



2014-15 Governor's Executive Budget

Tom Corbett
Governor



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COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

THE GOVERNOR

February 4, 2014

To the People of Pennsylvania:

The past three years have provided the most significant fiscal challenges to any Pennsylvania governor and legislature in the modern era. A major economic downturn, limited revenues and the loss of federal stimulus funding used to fill previous funding gaps all contributed to the challenge of developing a spending plan that balanced the needs of Pennsylvanians and ensured no new taxes on families or businesses.

These years were lean. We made difficult choices. We cut costs through spending reductions and by eliminating unnecessary programs. We drove efficiencies throughout state government. We maintained support for the essential programs and services upon which our families and neighbors rely. We lived within our means. We balanced three budgets through fiscal discipline and becoming more efficient in the delivery of programs and services, rather than income tax increases.

We provided opportunities for our communities to revitalize their local economies. We focused on jobs. Companies have moved to Pennsylvania, put a foothold in our cities and towns and helped fuel our economic engine and set our course for prosperity.

We focused on educating our children, investing an additional \$1.2 billion in our education system above previous state spending. Equally important, we focused on the quality of education, ensuring our teachers are effective and added transparency and accountability for school administrators. We have given parents a tool they can use to evaluate how their schools are doing. These historic reforms have laid the foundation for more historic – and strategic – investments in our schools.

We focused on our fellow Pennsylvanians in need of services. We addressed waiting lists for home and community-based services for individuals with intellectual and physical disabilities and for older Pennsylvanians. We removed obstacles that kept children from getting affordable health care coverage.

Together, we made an historic investment and improvement in our infrastructure and mass transit systems that will make Pennsylvania safer. We focused on ensuring that Pennsylvania remained a safe place to live, work and travel. We invested in our emergency management, our police, corrections and criminal justice systems.

From better schools to safer roads, Pennsylvanians are enjoying the benefits of policies responsive to their best interests. From jobs to energy to trade and industry investment, Pennsylvania has become competitive again in a new global economy.

The 2014-15 Executive Budget addresses the concerns of all Pennsylvanians and continues historic investments in our schools, support for our job creators, and care for our neighbors in need.

This year we continue our commitment to teaching our youngest students, with more funding for pre-kindergarten in full and part-day programs. We have increased our investment in programs for students who require educational supports, based upon that student's level of need. Our kindergarten to 12th grade students will benefit from a new *Ready to Learn* Block Grant that places money directly into the classroom. And, we are making college more affordable with a *Ready to Succeed* scholarship program, opening the doors to higher education for thousands of students.

This budget features a renewed and strengthened investment in job training opportunities for Pennsylvanians, and it supports the continued resurgence of Pennsylvania's manufacturing, life science and technology sectors – so that industry comes back to the commonwealth and brings its jobs back home. Through targeted investments, the commonwealth will strengthen critical job-creating programs and partnerships that have a proven track record of results and support collaborations that utilize innovative programs to market Pennsylvania and foster new jobs in growing industries.

Pennsylvania is at the forefront of making quality health care accessible and affordable to all citizens. This budget continues my efforts to implement *Healthy Pennsylvania* and reform Pennsylvania's Medicaid program, giving all citizens a health care solution that meets their needs and not a one-size-fits-all approach conceived by Washington, D.C. Additionally, whether it be through the direct support of community health clinics and centers or the expansion of home and community-based options for individuals with disabilities and older Pennsylvanians, our investment ensures people can and will get the services they need where they want to get them.

This budget reflects the values and optimism that have guided us for the past three years and will serve as a roadmap for our commonwealth's future. By working together, we chart a course for unprecedented growth and prosperity. By working together, we open doors of opportunity. By working together, we create a better Pennsylvania.

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 2014-15.

Sincerely,



Tom Corbett



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Commonwealth of Pennsylvania
Pennsylvania**

For the Fiscal Year Beginning

July 1, 2013

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, 2013. 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.

To view the Governor's Executive Budget online or learn more about the Pennsylvania Office of the Budget, go to www.budget.state.pa.us. To learn more about the Commonwealth of Pennsylvania, go to www.pa.gov.

Overview of Sections within the Budget

Preface

Includes the Governor's letter, Distinguished Budget Presentation Award, an overview of sections within the budget and the table of contents.

Reader's Guide

Provides an explanation of the budget process, program budget structure, and the basis of budgeting and accounting, summarizes significant financial policies and lists terms used in the budget.

A. Overview and Summaries

Provides summary information regarding program policy direction and budget themes. It discusses the economic outlook, major operating funds and overall complement and summarizes the budget for several major commonwealth funds including the General Fund, Motor License Fund, Lottery Fund and Budget Stabilization Reserve (Rainy Day) Fund. It also includes General Fund and special fund financial statements and information on federal block grants, communications and selected other summaries.

B. Program Budget Summary

Provides a summary of the budget by major revenue source and 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 ten selected special funds, including detailed data regarding revenues and a summary of expenditures for each fund. 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. It also presents program performance measures including outcome/effectiveness indicators, output/activity indicators, efficiency measures and need/demand estimators for those programs administered by the agency.

F. Capital Budget

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

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

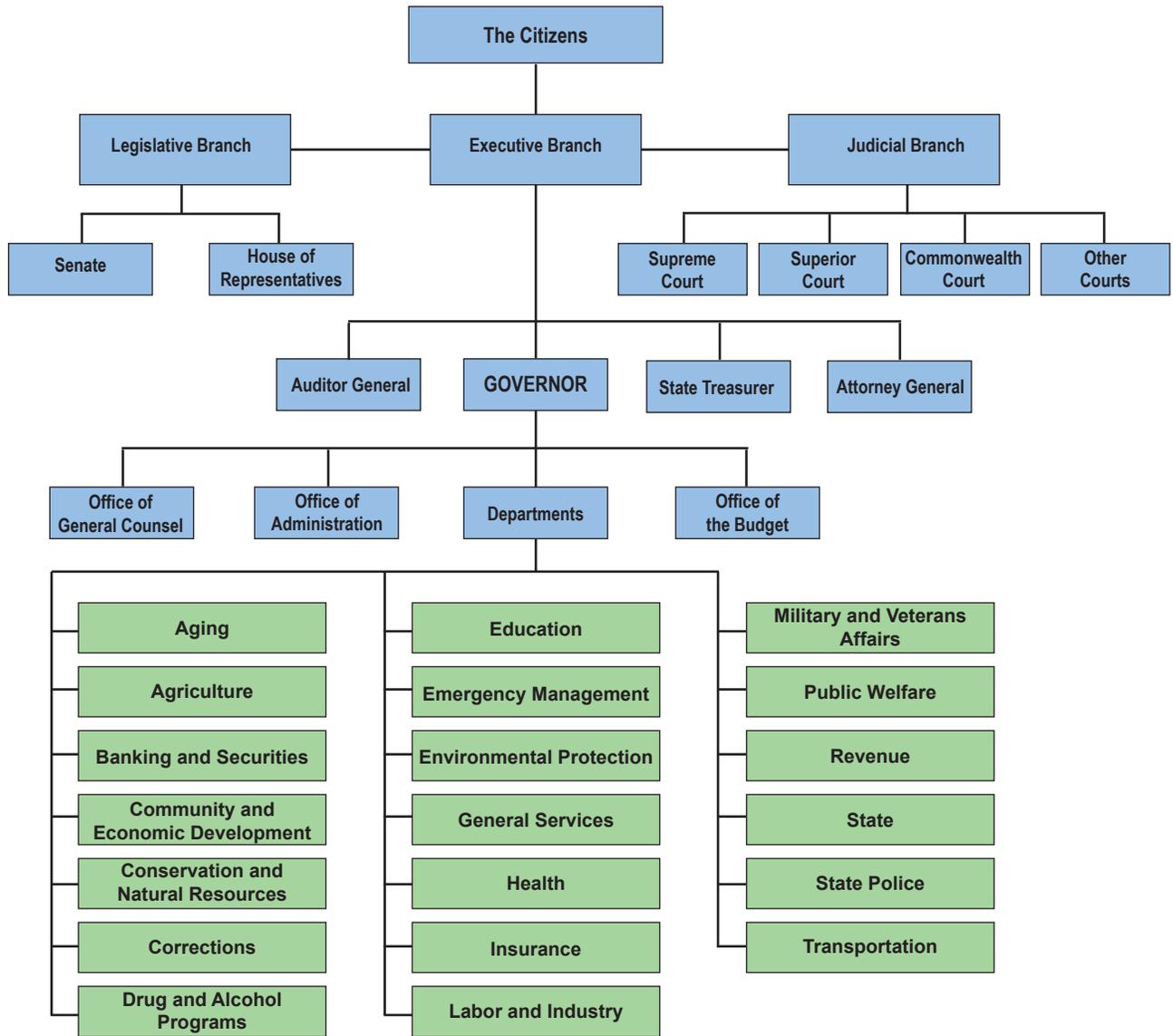
This section of the budget is intended to assist readers with interpreting and understanding the content of the Governor's recommended budget.

It contains an organization chart of the commonwealth, descriptions of the operating and capital budget processes, explanations of the program budget structure and the basis of budgeting and accounting, a summary of significant financial policies, terms used in the budget process and a list of common federal funds abbreviations.

The government of the commonwealth is comprised of three separate branches: the Executive Branch, the Legislative Branch and the Judicial Branch. The organization chart shown on the following page provides additional information about the structure of Pennsylvania State Government.

To view the Governor's Executive Budget online or learn more about the Pennsylvania Office of the Budget, go to www.budget.state.pa.us. To learn more about the Commonwealth of Pennsylvania, go to www.pa.gov.

Commonwealth of Pennsylvania Organization Chart



AGENCIES

Higher Education Assistance
Housing Finance
Interstate Agencies

AUTHORITIES

Automobile Theft Prevention
Commonwealth Financing
eHealth Partnership
Energy Development
Higher Education Facilities
Industrial Development
Infrastructure Investment
Insurance Fraud Prevention
Minority Business Development
Patient Safety
Public School Building

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 Utility
Turnpike

The Budget Process

The Pennsylvania 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 phases: 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 phase of the budget process begins nearly twelve months prior to the July 1 start of that fiscal year. The first step of the preparation phase is the distribution of the budget instructions by the Governor's Budget Office and program policy guidance by the Governor's Office. The program policy guidance defines major policy issues, spells out priorities and provides policy direction to the agencies for budget preparation.

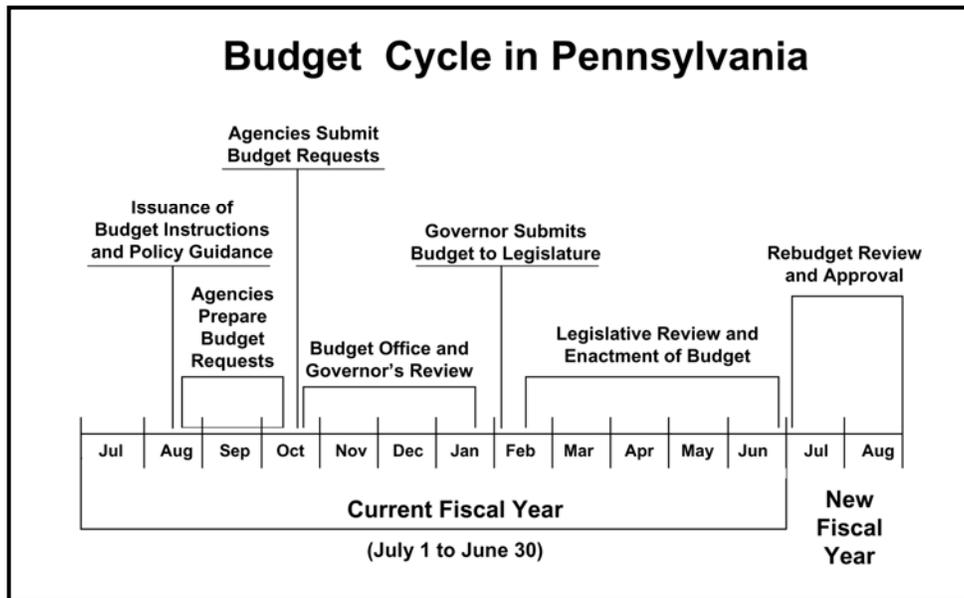
Agency budget requests are submitted to the Governor's Budget Office beginning in early October. Agencies prepare and submit their requests electronically. The Agency Program Plan, the programmatic presentation of agency budget requests, and the appropriation-level information are prepared and submitted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

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

The Secretary of the Budget and Governor's Budget Office staff review agency budget requests for accuracy and for adherence to the policy guidance. The Agency Program Plan and appropriation templates are used by the Governor's Budget Office to analyze the agency requests and prepare funding recommendations for the Secretary of the Budget and the Governor. Total agency requests must be brought into balance with total funds estimated to be available from existing sources and any new revenue sources that are recommended. The Secretary of the Budget makes recommendations to the Governor on the expenditure proposals contained in each agency budget request and, along 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 Executive Budget, 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.



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 phase 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

Preparation, Submission and Approval

The capital budget process in Pennsylvania is similar to the process used for the operating budget. The capital budget process 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 operating budget requests to the Secretary of the Budget beginning in early October, agencies also submit a capital budget request itemizing proposed capital projects they want to undertake. The Governor's Budget Office reviews capital requests and develops recommendations based on the Governor's financial parameters and policies.

The Governor makes final decisions on the capital budget 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 Budget submitted to the General Assembly.

