <u>6,675</u> | <u>6,844</u> |
| Total Funds Available | \$ 9,882 | \$ 10,174 | \$ 9,543 |
| Disbursements: | | | |
| Automobile Theft Prevention Authority..... | \$ 6,383 | \$ 7,475 | \$ 8,445 |
| Total Disbursements | <u>-6,383</u> | <u>-7,475</u> | <u>-8,445</u> |
| Cash Balance, Ending | \$ 3,499 | \$ 2,699 | \$ 1,098 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 27,949 | \$ 29,280 | \$ 26,520 |
| Receipts: | | | |
| Transfer from General Fund..... | \$ 50,200 | \$ 51,700 | \$ 55,700 |
| Interest on Loans..... | 66 | 2,000 | 2,000 |
| Loan Repayments..... | 681 | 1,000 | 1,000 |
| Interest..... | 2,284 | 2,800 | 2,800 |
| Other..... | 464 | 100 | 125 |
| Total Receipts | <u>53,695</u> | <u>57,600</u> | <u>61,625</u> |
| Total Funds Available | \$ 81,644 | \$ 86,880 | \$ 88,145 |
| Disbursements: | | | |
| Community and Economic Development | | | |
| Administration..... | \$ 329 | \$ 675 | \$ 700 |
| Loans..... | 3,075 | 4,000 | 4,000 |
| Grants..... | 48,960 | 55,685 | 60,077 |
| Total Disbursements | <u>-52,364</u> | <u>-60,360</u> | <u>-64,777</u> |
| Cash Balance, Ending | \$ 29,280 | \$ 26,520 | \$ 23,368 |

Benefit Completion Fund

This fund was created in 2003 to accumulate reserves for the payment of pensions to eligible former state employees 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) | | |
|---|-------------------------------|------------------------|------------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 2,845 | \$ 3,779 | \$ 5,356 |
| Receipts: | | | |
| Employer Contributions | \$ 1,148 | \$ 2,202 | \$ 2,856 |
| Interest..... | 162 | 200 | 283 |
| Total Receipts | <u>1,310</u> | <u>2,402</u> | <u>3,139</u> |
| Total Funds Available | \$ 4,155 | \$ 6,181 | \$ 8,495 |
| Disbursements: | | | |
| State Employees' Retirement System..... | 376 | 825 | 1,248 |
| Total Disbursements..... | <u>-376</u> | <u>-825</u> | <u>-1,248</u> |
| Cash Balance, Ending | <u>\$ 3,779</u> | <u>\$ 5,356</u> | <u>\$ 7,247</u> |

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) | | |
|---|-------------------------------|------------------------|------------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 0 | \$ 1,383 | \$ 1,434 |
| Receipts: | | | |
| Transfer from PUC..... | \$ 2,303 | \$ 2,400 | \$ 2,400 |
| Interest..... | 49 | 51 | 58 |
| Total Receipts | <u>2,352</u> | <u>2,451</u> | <u>2,458</u> |
| Total Funds Available | \$ 2,352 | \$ 3,834 | \$ 3,892 |
| Disbursements: | | | |
| Community and Economic Development..... | 969 | 2,400 | 2,100 |
| Total Disbursements | <u>-969</u> | <u>-2,400</u> | <u>-2,100</u> |
| Cash Balance, Ending | <u>\$ 1,383</u> | <u>\$ 1,434</u> | <u>\$ 1,792</u> |

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. Appropriations from the fund require approval by two-thirds of the members of the General Assembly. This budget proposes a transfer from the Budget Stabilization Reserve Fund to the General Fund of \$130 million in 2007-08. The transfer will support the \$130 million Protecting Our Progress Tax Rebates for qualifying taxpayers.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 340,672 | \$ 536,451 | \$ 614,100 |
| Receipts: | | | |
| Transfer from General Fund..... | \$ 171,362 | \$ 176,972 | \$ 133,336 |
| Interest | 24,417 | 30,677 | 32,140 |
| Total Receipts | 195,779 | 207,649 | 165,476 |
| Total Funds Available | \$ 536,451 | \$ 744,100 | \$ 779,576 |
| Disbursements: | | | |
| Transfer to General Fund | \$ 0 | \$ 130,000 | \$ 0 |
| Total Disbursements | 0 | -130,000 | 0 |
| Cash Balance, Ending | \$ 536,451 | \$ 614,100 | \$ 779,576 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|---------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 7,746 | \$ 19,677 | \$ 27,186 |
| Receipts: | | | |
| Transfer from Other Funds..... | \$ 862,448 | \$ 906,534 | \$ 916,698 |
| 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..... | 495,710 | 527,283 | 384,143 |
| Accrued Interest on Bonds Sold..... | 0 | 0 | 0 |
| Interest on Securities..... | 31 | 53 | 100 |
| Total Receipts | 1,358,288 | 1,433,969 | 1,301,135 |
| Total Funds Available | \$ 1,366,034 | \$ 1,453,646 | \$ 1,328,321 |
| Disbursements: | | | |
| Treasury..... | \$ 1,346,357 | \$ 1,426,460 | \$ 1,321,135 |
| Total Disbursements | -1,346,357 | -1,426,460 | -1,321,135 |
| Cash Balance, Ending | \$ 19,677 | \$ 27,186 | \$ 7,186 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|---------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 404,736 | \$ 594,387 | \$ 220,955 |
| Receipts: | | | |
| Sale of Bonds..... | \$ 947,631 | \$ 594,000 | \$ 732,600 |
| Intra Account Transfer..... | 75,000 | 0 | 0 |
| Interest on Securities..... | 20,173 | 11,001 | 8,037 |
| Other | 82,463 | 19,036 | 20,000 |
| Total Receipts | 1,125,267 | 624,037 | 760,637 |
| Total Funds Available | \$ 1,530,003 | \$ 1,218,424 | \$ 981,592 |
| Disbursements: | | | |
| Community and Economic Development..... | \$ 281,733 | \$ 366,592 | \$ 168,024 |
| Environmental Protection..... | 414 | 5,480 | 12,893 |
| General Services..... | 424,001 | 451,298 | 460,948 |
| Transportation..... | 151,601 | 173,937 | 150,750 |
| Treasury..... | 75,647 | | |
| Other..... | 2,220 | 162 | 0 |
| Total Disbursements | -935,616 | -997,469 | -792,615 |
| Cash Balance, Ending | \$ 594,387 | \$ 220,955 | \$ 188,977 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 187 | \$ 184 | \$ 199 |
| Receipts: | | | |
| Contribution & Sales..... | \$ 1 | \$ 25 | \$ 15 |
| Interest..... | 11 | 0 | 0 |
| Total Receipts | 12 | 25 | 15 |
| Total Funds Available | \$ 199 | \$ 209 | \$ 214 |
| Disbursements: | | | |
| Capitol Preservation Committee..... | \$ 15 | \$ 10 | \$ 5 |
| Total Disbursements | -15 | -10 | -5 |
| Cash Balance, Ending | \$ 184 | \$ 199 | \$ 209 |

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. The act mandated that all surcharges levied and collected under the CAT fund will be remitted to the Mcare Fund beginning in January 2004.

This fund will continue to pay claimants from the balance and interest earnings of the fund until no further obligations exist. The most recent actuarial report estimates final expenditure in 2092.

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|--------------------------|--------------------------|--------------------------|
| Cash Balance, Beginning | \$ 110,062 | \$ 108,525 | \$ 103,705 |
| Receipts: | | | |
| Interest | \$ 6,658 | \$ 4,252 | \$ 3,943 |
| Miscellaneous..... | 7 | 5 | 0 |
| Total Receipts | <u>6,665</u> | <u>4,257</u> | <u>3,943</u> |
| Total Funds Available | <u>\$ 116,727</u> | <u>\$ 112,782</u> | <u>\$ 107,648</u> |
| Disbursements: | | | |
| Insurance..... | \$ 8,202 | \$ 9,077 | \$ 7,985 |
| Total Disbursements | <u>-8,202</u> | <u>-9,077</u> | <u>-7,985</u> |
| Cash Balance, Ending | <u>\$ 108,525</u> | <u>\$ 103,705</u> | <u>\$ 99,663</u> |

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 Disbursements:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|------------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 1,805 | \$ 1,545 | \$ 951 |
| Receipts: | | | |
| Marriage/Divorce Surcharge..... | \$ 1,134 | \$ 1,134 | \$ 1,134 |
| Interest..... | 138 | 122 | 122 |
| Other..... | 12 | 0 | 0 |
| Total Receipts | <u>1,284</u> | <u>1,256</u> | <u>1,256</u> |
| Total Funds Available | \$ 3,089 | \$ 2,801 | \$ 2,207 |
| Disbursements: | | | |
| Public Welfare..... | \$ 1,544 | \$ 1,850 | \$ 1,850 |
| Total Disbursements | <u>-1,544</u> | <u>-1,850</u> | <u>-1,850</u> |
| Cash Balance, Ending | <u>\$ 1,545</u> | <u>\$ 951</u> | <u>\$ 357</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------------|-------------------------|-------------------------|
| Cash Balance, Beginning | \$ 49,695 | \$ 48,953 | \$ 39,931 |
| Receipts: | | | |
| Fines and Penalties..... | \$ 1,850 | \$ 2,100 | \$ 2,100 |
| Fees..... | 20,052 | 20,250 | 20,250 |
| Interest..... | 3,790 | 2,614 | 2,614 |
| Other..... | 34 | 52 | 52 |
| Total Receipts | <u>25,726</u> | <u>25,016</u> | <u>25,016</u> |
| Total Funds Available | \$ 75,421 | \$ 73,969 | \$ 64,947 |
| Disbursements: | | | |
| Environmental Protection | \$ 26,468 | \$ 34,038 | \$ 33,824 |
| Total Disbursements | <u>-26,468</u> | <u>-34,038</u> | <u>-33,824</u> |
| Cash Balance, Ending | <u>\$ 48,953</u> | <u>\$ 39,931</u> | <u>\$ 31,123</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 54,658 | \$ 61,771 | \$ 62,377 |
| Receipts: | | | |
| Premiums Collected..... | \$ 6,567 | \$ 5,000 | \$ 5,000 |
| Interest..... | 3,633 | 1,000 | 1,000 |
| Other..... | 0 | 30 | 30 |
| Total Receipts | <u>10,200</u> | <u>6,030</u> | <u>6,030</u> |
| Total Funds Available | \$ 64,858 | \$ 67,801 | \$ 68,407 |
| Disbursements: | | | |
| Environmental Protection | \$ 3,087 | \$ 5,424 | \$ 5,442 |
| Total Disbursements | <u>-3,087</u> | <u>-5,424</u> | <u>-5,442</u> |
| Cash Balance, Ending | \$ 61,771 | \$ 62,377 | \$ 62,965 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 2,507 | \$ 2,662 | \$ 2,387 |
| Receipts: | | | |
| Interest | \$ 155 | \$ 75 | \$ 75 |
| Total Receipts | <u>155</u> | <u>75</u> | <u>75</u> |
| Total Funds Available | \$ 2,662 | \$ 2,737 | \$ 2,462 |
| Disbursements: | | | |
| Environmental Protection | \$ 0 | \$ 350 | \$ 350 |
| Total Disbursements | <u>0</u> | <u>-350</u> | <u>-350</u> |
| Cash Balance, Ending | \$ 2,662 | \$ 2,387 | \$ 2,112 |

Community College Capital Fund

This fund was established by Act 46 of 2005. Fund revenue consists of an appropriation in 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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 4,158 | \$ 1,938 | \$ 0 |
| Receipts: | | | |
| Transfer from General Fund..... | \$ 42,006 | \$ 44,506 | \$ 44,506 |
| Interest..... | 1,769 | 1,700 | 1,632 |
| Total Receipts | <u>43,775</u> | <u>46,206</u> | <u>46,138</u> |
| Total Funds Available | <u>\$ 47,933</u> | <u>\$ 48,144</u> | <u>\$ 46,138</u> |
| Disbursements: | | | |
| Treasury..... | \$ 45,995 | \$ 48,144 | \$ 46,138 |
| Total Disbursements | <u>-45,995</u> | <u>-48,144</u> | <u>-46,138</u> |
| Cash Balance, Ending | <u>\$ 1,938</u> | <u>\$ 0</u> | <u>\$ 0</u> |

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 for the purpose of supporting a compulsive and problem gambling program within the Department of Health. This program will provide public education, awareness, and training regarding both the problem of compulsive and problem gambling as well as 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 Disbursements:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 0 | \$ 1,485 | \$ 1,500 |
| Receipts: | | | |
| Transfer from the State Gaming Fund..... | \$ 1,500 | \$ 1,500 | \$ 1,700 |
| Interest..... | 17 | 15 | 15 |
| Other | 5 | 0 | 0 |
| Total Receipts | <u>1,522</u> | <u>1,515</u> | <u>1,715</u> |
| Total Funds Available | <u>\$ 1,522</u> | <u>\$ 3,000</u> | <u>\$ 3,215</u> |
| Disbursements: | | | |
| Health..... | \$ 37 | \$ 1,500 | \$ 1,700 |
| Total Disbursements | <u>-37</u> | <u>-1,500</u> | <u>-1,700</u> |
| Cash Balance, Ending | <u>\$ 1,485</u> | <u>\$ 1,500</u> | <u>\$ 1,515</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 79 | \$ 84 | \$ 87 |
| Receipts: | | | |
| Interest | \$ 5 | \$ 3 | \$ 3 |
| Total Receipts | 5 | 3 | 3 |
| Total Funds Available | <u>\$ 84</u> | <u>\$ 87</u> | <u>\$ 90</u> |
| Disbursements: | | | |
| Historical and Museum Commission | \$ 0 | \$ 0 | \$ 0 |
| Total Disbursements | 0 | 0 | 0 |
| Cash Balance, Ending | <u>\$ 84</u> | <u>\$ 87</u> | <u>\$ 90</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 0 | \$ 0 | \$ 207 |
| Receipts: | | | |
| Transfers from General Fund..... | \$ 0 | \$ 5,467 | \$ 4,360 |
| Total Receipts | 0 | 5,467 | 4,360 |
| Total Funds Available | <u>\$ 0</u> | <u>\$ 5,467</u> | <u>\$ 4,567</u> |
| Disbursements: | | | |
| Environmental Protection..... | \$ 0 | \$ 3,600 | \$ 3,100 |
| Agriculture..... | 0 | 1,660 | 1,210 |
| Total Disbursements | 0 | -5,260 | -4,310 |
| Cash Balance, Ending | <u>\$ 0</u> | <u>\$ 207</u> | <u>\$ 257</u> |

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) | | |
|--|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 7,150 | \$ 36,426 | \$ 12,189 |
| Receipts: | | | |
| Employe Contributions | \$ 138,028 | \$ 144,928 | \$ 149,277 |
| Discount on Sale of Securities..... | -121 | -127 | -133 |
| Interest | 27,192 ^a | 25,859 ^a | 24,592 ^a |
| Total Receipts | <u>165,099</u> | <u>170,660</u> | <u>173,736</u> |
| Total Funds Available | \$ 172,249 | \$ 207,086 | \$ 185,925 |
| Disbursements: | | | |
| Executive Offices..... | \$ 103,515 | \$ 151,620 | \$ 131,169 |
| State Employees' Retirement System | 32,308 | 43,277 | 44,517 |
| Total Disbursements | <u>-135,823</u> | <u>-194,897</u> | <u>-175,686</u> |
| Cash Balance, Ending | \$ 36,426 | \$ 12,189 | \$ 10,239 |

^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) | | |
|---|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 32,377 | \$ 40,562 | \$ 41,374 |
| Receipts: | | | |
| Transfers from Deferred Compensation Fund..... | \$ 11,532 | \$ 11,107 | \$ 11,441 |
| Interest | 1,740 | 1,688 | 1,637 |
| Total Receipts | <u>13,272</u> | <u>12,795</u> | <u>13,078</u> |
| Total Funds Available | \$ 45,649 | \$ 53,357 | \$ 54,452 |
| Disbursements: | | | |
| State Employees' Retirement System | \$ 5,087 | \$ 11,983 | \$ 12,251 |
| Total Disbursements | <u>-5,087</u> | <u>-11,983</u> | <u>-12,251</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 2 | \$ 0 | \$ 0 |
| Receipts: | | | |
| Sale of Bonds..... | \$ 0 | \$ 0 | \$ 0 |
| Transfer from General Fund..... | 1,958 | 1,877 | 1,794 |
| Accrued Interest on Bonds Sold..... | 0 | 0 | 0 |
| Interest on Securities..... | 0 | 0 | 0 |
| Total Receipts | <u>1,958</u> | <u>1,877</u> | <u>1,794</u> |
| Total Funds Available | <u>\$ 1,960</u> | <u>\$ 1,877</u> | <u>\$ 1,794</u> |
| Disbursements: | | | |
| Treasury..... | \$ 1,960 | \$ 1,877 | \$ 1,794 |
| Total Disbursements | <u>-1,960</u> | <u>-1,877</u> | <u>-1,794</u> |
| Cash Balance, Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 894 | \$ 1,522 | \$ 1,060 |
| Receipts: | | | |
| Assessments..... | \$ 968 | \$ 968 | \$ 968 |
| Interest..... | 68 | 68 | 68 |
| Total Receipts | <u>1,036</u> | <u>1,036</u> | <u>1,036</u> |
| Total Funds Available | <u>\$ 1,930</u> | <u>\$ 2,558</u> | <u>\$ 2,096</u> |
| Disbursements: | | | |
| State Police..... | \$ 408 | \$ 1,498 | \$ 1,891 |
| Total Disbursements | <u>-408</u> | <u>-1,498</u> | <u>-1,891</u> |
| Cash Balance, Ending | <u>\$ 1,522</u> | <u>\$ 1,060</u> | <u>\$ 205</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 2,011 | \$ 8,187 | \$ 936 |
| Receipts: | | | |
| Assessments..... | \$ 10,000 | \$ 10,000 | \$ 10,000 |
| Interest..... | 333 | 343 | 343 |
| Total Receipts | 10,333 | 10,343 | 10,343 |
| Total Funds Available | \$ 12,344 | \$ 18,530 | \$ 11,279 |
| Disbursements: | | | |
| Education | | | |
| Broadband Technology Services..... | \$ 3,938 | \$ 17,370 | \$ 9,790 |
| Administration..... | 219 | 224 | 210 |
| Total Disbursements | -4,157 | -17,594 | -10,000 |
| Cash Balance, Ending | \$ 8,187 | \$ 936 | \$ 1,279 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 8,165 | \$ 6,045 | \$ 3,537 |
| Receipts: | | | |
| Transfer from General Fund..... | \$ 8,100 | \$ 8,100 | \$ 8,100 |
| Interest..... | 368 | 392 | 400 |
| Total Receipts | 8,468 | 8,492 | 8,500 |
| Total Funds Available | \$ 16,633 | \$ 14,537 | \$ 12,037 |
| Disbursements: | | | |
| Military and Veterans Affairs..... | \$ 10,588 | \$ 11,000 | \$ 11,000 |
| Total Disbursements | -10,588 | -11,000 | -11,000 |
| Cash Balance, Ending | \$ 6,045 | \$ 3,537 | \$ 1,037 |