The Governor's capital project recommendations 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 the project will have on agency 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 budget project itemization bill is not passed, the Capital Budget Act – legislation establishing limitations on the debt to be incurred for capital projects – is passed and signed into law. The act establishes a debt ceiling for each major category of the capital program and remains in force for a single fiscal year.

Capital Project Activation

In order for a capital project approved in an enacted project itemization act to move forward, the Department of General Services must request that it be activated. All project activation requests 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 then when design is complete – for construction. Project releases are made in accordance with certain fiscal guidelines in order to keep the entire capital budget at affordable levels each fiscal year.

Debt Financing vs. Current Revenue Financing

A capital project can be funded by commonwealth debt obligations, current revenues or funds received from other jurisdictions if it meets one of the project category criteria listed in the Capital Budget Program Summary (page F3). The majority of capital projects are funded through general obligation bonds, but in accordance with commonwealth debt policy (page G3), highway capital projects are funded from current revenues of the Motor License Fund. Agencies will request either bond or current revenue funding when they submit capital project requests. The statements on pages F5-F7 summarize new capital projects by capital program category, then by department, and finally by department, capital program category and bond or current revenue sources. The capital projects for each department (pages F8-F77) first list agency bond-funded projects, then list agency projects funded through current revenues.

The reader is referred to Section F Capital Budget, which contains the Governor's recommended capital budget and five-year capital program, including funding sources and amounts needed to support capital programs. Pages F3 and F4 briefly describe the seven categories of capital projects and the contents of the three subsections: 2014-15 New Project Authorizations; Forecast of Future Projects; and Estimate of Capital Expenditures.

The Commonwealth's Program Budget Structure

COMMONWEALTH PROGRAM PLAN

The budget presentation for each commonwealth department or agency is shown on a program basis and on an appropriation basis. The Section B: Program Budget Summary provides a summary presentation by commonwealth program and shows program costs according to eight major commonwealth program classifications. These eight Commonwealth Programs are each defined in terms of broadly stated goals of state government.

The first commonwealth program, Direction and Supportive Services, includes the resources to support administrative functions that affect the overall operations of the commonwealth. The next six commonwealth programs are substantive in nature and deal with costs related to their program titles: Protection of Persons and Property; Education; Health and Human Services; Economic Development; Transportation; and Recreation and Cultural Enrichment. The last commonwealth program, Debt Service, includes the resources to meet the timely payment of commonwealth debt obligations. Debt Service is shown as a separate commonwealth program and is not merged with program expenditures so that direct program expenditures may be more clearly identified.

Program Budget Structure
<ul style="list-style-type: none"> • <i>Commonwealth Program – eight major programs</i> • <i>Program Category – defined by desired goals</i> • <i>Program Subcategory – Program Presentation that includes an objective, narrative and funding</i> • <i>Program Element – activities contributing toward the accomplishment of the subcategory program objective</i>

Each of the eight major Commonwealth Programs is subdivided into Program Categories defined by more specific goals. Program Categories are further broken down into Program Subcategories (more commonly referred to as Program Presentations in the budget book). The Program Presentations include program objectives, narratives and funding recommendations. Program narratives are further broken down into Program Elements – the basic unit of the program budget structure. Program elements are the activities that contribute to the accomplishment of the program objective of the Program Presentation.

Department Presentations

Each agency presented in Section E of this budget book includes a Mission Statement, a Summary by Fund and Appropriation, a Program Funding Summary and a program subcategory Program Presentation.

Mission Statement

The mission statement is included on the title page of the department or agency presentation and describes what the agency does or intends to accomplish and why.

Summary by Fund and Appropriation

The Summary by Fund and Appropriation presentation is organized by fund, character of expenditure, state appropriation, and the federal funds, augmentations and other funds that supplement the activities funded by each state appropriation. Three fiscal years are shown on this presentation – the budget year and two prior fiscal years. The most immediate prior fiscal year is named the “available year” and the second most immediate prior fiscal year is named the “actual year.”

State funds included in the SFA presentation are the: General Fund; Motor License Fund; Banking Fund; Boat Fund; Farm Products Show Fund; Fish Fund; Game Fund; Lottery Fund and Racing Fund and all appropriations or executive authorizations made from those funds. Section C presents financial statements and revenue detail for each of these state funds.

Federal fund amounts shown on the SFA 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 they are appropriated, federal funds are deposited as General Fund revenues rather than as augmentations. Federal funds are not, however, included in the revenue sections of the budget. Instead, federal funds are shown with the state funds which they supplement. Abbreviations or acronyms often are used in the federal appropriation titles shown on the SFA. The Federal Funds Identification section in this Reader's Guide lists common federal fund abbreviations.

The budget may propose the transfer of appropriations between agencies, a departmental reorganization or the restructuring of appropriations within or between departments. Usually in these cases, for ease of comparison in the SFA presentation, the actual and available year funding amounts are shown consistent with the budget year

proposal. This means, however, that the amounts shown in the actual and available years may not be consistent with those shown in accounting reports and appropriations acts. When this occurs, footnote explanations are included within the agency SFA presentation.

The Summary by Fund and Appropriation example pages immediately following this section explain the layout of the SFA and provide more detail on the items discussed here.

Program Funding Summary

The agency Program Funding Summary presents general, special, federal and other funding organized by the program subcategory Program Presentations of the commonwealth's program budget structure rather than by appropriation. The summary is a seven-year presentation – including the actual, available and budget years previously discussed, plus four additional planning years beyond the budget year. The four planning years do not show cost projections based on desired progress toward meeting goals, but rather show the future cost consequences of current program policy including the cost of any current legislatively mandated increases that may be effective in a future year. All departmental program funding summaries are shown aggregated in Section B according to the eight major Commonwealth Programs and their identified Program Categories. Each departmental subcategory shown in its program funding summary is included in one and only one of the eight major Commonwealth Programs and in one of the Program Categories.

Program Presentation

Each program subcategory Program Presentation includes a program objective that states the program's purpose in terms of desired accomplishments, a narrative describing program activities and services, funding recommendations that identify increases or decreases over available year funding, and a list of state appropriations that support the activities within the program.

An agency may have one or more Program Presentations, depending on the breadth and complexity of its mission, activities, goals and objectives. The reader can quickly see program presentation titles in the Table of Contents which lists every program presentation for every agency. Each program presentation begins with and is defined by one program objective. Program narratives describe program activities, services and expected outcomes and may be further broken down by program element narratives which focus on specific program activities.

Program Presentation
<ul style="list-style-type: none"> • <i>Program Objective – program purpose stated as desired accomplishments</i> • <i>Narrative – program activities and services description</i> • <i>Program Recommendations – proposed funding increases or decreases</i> • <i>Appropriations within this Program – appropriations supporting program activities</i>

The Program Recommendations section lists and briefly describes each funding increase or decrease for each state appropriation. Major funding changes are identified as Initiatives or Program Revision Requests which often are more fully discussed in the Section A: Overview and Summaries section. Significant program changes are explained and justified in a separate Program Revision Request section that immediately follows the program subcategory Program Presentation to which it pertains.

The Appropriations within this Program section is a seven-year presentation of the state appropriations included in the Program Presentation. As noted in the previous planning year discussion, the four planning years do not show cost projections based on desired progress toward meeting goals, but rather show the future cost consequences of current program policy including the cost of any current legislatively mandated increases that may be effective in a future year. Each state appropriation appears in only one agency and in only one Program Presentation.

The Program Presentation example pages immediately following the Summary by Fund and Appropriation example pages in this section explain the layout of the Program Presentation and provide more detail on the items discussed here. The reader is also referred to the Terms Used in the Budget Process section of this Reader's Guide for the definitions of the terms discussed in this section.

Program Measures

Within the commonwealth's program budget structure, performance measures are used to quantify program activities and results. Program Measures is the last section in the agency presentation, and is a seven-year presentation of performance measures that identify program activities and outcomes and the impact the proposed budget is expected to have on those activities and outcomes.

OTHER SPECIAL FUNDS

The Section H Other Special Funds provides brief descriptions and financial data for those special funds of the commonwealth not given an expanded treatment in other sections of this document.

The Summary by Fund and Appropriation

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

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

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

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

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

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

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

Summary by Fund

GENERAL FUND:

General Government:

General Government Operations

(F) Surface Mine Conservation

(A) Department Services

Subtotal

Environmental Program Management

(F) Coastal Zone management

(F) Storm Water Permitting Initiative

(A) Safe Drinking Water Revolving Fund Administration

(R) Sewage Facilities Program Administration (EA)

Subtotal

Subtotal - State Funds

Subtotal - Federal Funds

Subtotal - Augmentations

Subtotal - Restricted Revenues

Total - General Government

Grants and Subsidies:

Black Fly Control and Research

West Nile Virus Control

Delaware River Master

Interstate Mining Commission

Susquehanna River Basin Commission

Delaware River Basin Commission

Chesapeake Bay Commission

Total - Grants and Subsidies

STATE FUNDS

FEDERAL FUNDS

AUGMENTATIONS

RESTRICTED REVENUES

GENERAL FUND TOTAL

MOTOR LICENSE FUND:

General Government:

Dirt and Gravel Roads

MOTOR LICENSE FUND TOTAL

OTHER FUNDS:

GENERAL FUND:

Safe Drinking Water Account

ACID MINE DRAINAGE ABATEMENT AND TREATMENT FUND:

Acid Mine Drainage Abatement and Treatment (F) (EA)

DEPARTMENT TOTAL - ALL FUNDS

GENERAL FUND

SPECIAL FUNDS

FEDERAL FUNDS

AUGMENTATIONS

RESTRICTED

OTHER FUNDS

TOTAL ALL FUNDS

Environmental Protection

and Appropriation

(Dollar Amounts in Thousands)

2012-13 ACTUAL 2013-14 AVAILABLE 2014-15 BUDGET

\$ 10,400 \$ 10,500 \$ 10,600
 413 630 680
 154 75 75
\$ 10,967 \$ 11,205 \$ 11,355

21,325 21,424 22,524
 4,700 4,700 4,700
 2,300 2,300 2,300
 91 85 85
 1,500 1,500 1,500
\$ 29,916 \$ 30,009 \$ 31,109

\$ 31,725 \$ 31,924 \$ 33,124
 7,413 7,630 7,680
 245 160 160
 1,500 1,500 1,500
\$ 40,883 \$ 41,214 \$ 42,464

\$ 3,250 \$ 3,250 \$ 3,250
 3,676 3,676 3,776
 76 76 76
 25 25 30
 490 500 490
 1,000 1,000 1,000
 190 190 200
\$ 8,707 \$ 8,717 \$ 8,822

\$ 40,432 \$ 40,641 \$ 41,946
 7,413 7,630 7,680
 245 160 160
 1,500 1,500 1,500
\$ 49,590 \$ 49,931 \$ 51,286

\$ 4,000 \$ 4,000 \$ 4,000
\$ 4,000 \$ 4,000 \$ 4,000

\$ 549 \$ 658 \$ 470

\$ 5,500 \$ 5,500 \$ 5,500

\$ 40,432 \$ 40,641 \$ 41,946
 4,000 4,000 4,000
 7,413 7,630 7,680
 245 160 160
 1,500 1,500 1,500
 6,049 6,158 5,970
\$ 59,639 \$ 60,089 \$ 61,256

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, Farm Products Show, Fish, Game, Lottery, and Racing 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.

Environmental Protection

to improve the quality of the air, water and environment for the Commonwealth, to protect the people from dangerous man-made sources, including occupational and medical sources in a way which ensures against their undue economic benefits from their use.

Program and Management

CLEAN AIR

Program Element: Protection of Air Quality

Emissions of air contaminants are closely monitored and controlled by the department to protect public health as required by the Federal Clean Air Act, the Pennsylvania Air Pollution Control Act of 1960 and regulations adopted under the acts. Pollutants of primary concern include ground-level ozone, suspended particulates, sulfur and nitrogen oxides, volatile organic compounds and toxic air pollutants. Ozone, a bluish gas, irritates the eyes and upper respiratory system. 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.

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

\$	100	West Nile Virus Control —to continue current program.
\$	5	Interstate Mining Commission —to continue current program.
\$	-10	Susquehanna River Basin Commission —nonrecurring project.
\$	10	Chesapeake Bay Commission —to continue current program.

(Dollar Amounts in Thousands)

2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
\$ 10,600	\$ 10,600	\$ 10,600	\$ 10,600	\$ 10,600
22,524	22,524	22,524	22,524	22,524
3,250	3,250	3,250	3,250	3,250
3,776	3,776	3,776	3,776	3,776
76	76	76	76	76
30	30	30	30	30
490	490	490	490	490
1,000	1,000	1,000	1,000	1,000
200	200	200	200	200

Measures

2014-15	2015-16	2016-17	2017-18	2018-19
90%	100%	100%	100%	100%
100%	100%	100%	100%	100%
50%	68%	100%	100%	100%

Identifies the agency being presented.

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

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

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

Narrative — Describes program services and activities.

Program Measures — Indicates the expected impact of the proposed budget on services, costs, etc., involved in all programs within the entire agency.

Basis of Budgeting and Basis of Accounting for Financial Reporting

Basis of Budgeting For Control and Compliance – Modified Cash Basis

The commonwealth's budgets are prepared on a modified cash basis that is used to establish and ensure 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.

With modified cash basis of budgeting, tax receipts, non-tax receipts, augmentations and all other receipts are recognized when posted to the commonwealth's accounting system. Expenditures are recorded at the time payment requisitions and invoices are posted to the commonwealth's accounting system. 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, appropriated funds are retained at fiscal year-end to pay direct expenditures such as salaries, wages, travel and utility costs payable against a fiscal year's appropriation authority but expended in the subsequent fiscal year.