Emergency Medical Services Operating Fund

The fund was created by the Emergency Medical Services Act, Act 45 of 1985. The purpose of this fund is 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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 25,747 | \$ 25,533 | \$ 18,933 |
| Receipts: | | | |
| Fines | \$ 13,611 | \$ 13,611 | \$ 13,611 |
| Interest | 1,713 | 1,713 | 1,713 |
| Total Receipts | 15,324 | 15,324 | 15,324 |
| Total Funds Available | \$ 41,071 | \$ 40,857 | \$ 34,257 |
| Disbursements: | | | |
| Health | \$ 15,538 | \$ 21,924 | \$ 17,888 |
| Total Disbursements | -15,538 | -21,924 | -17,888 |
| Cash Balance, Ending | \$ 25,533 | \$ 18,933 | \$ 16,369 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 4,240 | \$ 3,950 | \$ 3,590 |
| Receipts: | | | |
| Vending Stand Equipment Rentals | \$ 182 | \$ 200 | \$ 210 |
| Vending Machine Receipts | 419 | 425 | 450 |
| Interest | 278 | 280 | 285 |
| Other | 8 | 10 | 12 |
| Total Receipts | <u>887</u> | <u>915</u> | <u>957</u> |
| Total Funds Available | \$ 5,127 | \$ 4,865 | \$ 4,547 |
| Disbursements: | | | |
| Treasury..... | \$ 0 | \$ 5 | \$ 5 |
| Labor and Industry..... | 1,177 | 1,270 | 1,300 |
| Total Disbursements | <u>-1,177</u> | <u>-1,275</u> | <u>-1,305</u> |
| Cash Balance, Ending | \$ 3,950 | \$ 3,590 | \$ 3,242 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--|-------------------|----------------------|----------------------|
| Total Cash Balance, Beginning | \$ 1,084 | \$ 676 | \$ 384 |
| Receipts: | | | |
| Interest..... | \$ 98 | \$ 115 | \$ 115 |
| Other..... | 346 | 0 | 0 |
| Total Receipts | <u>\$ 444</u> | <u>\$ 115</u> | <u>\$ 115</u> |
| Total Funds Available | \$ 1,528 | \$ 791 | \$ 499 |
| Disbursements: | | | |
| Environmental Protection..... | \$ 145 | \$ 163 | \$ 195 |
| Public Welfare..... | 707 | 244 | 292 |
| Total Disbursements | <u>-852</u> | <u>-407</u> | <u>-487</u> |
| Cash Balance, Ending | \$ 676 | \$ 384 | \$ 12 |

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 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. Executive Order 2004-5 transferred the responsibility for managing this fund and providing services to the Pennsylvania Energy Development Authority from the Department of Community and Economic Development (DCED) to the Department of Environmental Protection (DEP).

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------------------|-------------------------------|----------------------------|
| Cash Balance, Beginning | \$ 5,696 | \$ 2,276 | \$ 1,098 |
| Receipts: | | | |
| PEDA Application Fees..... | \$ 15 | \$ 5 | \$ 5 |
| Loan Repayments..... | 157 | 100 | 100 |
| Penworks Interest Payments..... | 62 | 60 | 60 |
| Interest | 98 | 100 | 50 |
| Total Receipts | <u>332</u> | <u>265</u> | <u>215</u> |
| Total Funds Available | \$ <u>6,028</u> | \$ <u>2,541</u> | \$ <u>1,313</u> |
| Disbursements: | | | |
| Environmental Protection | | | |
| Administration..... | \$ 17 | \$ 115 | \$ 115 |
| Loans/Grants..... | 3,735 | 1,328 | 1,100 |
| Total Disbursements | <u>-3,752</u> | <u>-1,443</u> | <u>-1,215</u> |
| Cash Balance, Ending | \$ <u><u>2,276</u></u> | \$ <u><u>1,098</u></u> | \$ <u><u>98</u></u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|------------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 1,618 | \$ 1,604 | \$ 741 |
| Receipts: | | | |
| Transfers from Other Funds..... | \$ 709 | \$ 600 | \$ 600 |
| Interest..... | 132 | 50 | 100 |
| Total Receipts | <u>841</u> | <u>650</u> | <u>700</u> |
| Total Funds Available | \$ 2,459 | \$ 2,254 | \$ 1,441 |
| Disbursements: | | | |
| Conservation and Natural Resources..... | \$ 288 | \$ 293 | \$ 150 |
| Environmental Protection | 567 | 1,220 | 1,221 |
| Total Disbursements | <u>-855</u> | <u>-1,513</u> | <u>-1,371</u> |
| Cash Balance, Ending | \$ <u>1,604</u> | \$ <u>741</u> | \$ <u>70</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------------|-------------------------|-------------------------|
| Cash Balance, Beginning | \$ 82,338 | \$ 84,155 | \$ 85,995 |
| Receipts: | | | |
| Tax Payable to Municipalities..... | \$ 83,953 | \$ 86,000 | \$ 87,000 |
| Interest..... | 3 | 0 | 0 |
| Total Receipts | <u>83,956</u> | <u>86,000</u> | <u>87,000</u> |
| Total Funds Available | \$ 166,294 | \$ 170,155 | \$ 172,995 |
| Disbursements: | | | |
| Auditor General..... | \$ 82,138 | \$ 84,155 | \$ 85,999 |
| Treasury..... | 1 | 5 | 5 |
| Total Disbursements | <u>-82,139</u> | <u>-84,160</u> | <u>-86,004</u> |
| Cash Balance, Ending | \$ <u>84,155</u> | \$ <u>85,995</u> | \$ <u>86,991</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--|------------------------|------------------------|------------------------|
| Cash Balance, Beginning | \$ 2,168 | \$ 2,777 | \$ 1,351 |
| Receipts: | | | |
| Donations-Driver's License Applicants..... | \$ 333 | \$ 333 | \$ 333 |
| Donations-State Income Tax Forms..... | 27 | 27 | 27 |
| Donations-Motor Vehicle Registrations..... | 470 | 480 | 475 |
| Interest..... | 147 | 147 | 147 |
| Total Receipts | <u>977</u> | <u>987</u> | <u>982</u> |
| Total Funds Available | \$ 3,145 | \$ 3,764 | \$ 2,333 |
| Disbursements: | | | |
| Education..... | \$ 105 | \$ 285 | \$ 200 |
| Transportation..... | 0 | 30 | 0 |
| Health..... | 263 | 2,098 | 664 |
| Total Disbursements | <u>-368</u> | <u>-2,413</u> | <u>-864</u> |
| Cash Balance, Ending | \$ <u>2,777</u> | \$ <u>1,351</u> | \$ <u>1,469</u> |

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) | | |
|--|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 181,395 | \$ 106,886 | \$ 131,798 |
| Receipts: | | | |
| Referendum Bonds..... | \$ 27,000 | \$ 165,000 | \$ 45,000 |
| Premium on Sale of Bonds..... | 1,532 | 0 | 0 |
| Interest..... | 7,728 | 4,553 | 4,485 |
| Total Receipts | <u>36,260</u> | <u>169,553</u> | <u>49,485</u> |
| Total Funds Available | \$ 217,655 | \$ 276,439 | \$ 181,283 |
| Disbursements: | | | |
| Treasury | \$ 21 | \$ 21 | \$ 21 |
| Agriculture | | | |
| Purchase of County Easements..... | 37,703 | 22,297 | 20,000 |
| Community and Economic Development | | | |
| Main Street Downtown Development..... | 3,599 | 17,254 | 12,000 |
| Industrial Sites Reuse..... | 454 | 3,546 | 6,000 |
| Conservation and Natural Resources | | | |
| Parks & Recreation Improvements..... | 708 | 12,832 | 13,396 |
| State Parks/Forest Projects..... | 21,950 | 15,714 | 35,715 |
| Open Space Conservation..... | 22,609 | 30,285 | 29,972 |
| Environmental Protection | | | |
| Authority Projects..... | 1,808 | 1,268 | 10,000 |
| Environmental Improvement Projects..... | 7,668 | 17,319 | 20,100 |
| Acid Mine Drainage Abatement..... | 10,451 | 15,985 | 16,700 |
| Fish and Boat Commission | | | |
| Capital Improvement Projects..... | 378 | 3,729 | 7,437 |
| Game Commission | | | |
| Capital Improvement Projects..... | 3,420 | 4,391 | 4,500 |
| Total Disbursements | <u>-110,769</u> | <u>-144,641</u> | <u>-175,841</u> |
| Cash Balance, Ending | \$ 106,886 | \$ 131,798 | \$ 5,442 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 0 | \$ 0 | \$ 0 |
| Receipts: | | | |
| Transfer from General Fund..... | \$ 9,400 | \$ 17,586 | \$ 29,294 |
| Total Receipts | 9,400 | 17,586 | 29,294 |
| Total Funds Available | \$ 9,400 | \$ 17,586 | \$ 29,294 |
| Disbursements: | | | |
| Treasury..... | \$ 9,400 | \$ 17,586 | \$ 29,294 |
| Total Disbursements | -9,400 | -17,586 | -29,294 |
| 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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 5,289 | \$ 5,952 | \$ 6,032 |
| Receipts: | | | |
| Toxic Chemical Release Form Fee | \$ 1,091 | \$ 1,270 | \$ 1,270 |
| Chemical Inventory Fee | 262 | 300 | 300 |
| Interest | 376 | 75 | 75 |
| Other..... | 121 | 80 | 80 |
| Total Receipts | 1,850 | 1,725 | 1,725 |
| Total Funds Available | \$ 7,139 | \$ 7,677 | \$ 7,757 |
| Disbursements: | | | |
| Emergency Management and Homeland Security.... | \$ 1,044 | \$ 1,475 | \$ 1,475 |
| Labor and Industry | 143 | 170 | 170 |
| Total Disbursements | -1,187 | -1,645 | -1,645 |
| Cash Balance, Ending | \$ 5,952 | \$ 6,032 | \$ 6,112 |

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) | | |
|---|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 26,354 | \$ 31,704 | \$ 11,406 |
| Receipts: | | | |
| Transfer from Environmental Stewardship Fund..... | \$ 30,000 | \$ 0 | \$ 0 |
| Transfer from General Fund..... | 0 | 12,844 | 0 |
| Capital Stock and Franchise Tax..... | 0 | 0 | 40,000 |
| Hazardous Waste Fee..... | 2,280 | 2,000 | 2,000 |
| Cost Recovery..... | 1,861 | 2,000 | 2,000 |
| Interest..... | 1,774 | 500 | 500 |
| Other..... | 10 | 0 | 0 |
| Total Receipts | <u>35,925</u> | <u>17,344</u> | <u>44,500</u> |
| Total Funds Available | \$ 62,279 | \$ 49,048 | \$ 55,906 |
| Disbursements: | | | |
| Environmental Protection..... | \$ 30,575 | \$ 37,642 | \$ 42,989 |
| Total Disbursements | <u>-30,575</u> | <u>-37,642</u> | <u>-42,989</u> |
| Cash Balance, Ending | \$ 31,704 | \$ 11,406 | \$ 12,917 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 51,288 | \$ 45,437 | \$ 39,150 |
| Receipts: | | | |
| Transfer from General Fund | \$ 451,647 | \$ 451,968 | \$ 463,554 |
| Investment Earnings | 6,853 | 2,928 | 2,388 |
| Federal Revenue..... | 8,133 | 7,115 | 7,115 |
| Other..... | 49,882 | 77,846 | 35,366 |
| Total Receipts | <u>516,515</u> | <u>539,857</u> | <u>508,423</u> |
| Total Funds Available | \$ 567,803 | \$ 585,294 | \$ 547,573 |
| Disbursements: | | | |
| Treasury | \$ 27 | \$ 40 | \$ 50 |
| Higher Education Assistance Agency..... | 522,339 | 546,104 | 508,560 |
| Total Disbursements | <u>-522,366</u> | <u>-546,144</u> | <u>-508,610</u> |
| Cash Balance, Ending | \$ 45,437 | \$ 39,150 | \$ 38,963 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 1,133 | \$ 1,082 | \$ 748 |
| Receipts: | | | |
| Licenses and Fees..... | \$ 312 | \$ 325 | \$ 325 |
| Other..... | 76 | 56 | 76 |
| Total Receipts | <u>388</u> | <u>381</u> | <u>401</u> |
| Total Funds Available | \$ 1,521 | \$ 1,463 | \$ 1,149 |
| Disbursements: | | | |
| Treasury..... | \$ 0 | \$ 0 | \$ 0 |
| Transportation..... | 439 | 715 | 715 |
| Total Disbursements | <u>-439</u> | <u>-715</u> | <u>-715</u> |
| Cash Balance, Ending | \$ 1,082 | \$ 748 | \$ 434 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 3,282 | \$ 2,669 | \$ 1,999 |
| Receipts: | | | |
| Admission Fees..... | \$ 961 | \$ 970 | \$ 980 |
| Interest | 201 | 220 | 220 |
| Other..... | 1,959 | 1,945 | 1,945 |
| Total Receipts | <u>3,121</u> | <u>3,135</u> | <u>3,145</u> |
| Total Funds Available | \$ 6,403 | \$ 5,804 | \$ 5,144 |
| Disbursements: | | | |
| Treasury..... | \$ 0 | \$ 5 | \$ 5 |
| Historical and Museum Commission..... | 3,734 | 3,800 | 3,300 |
| Total Disbursements | <u>-3,734</u> | <u>-3,805</u> | <u>-3,305</u> |
| Cash Balance, Ending | \$ 2,669 | \$ 1,999 | \$ 1,839 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 6 | \$ 69 | \$ 12 |
| Receipts: | | | |
| Federal Revenue..... | \$ 840 | \$ 950 | \$ 1,009 |
| Interest..... | 4 | 2 | 2 |
| Total Receipts | <u>844</u> | <u>952</u> | <u>1,011</u> |
| Total Funds Available | \$ 850 | \$ 1,021 | \$ 1,023 |
| Disbursements: | | | |
| Community and Economic Development | | | |
| Administration | \$ 781 | \$ 1,009 | \$ 1,009 |
| Total Disbursements | <u>-781</u> | <u>-1,009</u> | <u>-1,009</u> |
| Cash Balance, Ending | \$ 69 | \$ 12 | \$ 14 |

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.

The Governor's 2008-09 budget recommends merging the Machinery and Equipment Loan Fund into the Industrial Development Fund. This consolidation will provide a substantial pool of funds to address the needs of companies and will eliminate the need for two sets of program guidelines, applications and loan documents.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|---------------------|----------------------|-------------------------|
| Cash Balance, Beginning | \$ 8 | \$ 41 | \$ 38 |
| Receipts: | | | |
| Interest..... | \$ 2 | \$ 2 | \$ 2 |
| Reimburseables..... | 31 | 0 | 0 |
| Transfer from the Machinery & Equip. Loan Fund..... | 0 | 0 | 95,507 |
| Loan Repayments..... | 0 | 0 | 25,000 |
| Miscellaneous..... | 0 | 0 | 350 |
| Interest..... | 0 | 0 | 5,800 |
| Total Receipts | <u>33</u> | <u>2</u> | <u>126,659</u> |
| Total Funds Available | \$ 41 | \$ 43 | \$ 126,697 |
| Disbursements: | | | |
| Treasury..... | \$ 0 | \$ 5 | \$ 5 |
| Community and Economic Development..... | | | |
| Administration..... | 0 | 0 | 569 |
| Loans..... | 0 | 0 | 35,000 |
| Total Disbursements | <u>0</u> | <u>-5</u> | <u>-35,574</u> |
| Cash Balance, Ending | \$ <u>41</u> | \$ <u>38</u> | \$ <u>91,123</u> |

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) | | |
|--------------------------------------|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 11,632 | \$ 11,880 | \$ 9,276 |
| Receipts: | | | |
| Loan Principal and Interest..... | 2,873 | 2,800 | 2,800 |
| Interest..... | 821 | 825 | 800 |
| Total Receipts | <u>3,694</u> | <u>3,625</u> | <u>3,600</u> |
| Total Funds Available | \$ 15,326 | \$ 15,505 | \$ 12,876 |
| Disbursements: | | | |
| Community and Economic Development | | | |
| Administration..... | \$ 160 | \$ 229 | \$ 235 |
| Loans..... | 1,750 | 3,000 | 3,000 |
| Grants..... | 1,536 | 3,000 | 3,000 |
| Total Disbursements | <u>-3,446</u> | <u>-6,229</u> | <u>-6,235</u> |
| Cash Balance, Ending | \$ 11,880 | \$ 9,276 | \$ 6,641 |

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) | | |
|---|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 2,716 | \$ 3,042 | \$ 2,731 |
| Receipts: | | | |
| Assessments..... | \$ 10,441 | \$ 10,849 | \$ 11,141 |
| Fines and Penalties Income..... | 0 | 200 | 150 |
| Returned prior year grants..... | 0 | 500 | 400 |
| Interest..... | 319 | 310 | 300 |
| Total Receipts | <u>10,760</u> | <u>11,859</u> | <u>11,991</u> |
| Total Funds Available | \$ 13,476 | \$ 14,901 | \$ 14,722 |
| Disbursements: | | | |
| Insurance Fraud Prevention Authority..... | \$ 10,434 | \$ 12,170 | \$ 12,170 |
| Total Disbursements | <u>-10,434</u> | <u>-12,170</u> | <u>-12,170</u> |
| Cash Balance, Ending | \$ 3,042 | \$ 2,731 | \$ 2,552 |

Insurance Liquidation Fund

The Insurance Department is responsible for administering the liquidation of insolvent domestic insurance carriers pursuant to orders of Commonwealth Court under Article V of the Insurance Department Act. This fund is utilized to permit the Treasury Department to invest the assets of insolvent insurance carriers.