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

Budgets are statutorily adopted each fiscal year for the General Fund and the following special revenue funds: Banking Department, Ben Franklin Technology Development Authority, Emergency Medical Services Operating, Energy Conservation and Assistance, Hazardous Material Response, HOME Investment Trust, Milk Marketing, Motor License, and Workmen's Compensation Administration. However, 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. Budgets are also statutorily adopted for the administration of the State Employees' Retirement and Public School Employees' Retirement Funds and for portions of the State Stores, Tobacco Settlement and Tuition Account Guaranteed Savings Program Funds.

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

Basis of Accounting for Financial Reporting – GAAP Modified Accrual Basis

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) applicable to state and local governments. GAAP requires a modified accrual basis of accounting for governmental fund types. With modified accrual basis accounting, revenues are recognized when they become both measurable and available to finance expenditures. Expenditures are generally recognized and recorded when a liability to make a payment is incurred, regardless of when the cash disbursement is to be made. For proprietary and fiduciary fund types, GAAP requires a full accrual basis of accounting.

Accounting Differences in GAAP Financial Reporting versus Budgetary Reporting

Revenues and expenditures reported and included in GAAP financial statements differ from those reported in the commonwealth's budgeting system. Among other differences, the GAAP statements generally recognize revenues when they become measurable and available rather than when cash is received; report expenditures when goods and services are received and a liability incurred rather than when cash is disbursed; include government-wide statements, representing aggregate governmental activities of the commonwealth, along with fund statements, including individual major and aggregate nonmajor funds grouped by GAAP fund type rather than by commonwealth funds; and include activities of all funds in the financial reporting entity, including agencies and authorities usually considered as independent of the commonwealth for budgetary accounting and reporting purposes. GAAP financial accounting generally requires sales/use, personal income, corporation and other tax revenue accruals as well as tax refunds payable and tax credits to be subtracted from reported tax revenues; and expenditures not covered by appropriations to be included as expenditures.

Significant Financial Policies

A summary of significant financial management policies of the commonwealth is presented here:

Accounting – Accounting policies are noted in the Basis of Budgeting and Basis of Accounting for Financial Reporting section immediately preceding this section. 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 establishes accounting and financial reporting requirements for state and local governments.

Budget Stabilization Reserve Fund – Act 91 of 2002 provided for this fund effective July 1, 2002 to eventually establish a reserve fund amounting to 6 percent of the revenues of the General Fund. For the fiscal year beginning July 1, 2002 and in any fiscal year thereafter in which the Secretary of the Budget certifies that there is a surplus in the General Fund, 25 percent of the surplus is to be deposited by the end of the next succeeding quarter into this fund. In certain fiscal years legislation has provided for a transfer of an amount not equal to 25 percent for that fiscal year. Act 71 of 2013 suspended the transfer to the Budget Stabilization Reserve Fund for the most recent fiscal year ending June 30, 2013. Additional information on this fund, commonly referred to as the Rainy Day Fund, is found in Section A.1.

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 capital projects in approved capital budgets; purposes approved by voter referendum and 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.

Debt Policy – The commonwealth's very conservative public debt policies date back to the 1980's:

- General Obligation pledges are the preferred source of security.
- referendum questions should be submitted to the voters for critical needs only.
- moral obligation pledges should not be provided.
- revenue pledges are to be used by independent agencies.
- lease revenue debt should be used only when budgetary restraints prohibit the use of current revenue funding.
- debt service should not exceed four percent of revenues.
- highway projects should be funded from current revenues.
- capital projects addressing health, safety and public protection receive top priority for activation, followed by renovations to existing facilities.

In addition, the commonwealth never entered into swaps, and 100 percent of its outstanding General Obligation debt is in fixed rate debt – no variable rate, auction rate or other exotic debt instruments are used. The 2008 Financial Crisis and the freezing of capital markets did not adversely impact the commonwealth due to its conservative portfolio of debt.

Additional detail on these financial policies can be found in other sections of this document including the Section A Overview and Summaries, Section F Capital Budget, Section G Public Debt and Section H Other Special Funds.

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.

Agency Program Plan: The aggregation of program and financial information projected over a five-year period that serves as the agency input into the Commonwealth Program Plan.

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.

Authorized Salaried Complement: A complement authorization established by the Governor's Budget Office as part of the annual rebudget process and based on funding and agency justification for positions.

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.

Budget Type: A term used to describe the components of various funding sources and status of the funding sources that determine the total funds available for each Commonwealth appropriation or executive authorization. Budget Types include:

- **Appropriation or Executive Authorization** – The amount provided in an enacted appropriation bill or executively authorized and issued in approved Expenditure Symbol Notification letters.
- **Estimated Augmentations** – The amount made available in an approved allocation or allocation amendment to supplement an Appropriation or Executive Authorization from non-Federal sources.
- **Federal Transfers** – The amount of expenditures anticipated to occur in the State Appropriation or Executive Authorization in the first instance and then transferred to a related Federal Appropriation or Executive Authorization.
- **Non-Federal Transfers** – The amount of expenditures anticipated to occur in the State Appropriation or Executive Authorization in the first instance, and then transferred to another State Appropriation or Executive Authorization or Other Funds source within the same or a different Commonwealth Fund.
- **Pending Lapse** – The amount of funds from an Appropriation or Executive Authorization that may potentially lapse. These funds are no longer available for expenditure or commitment.
- **Lapse** – The amount of funds from the Appropriation or Executive Authorization for which a lapse has been processed and approved. These funds are no longer available for expenditure or commitment.
- **Federal Expiration** – The amount of lapse of Appropriation or Executive Authorization authority from a Federal Appropriation or Executive Authorization.
- **Budget Carry Forward** – The amount of prior year available funds – that have carried forward to a new fiscal year.

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 part of the state budget that recommends projects for the construction, renovation, improvement, acquisition and purchase of 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, including general government, institutional, grants and subsidies, capital improvements and debt service.

Commonwealth Program Plan (CPP): The aggregation of all of the Agency Program Plans (APP) within the framework of the Commonwealth's program structure.

Complement: A term synonymous with state personnel or workforce, more often used in the context of positions rather than employees or persons employed.

Complement Level: The number of full-time equivalent wage or salaried positions authorized by appropriation and agency. The Governor's Budget Office establishes authorized salaried complement levels and the Governor's Office of Administration establishes authorized wage complement levels.

Current Commitment: Current level of services; when used in projecting costs, the future cost consequences of current program policy. Also referred to as "Cost to Carry."

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

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

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

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

Federal Fiscal Year (FFY): A twelve-month period beginning October 1 and ending September 30 of the following calendar year which is used as the federal accounting and appropriation period. Referred to by the year in which the fiscal year ends. For example, October 1, 2013 to September 30, 2014 would be FFY 2014.

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. In the accounting system, the fiscal year is referred to by the year in which the fiscal year begins, for example, July 1, 2014 to June 30, 2015 would be Fiscal Year 2014. In the budget document, the fiscal year is referred to by using both calendar years in which the fiscal year spans, for example, July 1, 2014 to June 30, 2015 would be Fiscal Year 2014-15.

- **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 supplemental appropriations 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 that may be effective in a future year.

Full-time Equivalent: A numeric unit that indicates the workload of an employed person in a way that makes full- and part-time workloads comparable. A full-time worker is equivalent to one FTE and two half-time workers are also equivalent to one FTE. For budgeting purposes, an agency's total FTE count is rounded to the nearest integer.

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.

Initiative: (see also the definition of Program Revision Request) Changes in program purpose, level or activity as the result of changes in policy, statute, regulation or court direction which result in dollar increases or decreases too low to require submission of a Program Revision Request (i.e., less than \$200,000 or 15 percent of an appropriation, whichever is greater) are identified as Initiatives. Cost increases to operate an existing program without change in policy, law or regulation such as increased fuel costs at an institution or increased rental costs for regional offices are current commitment costs and are not identified as Initiatives.

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 after the end of that fiscal year.

Limited-Term Salaried Position: A salaried position that has a specific date of expiration, regardless of duration, that requires the temporary, full- or-part time employment of at least one person.

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 that 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. Accomplishments are intended effects (impacts) upon individuals, the environment and institutions. The intended effect should be quantifiable and achievable within a specific time and stated resources and contribute toward pursuing the goals of the commonwealth. Objectives are defined at the program subcategory level.

Official Revenue Estimate: The estimate of revenues for the coming fiscal year determined by the governor at the time the governor 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 supports the general day to day activities and expenses of state government paid out of revenues derived from taxes, license or permit fees, or other non-tax sources.

Position: An authorized and individually identified group of duties and responsibilities requiring the full- or part-time employment of at least one person.

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: A general term applied to any level of program aggregation defined in the Agency Program Plan. Included are the Commonwealth Program, the Program Category and the Program Subcategory.

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 Element: The agency activity or set of activities which produce an output or group of related outputs that contributes to the accomplishment of the objective of a single program subcategory. Program elements are the basic units of the program structure of the budget.

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 Policy Guidelines (PPG): Issued by the Governor, the policy guidelines identify those problems confronting the commonwealth that are of major concern. The guidelines initiate the budget process in that they ask for a preliminary assessment of alternative program changes which respond to the Governor's concerns.

Program Revision Request (PRR): The PRR is the means by which the agency proposes a new program or a major change in an existing program. A PRR is required when an agency is requesting an increase or decrease of more than 15% of an appropriation, but a PRR is not required if that 15% does not exceed \$200,000. 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 that can be measured in terms of quantifiable impact. Program subcategories within agencies are called programs within the Governor's Budget.

Rebudget: An agency-revised spending plan based on its enacted appropriations. The Governor's Budget Office has the authority to request and approve agency spending plans or rebudgets.

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.

Salaried Position: A position requiring the full- or part-time employment of at least one person on a regularly scheduled basis for a period of time exceeding six months.

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.

Wage Position: A position requiring the full- or part-time employment of one person, either on a regular schedule for a limited duration of time or on an intermittent or irregularly scheduled basis without regard to the employment duration.

Workforce: Persons employed by the commonwealth.

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
ARRA	American Recovery and Reinvestment Act
BG	Block Grant
CCDFBG	Child Care and Development Fund Block Grant
CHIPRA	Children's Health Insurance Program Reauthorization Act
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
ID	Intellectual Disabilities
JAG	Justice Assistance Grants
LIHEABG	Low-Income Home Energy Assistance Block Grant
LSTA	Library Services and Technology Act
LWCF	Land and Water Conservation Fund
MA	Medical Assistance
MAGLOCLEN	Middle Atlantic Great Lakes Organized Crime Law Enforcement Network
MCH	Maternal and Child Health
MCHSBG	Maternal and Child Health Services Block Grant
MH/ID	Mental Health/ Intellectual Disabilities
MHSBG	Mental Health Services Block Grant
NCHIP	National Criminal History Improvement Program
NEA	National Endowment for the Arts
NICS	National Instant Check 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 and Efficient Transportation Equity Act
SCDBG	Small Communities Development Block Grant
SDA	Service Delivery Area
SSA	Social Security Act
SSBG	Social Services Block Grant
SSI	Supplemental Security Income
TANFBG	Temporary Assistance to Needy Families Block Grant
TEA 21	Transportation Equity Act for the 21 st Century
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

Website Links to Commonwealth Agencies

To learn more about state agencies, their missions, programs and funding, visit their websites by choosing links below.

[Aging](#)

[Agriculture](#)

[Attorney General](#)

[Auditor General](#)

[Banking and Securities](#)

[Civil Service Commission](#)

[Community and Economic Development](#)

[Conservation and Natural Resources](#)

[Corrections](#)

[Drug and Alcohol Programs](#)

[Education](#)

[Emergency Management Agency](#)

[Environmental Protection](#)

[Ethics Commission](#)

[Executive Offices](#)

[Office of Administration](#)

[Office of General Counsel](#)

[Office of Inspector General](#)

[Office of the Budget](#)

[Commission on Crime and Delinquency](#)

[Council on the Arts](#)

[Juvenile Court Judges Commission](#)

[Fish and Boat Commission](#)

[Game Commission](#)

[Gaming Control Board](#)

[General Services](#)

[Governor's Office](#)

[Health](#)

[Higher Education Assistance Agency](#)

[Historical and Museum Commission](#)

[Infrastructure Investment Authority \(PENNVEST\)](#)

[Insurance](#)

[Judiciary](#)

[Labor and Industry](#)

[Legislature](#)

[Liquor Control Board](#)

[Lt. Governor's Office](#)

[Military and Veterans Affairs](#)

[Milk Marketing Board](#)

[Probation and Parole Board](#)

[Public School Employees Retirement System](#)

[Public Utility Commission](#)

[Public Welfare](#)

[Revenue](#)

[State](#)

[State Employees Retirement System](#)

[State Police](#)

[Transportation](#)

[Treasury](#)

Website Links to the Governor's Executive Budget, the Budget in Brief and the Information Dashboards

Governor's Executive Budget

For the **2014-15 Governor's Executive Budget** [click here](#):

Budget in Brief

The Budget in Brief booklet provides summary information on the major themes in the 2014-15 Governor's Executive Budget.

For the **2014-15 Budget in Brief** [click here](#):

Budget Dashboard

The Budget Dashboard allows readers to review graphical presentations of the total commonwealth budget and the revenue and expenditure categories, and all agency funding recommendations included in the Governor's Executive Budget.

For the **2014-15 Proposed Budget Dashboard** [click here](#):

Report on State Performance

The Report on State Performance allows readers to review the activities and accomplishments of 30 commonwealth agencies and see state government efforts to deliver quality services and improve the lives of Pennsylvania's citizens.