These assets are utilized 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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------------|-------------------------|-------------------------|
| Cash Balance, Beginning | \$ 127,685 | \$ 73,756 | \$ 69,829 |
| Receipts: | | | |
| Carrier Assets..... | \$ 1,518 | \$ 0 | \$ 0 |
| Net Investment Adjustment..... | 106 | 0 | 0 |
| Interest | 6,250 | 3,373 | 2,330 |
| Total Receipts | <u>7,874</u> | <u>3,373</u> | <u>2,330</u> |
| Total Funds Available | \$ 135,559 | \$ 77,129 | \$ 72,159 |
| Disbursements: | | | |
| Insurance..... | \$ 61,803 | \$ 7,300 | \$ 37,900 |
| Total Disbursements | <u>-61,803</u> | <u>-7,300</u> | <u>-37,900</u> |
| Cash Balance, Ending | <u>\$ 73,756</u> | <u>\$ 69,829</u> | <u>\$ 34,259</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|------------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 2,341 | \$ 2,700 | \$ 233 |
| Receipts: | | | |
| Special Administration Fund..... | \$ 3,400 | \$ 3,400 | \$ 3,000 |
| Interest..... | 189 | 133 | 180 |
| Total Receipts | <u>3,589</u> | <u>3,533</u> | <u>3,180</u> |
| Total Funds Available | \$ 5,930 | \$ 6,233 | \$ 3,413 |
| Disbursements: | | | |
| Labor and Industry..... | \$ 3,230 | \$ 6,000 | \$ 3,300 |
| Total Disbursements | <u>-3,230</u> | <u>-6,000</u> | <u>-3,300</u> |
| Cash Balance, Ending | <u>\$ 2,700</u> | <u>\$ 233</u> | <u>\$ 113</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|--------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 0 | \$ 0 | \$ 0 |
| Receipts: | | | |
| Transfer from General Fund | \$ 776 | \$ 742 | \$ 257 |
| Total Receipts | <u>776</u> | <u>742</u> | <u>257</u> |
| Total Funds Available | <u>\$ 776</u> | <u>\$ 742</u> | <u>\$ 257</u> |
| Disbursements: | | | |
| Treasury..... | \$ 776 | \$ 742 | \$ 257 |
| Total Disbursements | <u>-776</u> | <u>-742</u> | <u>-257</u> |
| Cash Balance, Ending | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> |

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)

| | 2006-07 Actual | 2006-07 Available | 2007-08 Estimated |
|--------------------------------------|------------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 1,613 | \$ 1,610 | \$ 855 |
| Receipts: | | | |
| Sale of Refuse Bank Materials..... | \$ 0 | \$ 0 | \$ 0 |
| Total Receipts | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Funds Available | <u>\$ 1,613</u> | <u>\$ 1,610</u> | <u>\$ 855</u> |
| Disbursements: | | | |
| Treasury..... | \$ 0 | \$ 5 | \$ 5 |
| Environmental Protection | 3 | 750 | 750 |
| Total Disbursements | <u>-3</u> | <u>-755</u> | <u>-755</u> |
| Cash Balance, Ending | <u><u>\$ 1,610</u></u> | <u><u>\$ 855</u></u> | <u><u>\$ 100</u></u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|----------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 189 | \$ 226 | \$ 226 |
| Receipts: | | | |
| Transfer from General Fund..... | \$ 25 | \$ 253 | \$ 252 |
| Interest on Securities..... | 265 | 0 | 0 |
| Total Receipts | <u>290</u> | <u>253</u> | <u>252</u> |
| Total Funds Available | \$ 479 | \$ 479 | \$ 478 |
| Disbursements: | | | |
| Treasury..... | \$ 253 | \$ 253 | \$ 252 |
| Total Disbursements | <u>-253</u> | <u>-253</u> | <u>-252</u> |
| Cash Balance, Ending | \$ <u>226</u> | \$ <u>226</u> | \$ <u>226</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|------------------------|------------------------|------------------------|
| Cash Balance, Beginning | \$ 6,108 | \$ 5,677 | \$ 5,232 |
| Receipts: | | | |
| Tax on Gasoline | \$ 25,266 | \$ 25,740 | \$ 25,877 |
| Tax on Diesel Fuel | 7,057 | 7,207 | 7,297 |
| Total Receipts | <u>32,323</u> | <u>32,947</u> | <u>33,174</u> |
| Total Funds Available | \$ 38,431 | \$ 38,624 | \$ 38,406 |
| Disbursements: | | | |
| Treasury..... | \$ 92 | \$ 500 | \$ 500 |
| Transportation..... | 32,662 | 32,892 | 32,950 |
| Total Disbursements..... | <u>-32,754</u> | <u>-33,392</u> | <u>-33,450</u> |
| Cash Balance, Ending | \$ <u>5,677</u> | \$ <u>5,232</u> | \$ <u>4,956</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 2,534 | \$ 2,388 | \$ 2,305 |
| Receipts: | | | |
| Liquor License Fees..... | \$ 4,462 | \$ 4,500 | \$ 4,500 |
| Beer License Fees..... | 102 | 105 | 105 |
| Other..... | -18 | 7 | 7 |
| Total Receipts | <u>4,546</u> | <u>4,612</u> | <u>4,612</u> |
| Total Funds Available | \$ 7,080 | \$ 7,000 | \$ 6,917 |
| Disbursements: | | | |
| Treasury..... | \$ 11 | \$ 15 | \$ 15 |
| Liquor Control Board..... | 4,681 | 4,680 | 4,680 |
| Total Disbursements | <u>-4,692</u> | <u>-4,695</u> | <u>-4,695</u> |
| Cash Balance, Ending | \$ 2,388 | \$ 2,305 | \$ 2,222 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 1,388 | \$ 297 | \$ 683 |
| Receipts: | | | |
| Sale of Bonds..... | \$ 0 | \$ 1,500 | \$ 500 |
| Interest..... | 32 | 13 | 18 |
| Total Receipts | <u>32</u> | <u>1,513</u> | <u>518</u> |
| Total Funds Available | \$ 1,420 | \$ 1,810 | \$ 1,201 |
| Disbursements: | | | |
| Corrections..... | \$ 1,123 | \$ 1,127 | \$ 735 |
| Total Disbursements | <u>-1,123</u> | <u>-1,127</u> | <u>-735</u> |
| Cash Balance, Ending | \$ 297 | \$ 683 | \$ 466 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 0 | \$ 0 | \$ 0 |
| Receipts: | | | |
| Transfer from General Fund..... | \$ 917 | \$ 921 | \$ 1,003 |
| Accrued Interest on Bonds Sold..... | 0 | 0 | 0 |
| Total Receipts | 917 | 921 | 1,003 |
| Total Funds Available | \$ 917 | \$ 921 | \$ 1,003 |
| Disbursements: | | | |
| Treasury..... | \$ 917 | \$ 921 | \$ 1,003 |
| Total Disbursements | -917 | -921 | -1,003 |
| 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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 2,606 | \$ 2,309 | \$ 2,164 |
| Receipts: | | | |
| Loan Repayments..... | \$ 576 | \$ 720 | \$ 725 |
| Interest | 172 | 135 | 110 |
| Total Receipts | 748 | 855 | 835 |
| Total Funds Available | \$ 3,354 | \$ 3,164 | \$ 2,999 |
| Disbursements: | | | |
| Community and Economic Development Loans..... | \$ 1,045 | \$ 1,000 | \$ 1,000 |
| Total Disbursements | -1,045 | -1,000 | -1,000 |
| Cash Balance, Ending | \$ 2,309 | \$ 2,164 | \$ 1,999 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 2,784 | \$ 2,808 | \$ 2,461 |
| Receipts: | | | |
| Fines and Penalties ^a | \$ 0 | \$ 0 | \$ 0 |
| Licenses and Fees ^a | 0 | 0 | 0 |
| Interest..... | 179 | 100 | 100 |
| Total Receipts | 179 | 100 | 100 |
| Total Funds Available | \$ 2,963 | \$ 2,908 | \$ 2,561 |
| Disbursements: | | | |
| Environmental Protection | \$ 155 | \$ 447 | \$ 364 |
| Total Disbursements | -155 | -447 | -364 |
| Cash Balance, Ending | \$ 2,808 | \$ 2,461 | \$ 2,197 |

^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.

The Governor's 2008-09 budget recommends merging the Machinery and Equipment Loan Fund into the Industrial Development Fund. This consolidation will provide a substantial pool of funds to address the needs of companies and will eliminate the need for two sets of program guidelines, applications and loan documents.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 43,985 | \$ 101,595 | \$ 95,507 |
| Receipts: | | | |
| Transfer from Commonwealth Finance Authority..... | \$ 0 | \$ 0 | \$ 0 |
| Loan Service Fees..... | 260 | 18,500 | 0 |
| Miscellaneous..... | 73,934 | 300 | 0 |
| Interest..... | 4,602 | 5,800 | 0 |
| Total Receipts | 78,796 | 24,600 | 0 |
| Total Funds Available | \$ 122,781 | \$ 126,195 | \$ 95,507 |
| Disbursements: | | | |
| Community and Economic Development | | | |
| Administration..... | \$ 515 | \$ 688 | \$ 0 |
| Loans..... | 20,671 | 30,000 | 0 |
| Transfer to the Industrial Development Fund..... | 0 | 0 | 95,507 |
| Total Disbursements | -21,186 | -30,688 | -95,507 |
| Cash Balance, Ending | \$ 101,595 | \$ 95,507 | \$ 0 |

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 2A of 2006 authorized a one-time fund transfer of \$17.5 million to the Department of Corrections during 2006-07.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 37,632 | \$ 25,473 | \$ 25,268 |
| Receipts: | | | |
| Sale of Products..... | \$ 33,029 | \$ 58,600 | \$ 66,600 |
| Interest..... | 2,637 | 1,300 | 1,300 |
| Other..... | 26 | 100 | 75 |
| Total Receipts | 35,692 | 60,000 | 67,975 |
| Total Funds Available | \$ 73,324 | \$ 85,473 | \$ 93,243 |
| Disbursements: | | | |
| Treasury..... | \$ 0 | \$ 5 | \$ 5 |
| Corrections..... | 47,851 | 60,200 | 66,491 |
| Total Disbursements | -47,851 | -60,205 | -66,496 |
| Cash Balance, Ending | \$ 25,473 | \$ 25,268 | \$ 26,747 |

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 10 years.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 154,986 | \$ 134,177 | \$ 83,378 |
| Receipts: | | | |
| Assessments..... | \$ 139,786 | \$ 121,000 | \$ 253,712 |
| Interest | 12,716 | 4,000 | 3,000 |
| Reinsurance Proceeds..... | -64 | 54 | 64 |
| Moving Violation Surcharge..... | 42,694 | 42,000 | 42,000 |
| Care Provider Rated Adjustment | -1,014 | 0 | 0 |
| Other..... | 8,049 | 54 | 54 |
| Total Receipts | 202,167 | 167,108 | 298,830 |
| Total Funds Available | \$ 357,153 | \$ 301,285 | \$ 382,208 |
| Disbursements: | | | |
| Treasury..... | \$ 28 | \$ 25 | \$ 20 |
| Insurance..... | 222,948 | 217,882 | 287,011 |
| Total Disbursements | -222,976 | -217,907 | -287,031 |
| Cash Balance, Ending | \$ 134,177 | \$ 83,378 | \$ 95,177 |

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) | | |
|--------------------------------------|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 2,149 | \$ 2,417 | \$ 2,243 |
| Receipts: | | | |
| License and Fees | \$ 2,465 | \$ 2,495 | \$ 2,495 |
| Fines and Penalties..... | 18 | 50 | 50 |
| Interest..... | 176 | 100 | 100 |
| Other..... | 250 | 0 | 0 |
| Total Receipts | <u>2,909</u> | <u>2,645</u> | <u>2,645</u> |
| Total Funds Available | \$ 5,058 | \$ 5,062 | \$ 4,888 |
| Disbursements: | | | |
| Milk Marketing Board..... | \$ 2,641 | \$ 2,814 | \$ 2,842 |
| Treasury..... | 0 | 5 | 5 |
| Total Disbursements | <u>-2,641</u> | <u>-2,819</u> | <u>-2,847</u> |
| Cash Balance, Ending | \$ 2,417 | \$ 2,243 | \$ 2,041 |

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) | | |
|---|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 5,418 | \$ 3,644 | \$ 1,818 |
| Receipts: | | | |
| Transfer from General Fund | \$ 0 | \$ 0 | \$ 0 |
| Interest..... | 342 | 236 | 236 |
| Loan Principal and Interest Repayments..... | 859 | 900 | 1,000 |
| Other..... | 15 | 40 | 40 |
| Total Receipts | <u>1,216</u> | <u>1,176</u> | <u>1,276</u> |
| Total Funds Available | \$ 6,634 | \$ 4,820 | \$ 3,094 |
| Disbursements: | | | |
| Community and Economic Development..... | \$ 2,990 | \$ 3,002 | \$ 3,015 |
| Total Disbursements | <u>-2,990</u> | <u>-3,002</u> | <u>-3,015</u> |
| Cash Balance, Ending | \$ 3,644 | \$ 1,818 | \$ 79 |

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) | | |
|--------------------------------------|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 1,427 | \$ 1,579 | \$ 1,719 |
| Receipts: | | | |
| Titling & Registration Fees..... | \$ 59 | \$ 50 | \$ 50 |
| Interest | 93 | 90 | 100 |
| Total Receipts | <u>152</u> | <u>140</u> | <u>150</u> |
| Total Funds Available | \$ 1,579 | \$ 1,719 | \$ 1,869 |
| Disbursements: | | | |
| Transportation..... | \$ 0 | \$ 0 | \$ 0 |
| Total Disbursements | <u>0</u> | <u>0</u> | <u>0</u> |
| Cash Balance, Ending | \$ 1,579 | \$ 1,719 | \$ 1,869 |

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) | | |
|--|-------------------------------|-------------------------|-------------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 202,031 | \$ 212,945 | \$ 210,940 |
| Receipts: | | | |
| Foreign Casualty Insurance Premium Tax..... | \$ 197,530 | \$ 200,000 | \$ 201,000 |
| Foreign Fire Insurance Premium Tax..... | 15,809 | 16,000 | 16,500 |
| Interest | 4,907 | 2,000 | 2,500 |
| Total Receipts | <u>218,246</u> | <u>218,000</u> | <u>220,000</u> |
| Total Funds Available | \$ 420,277 | \$ 430,945 | \$ 430,940 |
| Disbursements: | | | |
| Auditor General..... | \$ 207,332 ^a | \$ 220,000 ^b | \$ 220,000 ^c |
| Treasury..... | 0 | 5 | 5 |
| Total Disbursements | <u>-207,332</u> | <u>-220,005</u> | <u>-220,005</u> |
| Cash Balance, Ending | \$ 212,945 | \$ 210,940 | \$ 210,935 |

^aIncludes post-retirement payment of \$3,298,669 as authorized by Act 147 of 1988.

^bIncludes post-retirement payment of \$3,150,000 as authorized by Act 147 of 1988 and \$9,500,150 per Act 64 of 2002.

^cIncludes post-retirement payment of \$3,000,000 as authorized by Act 147 of 1988 and \$9,450,200 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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 6,029 | \$ 6,350 | \$ 4,925 |
| Receipts: | | | |
| Transfers In..... | \$ 1,500 | \$ 1,500 | \$ 1,500 |
| Loan Repayments..... | 395 | 400 | 450 |
| Interest | 445 | 475 | 425 |
| Total Receipts | <u>2,340</u> | <u>2,375</u> | <u>2,375</u> |
| Total Funds Available | \$ 8,369 | \$ 8,725 | \$ 7,300 |
| Disbursements: | | | |
| Community and Economic Development | | | |
| Program Fees..... | \$ 1,327 | \$ 1,500 | \$ 1,500 |
| Loans..... | 700 | 1,600 | 1,600 |
| Grants..... | -8 | 700 | 200 |
| Total Disbursements | <u>-2,019</u> | <u>-3,800</u> | <u>-3,300</u> |
| Cash Balance, Ending | \$ 6,350 | \$ 4,925 | \$ 4,000 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 11,768 | \$ 13,001 | \$ 11,408 |
| Receipts: | | | |
| Licenses and Fees..... | \$ 234 | \$ 247 | \$ 253 |
| Penalties..... | 187 | 35 | 68 |
| Interest..... | 772 | 300 | 300 |
| Collateral..... | 264 | 0 | 0 |
| Payment in Lieu of Bonds..... | 25 | 25 | 25 |
| Forfeiture of Bonds..... | 107 | 0 | 0 |
| Total Receipts | <u>1,589</u> | <u>607</u> | <u>646</u> |
| Total Funds Available | \$ 13,357 | \$ 13,608 | \$ 12,054 |
| Disbursements: | | | |
| Environmental Protection | \$ 356 | \$ 2,200 | \$ 2,200 |
| Total Disbursements | <u>-356</u> | <u>-2,200</u> | <u>-2,200</u> |
| Cash Balance, Ending | \$ 13,001 | \$ 11,408 | \$ 9,854 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 1,897 | \$ 1,475 | \$ 23 |
| Receipts: | | | |
| Transfer from General Fund..... | \$ 3,280 | \$ 3,280 | \$ 3,280 |
| Interest..... | 56 | 56 | 56 |
| Fees..... | 103 | 33 | 33 |
| Fines | 2 | 1 | 1 |
| Total Receipts | <u>3,441</u> | <u>3,370</u> | <u>3,370</u> |
| Total Funds Available | \$ 5,338 | \$ 4,845 | \$ 3,393 |
| Disbursements: | | | |
| Agriculture | \$ 2,220 | \$ 2,236 | \$ 1,729 |
| Environmental Protection | 1,643 | 2,586 | 1,596 |
| Total Disbursements | <u>-3,863</u> | <u>-4,822</u> | <u>-3,325</u> |
| Cash Balance, Ending | \$ 1,475 | \$ 23 | \$ 68 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 6,237 | \$ 7,475 | \$ 7,012 |
| Receipts: | | | |
| Rents and Royalties..... | \$ 4,190 | \$ 4,030 | \$ 3,757 |
| Interest..... | 519 | 518 | 490 |
| Other..... | 613 | 0 | 0 |
| Total Receipts | <u>5,322</u> | <u>4,548</u> | <u>4,247</u> |
| Total Funds Available | \$ 11,559 | \$ 12,023 | \$ 11,259 |
| Disbursements: | | | |
| Conservation and Natural Resources..... | \$ 4,084 | \$ 5,011 | \$ 5,085 |
| Total Disbursements | <u>-4,084</u> | <u>-5,011</u> | <u>-5,085</u> |
| Cash Balance, Ending | \$ 7,475 | \$ 7,012 | \$ 6,174 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 4,507 | \$ 2,237 | \$ 2,737 |
| Receipts: | | | |
| Surcharges..... | \$ 302 | \$ 5,000 | \$ 5,500 |
| Interest | 254 | 500 | 500 |
| Total Receipts | 556 | 5,500 | 6,000 |
| Total Funds Available | \$ 5,063 | \$ 7,737 | \$ 8,737 |
| Disbursements: | | | |
| Patient Safety Authority..... | \$ 2,826 | \$ 5,000 | \$ 5,500 |
| Total Disbursements | -2,826 | -5,000 | -5,500 |
| Cash Balance, Ending | \$ 2,237 | \$ 2,737 | \$ 3,237 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 179 | \$ 189 | \$ 198 |
| Receipts: | | | |
| Interest..... | \$ 9 | \$ 7 | \$ 1 |
| Other..... | 1 | 2 | 0 |
| Total Receipts..... | 10 | 9 | 1 |
| Total Funds Available | \$ 189 | \$ 198 | \$ 199 |
| Disbursements: | | | |
| Agriculture..... | \$ 0 | \$ 0 | \$ 0 |
| Conservation and Natural Resources..... | 0 | 0 | 0 |
| Total Disbursements..... | 0 | 0 | 0 |
| Cash Balance, Ending | \$ 189 | \$ 198 | \$ 199 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 0 | \$ 0 | \$ 0 |
| Receipts: | | | |
| Transfer from General Fund..... | \$ 506 | \$ 510 | \$ 508 |
| Interest on Securities..... | 0 | 0 | 0 |
| Total Receipts | <u>506</u> | <u>510</u> | <u>508</u> |
| Total Funds Available | <u>\$ 506</u> | <u>\$ 510</u> | <u>\$ 508</u> |
| Disbursements: | | | |
| Treasury..... | \$ 506 | \$ 510 | \$ 508 |
| Total Disbursements | <u>-506</u> | <u>-510</u> | <u>-508</u> |
| Cash Balance, Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