For the **2012-13 Report on State Performance** [click here](#):

Workforce Statistics Dashboard

The State Government Workforce Statistics Dashboard allows readers to review graphical presentations of workforce statistics for agencies under the Governor's jurisdiction, including general employment trends, equal employment opportunity elements, comparison of labor unions, employee mobility patterns and detailed employment characteristics. It also compares the size of Pennsylvania's workforce to that of other states.

For the **2014 Workforce Statistics Dashboard** [click here](#):



Commonwealth of Pennsylvania

Governor's Executive Budget

OVERVIEW
AND
SUMMARIES

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FISCAL AND PROGRAM POLICY DIRECTION AND BUDGET THEMES

The Governor's 2014-15 Program Policy Guidelines issued in August 2013 defined major policy issues, stated program priorities and provided direction to commonwealth agencies for the preparation of 2014-15 agency budget requests. The Fiscal and Program Policy Direction section immediately following this page presents the fiscal and program policies that guided the development of the 2014-15 Governor's Executive Budget. The revenue and expenditure recommendations included in this budget 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: Strategic Investments for Pennsylvania; Pension Challenge and Reform; *Jobs1st PA* – Pennsylvania is Working; *Ready to Learn* – Educational Excellence in Pennsylvania; and *Healthy Pennsylvania* and Enhancing Human Services.

Theme topics vary from year to year based on the funding priorities established by the governor and the recommended budget initiatives proposed in the budget. Themes may include program revision budget recommendations. If so, detailed program revision presentations, including discussion of the program revision and its associated program measures, funding recommendations and costs by appropriation can be found in Section E Department Presentations within the agency responsible for leading the program revision implementation.

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2014-15 Fiscal and Program Policy Direction

This section presents the fiscal and program policies that guided the development of the 2014-15 Governor's Executive Budget. The commonwealth faced significant financial challenges during the past few years and in response instituted operating and program reductions to help address recurring budget shortfalls. The ongoing weak national and state economies will again impact state revenues and program spending levels in 2014-15. Nonetheless, agencies are expected to rise to the challenge and continue to efficiently and effectively provide quality services to Pennsylvania citizens.

Two key budget development policy documents were issued by the Governor's Budget Office in August 2013 to assist agencies in developing their 2014-15 budget requests – the annual Budget Instructions and the Program Policy Guidelines.

Budget Instructions

The 2014-15 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 2014-15 Governor's Executive Budget. Agencies were to develop plans and policies designed to make government more efficient and effective. Agencies were asked to prepare 2014-15 budget requests building upon the administrative spending constraints and operational efficiencies initiated during the past budget planning cycle and make every possible effort to eliminate nonessential spending and deliver essential services at reduced cost.

FY 2014-15
Budget
Instruction

The budget instructions directed agency heads, program managers and fiscal officers to closely coordinate all aspects of the development of agency budget requests. The budget request was to include all data and analysis required to adequately explain and defend agency funding requests. Agency budget planning was to focus on specific budget proposals to improve the efficiency and effectiveness of program operations and to ensure that program delivery is consistent with the governor's policy guidance and the mission and goals of the commonwealth.

The budget instructions also provided guidance on the submission of capital budget project requests. When proposing capital projects, agencies were to consider the broader operating program objectives and outcome measures the capital project was intended to serve. No capital project request would be recommended unless the request included a detailed estimate of annualized operating cost changes or impacts, including new positions required, that would result from completion of the project.

In addition, agencies were directed to strengthen their multi-year planning efforts to realistically reflect future-year consequences of actions proposed in their budget requests. Expected trends in eligible populations served, mandated service levels and the potential for improved program and/or administrative efficiencies were among the factors to consider when preparing multi-year projections.

Program Policy Guidelines

The 2014-15 Program Policy Guidelines provided specific fiscal and program direction to the agencies. Agency budget planning for 2014-15 was to be predicated on the fact that the Pennsylvania economy was growing very modestly with a number of factors restraining its growth. The commonwealth budget faced additional challenges, such as increased pension obligations, wage and benefit increases, debt service and medical and entitlement costs, which would consume virtually all revenue growth. Therefore, agencies should not assume funding increases for the budget year and should focus on efforts that contribute to achieving structural balance, as well as on evaluating current programs and recommending changes that will improve program management and operations, reduce costs and optimize direct services.

FY 2014-15
Program
Policy

Agencies were told that fiscal discipline was the key guiding principle in 2014-15 budget development. State government must avoid a situation where it repeatedly constrains funding for all programs causing an inability for it to effectively deliver these programs. The commonwealth must refocus its efforts to achieve structural balance and direct its limited resources to areas where the investment will truly make a difference for Pennsylvanians.

Agencies were asked to consider the following questions during the planning process: Is this program a core function of government and, if not, can it be eliminated? If it is a core function of government, is the product or service delivered as efficiently and effectively as possible and, if not, can it be retooled or replaced to better leverage and target limited resources?

In addition, agencies were directed to:

- Request administrative appropriations at levels that do not exceed 2012-13 enacted budget amounts. Agencies were to absorb all increases in salary and benefit costs within level funding.
- Eliminate positions that cannot be accommodated within the level-funding guidance. If necessary, agencies should actively begin to manage complement in the current fiscal year to mitigate the need for employee layoffs.
- Request no operating and fixed asset spending increases unless other efficiencies, consolidations or personnel cost reductions were sufficient to offset any increases in a realistic and sustainable manner.
- Request no program revisions requiring new or increased funding unless those program revisions could be offset by savings that were achievable in 2014-15 and sustainable in future years.
- Reexamine current responsibilities and functions and propose opportunities for consolidation of intra-agency and inter-agency administrative functions. Agencies were to submit administrative consolidation proposals in their budget requests consistent with the direction provided in the Guidelines.
- Request no additional state funding to replace lost or reduced federal funding.

Performance Measurement

The 2014-15 budget planning process continued to emphasize performance measurement goal-setting as

Measuring Program Results

a core component of budget planning. Pennsylvania's public servants are entrusted to expend and invest the public's money on the public's behalf. In return, citizens expect results and accountability. Agencies were directed to identify key performance indicators along with strategies for achieving key results. Agencies should identify how their funding requests relate to the high-level goals in their annual performance plans. A core goal of the budget review process was to evaluate the impact each agency's proposed expenditure levels would have on the achievement of its mission and programmatic goals, utilizing the most efficient methods possible.

Finally, the guidelines noted that Pennsylvania, like most other states, was facing a protracted economic recovery that will take considerable time and effort to address. The direction given was responsive to fiscal realities and addressed the commonwealth's 2014-15 budget challenges head on. The principles of fiscal discipline, limited government and free enterprise were to guide 2014-15 budget planning, allowing the administration to focus on the core functions and responsibilities of state government and to ensure future growth and prosperity for all Pennsylvanians. The reader is referred to the 2014-15 Program Policy Guidelines, a separate document available on the state website, for the entire fiscal and program direction provided to the agencies during the 2014-15 budget planning process.

The reader is referred to the agency program presentations in Section E Department Presentations for specific budget recommendations for each program appropriation. The reader is also referred to the 2014-15 Budget in Brief, a separate booklet, for summary information on the 2014-15 Governor's Executive Budget, including recommended program changes and funding levels in pursuit of the administration's policy and program direction for the commonwealth.

Strategic Investments for Pennsylvania

The past three fiscal years have provided the greatest financial challenge to any Pennsylvania Governor in the modern era. We have faced the challenge of maintaining adequate support for the core functions of government and popular government programs while facing the loss of federal stimulus funds, limited revenue growth as the state emerged from the Great Recession and unprecedented cost drivers in mandatory spending areas, such as pensions, health care programs, debt and public safety spending. We did so by cutting costs through the elimination of unnecessary programs, reducing spending in others, and improving our efficiency across the board. We also focused on job creation initiatives through restructuring our tax system and better aligning our economic development programs. As a result, Pennsylvania has recovered more than 99 percent of its pre-recession jobs level and has gained increased tax revenue. Through fiscal restraint and proactive public policy changes, we have been able to maintain critical government services, spur economic opportunities and provide a foundation for prudent investment.

Revenue growth for the coming year is projected to be consistent with recent growth trends. While economic forecasts are positive, growth in major tax categories is expected to be modest. However, this growth in tax revenue is estimated to be less than the increases in cost drivers. At the same time, the federal government has reduced its participation in mandatory human service programs, forcing the commonwealth to make up the difference and increasing our costs by more than \$340 million annually. In addition, the budget builds in additional spending to account for mandated costs under the Affordable Care Act – a cost of \$243 million. These two federal cost drivers alone consume 49 percent of the commonwealth's base revenue growth.

Other cost drivers include the commonwealth's mandated pension contribution to both the State Employees' Retirement System (SERS) and the Public School Employees' Retirement System (PSERS). The baseline increase is estimated at more than \$600 million. Annual debt service is scheduled to increase by \$41 million and public safety costs will increase by approximately \$98 million.

In the face of these fiscal challenges, this budget makes significant investments, addressing the most pressing responsibilities and core functions of government. To enable investments in education, economic development, health care, and public safety, the budget implements innovations and efficiencies in core programs.

This budget increases the state investment in education, economic development, and access to health care, all of which are intended to result in greater economic and quality of life opportunities for Pennsylvania citizens. Additional investments in transportation infrastructure, making it safer and more effective, are made possible by the recent enactment of Act 89 of 2013. In addition, new water and sewer infrastructure investments are possible through the Commonwealth Financing Authority and PENNVEST from revenue derived from Act 13 of 2012.

Key Investments: *Ready to Learn* – Educational Excellence in Pennsylvania

The foundation for the investments in education proposed in the budget were laid over the past few years through initiatives targeted toward increasing accountability and transparency in our schools, and building stronger support for a higher-quality classroom experience for students. First, a comprehensive educator evaluation system was implemented to ensure we have high-quality effective educators in every classroom. Second, academic standards have been better aligned to link classroom learning with the job requirements and skills in a global economy. Third, the School Performance Profile, built by more than 4,000 Pennsylvania teachers and administrators, now connects schools with parents and their communities to continue improving the quality of all schools. Finally, the Standards Aligned System is a portal providing the full portfolio of evidence-based resources needed for educators to better align teaching and curriculum with post-secondary and career requirements.

With a stronger foundation firmly in place, this budget provides increased investment in areas critical for and focused on student academic achievement. The budget invests an additional \$10 million in early childhood education providing access to quality pre-school for 1,670 additional children. To ensure students who need access to specialized learning opportunities are able to succeed, the budget provides

Theme: Strategic Investments for Pennsylvania

a \$20 million increase in special education funding, the first increase in special education funding in more than 6 years. The budget builds on the success of the Accountability Block Grant and creates a new *Ready to Learn* Block Grant totaling \$341 million focused on core areas not always addressed with the Accountability Block Grant. The *Ready to Learn* Block Grant will ensure that students are achieving at grade level in reading and math by third grade; support STEM (Science, Technology, Engineering and Math) academic programs; provide supplemental instruction support to ensure that every student will be ready to learn by Grade 3; and support high-performing schools assist struggling schools with improving their performance through school-to-school mentoring focused on replicating best practices for student achievement. The budget also proposes a new \$10 million grant program to support educators in further developing and implementing highly promising hybrid learning strategies.

Key Investments: Economic Development

This budget continues a strong focus on job creation and supports *JOBS^{1st} PA* in two core areas: Make It in PA and Talented Workers. It supports the continued resurgence of Pennsylvania's manufacturing, life sciences and technology sectors – so that industry returns to the commonwealth and brings its jobs back home – and it features a renewed and strengthened investment in job training opportunities for Pennsylvanians.

The budget builds upon the economic development foundation, network and toolkit built in prior years. Perhaps the greatest obstacle to business attraction in Pennsylvania has been its business tax climate. Prior budgets have not only held firm against the pressure for tax increases, but despite this pressure have actually significantly improved the business tax climate making it more competitive overall and specifically creating an environment for small businesses and farms to thrive over generations. By the end of the 2013-14 fiscal year, taxes will have been reduced by \$1.2 billion; while at the same time, the total tax revenue has grown by 8.2 percent.

The network and tools to support economic growth have been put in place including the Partnership for Regional Economic Performance (PREP) as the key support structure for businesses and *PA First*, the primary business attraction and retention tool for the commonwealth. In 2013, almost 43,000 jobs were either retained or created through the efforts of PREP. The budget provides an increase of \$500,000 for PREP to continue efforts to offer Total Cost Ownership consulting for technical assistance to manufacturers that have moved manufacturing operations overseas and are interested in bringing the jobs back to Pennsylvania.

The budget also increases *PA First* by \$5 million, expanding the capacity of Pennsylvania to compete for jobs and enabling WEDnetPA to train 10,000 additional employees as part of the job creation strategy. *PA First* continues to be an important tool to assist job creators looking to relocate or expand in Pennsylvania. Since the creation of *PA First*, more than 10,000 new jobs have been created and more than 40,000 jobs have been retained.

PA First and *Discovered in PA – Developed in PA* funds will continue to support the \$100 million *Job Opportunity Business (JOB) Partnership Fund*, a private equity capital fund that provides an investment vehicle to channel private and corporate investments into projects and start-up opportunities that ordinarily might only be eligible for grants or low-interest loans which may not meet their needs given the business stage they are in. The commonwealth's investment will be matched by at least a 9:1 ratio with a minimum of 80% of the capital raised to be invested in Pennsylvania companies and Pennsylvania-related projects, putting at least \$80 million in capital to work creating companies and jobs in Pennsylvania.

To close the skills gap, the Pennsylvania Targeted Industry Program is providing financial aid grants to meet workforce needs. The budget increases grant support from \$5 million to \$6 million. To date, grants have been awarded to more than 1,200 students – including veterans – enrolled in certification programs in high-demand industries such as energy, advanced materials and diversified manufacturing, and agriculture and food production.

In total, the commonwealth spends more than \$470 million among its workforce development programs, all focused on providing a skilled worker for every job.

Theme: Strategic Investments for Pennsylvania

Second only to Agriculture in terms of economic impact and job creation, Pennsylvania's tourism industry continues to thrive and be a major employer across the commonwealth. The budget provides an increase of \$1.25 million to bolster statewide travel, tourism and film-related economic development. This increase will support thousands of Pennsylvanians who work in the tourism industry and will assist in marketing the commonwealth and its rich history and attractions across the globe. In addition, the commonwealth has a two-year investment strategy, *Investing in Penn's Woods*, that will provide more than \$200 million from a combination of capital funds, Growing Greener bond funds, Environmental Stewardship funds and other current revenue streams to upgrade facilities at our state parks and forests, further enhancing Pennsylvania as a destination for eco-tourism and outdoor recreation.

Key Investments: *Healthy Pennsylvania*

Healthy Pennsylvania is a comprehensive plan to increase access to quality, affordable health care for all Pennsylvanians. The budget provides additional funding to increase access to health care services for those Pennsylvanians living in underserved and rural areas, including providing additional resources to help increase the number of health care providers, specifically primary care providers, serving those communities.

Healthy Pennsylvania will establish a more effective and coordinated long-term care and support system to ensure quality health care for older Pennsylvanians and persons living with disabilities. The budget continues investment in services for our most vulnerable in care settings that best meet their needs.

The commonwealth's Medicaid program serves as a health care safety net for our most vulnerable citizens. However, maintaining the program as currently structured places an increasingly high burden on Pennsylvania taxpayers costing hundreds of millions of dollars in new funding every year. *Healthy Pennsylvania* includes a common-sense approach to reforming Pennsylvania's Medicaid program in order to provide affordable, quality health care in a fiscally sustainable manner, while increasing access for 500,000 new eligible individuals through a Private Coverage Option. The budget includes \$125 million in savings from the implementation of reforms to the Medicaid program and the Private Coverage Option within the *Healthy Pennsylvania* Medicaid waiver.

Public Policy Initiatives Addressing Cost Drivers

Key cost drivers in the commonwealth's General Fund budget include health care cost increases due primarily to a reduction in the amount of funding the federal government provides for the Medical Assistance program, the federal Affordable Care Act, pension cost increases, and debt service.

Healthy Pennsylvania. The budget establishes *Healthy Pennsylvania*, an initiative that will reform the commonwealth's delivery of its critical health care programs. While the primary objective of *Healthy Pennsylvania* is to enhance access to quality health care for Pennsylvania's citizens, keeping medical costs in check is important to being able to achieve that objective. *Healthy Pennsylvania* will address the requirements of the federal Affordable Care Act in a manner that is best suited to Pennsylvania's demographics and characteristics.

Pension Reform. The pension crisis is crowding out our ability to fund core government programs. The same dynamic affects school districts across the state. Consequently, the budget proposes pension reform that is financially sustainable and provides for a more equitable share of the financial risk, while continuing to provide adequate retirement benefits for retirees. Reforms and benefit modifications will allow the commonwealth to manage annual pension contributions while addressing the solvency of the pension systems. Without significant pension reform, the commonwealth's budget is on a path in which pension costs will consume a significantly growing share of the overall budget, forcing cuts to core governmental functions on which our citizens depend.

Commonwealth Pension Contributions. The budget transfers \$225 million of private equity investments and cash reserves from the Tobacco Settlement Fund and the Health Venture Investment Account to the Public School Employees' Retirement System as partial payment of the employer contribution.

Theme: Strategic Investments for Pennsylvania

Unclaimed Property or Escheats. A targeted revenue enhancement in the budget is a proposal to reduce from five years to three years the amount of time unclaimed property is held by outside institutions. This change would provide an estimated \$150 million in one-time revenue.

Non-Impact Drilling. The budget proposes to allow limited drilling activity on commonwealth-owned lands in instances where the drilling can occur without the need for additional surface impacts. While this change will result in limited drilling activity, it is projected to generate \$75 million of immediate revenue to the commonwealth and significant additional royalty revenue into the future.

Debt Management. This budget reflects actions previously taken to better manage the commonwealth's debt. Some of these actions are reflected in the enactment of Act 77, providing for additional decision making criteria and imposing limits on the Redevelopment Assistance Capital Program (RACP), including requirements that projects meet guidelines on the amount of economic value provided to Pennsylvania communities. While the commonwealth's debt load will continue to increase over the coming years due to commitments made in prior years, significant changes have been made so that the debt burden in certain categories will stabilize with new debt and debt retirement brought into greater alignment. The budget maintains the capital funding levels introduced in the 2012-13 budget at approximately \$200 million in Public Improvement Projects for commonwealth-owned buildings and facilities, and continues to focus on the priority infrastructure needs of the commonwealth. The level of higher education project releases that the commonwealth provides the State System of Higher Education and the State Related Universities – the University of Pittsburgh, Penn State University, Temple University and Lincoln University – will remain level at approximately \$160 million a year, which the system and universities may direct toward their capital priorities. The budget also reflects reforms in the RACP and the implementation of Act 77 requirements providing greater transparency and limits on program growth.

Without the prudent fiscal management over the past few years, Pennsylvania would have had even greater difficulty dealing with the unforeseen challenges it experienced in 2013-14 and the cost pressures it now faces in 2014-15. In 2013-14, the commonwealth dealt with a federal government shutdown, natural weather disasters, and federal and state court decisions, all of which had significant negative financial consequences for the commonwealth. The 2014-15 budget maintains fiscal discipline and proposes public policy initiatives to allow for strategic investments in education, economic development and health care for Pennsylvanians.

Pension Challenge and Reform

The pension challenge continues to be a key topic of discussion in nearly every corner of the commonwealth. It is a question on the minds of many, and increasingly on the minds of Pennsylvania taxpayers who ultimately bear the cost of the system through their tax dollars. All of these stakeholders, while representing diverse interests, recognize the budget crisis facing Pennsylvania – that the commonwealth's growing pension obligations are crowding out funding for core governmental programs.

The fiscal reality is that absent meaningful structural pension reform, the state's budget is on a path that will force a choice between either fully funding pension obligations or making cuts to the core functions of government on which our citizens rely.

Just as it impacts at the state level, this same dynamic plays out in nearly every school district across the commonwealth. Increasing pension contribution obligations claim a greater share of school district budgets, crowding out funding for education, whether it is direct classroom instruction, extra-curricular activities, facilities and maintenance, and will ultimately put pressure on districts to increase property taxes.

Failure to enact meaningful reform also impacts the commonwealth's ability to attract and keep job-creating businesses within its borders and will negatively affect the credit rating of the commonwealth, costing taxpayers more money in increased interest rates for bond issuances.

Unfunded Pension Liability

Pennsylvania has two public pension systems: the Public School Employees' Retirement System (PSERS) and the State Employees' Retirement System (SERS). The two systems' total liabilities (future retirement benefits to be paid) exceed the total assets of the combined plans by \$50 billion. This unfunded liability is essentially a state debt owed to state workers and public school employees.

Actuarial valuations show that SERS is 58.8 percent funded, while PSERS is 63.8 percent funded. When the valuations of the two systems are combined, they are approximately 62 percent funded. A healthy funding ratio is considered 80 percent. The funded ratios of the two systems are expected to continue to decline in the next several years.

Growing Total Commonwealth Employer Contributions

To fund the current cost of pension benefits as well as the unfunded liability, the commonwealth's total required employer contribution rates have and will continue to rise quickly. The employer contribution rate for SERS, which was just 5 percent of payroll in 2010-11, is now 16 percent, and will grow every year, reaching 31 percent in 2017-18. Likewise, the PSERS rate, which stood at 5.64 percent of payroll in 2010-11 is at 16.93 percent for the current fiscal year and is expected to increase every year, reaching 30 percent in 2018-19. Both rates will remain at these high levels for several years before retreating.

These numbers are staggering, but the pain imposed on the state budget comes in the year-over-year cost growth as pension contributions claim a growing share of the General Fund and of available new revenues (detailed in the next section). Costs have more than doubled in the past two years. In the 2014-15 fiscal year, total contributions are expected to increase by more than \$600 million.

Commonwealth Employer Contributions as a Share of Available Revenue

Rising pension costs will claim a significantly larger share of new revenues, threatening to overwhelm the budget and the vital programs and services that it funds. If pensions alone were the only area of state government growing, the challenge posed here might be less acute. But, pensions are not the only area of state government seeing substantial cost growth.

As pension costs grow significantly for the next several years without pension reform, the future is likely to include program and service reductions as more and more pressure is put on the commonwealth's budget.

A Framework for Success

The pension reform plan must recognize that the commonwealth cannot correct its pension problem all at once. Significant changes are required to make real and lasting pension reform. In the short term, the plan includes measures to help smooth contribution increases that are consuming an ever-growing portion of the General Fund, while addressing key components of a successful pension reform plan.

Theme: Pension Challenge and Reform

Key components of successful pension reform:

Protect Retirees and Employees. Retirees will see no change to their current benefits; they will continue to collect the benefits they have earned. Pension benefits earned by current employees will not be affected by pension reform. What employees have earned, they will keep. For future employees, pension reform must provide for an adequate retirement benefit.

Equitable Risk Sharing. Currently, taxpayers bear the full financial risk of the pension plans. Pension reform should reduce the risk on Pennsylvania's taxpayers by offering a defined contribution, 401-k style retirement plan for future employees.

Reduce the Burden on School Districts. The escalating pension costs affect school districts' ability to fund critical education programs. Increasing pension contributions means fewer dollars make their way to direct classroom instruction, essential to promoting student achievement. Pension reform should provide relief to our school districts at a sustainable rate, while paying for the relief through reforms.

Address the Unfunded Liability. Pension reform cannot "kick the can down the road." Shifting the problem into the future exacerbates the already significant unfunded liability, making it more difficult to achieve a financially sustainable pension system.

With pension reform, employer contributions to the pension systems can be reduced, providing much-needed budgetary relief without "kicking the can down the road". This relief can be achieved through reducing the current pension collars to 2.25% in 2014-15, then increasing the collars by 0.5% per year until the collars reach 4.5% or the collared rate is equal to the annual required contribution rate. Savings generated by reducing the pension collars will be more than paid for by enacting pension reform. The budget funds operating appropriations at levels consistent with reducing the pension collars to 2.25%.

It is critical to the financial sustainability of the pension system to implement a pension reform plan that includes the key components discussed here, provides budgetary relief and that does not "push off" the costs to the future.

JOBS^{1st} PA – Pennsylvania is Working

Make It in PA – Talented Workers

Creating and maintaining an environment in which good, family-sustaining jobs can grow continues to be a top priority to ensure we are building a stronger Pennsylvania. Through meaningful tax, legal and regulatory reform, and strategic investments and partnerships over the past few years, the foundation for Pennsylvania's financial future as an economic powerhouse has been renewed. As a result, Pennsylvania has recovered more than 99 percent of its pre-recession jobs level. With record investments in education, historic transportation funding, a renewed business climate and abundant low-cost energy, Pennsylvania is working and its employment future is bright.

In 2012, *JOBS^{1st} PA* was launched as a comprehensive roadmap to economic recovery that harnessed the state's resources and talents to prioritize private-sector job creation and retention. *JOBS^{1st} PA* is further enhanced with a set of initiatives that will ensure Pennsylvania is built to advance. The initiatives position government to act as a partner in progress, rather than as an adversary, to build the environment in which jobs can be fostered and grow.

This budget continues building on the successes of *JOBS^{1st} PA* by focusing in two core areas: Make It in PA and Talented Workers. It supports the continued resurgence of Pennsylvania's manufacturing, life sciences and technology sectors – moving the economy forward and creating new job opportunities for our citizens. Its second focus features a renewed and strengthened investment in job training opportunities for Pennsylvanians.

Make It in PA

Pennsylvania's location, available energy and talented workforce are second to none. Fueled by recent growth in advanced manufacturing and transportation, along with lower-cost energy due to an abundance of natural gas from Marcellus shale and nuclear energy, Pennsylvania's manufacturing economy is poised to make a comeback as a global leader. It is driving job creation and attracting new and sustainable industries to Pennsylvania every day.

Home of the second largest energy field in the world, Pennsylvania's vast energy portfolio - including oil, natural gas, coal, nuclear and renewables – has positioned the commonwealth as the Keystone to our nation's domestic energy future. An energy independent state and nation means supporting jobs here, and utilizing our resources here rather than sending them abroad. Pennsylvania is strategically located with an expansive intermodal system comprised of ports, rails and airports that is critical to economic vitality. Additionally, Pennsylvania has an extensive network of overseas offices and representatives that cover more than 70 international markets, and is one of the fastest growing states for foreign direct investment. This has enabled Pennsylvania to attract businesses like Foxconn - the world's largest manufacturing of electronic components – and companies like Apple – which has committed to a \$30 million expansion investment and the creation of 500 jobs along with a \$10 million R&D partnership with Carnegie Mellon University.