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.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 0 | \$ 22,393 | \$ 31,834 |
| Receipts: | | | |
| Gross Terminal Revenue Assessments..... | \$ 22,166 | \$ 64,900 | \$ 84,600 |
| Interest..... | 227 | 1,200 | 1,500 |
| Total Receipts | <u>22,393</u> | <u>66,100</u> | <u>86,100</u> |
| Total Funds Available | <u>\$ 22,393</u> | <u>\$ 88,493</u> | <u>\$ 117,934</u> |
| Disbursements: | | | |
| Community and Economic Development..... | \$ 0 | \$ 56,659 | \$ 58,881 |
| Total Disbursements | <u>0</u> | <u>-56,659</u> | <u>-58,881</u> |
| Cash Balance, Ending | <u>\$ 22,393</u> | <u>\$ 31,834</u> | <u>\$ 59,053</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 140 | \$ 149 | \$ 158 |
| Receipts: | | | |
| Interest | \$ 9 | \$ 9 | \$ 9 |
| Total Receipts | 9 | 9 | 9 |
| Total Funds Available | \$ 149 | \$ 158 | \$ 167 |
| Disbursements: | | | |
| Historical and Museum Commission..... | \$ 0 | \$ 0 | \$ 0 |
| Total Disbursements | 0 | 0 | 0 |
| Cash Balance, Ending | \$ 149 | \$ 158 | \$ 167 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 30,135 | \$ 25,374 | \$ 42,146 |
| Receipts: | | | |
| Loan Repayments..... | \$ 4,690 | \$ 5,084 | \$ 8,860 |
| Transfer from General Fund..... | 694 | 0 | 0 |
| Transfer from Motor License Fund..... | 1,363 | 40,000 | 0 |
| Interest | 1,797 | 1,688 | 1,645 |
| Total Receipts | 8,544 | 46,772 | 10,505 |
| Total Funds Available | \$ 38,679 | \$ 72,146 | \$ 52,651 |
| Disbursements: | | | |
| Transportation..... | \$ 13,305 | \$ 30,000 | \$ 30,000 |
| Total Disbursements | -13,305 | -30,000 | -30,000 |
| Cash Balance, Ending | \$ 25,374 | \$ 42,146 | \$ 22,651 |

Pennsylvania Municipal Retirement Fund

Act 15 of 1974 created the Pennsylvania Municipal Retirement System which replaced the Municipal Employees Retirement Law and the Municipal Police Retirement Law and combined all employees covered under both into a state-related municipal system. The fund established under Act 15 provides for payment of retirement allowances to officers, employees, 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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--|---------------------|----------------------|----------------------|
| Total Cash Balance, Beginning | \$ 1,360,301 | \$ 1,526,558 | \$ 1,566,450 |
| Receipts: | | | |
| Contributions..... | \$ 38,287 | \$ 39,000 | \$ 40,200 |
| Interest..... | 69,806 | 74,000 | 78,400 |
| Net Investment Adjustment..... | 121,613 | -15,606 | 20,552 |
| Total Receipts | <u>229,706</u> | <u>97,394</u> | <u>139,152</u> |
| Total Funds Available | \$ 1,590,007 | \$ 1,623,952 | \$ 1,705,602 |
| Disbursements: | | | |
| Treasury..... | \$ 0 | \$ 2 | \$ 2 |
| Municipal Retirement Board..... | 63,449 | 57,500 | 59,100 |
| Total Disbursements | <u>-63,449</u> | <u>-57,502</u> | <u>-59,102</u> |
| Cash Balance, Ending | \$ 1,526,558 | \$ 1,566,450 | \$ 1,646,500 |

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) | | |
|--------------------------------------|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 0 | \$ 2,310 | \$ 0 |
| Receipts: | | | |
| Assessments..... | \$ 53,199 | \$ 155,760 | \$ 203,040 |
| Interest..... | 43 | 100 | 100 |
| Total Receipts | <u>53,242</u> | <u>155,860</u> | <u>203,140</u> |
| Total Funds Available | \$ 53,242 | \$ 158,170 | \$ 203,140 |
| Disbursements: | | | |
| Revenue..... | \$ 50,932 | \$ 158,170 | \$ 203,140 |
| Total Disbursements | <u>-50,932</u> | <u>-158,170</u> | <u>-203,140</u> |
| Cash Balance, Ending | <u>\$ 2,310</u> | <u>\$ 0</u> | <u>\$ 0</u> |

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) | | |
|--------------------------------------|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 413 | \$ 392 | \$ 327 |
| Receipts: | | | |
| Public/Private Donations..... | \$ 17 | \$ 25 | \$ 25 |
| Interest | 26 | 30 | 30 |
| Total Receipts | <u>43</u> | <u>55</u> | <u>55</u> |
| Total Funds Available | \$ 456 | \$ 447 | \$ 382 |
| Disbursements: | | | |
| Military and Veterans Affairs..... | \$ 64 | \$ 120 | \$ 120 |
| Total Disbursements | <u>-64</u> | <u>-120</u> | <u>-120</u> |
| Cash Balance, Ending | <u>\$ 392</u> | <u>\$ 327</u> | <u>\$ 262</u> |

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) | | |
|--|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 8,734 | \$ 18,138 | \$ 7,676 |
| Receipts: | | | |
| Referendum Bonds..... | \$ 67,641 | \$ 2,000 | \$ 20,000 |
| Interest..... | 639 | 1,200 | 1,200 |
| Total Receipts | <u>68,280</u> | <u>3,200</u> | <u>21,200</u> |
| Total Funds Available | \$ 77,014 | \$ 21,338 | \$ 28,876 |
| Disbursements: | | | |
| Infrastructure Investment Authority: | | | |
| Treasury | \$ 46 | \$ 0 | \$ 0 |
| PENNVEST Fund | 660 | 20 | 200 |
| PENNVEST Non-Revolving Fund..... | 35,128 | 3,629 | 10,000 |
| PENNVEST Revolving Fund..... | 0 | 0 | 0 |
| PENNVEST Drinking Water Revolving..... | 541 | 0 | 500 |
| PENNVEST Water Pollution Control..... | 22,501 | 10,013 | 500 |
| Total Disbursements | <u>-58,876</u> | <u>-13,662</u> | <u>-11,200</u> |
| Cash Balance, Ending | \$ 18,138 | \$ 7,676 | \$ 17,676 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 59,550 | \$ 61,815 | \$ 11,977 |
| Receipts: | | | |
| Bond Authorization Fund..... | \$ 541 | \$ 0 | \$ 500 |
| PENNVEST Fund..... | 1,769 | 8,694 | 7,962 |
| Federal Funds..... | 28,281 | 30,000 | 26,600 |
| Interest and Principal Payments..... | 16,499 | 22,800 | 26,600 |
| Investment Income..... | 3,962 | 3,500 | 4,000 |
| Total Receipts | <u>51,052</u> | <u>64,994</u> | <u>65,662</u> |
| Total Funds Available | \$ 110,602 | \$ 126,809 | \$ 77,639 |
| Disbursements: | | | |
| Infrastructure Investment Authority..... | \$ 48,787 | \$ 114,832 | \$ 77,126 |
| Total Disbursements | <u>-48,787</u> | <u>-114,832</u> | <u>-77,126</u> |
| Cash Balance, Ending | \$ 61,815 | \$ 11,977 | \$ 513 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 84,405 | \$ 103,055 | \$ 85,846 |
| Receipts: | | | |
| Revolving Loan Payments..... | \$ 49,366 | \$ 49,500 | \$ 54,000 |
| Bond Authorization Fund..... | 660 | 20 | 200 |
| Transfer from Environmental Stewardship Fund..... | 13,148 | 11,370 | 11,000 |
| Interest..... | 5,209 | 3,000 | 3,000 |
| Total Receipts | <u>68,383</u> | <u>63,890</u> | <u>68,200</u> |
| Total Funds Available | \$ 152,788 | \$ 166,945 | \$ 154,046 |
| Disbursements: | | | |
| Infrastructure Investment Authority: | | | |
| Loans and Grants..... | \$ 3,898 | \$ 3,510 | \$ 2,010 |
| Administration..... | 2,250 | 3,589 | 3,419 |
| Growing Greener Grants..... | 16,713 | 20,000 | 17,000 |
| Loans..... | 26,872 | 54,000 | 46,000 |
| Total Disbursements | <u>-49,733</u> | <u>-81,099</u> | <u>-68,429</u> |
| Cash Balance, Ending | \$ 103,055 | \$ 85,846 | \$ 85,617 |

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)

| | 2006-07 Actual | 2006-07 Available | 2007-08 Estimated |
|--|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 0 | \$ 812 | \$ 812 |
| Receipts: | | | |
| Bond Authorization Fund..... | \$ 35,128 | \$ 3,629 | \$ 10,000 |
| Investment Income..... | 7 | 0 | 0 |
| Total Receipts | 35,135 | 3,629 | 10,000 |
| Total Funds Available | \$ 35,135 | \$ 4,441 | \$ 10,812 |
| Disbursements: | | | |
| Infrastructure Investment Authority..... | \$ 34,323 | \$ 3,629 | \$ 10,000 |
| Total Disbursements | -34,323 | -3,629 | -10,000 |
| Cash Balance, Ending | \$ 812 | \$ 812 | \$ 812 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 0 | \$ 374 | \$ 381 |
| Receipts: | | | |
| Transfer from General Fund..... | \$ 7,142 | \$ 7,688 | \$ 7,175 |
| Interest on Securities..... | 6 | 7 | 0 |
| Non-Revolving Loan Repayments..... | 1,017 | 4,440 | 5,320 |
| Total Receipts | 8,165 | 12,135 | 12,495 |
| Total Funds Available | \$ 8,165 | \$ 12,509 | \$ 12,876 |
| Disbursements: | | | |
| Treasury..... | \$ 7,791 | \$ 12,128 | \$ 12,495 |
| Total Disbursements | -7,791 | -12,128 | -12,495 |
| Cash Balance, Ending | \$ 374 | \$ 381 | \$ 381 |

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 are being redirected to the PENNVEST Non-Revolving Equity Fund and other PENNVEST funds.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 32 | \$ 33 | \$ 33 |
| Receipts: | | | |
| Bond Authorization Fund..... | \$ 0 | \$ 0 | \$ 0 |
| Interest..... | 1 | 0 | 0 |
| Total Receipts | 1 | 0 | 0 |
| Total Funds Available | \$ 33 | \$ 33 | \$ 33 |
| 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 | \$ 33 | \$ 33 | \$ 33 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 207,466 | \$ 197,502 | \$ 84,965 |
| Receipts: | | | |
| PENNVEST Fund..... | \$ 1,332 | \$ 0 | \$ 11,584 |
| PENNVEST Drinking Water Revolving Fund..... | 0 | 20,000 | 0 |
| Bond Authorization Fund..... | 22,656 | 10,013 | 500 |
| Federal Funds..... | 67,486 | 50,000 | 59,000 |
| Interest and Principal Payments..... | 63,560 | 80,000 | 81,000 |
| Investment Income..... | 12,993 | 12,500 | 8,480 |
| Total Receipts | 168,027 | 172,513 | 160,564 |
| Total Funds Available | \$ 375,493 | \$ 370,015 | \$ 245,529 |
| Disbursements: | | | |
| Infrastructure Investment Authority..... | \$ 177,991 | \$ 285,050 | \$ 207,134 |
| Total Disbursements | -177,991 | -285,050 | -207,134 |
| Cash Balance, Ending | \$ 197,502 | \$ 84,965 | \$ 38,395 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 0 | \$ 0 | \$ 0 |
| Receipts: | | | |
| Sale of Bonds..... | \$ 0 | \$ 2,500 | \$ 3,000 |
| Total Receipts | 0 | 2,500 | 3,000 |
| Total Funds Available | \$ 0 | \$ 2,500 | \$ 3,000 |
| Disbursements: | | | |
| Military and Veterans Affairs..... | \$ 0 | \$ 2,500 | \$ 3,000 |
| Total Disbursements | 0 | -2,500 | -3,000 |
| Cash Balance, Ending | \$ 0 | \$ 0 | \$ 0 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 0 | \$ 0 | \$ 0 |
| Receipts: | | | |
| Transfer from Treasury..... | \$ 0 | \$ 0 | \$ 205 |
| Total Receipts | 0 | 0 | 205 |
| Total Funds Available | \$ 0 | \$ 0 | \$ 205 |
| Disbursements: | | | |
| Treasury..... | \$ 0 | \$ 0 | \$ 205 |
| Total Disbursements | 0 | 0 | -205 |
| 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, Health, Public Welfare and Labor and Industry.

Statement of Cash Receipts and Disbursements:

| | (Dollar Amounts in Thousands) | | |
|--|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 50,259 | \$ 49,633 | \$ 45,431 |
| Receipts: | | | |
| Transfer from Lottery Fund..... | \$ 204,000 | \$ 278,400 | \$ 313,000 |
| Transfer from Tobacco Settlement Fund..... | 56,199 ^a | 14,078 ^b | 14,875 |
| Interest | 5,345 | 1,000 | 1,000 |
| Disease Specific Programs..... | 3,725 | 8,912 | 8,691 |
| Special Pharmaceutical Services..... | 36,229 | 54,173 | 50,097 |
| State Workers' Insurance Fund..... | 887 | 887 | 887 |
| Other..... | 0 | 0 | 0 |
| Total Receipts | <u>306,385</u> | <u>357,450</u> | <u>388,550</u> |
| Total Funds Available | \$ 356,644 | \$ 407,083 | \$ 433,981 |
| Disbursements: | | | |
| Treasury..... | \$ 0 | \$ 5 | \$ 5 |
| Aging..... | 272,729 | 297,675 | 333,085 |
| Health..... | 3,956 ^c | 8,912 ^c | 8,691 ^c |
| Public Welfare..... | 29,503 ^c | 54,173 ^c | 50,097 ^c |
| Labor and Industry..... | 823 ^c | 887 ^c | 887 ^c |
| Total Disbursements | <u>-307,011</u> | <u>-361,652</u> | <u>-392,765</u> |
| Cash Balance, Ending | \$ 49,633 | \$ 45,431 | \$ 41,216 |

^a 2006-07 Transfer from the Tobacco Settlement Fund includes \$29,301,000 transferred at the close of the 2005-06 fiscal year and \$26,898,000 transferred in 2006-07.

^b Executively authorized as \$28,155,000. Amount shown is net of proposed redirection to Department of Community and Economic Development for Biotechnology Commercialization and Health Venture Investment Account.

^c Expenditures from restricted accounts in the Department of Aging.

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 667 | \$ 488 | \$ 558 |
| Receipts: | | | |
| Transfer from Philadelphia Regional Port Authority..... | \$ 6,960 | \$ 3,744 | \$ 2,880 |
| Interest..... | 44 | 21 | 18 |
| Total Receipts | <u>7,004</u> | <u>3,765</u> | <u>2,898</u> |
| Total Funds Available | \$ 7,671 | \$ 4,253 | \$ 3,456 |
| Disbursements: | | | |
| Philadelphia Regional Port Operations..... | \$ 7,183 | \$ 3,695 | \$ 3,000 |
| Total Disbursements | <u>-7,183</u> | <u>-3,695</u> | <u>-3,000</u> |
| Cash Balance, Ending | \$ 488 | \$ 558 | \$ 456 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 2,092 | \$ 2,965 | \$ 3,505 |
| Receipts: | | | |
| Transfer from General Fund..... | \$ 1,500 | \$ 1,500 | \$ 500 |
| Other..... | 149 | 165 | 165 |
| Interest | 127 | 125 | 125 |
| Total Receipts | <u>1,776</u> | <u>1,790</u> | <u>790</u> |
| Total Funds Available | \$ 3,868 | \$ 4,755 | \$ 4,295 |
| Disbursements: | | | |
| Port of Pittsburgh Commission..... | \$ 903 | \$ 1,250 | \$ 1,250 |
| Total Disbursements | <u>-903</u> | <u>-1,250</u> | <u>-1,250</u> |
| Cash Balance, Ending | \$ 2,965 | \$ 3,505 | \$ 3,045 |

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 Tax and Rent Rebate Program and supplemental senior citizen tax reduction payments.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--|--------------------------|--------------------------|----------------------------|
| Cash Balance, Beginning | \$ 0 | \$ 228,040 | \$ 834,999 |
| Receipts: | | | |
| Transfer from State Gaming Fund..... | \$ 326,998 | \$ 693,588 | \$ 495,537 |
| Interest..... | 1,042 | 16,371 | 12,364 |
| Total Receipts | <u>328,040</u> | <u>709,959</u> | <u>507,901</u> |
| Total Funds Available | <u>\$ 328,040</u> | <u>\$ 937,999</u> | <u>\$ 1,342,900</u> |
| Disbursements: | | | |
| Property Tax Relief Payments: | | | |
| Department of Education | | | |
| General Property Tax Relief..... | \$ 0 | \$ 0 | \$ 652,200 |
| Sterling Act..... | 0 | 0 | 19,300 ^a |
| Subtotal: Education Property Tax Relief Payments | 0 | 0 | 671,500 |
| Department of Revenue (State Lottery Fund): | | | |
| Cities and High-Burden..... | 0 | 0 | 48,500 |
| Total Property Tax Disbursements..... | 0 | 0 | 720,000 |
| Transfer to the Property Tax Relief Reserve Fund..... | 0 | 0 | 101,900 |
| Transition Grants to Counties..... | 0 | 3,000 | 0 |
| Transfer to State Lottery Fund | | | |
| Expanded Prop Tax/Rent Rebate/Senior Tax Reductions..... | 100,000 | 100,000 | 0 |
| Total Disbursements..... | <u>-100,000</u> | <u>-103,000</u> | <u>-821,900</u> |
| Cash Balance, Ending | <u>\$ 228,040</u> | <u>\$ 834,999</u> | <u>\$ 521,000</u> |

^a Preliminary estimate pending further review by the Department of Education.