JOBS^{1st} PA is placing Pennsylvania a step ahead of the competition in bringing the jobs home – good, family-sustaining jobs back to Pennsylvania. The budget, through targeted investments, will support *JOBS^{1st} PA* and strengthen critical job-creating programs and partnerships – with businesses small and large – that have a proven track record of results. These initiatives work to boldly position Pennsylvania as a leader in manufacturing, but also, in energy, life sciences and technology.

The budget continues to support collaborations that utilize innovative programs to market Pennsylvania and foster new jobs in growing industries. The budget provides continued funding for the *Discovered in PA – Developed in PA* program, which moves ideas more quickly from the lab to the marketplace. This program has assisted in retaining and creating more than 300 jobs by working in concert with Pennsylvania's universities and the Department of Community and Economic Development.

This budget supports the *Joint Opportunity Business (JOB) Partnership Fund*, a private equity capital fund seeded with \$10 million from the *PA First* program beginning in the 2013-14 budget. The *JOB Partnership Fund* will provide an investment vehicle to channel private dollars into Pennsylvania projects and deals that ordinarily would receive only grants and low-interest loans from the commonwealth. The

Theme: **JOBS^{1st} PA – Pennsylvania is Working**

JOB Partnership Fund is an example of public-private partnership at its best; the commonwealth's investment will be matched by at least a 9:1 ratio with private capital which will assist in attracting job creators to locate in Pennsylvania.

Nearly 43,000 jobs were either retained or created in 2013 through the efforts of the Partnership for Regional Economic Performance (PREP), a statewide network of local partners that work together to deliver vital assistance to job creators across ten Pennsylvania regions. The PREP partners support many economic development projects – especially small businesses – including new business development, relocations or expansion of existing facilities. To continue these efforts and to ramp up services, the budget will provide an increase of \$500,000 to PREP to offer Total Cost Ownership consulting for technical assistance to manufacturers that have moved manufacturing operations overseas and are interested in bringing the jobs back to Pennsylvania. Since manufacturers need to ensure that their supply chain can be reconfigured quickly to avoid disruptions in production and delivery, the PREP partners will utilize their expertise to assist with supply chain development and supplier scouting for manufacturers.

In 2013, through Administration efforts, the most comprehensive piece of state transportation legislation in decades was enacted. The transportation plan will invest an additional \$2.3 billion annually into the state's roads, bridges, transit and multimodal transportation systems by its fifth year of implementation, creating approximately 50,000 new jobs. Speed to market is critical to manufacturers bringing in raw materials and moving finished products to consumers. A secure transportation future will help commonwealth efforts to encourage manufacturers to return operations to Pennsylvania as well as create additional manufacturing opportunities in the state.

Second only to agriculture in terms of economic impact and job creation, Pennsylvania's tourism industry continues to thrive and be a major employer across the commonwealth. The budget provides an increase of \$1.25 million to bolster statewide travel, tourism and film-related economic development. This increase will support thousands of Pennsylvanians who work in the tourism industry and will assist in marketing the commonwealth's rich history and attractions across the globe.

To harness these important initiatives and market Pennsylvania to the rest of the world as a great place to do business, the Governor's Action Team connects Pennsylvania with employers looking to relocate. The team is broadening its focus to help more small businesses by expanding their employer outreach efforts, which has led to the creation of 3,400 jobs and \$300 million in pledged private investments utilizing *PA First*. Team efforts from all job creators have generated 30,415 new jobs and retained 52,343 jobs with more than \$4.8 billion in pledged private investments during this Administration.

To support the Governor's Action Team in reaching foreign markets and bringing employers back to Pennsylvania, the budget increases funding by more than \$600,000 for *World Trade PA*. This critical funding will expand promotion of Pennsylvania exports in key international markets and attract foreign investment. The budget also increases funding for Pennsylvania's ability to market itself through a \$1.1 million increase to the *Marketing to Attract Business* program. This program is the single source for promotional, advertising and event management efforts to communicate to site consultants, business executives and entrepreneurs, throughout the nation and around the world, why job creators should start, expand or relocate their businesses in Pennsylvania. Our marketing efforts are designed to develop an actionable, cohesive, results-oriented public relations and limited print campaign that highlights how Pennsylvania is built to advance.

Talented Workers

Nothing is more critical to ensuring the economic strength of Pennsylvania and to securing good paying jobs for Pennsylvanians than the development of a well-educated and trained workforce. Currently, the commonwealth spends more than \$470 million on job training programs and on services to assist job seekers find employment, and this budget increases that investment in workforce training. In addition, increased state funding has been directed to public education over the past three budgets – because every dollar invested in our children and adult learners is a dollar invested in the commonwealth's future. The initiatives within this budget and *JOBS^{1st} PA* combined with other efforts to more strategically align education and training with job openings, will place Pennsylvania a step ahead of the competition as a top performing state and global leader.

Theme: **JOBS1st PA – Pennsylvania is Working**

The budget increases *PA First* by \$5 million, of which \$2 million will be allocated to the WEDnetPA Job Training Program to train 10,000 additional employees. *PA First* continues to be an important tool to assist job creators looking to relocate or expand in Pennsylvania. Since the creation of *PA First*, more than 10,000 new jobs have been created and more than 40,000 jobs have been retained. Additionally, the program supported the training of more than 175,000 employees.

To close the skills gap, the Pennsylvania Targeted Industry Program is providing financial aid grants to meet workforce needs which will increase with this budget from \$5 million to \$6 million. To date, grants have been awarded to more than 1,200 students – including veterans – enrolled in certification programs in high-demand industries such as energy, advanced materials and diversified manufacturing, and agriculture and food production.

In addition, PREP also participates in significant workforce training initiatives. With that in mind, there is great value in joining forces between the *PREP Regions and the Local Workforce Investment Boards*, who will partner with the Department of Labor and Industry and the Department of Community and Economic Development. In order to facilitate partnerships, *JOBS1st PA* and the Reemployment Fund will provide \$2 million in incentive grants to spur synergy and direct contact between job seekers and local job creators.

The budget establishes *Jobs for All*, an on-the-job-training reimbursement program, as a direct financial incentive to promote the hiring of young people with disabilities. The first phase of this initiative will help employers successfully hire up to 1,000 young people with disabilities. This new injection of \$1 million in state funds will allow for the drawdown of an additional \$3.8 million in available federal funds, allowing the Department of Labor and Industry's Office of Vocational Rehabilitation to serve more people with disabilities seeking employment.

With increased investments in this budget strengthening Pennsylvania's library system, it will enable key partnerships to continue and expand between the 700 libraries and 65 *PA Careerlink® centers* strategically located across the commonwealth that provide job seekers with resources in their local communities, such as resume writing assistance, literacy programs and access to the Internet.

JOBS1st PA will continue to connect job seekers and employers through JobGatewaySM. JobGatewaySM is a free, user-friendly job matching website that helps Pennsylvanians looking for work find opportunities from over 165,000 real-time postings, find training for positions they have interest in and find out what industries are hiring in their region. To continue to meet the needs of Pennsylvania's job seekers, the system will be expanded to include online training programs, such as decision-making/critical thinking courses, and a self-directed skills assessment to help identify potential occupations or skill deficiencies.

This budget invests in programs that promote the continued resurgence of Pennsylvania's manufacturing, life sciences and technology sectors, strengthen critical job-creating programs and partnerships that have a proven track record of results, and support collaborations that utilize innovative programs to market Pennsylvania and foster new jobs in growing industries.

Theme: *Ready to Learn* – Educational Excellence in Pennsylvania

Ready to Learn – Educational Excellence in Pennsylvania

Every Pennsylvania child deserves access to a high-quality public education. Over the past three years, the *Ready to Learn* education agenda has been transforming Pennsylvania's public education system. Through targeted initiatives, *Ready to Learn* has increased accountability and transparency in our schools, infused stronger educational resources into our classrooms and focused financial resources on supporting students at all levels. As a result, Pennsylvania students are ready to learn, ready to grow and ready to succeed as they prepare to embrace the challenges of the 21st century global economy.

As one component of *Ready to Learn*, increased financial support has been provided to ensure that more state dollars are directed toward Pennsylvania's classrooms. Since 2011, an additional \$1.2 billion has been invested in education – setting a new all-time high of \$9.75 billion in direct state support for public education in Pennsylvania. From Pre-Kindergarten to K-12 to post-secondary education, every dollar invested in Pennsylvania students is a dollar invested in the commonwealth's future. This budget builds upon the strengths of Pennsylvania's public education system and supports the next phase of *Ready to Learn* by making additional strategic investments in Pennsylvania's students and classrooms.

Increasing Accountability

In 2012, legislation was enacted that established Pennsylvania's first comprehensive educator evaluation system to ensure that high-quality, effective educators are in every classroom across the commonwealth. For the first time, Pennsylvania's educator evaluation system is based in part on multiple measures of student achievement and teachers in need of extra support now have access to improved professional development opportunities aligned with their specific classroom needs. The budget continues the investments necessary to support educator and principal evaluation systems and high-quality professional development.

To ensure that when students graduate high school and college they are career ready, in 2013, the State Board of Education adopted academic standards, known as Pennsylvania Core Standards, to better align today's classroom instruction with the demands of a global economy. To make sure that students master essential subjects, such as Algebra, Biology and English Language Arts, Pennsylvania has transitioned from outdated modes of testing to end-of-course assessments, known as the Keystone Exams. The budget provides funding for continued implementation and support of the Keystone Exams in Algebra 1, Biology and English Language Arts, and the Pennsylvania Core Standards.

Ensuring Transparency

The launch of the School Performance Profile in 2013 marked an important milestone in better connecting schools with students, parents and communities. In an effort to give parents, students, taxpayers and educators an overview and in-depth analysis of how each public school is academically performing, the profile provides a 0-100 score for the more than 3,000 public school buildings across the commonwealth. More than 4,000 Pennsylvania teachers and administrators helped to build the School Performance Profile, which serves as a crucial tool in continuing to improve the quality of education in Pennsylvania's classrooms. The budget continues funding for the School Performance Profile.

Providing Support

As Pennsylvania schools strive to continually transform their classrooms and curriculum to meet the growing needs of their students, the Department of Education has developed a unique portal of educational resources called the Standards Aligned System. This portal includes voluntary model curriculum, teaching strategies and career-bound information critical to educators as they provide instruction to students. This provides educators, parents and students access to thousands of evidenced-based and standards-aligned resources. The portal serves as a quick and efficient way for educators to access free resources to support the varied and specific needs of PreK-12 classrooms and students – enabling educators to better align education in the classroom with post-secondary education and job

Theme: *Ready to Learn* – Educational Excellence in Pennsylvania

opportunities. The portal also is closely aligned with the School Performance Profile to ensure that schools can readily access curriculum information to support teaching areas in need of improvement. The budget continues to provide funding for the Standards Aligned System portal.

New Strategic Investment in Pennsylvania’s Children and Schools

This budget marks the next phase of the *Ready to Learn* education agenda, which includes new strategic investments in the entire continuum of public education, and also builds upon the solid foundation of increased accountability, improved transparency and greater support for students, educators and schools. Investments supporting the *Ready to Learn* agenda include:

Early Childhood Education.

- **Pre-K Counts.** The budget invests an additional \$10 million in Pre-K Counts – providing approximately 1,670 additional pre-school age children with the opportunity to attend high-quality early learning programs. Pre-K Counts programs have consistently delivered high-quality pre-kindergarten education to Pennsylvania’s three- and four-year olds who are at risk of academic failure. This investment builds upon the \$46.5 million in additional early childhood education funding provided through various programs that reached an additional 11,000 children over the past three years.
- **Early Learning Challenge Grant.** In 2013, Pennsylvania was awarded \$51.7 million through the federal Race to the Top Grant program to support high-quality early childhood education programs across the commonwealth. The budget allocates a total of \$15.8 million in federal funds between the Department of Education and the Department of Public Welfare. The Department of Education’s allocation will be used for:
 - ✓ **Kindergarten Entry Inventory** provided to schools at no cost to better understand the needs of children upon kindergarten entry.
 - ✓ **Governor’s Institutes** designed to enhance teaching practice for Pre-K to Grade 3 educators in a variety of early learning topics, including early literacy, math proficiency and STEM (Science, Technology, Engineering and Math) education.
 - ✓ **Early Childhood Education Community Innovation Grants** designed to increase family support and engagement, develop stronger relationships between early childhood education programs and school districts, and strengthen the network of community organizations that serve families with young children. Grants will be targeted to communities that serve low-performing elementary schools.

Kindergarten to Grade 12. The budget strategically invests \$351 million in Pennsylvania’s public schools through the following initiatives:

- **Ready to Learn Block Grant.** The budget provides \$341 million in total funding, including \$241 million in new *Ready to Learn* funding for school districts that focus on student achievement and academic success, and funding for the successful Accountability Block Grant that supports pre-kindergarten, full-day kindergarten and other proven educational programs at the current level of \$100 million. As part of this budget, schools will be authorized to use their Accountability Block Grant allocation for purposes allowed in the *Ready to Learn* Block Grant, ultimately increasing flexibility for school districts and improving learning outcomes for students.

A total of \$240 million of the *Ready to Learn* block grant funds will be allocated through a student-focused funding formula to enhance early learning opportunities for students and provide resources for schools to innovate at the local level. School districts will be able to use their *Ready to Learn* allocation for programs, such as:

- ✓ **Ready by 3rd Grade** to ensure that every student in Pennsylvania is performing at grade level in both reading and math by third grade;

Theme: *Ready to Learn* – Educational Excellence in Pennsylvania

- ✓ **STEM (Science, Technology, Engineering & Math) Education** to support STEM-related academic programs, which are the key growing job fields of the future; and
- ✓ **Supplemental Instruction** support to enable more flexibility for schools to provide customized instruction for students.

The other component of the *Ready to Learn* Block Grant, **The Governor's Expanding Excellence Program**, will provide \$1 million in competitive grant funds for Pennsylvania's high-achieving public schools to analyze and publish best practices that have proven to increase student achievement. Grants will be awarded to high-achieving schools that are willing to share their strategies and techniques and support schools throughout the commonwealth as they strive to increase student achievement through these identified best practices.

- **Pennsylvania Hybrid Learning Grants.** The budget provides \$10 million in new funding for competitive grants to support schools in developing and implementing new educational strategies in the classroom that customize a student's education and improve student performance. Hybrid learning, which blends traditional and digital learning, has proven successful in K-12 education across the country. This funding enables 100 schools in Pennsylvania to implement a hybrid learning model that best meets the needs of their students.
- **Governor's Schools of Academic Excellence.** The budget provides \$350,000 to support three Governor's Schools in agricultural sciences, STEM-related education and engineering. This initiative will provide talented high school students a unique summer opportunity on a college campus to engage in hands-on experiences working with leading experts and educators in each of the three fields. Each program will stress innovation and cutting-edge instruction in professional and laboratory settings.
- **Special Education.** The budget provides an additional \$20 million for special education, distributed through a funding formula that allocates funding to school districts based on three categories of students receiving special education, to ensure that students who need access to specialized learning opportunities are able to succeed. This is the first increase in funding for special education in six years.

Ready to Succeed. The budget provides \$25 million through the Pennsylvania Higher Education Assistance Agency for *Ready to Succeed* scholarships, to make post-secondary educational opportunities more affordable to middle-income Pennsylvania families. The *Ready to Succeed* program will be merit-based and will enable eligible students to pursue two-year or four-year post-secondary degrees at any Pennsylvania college, university or technical school.

Every dollar invested in Pennsylvania students is a dollar invested in the commonwealth's future. This budget builds upon the historic education investments made over the last three years, strengthens Pennsylvania's public education system and supports the next phase of *Ready to Learn* by making additional strategic investments in Pennsylvania's students and classrooms.

Theme: *Healthy Pennsylvania* and Enhancing Human Services

***Healthy Pennsylvania* and Enhancing Human Services**

Increasing Access to Quality, Affordable Health Care – Improving the Health and Well Being of Pennsylvanians

HEALTHY PENNSYLVANIA

Healthy Pennsylvania is a comprehensive plan to increase access to quality, affordable health care for all Pennsylvanians. *Healthy PA* has three key priorities: improving access; ensuring quality; and providing affordability. Despite the fiscal challenges continuing to face state governments across the nation, this budget advances the *Healthy PA* plan while also reaffirming a commitment to preserving the safety net for individuals with intellectual and physical disabilities, seniors, children and low-income families. In advancing *Healthy PA* while funding needed services for our most vulnerable citizens, the budget strikes the appropriate balance between the need to transform our health care system into a sustainable system, focused on quality outcomes and increases access to care and the need to improve the delivery and accessibility of human services.

The budget provides resources to serve more individuals who have been waiting to access needed services, and will accelerate the modernization of the delivery of health care throughout the state – improving access to quality, affordable health care. Additionally, the budget will continue efforts to ensure that Pennsylvanians in need of long-term care services and supports are served in the appropriate setting and have the ability to stay at home or in the community.

Improving Access

To improve the overall health of the commonwealth, all Pennsylvanians need to have reliable access to quality, preventive health care services. This budget provides additional funding to increase access to health care services for those Pennsylvanians living in underserved and rural areas, including providing additional resources to help increase the number of health care providers, specifically primary care providers, serving those communities.

Increasing Support for Community Health Centers and Health Care Clinics. The budget doubles the investment made last year to provide a total of \$8 million in critical funding to Pennsylvania's community-based healthcare clinics. Community-Based Health Care Subsidy funding will enable more health centers and clinics to provide immediate access to or enhance preventive primary care services in underserved areas of the state. Funding will be dedicated to sustainable medical clinics, including those that focus on providing mental health services. The new investment of \$4 million will fund four additional health centers and clinics in addition to 36 existing health centers and clinics.

Expanding Access to Primary Care Services in Rural and Underserved Areas of Pennsylvania. The budget increases funding by \$4 million to provide loan repayment assurance to health care practitioners who commit to working in primary care in rural and underserved areas of the commonwealth. This funding will provide an additional 70 awards to physicians, dentists and other practitioners. Physicians tend to stay and practice in the areas in which they complete their residency. To help address the growing primary care shortage in our rural areas, the budget provides funding to create 12 new residency slots for medical school graduates who are legal Pennsylvania residents or who have completed their medical school education in Pennsylvania and who commit to providing primary care in a rural Pennsylvania community upon completion of residency training.

Ensuring Quality

A core component of *Healthy PA* is developing a more effective and coordinated long-term care and support system to ensure quality health care for older Pennsylvanians and persons living with disabilities. The budget meets this objective through continued investment in services for our most vulnerable in care settings that best meet their needs.

Theme: *Healthy Pennsylvania* and Enhancing Human Services

Expanding Services for Older Pennsylvanians and Individuals with Physical Disabilities. The budget provides a significant investment in home and community-based services for both older Pennsylvanians and individuals with physical disabilities to ensure continued access for those currently being served and to serve new individuals on the waiting lists.

Building on last year's substantial investment of an additional \$50 million for increased access to crucial services to more Pennsylvania seniors, the budget provides an increase of \$23.5 million in General and Lottery funds to serve:

- ✓ an additional 1,764 older Pennsylvanians through the Medicaid Home and Community-Based Aging Waiver (\$11.6 million);
- ✓ an additional 800 individuals in the LIFE program (\$9.4 million);
- ✓ an additional 500 individuals on the Options waiting list (\$1.1 million); and
- ✓ an additional 204 individuals who transfer from the Department of Public Welfare's Attendant Care Program at age 60 (\$1.4 million).

The budget also provides \$18 million in new state funds to serve an additional 1,599 individuals with physical disabilities in community settings through the Services to Persons with Disabilities Waiver and the Attendant Care Waiver.

Providing Affordability

Pennsylvania's Medicaid program is intended to serve as a health care safety net for our most vulnerable citizens, but maintaining the program as currently structured places an increasingly high burden on Pennsylvania taxpayers costing hundreds of millions of dollars in new funding every year. Currently, one in six Pennsylvanians – more than two million people – are on Medicaid, and the costs now account for 23 percent of the entire General Fund budget for the commonwealth. In total, Pennsylvania taxpayers and the federal government spend approximately \$22.3 billion annually on Medicaid. The *Healthy PA* plan includes a common sense approach to reforming Pennsylvania's Medicaid program in order to provide affordable, quality health care in a fiscally sustainable manner.

***Healthy PA* – Reforming Pennsylvania's Medicaid Program**

To ensure that the commonwealth can provide sustainable access to quality, affordable health care coverage well into the future, *Healthy PA* includes common sense reforms to Pennsylvania's Medicaid program and increases access to health care coverage for more than 500,000 low-income residents through its Private Coverage Option. This innovative plan promotes healthy behaviors, improves health outcomes, increases personal responsibility, and ensures that benefits match health care needs.

The *Healthy PA* plan realigns the current Medicaid adult benefit package into two commercial-like benefit packages that are consistent with national standards for coverage and also builds in positive incentives for healthy choices and personal responsibility. Individuals under the Private Coverage Option and reformed Medicaid program will also have reasonable cost sharing, either consistent with nominal copayments that currently exist in the Medicaid program, or a nominal premium that would replace existing co-payments except for non-emergency use of the emergency room. The cost-sharing design is pending federal waiver approval. Being pro-active and healthy is also encouraged in the Private Coverage Option and the reformed Medicaid program as premiums may be reduced by seeking certain preventative services and screenings as well as work. Job training and career assistance are also available to provide more individuals with tools and pathways to independence.

The budget includes \$125 million in savings from the implementation of reforms to the Medicaid program and the Private Coverage Option within the *Healthy PA* Medicaid waiver. The budget assumes approval of the waiver by the federal government.

Theme: *Healthy Pennsylvania* and Enhancing Human Services

ENHANCING HUMAN SERVICES

The budget provides the Department of Public Welfare with the necessary resources to enhance and strengthen its commitments to serve Pennsylvania's most vulnerable individuals by improving and expanding access to essential human services programs including:

Early Learning Challenge Grant. In 2013, Pennsylvania was awarded \$51.7 million through the federal Race to the Top Grant program to support high-quality early childhood education programs across the commonwealth. This four-year grant supports the commitment to providing high-quality early learning opportunities for Pennsylvania's youngest students.

The budget allocates a total of \$15.8 million in federal funds between the Department of Public Welfare and the Department of Education. The Department of Public Welfare's allocation will be used to:

- ✓ Enhance access for children with high needs to high-quality early learning and development programs;
- ✓ Develop stronger relationships between early childhood education programs and school districts;
- ✓ Develop strategies focused on increasing family supports and engagement; and
- ✓ Improve access and delivery of high-quality professional development for early learning educators.

Expanding Services for Individuals with Intellectual Disabilities and Autism. The budget includes an additional \$23.5 million to provide home and community-based options for an additional 1,200 individuals with intellectual disabilities and autism. This increase enables an additional 700 young adults who are graduating from the special education system to continue to live independently in the community. It also enables an additional 400 individuals who are on the emergency waiting list to access crucial services to keep them in their home and community. In addition, this funding expands services in the Autism waiver to an additional 100 individuals.

Moving Individuals from Institutional Care to Community-Based Care. The budget includes an additional \$5.4 million to increase community placement for individuals currently in state mental hospitals and state intellectual disability facilities. This funding enables the transition of 90 clients from state mental hospitals to progressive mental health treatment in home-like settings and 50 clients from state intellectual disability facilities to home and community-based settings.

Domestic Violence and Rape Crisis. The budget provides \$2.2 million, a 10% increase in funding, for services dedicated to victims of sexual and domestic violence.

Child Care Assistance and Improving the Quality of Child Care Programs. The budget continues the commitment to high quality child care and assures that more than 210,500 children of low-income families, Temporary Assistance for Needy Families (TANF) recipients, and former TANF families who are now fully employed will receive child care services. Access to affordable child care is often a necessary step that enables many low-income individuals to remain actively engaged in the workforce – affording them more opportunities to move toward financial independence. The budget provides \$15 million in federal funds to allow an additional 2,895 children currently waiting for services to receive child care assistance.

The investments made in this budget to increase access to essential health care services, preserve safety net programs for our most vulnerable individuals and ensure access to services in underserved areas of the state continues the *Healthy PA* goal to increase access to quality, affordable health care coverage for all Pennsylvanians.

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Economic Outlook

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

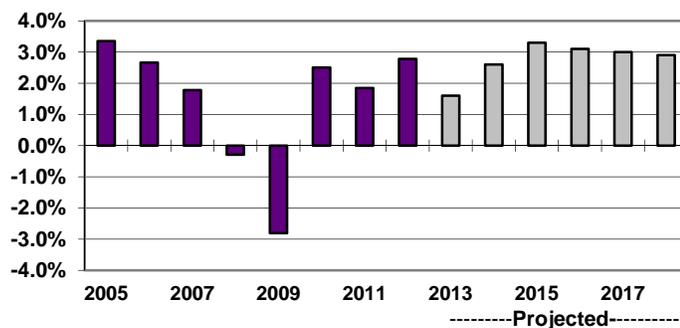
U.S. Recent Trends and Current Conditions

The United States economy continues to improve as sound fundamentals emerge as the theme going forward.

The Bipartisan Budget Act of 2013, which was signed into law on December 26, 2013, provides relief from the spending sequester and eliminates the chance of another government shutdown in the near future, which should help add to economic growth over the next two years. This, along with a number of other positive economic indicators, has helped to produce a strong 2013 third quarter real GDP growth estimate (4.1%). The improved economic fundamentals of the third quarter continued into the fourth quarter and may result in an upward revision to IHS' 2014 forecast.

The federal government shutdown in October 2013 is expected to subtract approximately 0.3 percentage points from fourth quarter 2013 GDP growth.

Chart 1
REAL GROSS DOMESTIC PRODUCT
Annual Growth

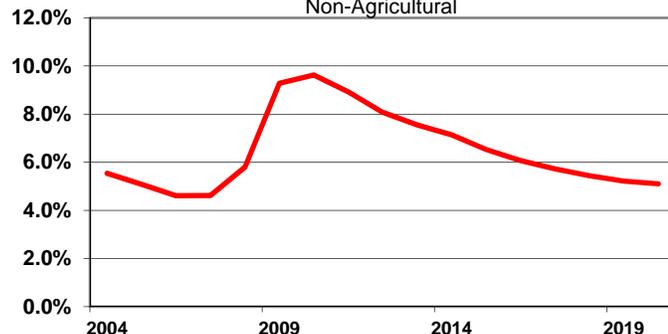


The Federal Reserve Board (Fed) also began its much anticipated tapering process recently by announcing that beginning in January, it will buy \$75 billion in bonds each month, down from the \$85 billion it had been buying since September 2012. *"In light of the cumulative progress toward maximum employment and the improvement in the outlook for labor market conditions, the Committee decided to modestly reduce the pace of its asset purchases,"* the Fed said in a statement. The Fed decided to cut back on both types of bond purchases – mortgage-backed securities and Treasuries – each by \$5 billion per month. The program had pushed the Fed's assets to almost \$4 trillion recently. The tapering could produce a steepening of the yield curve, which would increase the cost to borrow.