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 6,639 | \$ 6,773 | \$ 7,433 |
| Receipts: | | | |
| PTAF Tax Revenues..... | \$ 182,860 | \$ 85,600 | \$ 88,500 |
| Other Taxes and Fees..... | 0 | 95,400 | 97,500 |
| Interest on Securities | 1,799 | 0 | 500 |
| Total Receipts | 184,659 | 181,000 | 186,500 |
| Total Funds Available | \$ 191,298 | \$ 187,773 | \$ 193,933 |
| Disbursements: | | | |
| Transportation: | | | |
| Administration..... | \$ 4,761 | \$ 0 | \$ 0 |
| Grants..... | 179,764 | 163,815 | 171,207 |
| Transfer to Public Transportation Trust Fund..... | 0 | 16,525 | 14,593 |
| Total Disbursements | -184,525 | -180,340 | -185,800 |
| Cash Balance, Ending | \$ 6,773 | \$ 7,433 | \$ 8,133 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 0 | \$ 0 | \$ 1,943 |
| Receipts: | | | |
| Sales and Use Tax..... | \$ 0 | \$ 397,700 | \$ 411,100 |
| Pennsylvania Turnpike Commission..... | 0 | 300,000 | 350,000 |
| Transfer from the Lottery Fund..... | 0 | 80,020 | 82,160 |
| Transfer from the Public Transportation Assistance Fund..... | 0 | 16,525 | 14,593 |
| Interest..... | 0 | 443 | 2,373 |
| Total Receipts | 0 | 794,688 | 860,226 |
| Total Funds Available | \$ 0 | \$ 794,688 | \$ 862,169 |
| Disbursements: | | | |
| Transportation..... | \$ 0 | \$ 792,745 | \$ 850,056 |
| Total Disbursements | 0 | -792,745 | -850,056 |
| Cash Balance, Ending | \$ 0 | \$ 1,943 | \$ 12,113 |

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) | | |
|--|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 29,733 | \$ 19,505 | \$ 18,426 |
| Receipts: | | | |
| Reimbursements to General Services..... | \$ 293,055 | \$ 306,473 | \$ 305,973 |
| Reimbursements to Executive Offices..... | 57,041 | 72,057 | 73,096 |
| General Fund Loan..... | 14,300 | 14,300 | 14,300 |
| Interest..... | 2,910 | 0 | 0 |
| Total Receipts | 367,306 | 392,830 | 393,369 |
| Total Funds Available | \$ 397,039 | \$ 412,335 | \$ 411,795 |
| Disbursements: | | | |
| Executive Offices..... | \$ 60,032 | \$ 71,252 | \$ 72,677 |
| Treasury..... | 0 | 5 | 5 |
| Loan Repayment..... | 14,300 | 14,300 | 14,300 |
| General Services..... | 303,202 | 308,352 | 308,552 |
| Total Disbursements | -377,534 | -393,909 | -395,534 |
| Cash Balance, Ending | \$ 19,505 | \$ 18,426 | \$ 16,261 |

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) | | |
|--------------------------------------|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 471 | \$ 450 | \$ 465 |
| Receipts: | | | |
| Additional License Fees..... | \$ 72 | \$ 80 | \$ 100 |
| Interest | 30 | 35 | 45 |
| Total Receipts | 102 | 115 | 145 |
| Total Funds Available | \$ 573 | \$ 565 | \$ 610 |
| Disbursements: | | | |
| State..... | \$ 123 | \$ 100 | \$ 100 |
| Total Disbursements | -123 | -100 | -100 |
| Cash Balance, Ending | \$ 450 | \$ 465 | \$ 510 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 70,429 | \$ 76,765 | \$ 56,624 |
| Receipts: | | | |
| Recycling Fees..... | \$ 43,007 | \$ 41,000 | \$ 41,000 |
| Fines and Penalties..... | 24 | 0 | 3 |
| Interest | 5,118 | 4,000 | 4,000 |
| Environmental Technology Loan Repayments and Interest..... | 16 | 0 | 0 |
| Total Receipts | 48,165 | 45,000 | 45,003 |
| Total Funds Available | \$ 118,594 | \$ 121,765 | \$ 101,627 |
| Disbursements: | | | |
| Environmental Protection | \$ 41,829 | \$ 65,141 | \$ 66,120 |
| Total Disbursements | -41,829 | -65,141 | -66,120 |
| Cash Balance, Ending | \$ 76,765 | \$ 56,624 | \$ 35,507 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 5,218 | \$ 2,990 | \$ 2,333 |
| Receipts: | | | |
| Client Fees | \$ 17,061 | \$ 18,620 | \$ 18,620 |
| Interest..... | 331 | 370 | 372 |
| Labor & Industry..... | 1,933 | | |
| Other..... | 412 | 2,862 | 2,402 |
| Total Receipts | 19,737 | 21,852 | 21,394 |
| Total Funds Available | \$ 24,955 | \$ 24,842 | \$ 23,727 |
| Disbursements: | | | |
| Labor and Industry..... | \$ 21,965 | \$ 22,509 | \$ 22,200 |
| Total Disbursements | -21,965 | -22,509 | -22,200 |
| Cash Balance, Ending | \$ 2,990 | \$ 2,333 | \$ 1,527 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 28 | \$ 3 | \$ 0 |
| Receipts: | | | |
| Interest | \$ 3 | \$ 0 | \$ 0 |
| Total Receipts | 3 | 0 | 0 |
| Total Funds Available | \$ 31 | \$ 3 | \$ 0 |
| Disbursements: | | | |
| Environmental Protection | \$ 28 | \$ 3 | \$ 0 |
| Total Disbursements | -28 | -3 | 0 |
| Cash Balance, Ending | \$ 3 | \$ 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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 2,758 | \$ 2,770 | \$ 2,674 |
| Receipts: | | | |
| Interest transfer to Land and Water | | | |
| Sinking Fund..... | \$ -178 | \$ -119 | \$ -108 |
| Interest..... | 178 | 108 | 108 |
| Operator Annual Fee..... | 104 | 90 | 90 |
| Total Receipts | 104 | 79 | 90 |
| Total Funds Available | \$ 2,862 | \$ 2,849 | \$ 2,764 |
| Disbursements: | | | |
| Environmental Protection | \$ 92 | \$ 175 | \$ 125 |
| Total Disbursements | -92 | -175 | -125 |
| Cash Balance, Ending | \$ 2,770 | \$ 2,674 | \$ 2,639 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 6 | \$ 22 | \$ 5 |
| Receipts: | | | |
| Transfers from Unclaimed Property Accounts..... | \$ 193 | \$ 15 | \$ 30 |
| Interest..... | 2 | 1 | 1 |
| Total Receipts | <u>195</u> | <u>16</u> | <u>31</u> |
| Total Funds Available | <u>\$ 201</u> | <u>\$ 38</u> | <u>\$ 36</u> |
| Disbursements: | | | |
| Treasury Payments to Claimants..... | \$ 179 | \$ 33 | \$ 30 |
| Total Disbursements..... | <u>-179</u> | <u>-33</u> | <u>-30</u> |
| Cash Balance, Ending | <u>\$ 22</u> | <u>\$ 5</u> | <u>\$ 6</u> |

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) | | |
|--|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 57,060,770 | \$ 67,723,881 | \$ 70,595,646 |
| Receipts: | | | |
| Transfer from General Fund — | | | |
| Employer Contribution (non-school entities)..... | \$ 4,991 | \$ 4,490 | \$ 3,250 |
| Transfers from State Retirement System..... | 6,394 | 7,030 | 7,310 |
| Contributions of School Employees..... | 832,849 | 889,530 | 925,110 |
| Contributions of Employers..... | 585,319 | 844,410 | 876,442 |
| Interest on Securities..... | 151,892 | 2,500,000 | 2,500,000 |
| Net Investment Adjustment..... | 13,155,798 | 3,232,255 | 3,476,376 |
| Directed Commissions..... | 0 | 2,300 | 2,300 |
| Other..... | 91,633 | 0 | 0 |
| Total Receipts | <u>14,828,876</u> | <u>7,480,015</u> | <u>7,790,788</u> |
| Total Funds Available | \$ 71,889,646 | \$ 75,203,896 | \$ 78,386,434 |
| Disbursements: | | | |
| Treasury | \$ 330 | \$ 250 | \$ 300 |
| Public School Employees' Retirement Board | <u>4,165,435</u> | <u>4,608,000</u> | <u>5,069,000</u> |
| Total Disbursements | <u>-4,165,765</u> | <u>-4,608,250</u> | <u>-5,069,300</u> |
| Cash Balance, Ending | \$ 67,723,881 | \$ 70,595,646 | \$ 73,317,134 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 72,553 | \$ 66,538 | \$ 59,035 |
| Receipts: | | | |
| Contributions for Membership..... | \$ 30,025 | \$ 24,780 | \$ 25,780 |
| Investment Income..... | 3,669 | 2,580 | 2,683 |
| Total Receipts | <u>33,694</u> | <u>27,360</u> | <u>28,463</u> |
| Total Funds Available | \$ 106,247 | \$ 93,898 | \$ 87,498 |
| Disbursements: | | | |
| School Employees Retirement System..... | \$ 39,709 | \$ 34,863 | \$ 25,780 |
| Total Disbursements | <u>-39,709</u> | <u>-34,863</u> | <u>-25,780</u> |
| Cash Balance, Ending | \$ 66,538 | \$ 59,035 | \$ 61,718 |

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)

| | 2006-07 <u>Actual</u> | 2007-08 <u>Available</u> | 2008-09 <u>Estimated</u> |
|--|--------------------------|-----------------------------|-----------------------------|
| Cash Balance, Beginning | \$ 30,827 | \$ 33,029 | \$ 29,810 |
| Receipts: | | | |
| Transfer from the Workmen's Compensation Fund..... | \$ 8,500 | \$ 5,200 | \$ 4,600 |
| Interest..... | 81 | 81 | 81 |
| Other..... | 105 | | |
| Total Receipts | <u>8,686</u> | <u>5,281</u> | <u>4,681</u> |
| Total Funds Available | \$ 39,513 | \$ 38,310 | \$ 34,491 |
| Disbursements: | | | |
| Labor and Industry..... | \$ 6,484 | \$ 8,500 | \$ 7,700 |
| Total Disbursements | <u>-6,484</u> | <u>-8,500</u> | <u>-7,700</u> |
| Cash Balance, Ending | \$ 33,029 | \$ 29,810 | \$ 26,791 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 40,575 | \$ 45,797 | \$ 37,491 |
| Receipts: | | | |
| Loan Repayments..... | \$ 23,420 | \$ 26,115 | \$ 26,850 |
| Interest..... | 2,824 | 2,925 | 2,923 |
| Miscellaneous..... | 0 | 10 | 10 |
| Total Receipts | 26,244 | 29,050 | 29,783 |
| Total Funds Available | \$ 66,819 | \$ 74,847 | \$ 67,274 |
| Disbursements: | | | |
| Community and Economic Development | | | |
| Administration..... | \$ 789 | \$ 1,656 | \$ 1,667 |
| Loans..... | 20,233 | 35,700 | 35,700 |
| Total Disbursements | -21,022 | -37,356 | -37,367 |
| Cash Balance, Ending | \$ 45,797 | \$ 37,491 | \$ 29,907 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 653 | \$ 695 | \$ 630 |
| Receipts: | | | |
| Interest..... | \$ 42 | \$ 35 | \$ 35 |
| Total Receipts | 42 | 35 | 35 |
| Total Funds Available | \$ 695 | \$ 730 | \$ 665 |
| Disbursements: | | | |
| Environmental Protection | \$ 0 | \$ 100 | \$ 100 |
| Total Disbursements | 0 | -100 | -100 |
| Cash Balance, Ending | \$ 695 | \$ 630 | \$ 565 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---------------------------------------|------------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 3,550 | \$ 5,345 | \$ 200 |
| Receipts: | | | |
| Penalty and Interest Collections..... | \$ 7,078 | \$ 6,703 | \$ 6,467 |
| Interest on Securities..... | 125 | 119 | 114 |
| Total Receipts | <u>7,203</u> | <u>6,822</u> | <u>6,581</u> |
| Total Funds Available | \$ 10,753 | \$ 12,167 | \$ 6,781 |
| Disbursements: | | | |
| Labor and Industry..... | \$ 5,408 | \$ 11,967 | \$ 6,581 |
| Total Disbursements | <u>-5,408</u> | <u>-11,967</u> | <u>-6,581</u> |
| Cash Balance, Ending | <u>\$ 5,345</u> | <u>\$ 200</u> | <u>\$ 200</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|---------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 25 | \$ 25 | \$ 25 |
| Receipts: | | | |
| Interest..... | \$ 2 | \$ 2 | \$ 2 |
| Total Receipts | <u>2</u> | <u>2</u> | <u>2</u> |
| Total Funds Available | \$ 27 | \$ 27 | \$ 27 |
| Disbursements: | | | |
| Treasury..... | \$ 2 | \$ 2 | \$ 2 |
| Total Disbursements | <u>-2</u> | <u>-2</u> | <u>-2</u> |
| Cash Balance, Ending | <u>\$ 25</u> | <u>\$ 25</u> | <u>\$ 25</u> |

State Employees' Retirement Fund

This fund was created in 1924 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 2007-08 and 2008-09.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--|----------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 29,687,505 | \$ 35,247,642 | \$ 37,262,400 |
| Receipts: | | | |
| Contributions of Employees..... | \$ 330,892 | \$ 344,000 | \$ 357,000 |
| State Share Contribution..... | 207,232 | 225,862 | 230,765 |
| Transfer to Annuity Reserve Account..... | 13,236 | 0 | 0 |
| Income from Securities..... | 44,647 | 869,181 | 899,360 |
| Directed Commissions..... | 297 | 600 | 600 |
| Net Investment Adjustment..... | 7,037,480 | 2,893,815 | 2,992,425 |
| Total Receipts | <u>7,633,784</u> | <u>4,333,458</u> | <u>4,480,150</u> |
| Total Funds Available | \$ 37,321,289 | \$ 39,581,100 | \$ 41,742,550 |
| Disbursements: | | | |
| Treasury..... | \$ 197 | \$ 200 | \$ 200 |
| State Employees' Retirement System..... | 2,073,450 | 2,318,500 | 2,539,000 |
| Total Disbursements | <u>-2,073,647</u> | <u>-2,318,700</u> | <u>-2,539,200</u> |
| Cash Balance, Ending | \$ 35,247,642 | \$ 37,262,400 | \$ 39,203,350 |

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 \$10.091 million, State Police \$17.002 million, and the Attorney General \$942,000. This budget recommends a \$25.511 million appropriation from the State Gaming Fund for the Gaming Control Board. In addition, it recommends \$9.208 million from a separate restricted account.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|------------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 0 | \$ 77,779 | \$ 86,549 |
| Receipts: | | | |
| License Fees..... | \$ 300,000 | \$ 315,000 | \$ 2,500 |
| State Tax Revenue..... | 150,729 | 441,320 | 575,280 |
| Licensee Deposit Accts..... | 35,690 | 31,750 | 60,537 |
| Local Share Assessment..... | 18,773 | 51,920 | 67,680 |
| Interest..... | 5,626 | 6,000 | 6,000 |
| Other | 18,211 | 15,000 | 15,000 |
| Total Receipts | 529,029 | 860,990 | 726,997 |
| Total Funds Available | \$ 529,029 | \$ 938,769 | \$ 813,546 |
| Disbursements: | | | |
| Transfer to General Fund..... | \$ 61,100 ^a | \$ 0 | \$ 0 |
| Transfer to Compulsive and Problem Gambling Treatment Fund..... | 1,500 | 1,500 | 1,700 |
| Payment in Lieu of Taxes: | | | |
| Conservation and Natural Resources..... | 4,963 | 5,000 | 5,000 |
| Fish and Boat Commission..... | 15 | 40 | 40 |
| Game Commission..... | 3,439 | 3,450 | 3,450 |
| Emergency Management & Homeland Security Volunteer Company Grants..... | 25,000 | 25,000 | 25,000 |
| Gaming Control Board Local Law Enforcement Grants..... | 0 | 10,000 | 5,000 |
| Local Share Assessment Distribution..... | 7,193 | 63,500 | 67,680 |
| Administrative Appropriations | | | |
| Gaming Control Board..... | 21,042 | 29,984 | 34,719 |
| Department of Revenue..... | 0 | 7,786 | 10,091 |
| State Police..... | 0 | 11,573 | 17,002 |
| Attorney General..... | 0 | 799 | 942 |
| Transfer to Property Tax Relief Fund..... | 326,998 | 693,588 | 495,537 |
| Total Disbursements | \$ -451,250 | -852,220 | -666,161 |
| Cash Balance, Ending | \$ 77,779 | \$ 86,549 | \$ 147,385 |

^a This amount includes (1) \$36.1 million repayment of the 2004-05 General Fund start-up loan and (2) \$25 million repayment for the 2005-06 Volunteer Company Grants program.

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 10,975 | \$ 12,061 | \$ 11,131 |
| Receipts: | | | |
| Recovered Damages..... | \$ 0 | \$ 400 | \$ 0 |
| Interest | 2,566 | 1,950 | 2,100 |
| Total Receipts | 2,566 | 2,350 | 2,100 |
| Total Funds Available | \$ 13,541 | \$ 14,411 | \$ 13,231 |
| Disbursements: | | | |
| Treasury..... | \$ 0 | \$ 5 | \$ 5 |
| General Services..... | 1,480 | 3,275 | 2,250 |
| Total Disbursements | -1,480 | -3,280 | -2,255 |
| Cash Balance, Ending | \$ 12,061 | \$ 11,131 | \$ 10,976 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 1,718 | \$ 1,826 | \$ 1,833 |
| Receipts: | | | |
| Revenue from Operations..... | \$ 103 | \$ 82 | \$ 123 |
| Interest..... | 113 | 75 | 75 |
| Total Receipts | 216 | 157 | 198 |
| Total Funds Available | \$ 1,934 | \$ 1,983 | \$ 2,031 |
| Disbursements: | | | |
| General Services..... | \$ 108 | \$ 150 | \$ 150 |
| Total Disbursements | -108 | -150 | -150 |
| Cash Balance, Ending | \$ 1,826 | \$ 1,833 | \$ 1,881 |

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.

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) | | |
|--------------------------------------|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 577 | \$ 617 | \$ 617 |
| Receipts: | | | |
| Interest..... | \$ 44 | \$ 44 | \$ 45 |
| Total Receipts | <u>44</u> | <u>44</u> | <u>45</u> |
| Total Funds Available | \$ 621 | \$ 661 | \$ 662 |
| Disbursements: | | | |
| Education..... | \$ 4 | \$ 44 | \$ 25 |
| Total Disbursements | <u>-4</u> | <u>-44</u> | <u>-25</u> |
| Cash Balance, Ending | \$ <u>617</u> | \$ <u>617</u> | \$ <u>637</u> |

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.

Statement of Cash Receipts and Disbursements:

| | (Dollar Amounts in Thousands) | | |
|---|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 95,663 | \$ 88,264 | \$ 93,592 |
| Receipts: | | | |
| Fees, Fines and Penalties..... | \$ 13,482 | \$ 13,563 | \$ 13,563 |
| Sale of Goods..... | 1,349,634 | 1,440,612 | 1,501,869 |
| Liquor/Sales Taxes..... | 336,980 | 361,054 | 375,467 |
| Recovered Losses and Damages..... | 2,253 | 1,457 | 1,457 |
| General Fund Loan..... | 85,000 | 85,000 | 85,000 |
| Interest..... | 14,849 | 10,860 | 10,860 |
| Total Receipts | <u>1,802,198</u> | <u>1,912,546</u> | <u>1,988,216</u> |
| Total Funds Available | \$ 1,897,861 | \$ 2,000,810 | \$ 2,081,808 |
| Disbursements: | | | |
| Treasury..... | \$ 13 | \$ 15 | \$ 15 |
| Health..... | 2,040 | 2,121 | 2,121 |
| Liquor Control Board | 1,215,023 | 1,355,363 | 1,417,735 |
| State Police..... | 20,541 | 23,665 | 23,722 |
| General Fund Loan Repayment..... | 85,000 | 85,000 | 85,000 |
| Transfer of Liquor/Sales Taxes to General Fund..... | 336,980 | 361,054 | 375,467 |
| Transfer of Profits to General Fund..... | 150,000 | 80,000 | 80,000 |
| Total Disbursements | <u>-1,809,597</u> | <u>-1,907,218</u> | <u>-1,984,060</u> |
| Cash Balance, Ending | \$ 88,264 | \$ 93,592 | \$ 97,748 |

State Treasury Armory Fund

Created in accordance with Act 92 of 1975, this fund receives monies derived from the sale of any armory building, armory site or other real estate. Funds are expended solely for the purchase of equipment, furniture and fixtures or for the construction of new armories in the commonwealth.

Statement of Cash Receipts and Disbursements:

| | (Dollar Amounts in Thousands) | | |
|--------------------------------------|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 1,147 | \$ 2,577 | \$ 2,562 |
| Receipts: | | | |
| Armory Rentals..... | \$ 1,065 | \$ 400 | \$ 400 |
| Sale of Armories and Land..... | 568 | 175 | 175 |
| Interest..... | 133 | 60 | 60 |
| Total Receipts | <u>1,766</u> | <u>635</u> | <u>635</u> |
| Total Funds Available | \$ 2,913 | \$ 3,212 | \$ 3,197 |
| Disbursements: | | | |
| Military and Veterans Affairs..... | \$ 336 | \$ 650 | \$ 650 |
| Total Disbursements | <u>-336</u> | <u>-650</u> | <u>-650</u> |
| Cash Balance, Ending | \$ 2,577 | \$ 2,562 | \$ 2,547 |

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) | | |
|---|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 1,792,853 | \$ 1,757,528 | \$ 1,760,613 |
| Receipts: | | | |
| Premiums..... | \$ 395,024 | \$ 394,000 | \$ 375,000 |
| Interest..... | 91,863 | 90,000 | 85,000 |
| Net Investment Adjustment..... | -23,986 | 0 | 0 |
| Other..... | 7,359 | 8,000 | 7,500 |
| Total Receipts | 470,260 | 492,000 | 467,500 |
| Total Funds Available | \$ 2,263,113 | \$ 2,249,528 | \$ 2,228,113 |
| Disbursements: | | | |
| Treasury..... | \$ 0 | \$ 35 | \$ 35 |
| Labor and Industry..... | 505,585 | 481,000 | 470,000 |
| Premium Tax Payment to the General Fund..... | 0 | 7,880 | 7,500 |
| Total Disbursements | -505,585 | -488,915 | -477,535 |
| Cash Balance, Ending | \$ 1,757,528 | \$ 1,760,613 | \$ 1,750,578 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 13,010 | \$ 12,093 | \$ 8,610 |
| Receipts: | | | |
| Registration Fees..... | \$ 3,215 | \$ 3,227 | \$ 3,215 |
| Federal Funds - EPA..... | 2,107 | 3,590 | 3,590 |
| Fines and Penalties..... | 805 | 807 | 805 |
| Interest..... | 836 | 400 | 830 |
| Other..... | 598 | 303 | 291 |
| Total Receipts | 7,561 | 8,327 | 8,731 |
| Total Funds Available | \$ 20,571 | \$ 20,420 | \$ 17,341 |
| Disbursements: | | | |
| Environmental Protection..... | \$ 8,478 | \$ 11,810 | \$ 11,810 |
| Total Disbursements | -8,478 | -11,810 | -11,810 |
| Cash Balance, Ending | \$ 12,093 | \$ 8,610 | \$ 5,531 |

Substance Abuse Education and Demand Reduction Fund

This fund was created by Act 198 of 2002. 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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 6,100 | \$ 8,646 | \$ 6,068 |
| Receipts: | | | |
| Assessments..... | \$ 3,221 | \$ 3,778 | \$ 3,778 |
| Interest..... | 459 | 144 | 156 |
| Total Receipts | 3,680 | 3,922 | 3,934 |
| Total Funds Available | \$ 9,780 | \$ 12,568 | \$ 10,002 |
| Disbursements: | | | |
| Executive Offices..... | \$ 855 | \$ 6,178 | \$ 6,178 |
| Attorney General..... | 279 | 322 | 322 |
| Total Disbursements | -1,134 | -6,500 | -6,500 |
| Cash Balance, Ending | \$ 8,646 | \$ 6,068 | \$ 3,502 |

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) | | |
|--------------------------------------|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 64 | \$ 68 | \$ 0 |
| Receipts: | | | |
| General Fund Appropriation..... | \$ 0 | \$ 0 | \$ 0 |
| Interest | 4 | 2 | 0 |
| Total Receipts | 4 | 2 | 0 |
| Total Funds Available | \$ 68 | \$ 70 | \$ 0 |
| Disbursements: | | | |
| Auditor General..... | \$ 0 | \$ 0 | \$ 0 |
| Transfer to General Fund..... | 0 | 70 | 0 |
| Total Disbursements | 0 | -70 | 0 |
| Cash Balance, Ending | \$ 68 | \$ 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) | | |
|--------------------------------------|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 53,920 | \$ 55,827 | \$ 55,642 |
| Receipts: | | | |
| Licenses and Fees..... | \$ 121 | \$ 225 | \$ 225 |
| Fines and Penalties..... | 153 | 355 | 355 |
| Interest..... | 3,437 | 2,012 | 2,015 |
| Forfeiture of Bonds..... | 454 | 0 | 0 |
| Trust Account Collateral..... | 332 | 0 | 0 |
| Other..... | 30 | 0 | 0 |
| Total Receipts | 4,527 | 2,592 | 2,595 |
| Total Funds Available | \$ 58,447 | \$ 58,419 | \$ 58,237 |
| Disbursements: | | | |
| Treasury..... | \$ 0 | \$ 0 | \$ 5 |
| Environmental Protection..... | 2,620 | 2,777 | 2,777 |
| Total Disbursements | -2,620 | -2,777 | -2,782 |
| Cash Balance, Ending | \$ 55,827 | \$ 55,642 | \$ 55,455 |

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 substantial 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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--|----------------------------|----------------------------|----------------------------|
| Cash Balance, Beginning | \$ 1,094,490 | \$ 1,294,680 | \$ 1,478,114 |
| Receipts: | | | |
| Application Fees | \$ 365 | \$ 436 | \$ 455 |
| Tuition Purchases..... | 149,867 | 140,546 | 142,000 |
| Investment Earnings..... | 38,209 | 41,265 | 44,566 |
| Net Investment Adjustment..... | 197,637 | 200,000 | 210,000 |
| Transfer from Investment Program..... | 631 | 20 | 10 |
| Other..... | 589 | 587 | 590 |
| Total Receipts | <u>387,298</u> | <u>382,854</u> | <u>397,621</u> |
| Total Funds Available | \$ 1,481,788 | \$ 1,677,534 | \$ 1,875,735 |
| Disbursements: | | | |
| Treasury..... | 114,853 | 124,420 | 126,240 |
| Long-Term Invstmt (outside of Treasury)..... | 72,255 | 75,000 | 80,000 |
| Total Disbursements | <u>-187,108</u> | <u>-199,420</u> | <u>-206,240</u> |
| Cash Balance, Ending | <u>\$ 1,294,680</u> | <u>\$ 1,478,114</u> | <u>\$ 1,669,495</u> |

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) | | |
|--|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 327,597 | \$ 437,543 | \$ 537,543 |
| Receipts: | | | |
| Tuition Investment Purchases..... | \$ 99,435 | \$ 38,974 | \$ 39,753 |
| Gain on Redemption of Investments..... | 1,312 | 0 | 0 |
| Net Investment Adjustment..... | 80,866 | 100,000 | 100,200 |
| Total Receipts | <u>181,613</u> | <u>138,974</u> | <u>139,953</u> |
| Total Funds Available | \$ 509,210 | \$ 576,517 | \$ 677,496 |
| Disbursements: | | | |
| Treasury..... | \$ 71,667 | \$ 38,974 | \$ 39,753 |
| Total Disbursements | <u>-71,667</u> | <u>-38,974</u> | <u>-39,753</u> |
| Cash Balance, Ending | \$ 437,543 | \$ 537,543 | \$ 637,743 |

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 which 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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 124,068 | \$ 131,585 | \$ 113,938 |
| Receipts: | | | |
| Gallon Fee | \$ 54,010 | \$ 56,222 | \$ 57,693 |
| Tank Capacity Fee | 5,999 | 6,400 | 6,400 |
| Investment Income | 6,331 | 4,411 | 3,727 |
| Net Investment Adjustment..... | 8,070 | 0 | 0 |
| Loan Repayments..... | 501 | 1,742 | 1,109 |
| Loan Repayment From General Fund..... | 6,000 | 6,000 | 10,000 |
| Miscellaneous Fees | 984 | 0 | 0 |
| Total Receipts | 81,895 | 74,775 | 78,929 |
| Total Funds Available | \$ 205,963 | \$ 206,360 | \$ 192,867 |
| Disbursements: | | | |
| Treasury..... | \$ 0 | \$ 15 | \$ 10 |
| Community and Economic Development..... | 18 | 1,024 | 1,024 |
| Environmental Protection..... | 3,194 | 12,000 | 12,000 |
| Insurance..... | 71,166 | 79,383 | 85,507 |
| Total Disbursements | -74,378 | -92,422 | -98,541 |
| Cash Balance, Ending | \$ 131,585 | \$ 113,938 | \$ 94,326 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|---------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 0 | \$ 0 | \$ 0 |
| Receipts: | | | |
| Regular Unemployment Compensation Program..... | \$ 2,000,450 | \$ 2,133,420 | \$ 2,161,320 |
| Federal Receipts in Transit ^a | 3,900 | 4,200 | 4,300 |
| Other..... | 79,885 | 78,020 | 76,030 |
| Total Receipts | <u>2,084,235</u> | <u>2,215,640</u> | <u>2,241,650</u> |
| Total Funds Available | <u>\$ 2,084,235</u> | <u>\$ 2,215,640</u> | <u>\$ 2,241,650</u> |
| Disbursements: | | | |
| Labor and Industry..... | \$ 2,084,235 | \$ 2,215,640 | \$ 2,241,650 |
| Total Disbursements | <u>-2,084,235</u> | <u>-2,215,640</u> | <u>-2,241,650</u> |
| Cash Balance, Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

^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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--|---------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 3,069 | \$ 84 | \$ 0 |
| Receipts: | | | |
| Contributions of Employers and Employees..... | \$ 2,373,968 | \$ 2,248,500 | \$ 2,153,800 |
| Other..... | 913 | 880 | 840 |
| Total Receipts | <u>2,374,881</u> | <u>2,249,380</u> | <u>2,154,640</u> |
| Total Funds Available | <u>\$ 2,377,950</u> | <u>\$ 2,249,464</u> | <u>\$ 2,154,640</u> |
| Disbursements: | | | |
| Labor and Industry..... | \$ 2,377,866 | \$ 2,249,464 | \$ 2,154,640 |
| Total Disbursements | <u>-2,377,866</u> | <u>-2,249,464</u> | <u>-2,154,640</u> |
| Cash Balance, Ending | <u>\$ 84</u> | <u>\$ 0</u> | <u>\$ 0</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 0 | \$ 1,004 | \$ 3,174 |
| Receipts: | | | |
| Transfer from Workmen's Compensation Admin Fund..... | \$ 1,000 | \$ 0 | \$ 0 |
| Assessments/Self-Insurer's Security..... | 0 | 2,670 | 2,680 |
| Interest..... | 18 | 100 | 125 |
| Total Receipts | <u>1,018</u> | <u>2,770</u> | <u>2,805</u> |
| Total Funds Available | <u>\$ 1,018</u> | <u>\$ 3,774</u> | <u>\$ 5,979</u> |
| Disbursements: | | | |
| Labor and Industry..... | \$ 14 | \$ 600 | \$ 1,500 |
| Total Disbursements | <u>-14</u> | <u>-600</u> | <u>-1,500</u> |
| Cash Balance, Ending | <u>\$ 1,004</u> | <u>\$ 3,174</u> | <u>\$ 4,479</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 11,246 | \$ 9,781 | \$ 5,864 |
| Receipts: | | | |
| Transfer from General Fund..... | \$ 38,083 | \$ 38,083 | \$ 43,083 |
| Federal Vocational Rehabilitation Funds..... | 116,838 | 120,000 | 122,475 |
| Interest..... | 1,507 | 1,200 | 1,700 |
| Total Receipts | <u>156,428</u> | <u>159,283</u> | <u>167,258</u> |
| Total Funds Available | <u>\$ 167,674</u> | <u>\$ 169,064</u> | <u>\$ 173,122</u> |
| Disbursements: | | | |
| Labor and Industry..... | \$ 157,893 | \$ 163,200 | \$ 151,641 |
| Total Disbursements | <u>-157,893</u> | <u>-163,200</u> | <u>-151,641</u> |
| Cash Balance, Ending | <u>\$ 9,781</u> | <u>\$ 5,864</u> | <u>\$ 21,481</u> |

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) | | |
|--|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 17,225 | \$ 20,461 | \$ 19,712 |
| Receipts: | | | |
| Loan Principal Repayments..... | \$ 15,453 | \$ 14,250 | \$ 14,250 |
| Loan Interest..... | 2,167 | 2,250 | 2,250 |
| Interest..... | 1,258 | 251 | 251 |
| Total Receipts | <u>18,878</u> | <u>16,751</u> | <u>16,751</u> |
| Total Funds Available | <u>\$ 36,103</u> | <u>\$ 37,212</u> | <u>\$ 36,463</u> |
| Disbursements: | | | |
| Emergency Management and Homeland Security.... | \$ 15,642 | \$ 17,500 | \$ 17,500 |
| Total Disbursements | <u>-15,642</u> | <u>-17,500</u> | <u>-17,500</u> |
| Cash Balance, Ending | <u>\$ 20,461</u> | <u>\$ 19,712</u> | <u>\$ 18,963</u> |

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) | | |
|--------------------------------------|-------------------------------|----------------------|----------------------|
| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
| Cash Balance, Beginning | \$ 0 | \$ 0 | \$ 0 |
| Receipts: | | | |
| Transfer from General Fund..... | \$ 616 | \$ 403 | \$ 239 |
| Total Receipts | <u>616</u> | <u>403</u> | <u>239</u> |
| Total Funds Available | <u>\$ 616</u> | <u>\$ 403</u> | <u>\$ 239</u> |
| Disbursements: | | | |
| Treasury..... | \$ 616 | \$ 403 | \$ 239 |
| Total Disbursements | <u>-616</u> | <u>-403</u> | <u>-239</u> |
| Cash Balance, Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 0 | \$ 0 | \$ 0 |
| Receipts: | | | |
| Transfer from General Fund..... | \$ 2,057 | \$ 1,861 | \$ 1,859 |
| Total Receipts | <u>2,057</u> | <u>1,861</u> | <u>1,859</u> |
| Total Funds Available | \$ 2,057 | \$ 1,861 | \$ 1,859 |
| Disbursements: | | | |
| Treasury..... | \$ 2,057 | \$ 1,861 | \$ 1,859 |
| Total Disbursements | <u>-2,057</u> | <u>-1,861</u> | <u>-1,859</u> |
| 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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 53,190 | \$ 97,232 | \$ 122,184 |
| Receipts: | | | |
| Sale of Bonds..... | \$ 86,615 | \$ 117,000 | \$ 0 |
| Loan Repayment..... | 228 | 0 | 0 |
| Interest..... | 2,456 | 2,480 | 2,700 |
| Total Receipts | <u>89,299</u> | <u>119,480</u> | <u>2,700</u> |
| Total Funds Available | \$ 142,489 | \$ 216,712 | \$ 124,884 |
| Disbursements: | | | |
| Treasury..... | \$ 61 | \$ 0 | \$ 0 |
| Community & Economic Development - Public..... | 22,088 | 54,000 | 54,000 |
| Community & Economic Development - Private..... | 3,636 | 10,000 | 7,343 |
| PENNVEST..... | 19,472 | 30,528 | 0 |
| Total Disbursements | <u>-45,257</u> | <u>-94,528</u> | <u>-61,343</u> |
| Cash Balance, Ending | \$ 97,232 | \$ 122,184 | \$ 63,541 |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 0 | \$ 0 | \$ 0 |
| Receipts: | | | |
| Transfer from General Fund..... | \$ 2,823 | \$ 8,047 | \$ 18,995 |
| Total Receipts | <u>2,823</u> | <u>8,047</u> | <u>18,995</u> |
| Total Funds Available | <u>\$ 2,823</u> | <u>\$ 8,047</u> | <u>\$ 18,995</u> |
| Disbursements: | | | |
| Treasury..... | 2,823 | 8,047 | 18,995 |
| Total Disbursements | <u>-2,823</u> | <u>-8,047</u> | <u>-18,995</u> |
| Cash Balance, Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|---|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 179 | \$ 123 | \$ 92 |
| Receipts: | | | |
| Tax Check-Offs..... | \$ 118 | \$ 118 | \$ 171 |
| Interest..... | 9 | 9 | 9 |
| Voluntary Donations..... | 9 | 9 | 9 |
| License Plate Sales..... | 30 | 30 | 30 |
| Other..... | 29 | 46 | 29 |
| Total Receipts | <u>195</u> | <u>212</u> | <u>248</u> |
| Total Funds Available | <u>\$ 374</u> | <u>\$ 335</u> | <u>\$ 340</u> |
| Disbursements: | | | |
| Conservation and Natural Resources..... | \$ 251 | \$ 243 | \$ 244 |
| Total Disbursements | <u>-251</u> | <u>-243</u> | <u>-244</u> |
| Cash Balance, Ending | <u>\$ 123</u> | <u>\$ 92</u> | <u>\$ 96</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--|-------------------------|------------------------|-------------------------|
| Cash Balance, Beginning | \$ 14,821 | \$ 16,257 | \$ 8,257 |
| Receipts: | | | |
| Surcharges | \$ 91,042 | \$ 100,000 | \$ 110,000 |
| Interest..... | 1,151 | 2,000 | 2,000 |
| Total Receipts | <u>92,193</u> | <u>102,000</u> | <u>112,000</u> |
| Total Funds Available | \$ 107,014 | \$ 118,257 | \$ 120,257 |
| Disbursements: | | | |
| Emergency Management and Homeland Security | | | |
| Administration..... | \$ 1,371 | \$ 2,200 | \$ 2,201 |
| Grants..... | 89,386 | 107,800 | 107,800 |
| Total Disbursements | <u>-90,757</u> | <u>-110,000</u> | <u>-110,001</u> |
| Cash Balance, Ending | <u>\$ 16,257</u> | <u>\$ 8,257</u> | <u>\$ 10,256</u> |

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 1 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 5 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 is 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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 490,051 | \$ 508,939 | \$ 505,224 |
| Receipts: | | | |
| Assessments and Receipts | \$ 35,755 | \$ 23,222 | \$ 25,000 |
| Interest..... | 20,395 | 22,688 | 22,000 |
| Net Investment Adjustment..... | 32,845 | 0 | 0 |
| Miscellaneous..... | 178 | 0 | 0 |
| Total Receipts | <u>89,173</u> | <u>45,910</u> | <u>47,000</u> |
| Total Funds Available | \$ 579,224 | \$ 554,849 | \$ 552,224 |
| Disbursements: | | | |
| Treasury | \$ 2 | \$ 15 | \$ 5 |
| Insurance | 70,283 | 49,610 | 46,374 |
| Total Disbursements | <u>-70,285</u> | <u>-49,625</u> | <u>-46,379</u> |
| Cash Balance, Ending | \$ 508,939 | \$ 505,224 | \$ 505,845 |

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)

| | 2006-07 <u>Actual</u> | 2007-08 <u>Available</u> | 2008-09 <u>Estimated</u> |
|---|--------------------------|-----------------------------|-----------------------------|
| Cash Balance, Beginning | \$ 70,581 | \$ 77,355 | \$ 79,716 |
| Receipts: | | | |
| Assessments..... | \$ 60,250 | \$ 62,118 | \$ 76,366 |
| Interest..... | 3,222 | 3,800 | 3,800 |
| Fines and Penalties..... | 10 | 0 | 0 |
| Other..... | <u>378</u> | <u>0</u> | <u>0</u> |
| Total Receipts | <u>63,860</u> | <u>65,918</u> | <u>80,166</u> |
| Total Funds Available | \$ 134,441 | \$ 143,273 | \$ 159,882 |
| Disbursements: | | | |
| Treasury..... | \$ 0 | \$ 0 | \$ 0 |
| Community and Economic Development..... | 169 | 174 | 183 |
| Labor and Industry..... | <u>56,917</u> | <u>63,383</u> | <u>76,366</u> |
| Total Disbursements | <u>-57,086</u> | <u>-63,557</u> | <u>-76,549</u> |
| Cash Balance, Ending | \$ <u>77,355</u> | \$ <u>79,716</u> | \$ <u>83,333</u> |

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)

| | 2006-07 Actual | 2007-08 Available | 2008-09 Estimated |
|--------------------------------------|-------------------|----------------------|----------------------|
| Cash Balance, Beginning | \$ 2,394 | \$ 147 | \$ 1,679 |
| Receipts: | | | |
| Assessments..... | \$ 19,060 | \$ 22,447 | \$ 19,000 |
| Interest..... | 990 | 1,085 | 900 |
| Total Receipts | 20,050 | 23,532 | 19,900 |
| Total Funds Available | \$ 22,444 | \$ 23,679 | \$ 21,579 |
| Disbursements: | | | |
| Labor and Industry..... | \$ 22,297 | \$ 22,000 | \$ 21,000 |
| Total Disbursements | -22,297 | -22,000 | -21,000 |
| Cash Balance, Ending | \$ 147 | \$ 1,679 | \$ 579 |



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, without layoffs or furloughs. In 2008-09 it is projected that additional complement reductions will be achieved through this same approach.

| <i>Department</i> | <i>January 2003</i> | <i>2007-08 Available</i> | <i>2008-09 Budget</i> | | <i>Total</i> | <i>Difference Budget vs. Available</i> |
|--|-------------------------|------------------------------|---------------------------------|--|---------------|--|
| | | | <i>Positions Eliminated</i> | <i>Initiatives / Other Changes</i> | | |
| Governor's Office | 91 | 80 | | | 80 | |
| Executive Offices | 2,377 | 2,321 | -23 | 26 | 2,324 | 3 |
| Lieutenant Governor's Office | 15 | 17 | | | 17 | |
| Aging | 114 | 116 | | 3 | 119 | 3 |
| Agriculture | 656 | 690 | | 6 | 696 | 6 |
| Banking | 123 | 173 | | | 173 | |
| Civil Service Commission | 180 | 170 | | | 170 | |
| Community and Economic Development | 344 | 364 | | | 364 | |
| Conservation and Natural Resources | 1,391 | 1,407 | | | 1,407 | |
| Corrections | 15,476 | 15,750 | -3 | 119 | 15,866 | 116 |
| Education | 864 | 756 | -4 | | 752 | -4 |
| Emergency Management and Homeland Security | 166 | 173 | | 21 | 194 | 21 |
| Environmental Hearing Board | 22 | 17 | | | 17 | |
| Environmental Protection | 3,211 | 3,079 | | 9 | 3,088 | 9 |
| Fish & Boat Commission | 436 | 432 | | | 432 | |
| Game Commission | 732 | 707 | | | 707 | |
| General Services | 1,448 | 1,335 | | 57 | 1,392 | 57 |
| Health | 1,526 | 1,610 | | 5 | 1,615 | 5 |
| Historical and Museum Commission | 358 | 323 | | | 323 | |
| Infrastructure Investment Authority | 27 | 27 | | | 27 | |
| Insurance | 396 | 403 | | 30 | 433 | 30 |
| Labor and Industry | 5,951 | 5,570 | | | 5,570 | |
| Liquor Control Board | 3,037 | 3,258 | | | 3,258 | |
| Military and Veterans Affairs | 2,481 | 2,474 | | 9 | 2,483 | 9 |
| Milk Marketing Board | 36 | 33 | | | 33 | |
| Municipal Employees' Retirement | 27 | 30 | | | 30 | |
| Probation and Parole Board | 1,049 | 1,117 | -3 | 61 | 1,175 | 58 |
| Public Television Network | 20 | 20 | | | 20 | |
| Public Utility Commission | 533 | 509 | | | 509 | |
| Public Welfare | 21,373 | 18,871 | -324 | 106 | 18,653 | -218 |
| Revenue | 2,311 | 2,373 | | | 2,373 | |
| School Employees' Retirement System | 290 | 306 | | 2 | 308 | 2 |
| Securities Commission | 93 | 86 | | | 86 | |
| State | 502 | 533 | | 1 | 534 | 1 |
| State Employees' Retirement System | 192 | 197 | | | 197 | |
| State Police | 5,899 | 6,413 | | 36 | 6,449 | 36 |
| Tax Equalization Board | 22 | 19 | | | 19 | |
| Transportation | 12,356 | 12,011 | | | 12,011 | |
| TOTAL ALL DEPARTMENTS | 86,125 | 83,770 | -357 | 491 | 83,904 | 134 |

Summary of 2008-09 Complement Changes

The following is a detailed listing, by department, of the recommended authorized salaried complement changes (on a full-time equivalent basis) for 2008-09. It reflects proposed eliminations, new positions and transfers between appropriations and agencies.

| Department / Fund / Appropriation | Increase/ Decrease | Comment on Complement Change |
|--|-----------------------|--|
| EXECUTIVE OFFICES | | |
| General Fund: | | |
| Office of General Counsel..... | -5 | TRANSFERRED: To Commonwealth Technology Services (-4) and to Office of Health Care Reform (-1). |
| Commonwealth Technology Services..... | 31 | NEW: For legal services (3) and Information Technology services (10). TRANSFERRED: To Office of Administration (-2); from Office of General Counsel (4); from Emergency Management and Homeland Security (8); from IES Plant Maintenance (7) and from Statewide Public Safety Radio System (1). |
| Office of the Budget..... | -26 | NEW: For administrative services (2). TRANSFERRED: To Office of Administration (-5). Eliminated positions (-23). |
| Office of Administration..... | 13 | NEW: For legal services (1); for administration of Family Medical Leave Act (3). TRANSFERRED: From Office of the Budget (5); from Commonwealth Technology Services (2); Statewide Public Safety Radio System (2). |
| Office of Health Care Reform..... | 1 | TRANSFERRED: From Office of General Counsel. |
| Rx for PA - Health Information Exchange..... | 2 | NEW: For Rx for PA - Health Information Exchange. |
| Statewide Public Safety Radio System..... | -3 | TRANSFERRED: To Office of Administration (-2) and to Commonwealth Technology Services (-1). |
| General Fund Total | <u>13</u> | |
| Federal Funds: | | |
| Office of Homeland Security (F)..... | -6 | TRANSFERRED: To Emergency Management & Homeland Security. |
| Motor License Fund: | | |
| OB - Comptroller Operations..... | 3 | NEW: For Transportation comptroller operations. |
| IES Plant Maintenance..... | -7 | TRANSFERRED: To Commonwealth Technology Services. |
| Motor License Fund Total | <u>-4</u> | |
| DEPARTMENT TOTAL | <u>3</u> | |
| AGING | | |
| Lottery Fund: | | |
| General Government Operations..... | <u>3</u> | NEW: For community services quality assurance and oversight. |
| AGRICULTURE | | |
| General Fund: | | |
| General Government Operations..... | <u>6</u> | NEW: For food safety inspections. |
| CORRECTIONS | | |
| General Fund: | | |
| Medical Care..... | 26 | NEW: For institutional housing expansion. |
| State Correctional Institutions..... | 93 | NEW: For institutional housing expansion. |
| General Fund Total | <u>119</u> | |
| Federal Funds: | | |
| Correctional Education (F)..... | -3 | Eliminated positions. |
| DEPARTMENT TOTAL | <u>116</u> | |
| EDUCATION | | |
| Federal Funds: | | |
| ESEA - Title V - Administration/State (F)..... | -3 | Eliminated positions. |
| State Literacy Resource Centers (F)..... | -1 | Eliminated position. |
| DEPARTMENT TOTAL | <u>-4</u> | |

Summary of 2008-09 Complement Changes

| Department / Fund / Appropriation | Increase/ Decrease | Comment on Complement Change |
|---|-----------------------|---|
| EMERGENCY MANAGEMENT AND HOMELAND SECURITY | | |
| General Fund: | | |
| State Fire Commissioner..... | -1 | TRANSFERRED: To Commonwealth Technology Services. |
| General Government Operations..... | 6 | NEW: For infrastructure improvement and to implement Witt report recommendations (13). TRANSFERRED: To Commonwealth Technology Services (-7). |
| General Fund Total | <u>5</u> | |
| Federal Funds: | | |
| Domestic Preparedness - First Responders (F)..... | 10 | NEW: To implement Witt report recommendations. |
| Office of Homeland Security (F)..... | 6 | TRANSFERRED: From Executive Offices to implement Witt report recommendations. |
| Federal Funds Total | <u>16</u> | |
| DEPARTMENT TOTAL | <u><u>21</u></u> | |
| ENVIRONMENTAL PROTECTION | | |
| General Fund: | | |
| Environmental Program Management..... | <u>9</u> | NEW: For increased flood mitigation projects. |
| GENERAL SERVICES | | |
| General Fund: | | |
| General Government Operations..... | <u>57</u> | NEW: For security and maintenance in capital complex (3) and new Judicial Center (54). |
| HEALTH | | |
| General Fund: | | |
| State Laboratory..... | <u>3</u> | NEW: For laboratory support. |
| Federal Funds: | | |
| MCHSBG - Administration & Operation (F)..... | 1 | TRANSFERRED: From Family Health Special Projects (F). |
| Family Health Special Projects (F)..... | -1 | TRANSFERRED: To MCHSBG - Administration & Operation (F). |
| Environmental Public Health Tracking (F)..... | <u>1</u> | NEW: For information technology support. |
| Federal Funds Total | <u>1</u> | |
| Governor Casey Organ & Tissue Donation | | |
| Awareness Trust Fund: | | |
| Implementation Costs..... | <u>1</u> | NEW: For program management support. |
| DEPARTMENT TOTAL | <u><u>5</u></u> | |
| INSURANCE | | |
| Cover All Pennsylvanians Fund: | | |
| CAP - Administration..... | <u>30</u> | NEW: For Cover All Pennsylvanians. |
| MILITARY AND VETERANS AFFAIRS | | |
| General Fund: | | |
| General Government Operations..... | 1 | NEW: For veterans outreach services. |
| Veterans Homes..... | <u>8</u> | NEW: For enhanced federal reimbursement initiative. |
| DEPARTMENT TOTAL | <u><u>9</u></u> | |
| PROBATION AND PAROLE | | |
| General Fund: | | |
| General Government Operations..... | 57 | NEW: For workforce development and case processing. |
| Drug Offenders Work Program..... | -3 | Eliminated program. |
| Sexual Offenders Assessment Board..... | <u>4</u> | NEW: For workforce development and case processing. |
| DEPARTMENT TOTAL | <u><u>58</u></u> | |

Summary of 2008-09 Complement Changes

| Department / Fund / Appropriation | Increase/ Decrease | Comment on Complement Change |
|--|-----------------------|---|
| PUBLIC WELFARE | | |
| General Fund: | | |
| County Administration - Statewide..... | 28 | NEW: Long-term living system reform (19), HealthChoices Plus (4), Medical Assistance program enhancements (4). TRANSFERRED: From Executive Offices - Office of Health Care Reform (1). |
| Child Support Enforcement..... | -3 | TRANSFERRED: To Information Systems. |
| Mental Health Services (Hospitals)..... | -276 | TRANSFERRED: To Information Systems (-20) and to General Government Operations (-12). Eliminated positions (-244). |
| State Centers for the Mentally Retarded..... | -10 | TRANSFERRED: To Information Systems (-5) and to General Government Operations (-5). |
| Information Systems..... | 31 | TRANSFERRED: From Child Support Enforcement (3); from Youth Development Institutions & Forestry Camps (3); from Mental Health Services (20) and from State Centers for the Mentally Retarded (5). |
| Youth Development Institutions & Forestry Camps..... | -4 | TRANSFERRED: To Information Systems (-3) and to General Government Operations (-1). |
| General Government Operations..... | 56 | NEW: For Autism quality and oversight (19); for Mental Retardation quality and waiver oversight (15), and for Money Follows the Person (2). TRANSFERRED: From Youth Development Institutions & Forestry Camps (1); from Mental Health Services (12); from County Assistance Offices (2) and from State Centers for the Mentally Retarded (5). |
| County Assistance Offices..... | -82 | TRANSFERRED: To General Government Operations (-2). Eliminated positions (-80). |
| General Fund Total | <u>-260</u> | |
| Cover All Pennsylvanians Fund: | | |
| CAP - General Operations..... | 1 | NEW: For Cover All Pennsylvanians. |
| CAP - Administration..... | 41 | NEW: For Cover All Pennsylvanians. |
| Special Funds Total | <u>42</u> | |
| DEPARTMENT TOTAL | <u><u>-218</u></u> | |
| SCHOOL EMPLOYEES' RETIREMENT SYSTEM | | |
| School Employees' Retirement Fund: | | |
| Administration - Public School Employees' Retirement System..... | <u>2</u> | NEW: For investment oversight. |
| STATE | | |
| General Fund: | | |
| Professional and Occupational Affairs (R)..... | <u>1</u> | NEW: For communications and outreach. |
| STATE POLICE | | |
| General Fund: | | |
| General Government Operations..... | <u>36</u> | NEW: For enforcement in newly opened gaming facilities. |
| GRAND TOTAL | <u><u>134</u></u> | |



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 the commonwealth's World Wide Web home page by selecting "About PA" on that page. (www.state.pa.us/PAPower/).

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 2007 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 2007, 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 2007 and the age distribution of the population for 2006.

Population Trends Pennsylvania, Middle Atlantic Region and the United States 1998-2007

| As of July 1 | Total Population In Thousands | | | Total Population as a % of 1996 base | | |
|-----------------|----------------------------------|---|---------|---|---|------|
| | PA | Middle Atlantic Region ^(a) | U.S. | PA | Middle Atlantic Region ^(a) | U.S. |
| 1998 | 12,002 | 38,257 | 270,248 | 100% | 100% | 100% |
| 1999 | 11,994 | 38,334 | 272,690 | 99 | 100 | 100 |
| 2000 | 12,286 | 39,714 | 282,194 | 102 | 104 | 104 |
| 2001 | 12,288 | 39,860 | 285,112 | 102 | 104 | 106 |
| 2002 | 12,306 | 39,997 | 287,888 | 102 | 104 | 107 |
| 2003 | 12,327 | 40,140 | 290,448 | 102 | 104 | 107 |
| 2004 | 12,349 | 40,248 | 293,192 | 103 | 105 | 108 |
| 2005 | 12,368 | 40,287 | 295,895 | 103 | 105 | 109 |
| 2006 | 12,403 | 40,351 | 298,755 | 103 | 105 | 110 |
| 2007 | 12,433 | 40,416 | 301,621 | 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 — 2006 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 | 26.3 | 26.8 | 27.7 |
| 25-44 years | 25.9 | 27.4 | 28.1 |
| 45-64 years | 26.7 | 25.9 | 25.0 |
| 65 years and over | 15.3 | 13.7 | 12.4 |

^(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 2006 increased at an average annual rate of 0.7 percent compared with a 0.8 percent rate for the Middle Atlantic region and 1.2 percent rate for the U.S. The following table shows employment trends from 1997 through 2006.

Non-Agricultural Establishment Employment Trends Pennsylvania, Middle Atlantic Region and the United States 1997-2006

| Calendar Year | Total Establishment Employment In Thousands | | | Total Establishment Employment as a % of 1997 base | | |
|---------------|--|---------------------------------------|---------|---|---------------------------------------|-------|
| | PA | Middle Atlantic Region ^(a) | U.S. | PA | Middle Atlantic Region ^(a) | U.S. |
| 1997 | 5,406 | 17,198 | 122,776 | 100 % | 100 % | 100 % |
| 1998 | 5,495 | 17,532 | 125,930 | 102 | 102 | 103 |
| 1999 | 5,586 | 17,943 | 128,993 | 103 | 104 | 105 |
| 2000 | 5,691 | 18,321 | 131,785 | 105 | 107 | 107 |
| 2001 | 5,682 | 18,271 | 131,826 | 105 | 106 | 117 |
| 2002 | 5,640 | 18,083 | 130,341 | 104 | 105 | 116 |
| 2003 | 5,611 | 17,997 | 129,999 | 104 | 105 | 106 |
| 2004 | 5,644 | 18,105 | 131,435 | 104 | 115 | 107 |
| 2005 | 5,702 | 18,275 | 133,703 | 105 | 106 | 109 |
| 2006 | 5,753 | 18,440 | 136,174 | 106 | 107 | 111 |

^(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 88.3 percent of total employment by 2006. Consequently, manufacturing employment constitutes a diminished share of total employment within the commonwealth. Manufacturing, contributing 11.7 percent of 2006 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 2006, the services sector accounted for 40.6 percent of all non-agricultural employment while the trade sector accounted for 19.6 percent. The following table shows trends in employment by sector for Pennsylvania from 2002 through 2006.

Non-Agricultural Establishment Employment by Sector Pennsylvania 2002-2006 (In Thousands)

| | CALENDAR YEAR | | | | | | | | | |
|---|---------------|-------|-----------|------|-----------|-------|-----------|-------|-----------|-------|
| | 2002 | | 2003 | | 2004 | | 2005 | | 2006 | |
| | Employees | % | Employees | % | Employees | % | Employees | % | Employees | % |
| Manufacturing: | | | | | | | | | | |
| Durable..... | 449.2 | 8.0 | 418.6 | 7.5 | 412.2 | 7.3 | 412.9 | 7.2 | 415.5 | 7.2 |
| Non-Durable..... | 310.6 | 5.5 | 293.8 | 5.2 | 278.5 | 4.9 | 266.5 | 4.7 | 256.4 | 4.5 |
| Total Manufacturing ^(d) | 759.8 | 13.5 | 712.4 | 12.7 | 690.7 | 12.2 | 679.4 | 11.9 | 671.9 | 11.7 |
| Non-Manufacturing: | | | | | | | | | | |
| Trade ^(a) | 1,112.9 | 19.7 | 1,108.2 | 19.7 | 1,113.6 | 19.7 | 1,120.3 | 19.6 | 1,126.3 | 19.6 |
| Finance ^(b) | 336.8 | 6.0 | 338.5 | 6.0 | 336.2 | 6.0 | 335.7 | 5.9 | 335.5 | 5.8 |
| Services..... | 2,181.1 | 38.7 | 2,201.8 | 39.2 | 2,248.7 | 39.8 | 2,300.8 | 40.3 | 2,338.5 | 40.6 |
| Government..... | 738.9 | 13.1 | 745.6 | 13.3 | 744.4 | 13.2 | 745.1 | 13.1 | 746.4 | 13.0 |
| Utilities ^(c) | 244.8 | 4.3 | 241.6 | 4.3 | 242.4 | 4.3 | 246.2 | 4.3 | 253.0 | 4.4 |
| Construction..... | 248.5 | 4.4 | 246.0 | 4.4 | 250.2 | 4.4 | 255.7 | 4.5 | 261.8 | 4.6 |
| Mining..... | 18.0 | 0.3 | 17.2 | 0.3 | 18.0 | 0.3 | 19.0 | 0.3 | 19.8 | 0.3 |
| Total Non-Manufacturing ^(d) | 4,881.0 | 86.5 | 4,898.9 | 87.1 | 4,953.5 | 87.8 | 5,022.8 | 88.1 | 5,081.3 | 88.3 |
| Total Employees ^{(d)(e)} | 5,640.8 | 100.0 | 5,611.3 | 99.8 | 5,644.2 | 100.0 | 5,702.2 | 100.0 | 5,753.2 | 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 2006.

Non-Agricultural Establishment Employment by Sector Pennsylvania and the United States

| | 2006 Calendar Year | |
|--------------------------------|--------------------|---------------|
| | Pennsylvania | United States |
| Manufacturing..... | 11.7% | 10.8% |
| Trade ^(a) | 19.6 | 16.0 |
| Finance ^(b) | 5.8 | 5.4 |
| Services..... | 40.6 | 41.6 |
| Government..... | 13.0 | 15.9 |
| Utilities ^(c) | 4.4 | 3.5 |
| Construction..... | 4.6 | 5.5 |
| Mining..... | 0.3 | 1.3 |
| 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 13.5 percent of Pennsylvania manufacturing employment but only 0.1 percent of total Pennsylvania non-agricultural employment in 2006. The following table shows trends in manufacturing employment by industry for Pennsylvania from 2002 through 2006.

Manufacturing Establishment Employment by Industry Pennsylvania 2002-2006 (In Thousands)

| | CALENDAR YEAR | | | | | | | | | |
|---|---------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|
| | 2002 | | 2003 | | 2004 | | 2005 | | 2006 | |
| | Employees | % | Employees | % | Employees | % | Employees | % | Employees | % |
| Durable Goods: | | | | | | | | | | |
| Primary Metals..... | 48.3 | 7.8 | 44.6 | 6.4 | 43.1 | 6.3 | 43.0 | 6.2 | 43.3 | 6.4 |
| Fabricated Metals..... | 95.1 | 9.2 | 89.1 | 12.5 | 88.7 | 12.5 | 90.1 | 12.7 | 90.9 | 13.5 |
| Machinery (excluding electrical).... | 60.6 | 11.4 | 56.1 | 8.0 | 54.8 | 7.9 | 55.6 | 8.0 | 57.0 | 8.5 |
| Electrical Equipment..... | 26.6 | 8.1 | 25.4 | 3.5 | 25.6 | 3.6 | 25.8 | 3.7 | 26.7 | 4.0 |
| Transportation Equipment..... | 44.4 | 5.5 | 41.5 | 5.9 | 42.7 | 5.8 | 43.7 | 6.1 | 44.3 | 6.6 |
| Furniture Related Products..... | 25.5 | 4.1 | 24.4 | 3.4 | 24.4 | 3.4 | 24.0 | 4.4 | 23.8 | 3.5 |
| Other Durable Goods..... | 148.7 | 11.5 | 137.5 | 19.5 | 132.9 | 19.4 | 130.7 | 18.4 | 129.5 | 19.3 |
| Total Durable Goods^(a)..... | 449.2 | 57.7 | 418.6 | 59.2 | 412.2 | 58.8 | 412.9 | 60.8 | 415.5 | 61.8 |
| Non-Durable Goods: | | | | | | | | | | |
| Pharmaceutical/Medicine... | 27.2 | 4.3 | 25.6 | 3.6 | 22.6 | 2.6 | 21.9 | 2.4 | 22.3 | 3.3 |
| Food Products..... | 75.1 | 9.0 | 74.5 | 9.8 | 72.6 | 10.6 | 70.9 | 10.5 | 68.8 | 10.2 |
| Chemical Products..... | 61.4 | 7.3 | 57.8 | 8.1 | 52.7 | 8.2 | 49.2 | 7.7 | 47.1 | 7.0 |
| Printing and Publishing..... | 41.1 | 8.7 | 39.3 | 5.4 | 37.7 | 5.6 | 37.1 | 5.5 | 36.3 | 5.4 |
| Plastics/Rubber Products..... | 44.5 | 2.3 | 42.0 | 5.9 | 40.9 | 2.1 | 40.2 | 2.0 | 40.2 | 6.0 |
| Paper Products..... | 30.5 | 3.9 | 28.8 | 4.0 | 27.5 | 4.1 | 26.9 | 4.0 | 26.3 | 3.9 |
| Other Non-Durable Goods... | 30.8 | 6.8 | 25.8 | 4.0 | 24.5 | 8.5 | 20.3 | 8.3 | 15.4 | 2.3 |
| Total Non-Durable Goods^(a)..... | 310.6 | 42.3 | 293.8 | 40.8 | 278.5 | 40.3 | 266.5 | 39.2 | 256.4 | 38.2 |
| Total Manufacturing Employees^(a)..... | 759.8 | 100.0 | 712.4 | 100.0 | 690.7 | 99.2 | 679.4 | 100.0 | 671.9 | 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 4.7 percent in 2006. As of November 2007, the most recent month for which figures are available, Pennsylvania had a seasonally adjusted annual unemployment rate of 4.2 percent. The following table represents the annual non-adjusted unemployment rate in Pennsylvania, the Middle Atlantic Region, and the United States from 1997 through 2006.

Annual Average Unemployment Rate Pennsylvania, Middle Atlantic Region and the United States 1997-2006

| Calendar Year | Pennsylvania | Middle Atlantic Region ^(a) | United States |
|---------------|--------------|---------------------------------------|---------------|
| 1997 | 5.1 % | 5.8 % | 4.9 % |
| 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 | 4.7 | 4.6 | 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 2006

| <u>Company</u> | <u>Rank</u> | <u>Company</u> | <u>Rank</u> |
|-------------------------------------|-------------|--------------------------------------|-------------|
| Wal-Mart Associates | 1 | US Airways... .. | 16 |
| University of Pennsylvania | 2 | Pennsylvania Blue Shield | 17 |
| Pennsylvania State University | 3 | KMART of Pennsylvania LP | 18 |
| Giant Food Stores | 4 | Target Division of Target Corp | 19 |
| United Parcel Service..... | 5 | Verizon Pennsylvania | 20 |
| University of Pittsburgh | 6 | GMR Restaurants of Pennsylvania..... | 21 |
| UPMC Presbyterian | 7 | May Department Stores..... | 22 |
| Weis Markets | 8 | The Children's Hospital of PA..... | 23 |
| Merck & Co Inc..... | 9 | Sears Roebuck & Co | 24 |
| The Home Depot USA Inc..... | 10 | Temple University | 25 |
| Giant Eagle Inc..... | 11 | Thomas Jefferson Hospital | 26 |
| Lowe's Home Centers Inc | 12 | Eat'n Park Restaurants..... | 27 |
| PNC Bank NA | 13 | ACME Markets Inc..... | 28 |
| Heartland Employment Services..... | 14 | Wachovia Bank..... | 29 |
| Vanguard Group Inc..... | 15 | Boscov's Department Stores | 30 |

Source: Pennsylvania Department of Labor, Office of Employment Security.

Personal Income

Personal income in the commonwealth for 2006 was \$456.3 billion, an increase of 5.2 percent over the previous year. During the same period, national personal income increased at a rate of 6.2 percent. Based on the 2006 personal income estimates, per capita income for 2006 was \$36,680 in the commonwealth compared to per capita income in the United States of \$36,276. The following tables represent annual personal income data and per capita income from 1997 through 2006.

Personal Income Pennsylvania, Mideast Region and the United States 1997-2006

| Year | Total Personal Income Dollars in Millions | | | Total Personal Income As a % of 1996 base | | |
|-----------|--|----------------------------------|---------------------|--|----------------------------------|-------|
| | PA | Mideast Region ^(a) | U.S. ^(b) | PA | Mideast Region ^(a) | U.S. |
| 1997..... | \$ 311,508 | \$1,319,270 | \$6,907,332 | 100 % | 100 % | 100 % |
| 1998..... | 330,160 | 1,404,640 | 7,415,709 | 105 | 106 | 106 |
| 1999..... | 342,610 | 1,467,261 | 7,796,137 | 109 | 111 | 112 |
| 2000..... | 364,837 | 1,580,733 | 8,422,074 | 117 | 119 | 119 |
| 2001..... | 372,339 | 1,627,894 | 8,716,992 | 119 | 123 | 121 |
| 2002..... | 382,251 | 1,648,004 | 8,872,871 | 122 | 124 | 128 |
| 2003..... | 393,908 | 1,690,345 | 9,150,320 | 126 | 128 | 132 |
| 2004..... | 413,589 | 1,797,984 | 9,716,351 | 132 | 136 | 140 |
| 2005..... | 433,400 | 1,883,422 | 10,220,942 | 139 | 142 | 147 |
| 2006..... | 456,315 | 1,992,326 | 10,860,916 | 146 | 151 | 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 1997-2006

| Calendar Year | Per Capita Income | | | As a % of U.S. | |
|------------------|-------------------|----------------------------------|-----------|----------------|----------------------------------|
| | PA | Mideast Region ^(a) | U.S. | PA | Mideast Region ^(a) |
| 1997..... | \$ 25,475 | \$ 28,944 | \$ 25,334 | 101 % | 114 % |
| 1998..... | 26,961 | 30,654 | 26,883 | 100 | 114 |
| 1999..... | 27,937 | 31,824 | 27,939 | 100 | 114 |
| 2000..... | 29,693 | 34,074 | 29,843 | 99 | 114 |
| 2001..... | 30,281 | 34,895 | 30,562 | 99 | 114 |
| 2002..... | 31,023 | 35,144 | 30,795 | 100 | 114 |
| 2003..... | 31,892 | 35,871 | 31,466 | 101 | 114 |
| 2004..... | 33,415 | 38,007 | 33,090 | 101 | 114 |
| 2005..... | 34,937 | 39,703 | 34,471 | 101 | 115 |
| 2006..... | 36,680 | 41,924 | 36,276 | 101 | 115 |

^(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 2002 through 2006.

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 | | | |
| 2002..... | 2.6% | 1.2% | 1.7% |
| 2003..... | 3.0 | 2.5 | 3.1 |
| 2004..... | 4.9 | 6.3 | 6.1 |
| 2005..... | 4.7 | 4.7 | 5.1 |
| 2006..... | 5.2 | 5.8 | 6.2 |
| Manufacturing | | | |
| 2002..... | 0.3% | -0.7% | -0.3% |
| 2003..... | -2.6 | 0.1 | 1.8 |
| 2004..... | 4.5 | 3.9 | 3.3 |
| 2005..... | 3.4 | 2.5 | 3.7 |
| 2006..... | 3.2 | 2.8 | 4.6 |
| Trade^(b) | | | |
| 2002..... | 1.9% | 1.8% | 1.7% |
| 2003..... | 4.5 | 3.5 | 2.7 |
| 2004..... | 4.7 | 4.3 | 5.1 |
| 2005..... | 4.3 | 3.9 | 5.0 |
| 2006..... | 4.6 | 4.9 | 6.3 |
| Finance^(c) | | | |
| 2002..... | 3.3% | -4.0% | 0.1% |
| 2003..... | 5.7 | 0.8 | 4.5 |
| 2004..... | 5.8 | 9.0 | 7.9 |
| 2005..... | 4.6 | 6.7 | 7.1 |
| 2006..... | 5.0 | 8.2 | 5.8 |
| Services | | | |
| 2002..... | 0.1% | -1.6% | -1.7% |
| 2003..... | 1.7 | 2.0 | 0.8 |
| 2004..... | 9.6 | 8.6 | 8.9 |
| 2005..... | 7.8 | 7.9 | 8.4 |
| 2006..... | 7.6 | 7.9 | 9.0 |
| Utilities | | | |
| 2002..... | 8.5% | 10.0% | 1.6% |
| 2003..... | -2.8 | 3.4 | 4.2 |
| 2004..... | 0.8 | 0.5 | 2.1 |
| 2005..... | -0.4 | 1.3 | 2.1 |
| 2006..... | -8.8 | -0.9 | 2.1 |
| Construction | | | |
| 2002..... | 2.4% | 3.0% | 1.8% |
| 2003..... | 4.8 | 2.9 | 3.2 |
| 2004..... | 5.2 | 6.5 | 8.4 |
| 2005..... | 8.8 | 7.1 | 9.8 |
| 2006..... | 7.8 | 7.0 | 8.9 |
| Mining | | | |
| 2002..... | -10.9% | 0.1% | -5.8% |
| 2003..... | 9.1 | -4.6 | 14.2 |
| 2004..... | 14.3 | 22.6 | 19.7 |
| 2005..... | 14.5 | 16.9 | 18.5 |
| 2006..... | 11.4 | 13.3 | 18.3 |

^(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 \$15.37 for manufacturing and production workers compares to the national average of \$16.80 for 2006. The following table presents the average hourly wage rates for 2002 through 2006.

Average Hourly Wages Production Workers on Manufacturing Payrolls Pennsylvania and the United States 2002-2006

| Calendar Year | PA | U.S. |
|------------------|----------|----------|
| 2002..... | \$ 14.75 | \$ 15.29 |
| 2003..... | 14.99 | 15.74 |
| 2004..... | 15.16 | 16.15 |
| 2005..... | 15.26 | 16.56 |
| 2006..... | 15.37 | 16.80 |

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 1997-2006

| <u>Year</u> | <u>Market Value^(a)</u> | <u>Assessed Valuation</u> | <u>Ratio of Assessed Valuation to Market Value^(a)</u> |
|-------------|-----------------------------------|---------------------------|--|
| 1997 | 366,096,581,900 | 123,734,109,457 | 37.2% |
| 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 |

^(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.