GDP has rebounded following the Great Recession and is forecast to grow approximately 3 percent annually over the next five years as shown in Chart 1 above.

Chart 2 shows that the year-end national unemployment rate peaked in the 2010 time period, with the highest point being reached in October 2010 (10.1%). It has since decreased by 3% to just under 7% and is projected to drop below 6% in 2016. Nationally, the number of people unemployed peaked at

Chart 2
U.S. UNEMPLOYMENT RATE
Non-Agricultural



15,382,000 in October 2009. There are now 4,475,000 fewer people unemployed as of November 2013 compared to the October 2009 peak.

Although the unemployment rate has decreased, the majority of the jobs recovered or created nationwide, six out of ten, according to U.S. Labor Department data, are at the low end of the wage scale.

The federal funds rate, the rate at which depository institutions actively trade balances held at the Federal Reserve on an uncollateralized basis, continues to be at historic lows.

The Fed took action during the financial crisis in an attempt to reduce the impact of the economic crisis. Reductions to the federal funds rate were extraordinary in scale and frequency.

The expectation, at least for the foreseeable future, is that the Fed will continue to keep rates at historic lows. When the federal funds rate is low, banks have more money available to lend, and consumers can borrow at lower costs.

**Chart 3
FEDERAL FUNDS RATE**



The Forecast

Based on the Congressional Budget Office's (CBO) document, *"The Budget and Economic Outlook: Fiscal Years 2013 to 2023"*, the forecast presented covers years 2014 through 2018. The growth of real GDP will pick up considerably beginning in 2014 after economic activity adjusts to this year's fiscal tightening. In the CBO outlook, economic growth is projected to be 3.4 percent in 2014 and averages 3.6 percent per year in 2015 through 2018. That growth closes the gap between actual and potential GDP by 2017. As a result of stronger economic growth, the unemployment rate in CBO's forecast falls from 8% in the fourth quarter of 2013 to 6.8% in the fourth quarter of 2015 and then declines gradually to 5.5% in the fourth quarter of 2018.

The quickening of economic growth in 2014 reflects CBO's projections of continued improvements in households' income and wealth and in credit markets. Consumer spending will be supported by faster growth in wages and salaries (a result of more robust employment growth) and by continued gains in household wealth, owing to persistent increases in house prices and stock prices. Stronger demand for goods and services by households, in turn, will encourage businesses to undertake investments in structures and equipment as well as to engage in further hiring. Greater availability of credit will also support consumer spending and business investment. In addition, CBO expects that increased spending by federal, state and local governments will add a small amount to overall demand after 2013.

**Table 1
Forecast Change in
Key U.S. Economic Indicators
Annual Percentage Growth***

Indicator	2012	2013p	2014p	2015p
Nominal GDP	4.6	3.4	4.3	5.0
Real GDP	2.8	1.9	2.7	3.2
Real Personal Consumption	2.2	2.0	2.8	3.1
Corporate Profits (After Tax)	19.2	5.5	9.7	-2.4
Unemployment Rate (Rate)	8.1	7.4	6.5	5.9
CPI	2.0	1.5	1.5	1.7
Federal Funds (Rate)	0.1	0.1	0.1	0.4

*Assumptions in this chart, as well as other assumptions, are incorporated in the [2014-15 fiscal year revenue estimates](#).

p=projected

Table 1 and Table 2 are U.S. Macro Forecast projections from IHS Global Insight. The tables depict similar forecasts to what the CBO is projecting for the near-term. Table 1 confirms the expected outlook for lower unemployment and an increase in GDP. Table 2 notes that over the next two years there is a 60 percent probability of modest GDP growth, with an increase in consumer and business fixed investment. Table 2 also provides narrative for each economic indicator.

Table 2
U.S. Macro Forecast Projection from IHS Global Insight
December 2013

	Baseline Forecast (60% Probability)
GDP Growth	Modest growth, 2.5% in 2014 and 3.2% in 2015
Consumer Spending	Modest, up 2.7% in 2014 and 2.9% in 2015
Business Fixed Investment	Moderate, up 4.3% in 2014 and 6.3% in 2015
Housing	Gradual improvement, more than 1million starts by early 2014
Exports	Accelerating to 4.9% in 2014 and 5.1% in 2015
Monetary Policy	Tapering begins in January 2014, with the first federal funds rate hike in September 2015
Credit Conditions	Gradually easing
Consumer Confidence	Growing at a moderate pace
Oil Prices (Dollars/barrel)	Brent crude oil price averages \$104 in 2014 and falls below \$100 by 2015
Stock Markets	The S&P 500 advances moderately
Inflation (CPI)	Headline CPI inflation moderates to 1.4% in 2014, moderately higher thereafter; core CPI inflation at 1.9% in 2014
Foreign Growth	Eurozone growth gradually recovers, with real GDP growth rebounding 0.8% in 2014, after falling 0.4% in 2013; emerging-market growth gradually accelerates
U.S. Dollar	Depreciates against major currencies and other currencies

Pennsylvania Outlook

Pennsylvania benefits from a highly diversified economy with a mix of industries, and no one single employment sector dominates Pennsylvania. Since the turbulent diversification of the Pennsylvania economy during the 1970's and 1980's, Pennsylvania has a much more stable economy which tends to track the national economy but with less volatility. During periods of national economic contraction, Pennsylvania often will outperform the U.S. in areas such as growth in real gross state product, growth in real personal income and employment growth. Pennsylvania's unemployment rate generally trends below the U.S. rate, and per capita income levels in the commonwealth exceed national levels. However, during periods of economic expansion, Pennsylvania will often lag behind the rate of growth in the national economy.

Since the diversification of its economy, Pennsylvania's unemployment rate has traditionally trended at or below the national average. At its peak during the Great Recession, Pennsylvania's unemployment rate rose to 9.3% in July 2010 and the national unemployment rate topped out at 10.1% in October 2010. Since that time, Pennsylvania's unemployment rate has been declining. Pennsylvania's unemployment rate is expected to steadily improve during 2014 and 2015, forecast at 7% and 6.4%, respectively. A further decline to 5.7% is projected by 2017.

Pennsylvania's economic performance is largely dependent upon job growth. As the U.S. and state economies entered into recession in late 2007, employment in Pennsylvania peaked in January 2008 at 5,811,000 non-agricultural jobs, as seen in Chart 5. Since the downturn in the economy, Pennsylvania

employment has recovered over the last few years – it has already recovered more than 99 percent of its pre-recession jobs level – and its employment is expected to steadily increase as shown in Chart 5.

Although hiring growth has been slow over the last several years, according to the Bureau of Labor Statistics, employment growth has come from a number of sectors. Year-over-year gains were achieved in manufacturing (0.6 percent), construction (1 percent), professional and business services (2.1 percent), and the leisure and hospitality industry (2 percent).

Increases in the leisure and hospitality sector are a likely indicator of increased travel and discretionary spending.

Chart 4
PA UNEMPLOYMENT RATE

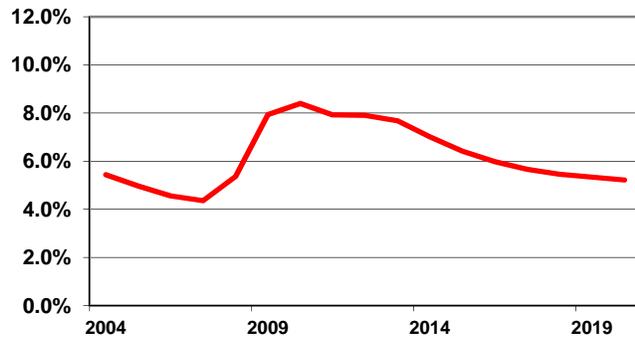
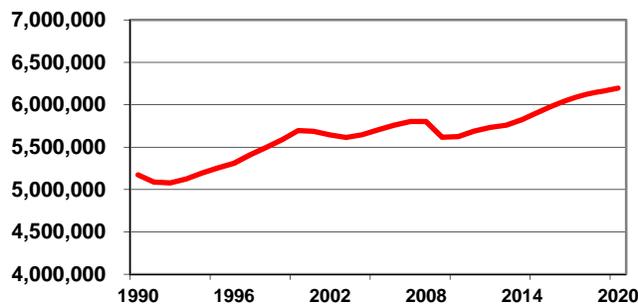


Chart 5
PENNSYLVANIA EMPLOYMENT
Non-Agricultural



Every state was affected by the partial shutdown of the federal government in late 2013, but Pennsylvania was not impacted as much as other states may have been.

Pennsylvania's economy is expected to add jobs at a 1.3 percent average annual rate between 2013 and 2018. This growth rate would rank Pennsylvania in the bottom tier of the states. This is caused by a couple of factors. First, although the state lost many jobs to the recession, the magnitude of job losses was less than in many other states. Therefore, state employment growth is not expected to

"snap back" as much as in states like Florida and Arizona, which are expected to show the highest job growth over the next five years after suffering huge losses in the recession. Second, Pennsylvania's population growth is expected to remain below the national average, which limits job growth, especially in service sectors. The recession reduced state-to-state migration (as well as in-migration from other countries), but as the economy recovers migration is expected to increase.

The construction sector will provide a boost to overall employment over the next five years, especially from 2014 on as the housing recovery hits full stride. The construction sector will also benefit from renewed growth in natural gas drilling in response to moderately higher prices. Further aiding the construction industry, the November 2013 passage of the Pennsylvania transportation funding plan will result in an additional annual investment of \$2.3 billion for the state's roads, bridges, transit and multimodal transportation systems by its fifth year of implementation. This investment will create approximately 50,000 new jobs in construction and related fields.

Going forward, Pennsylvania will benefit from the continued development of the Marcellus shale natural gas deposit which will provide jobs in the mining industry. The state may also attract jobs in industries that can benefit from the increase in natural gas supplies, either for low-cost energy or for inputs into chemical products.

Although there has been some softness in the housing recovery, the outlook for housing in Pennsylvania over the next several years should be positive. Housing starts are expected to increase substantially over the next two years from the current rate of approximately 22,000 to more than 40,000 a year by 2016-2017. Median existing housing prices are also expected to increase over the same time period – from a current median price of approximately \$168,000 to \$189,000 by the end of 2017. In August of 2013, the S&P/Case-Shiller Home Price Index rose 12.8 percent year-on-year.

Table 3 shows various historical and projected key economic indicators for Pennsylvania and the U.S. economy.

Table 3
Key Economic Indicators for Pennsylvania

PENNSYLVANIA: Key Economic Indicators	2011	2012	2013	2014	2015	2016
Real Gross State Product (in millions, 2005 dollars)	502,769	511,781	517,353	526,717	540,495	554,871
Real Gross State Product (percentage change)	1.9%	1.8%	1.1%	1.8%	2.6%	2.7%
Total Employment (in thousands)	5,688.3	5,732.1	5,759.0	5,824.0	5,908.1	5,996.7
Total Employment (percentage change)	1.1%	0.8%	0.5%	1.1%	1.4%	1.5%
Manufacturing Employment (in thousands)	565.0	567.3	567.8	579.0	591.0	598.9
Nonmanufacturing Employment (in thousands.)	5,123.3	5,164.7	5,191.3	5,245.1	5,317.1	5,397.9
Population (in thousands)	12,745.6	12,766.3	12,790.8	12,819.8	12,850.3	12,881.8
Population (percentage change)	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Unemployment Rate (percentage)	7.9%	7.9%	7.7%	7.0%	6.4%	6.0%
Personal Income (percentage change)	5.4%	3.1%	1.9%	4.5%	4.4%	4.8%
U.S. ECONOMY						
Real Gross Domestic Product (percentage change)	1.8%	2.8%	1.8%	2.5%	3.2%	3.3%
Employment (percentage change)	1.2%	1.7%	1.6%	1.7%	1.8%	1.9%

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Summary of Major Operating Expenses

The total 2014-15 operating budget for the commonwealth is \$71.8 billion. It includes \$29.4 billion in the General Fund, nearly \$2.7 billion in the Motor License Fund, more than \$24.2 billion in federal funds and \$15.5 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 97.0 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 typically from profit transfers from the Pennsylvania Liquor Control Board, licenses and fees, and the escheats or "unclaimed property" program.

Recent Revenue Trends: For the five fiscal years ending with 2012-13, total General Fund revenue increased by 12.2 percent, an annual rate of increase of approximately 2.9 percent. The rate of growth for revenue during the period has been affected by the recent recovery from the economic recession and the increased economic growth during the post-recessionary period. Without adjusting for

tax rate and base changes, the major tax revenue sources experiencing the largest growth during this period were the financial institutions taxes, the cigarette tax and the annual component of the personal income tax. Each had five-year total increases of over 77.1 percent, 35.8 percent and 34.4 percent, respectively. Revenue from some tax sources declined over the period. Receipts from the gross receipts tax declined 5.1 percent and the capital stock and franchise corporate tax fell by 23.5 percent as expected with the phase-out of this tax. Non-tax revenue sources during this period increased as well over this five-year period.

Receipts from the personal income tax in recent fiscal years had been steadily improving since the national economic recession. Over the last three fiscal years, growth in personal income tax receipts has been 4.7 percent, 3.5 percent and 5.3 percent, respectively. Due to the increases in personal income tax revenues mentioned above, and without adjusting for changes in the tax rate, personal income tax collections over the past five completed fiscal years have increased an average of 2.8 percent annually. For fiscal year 2013-14, personal income tax receipts are anticipated to be almost identical to the 2013-14 certified revenue estimate. Personal income tax receipts for fiscal year 2013-14 are now expected to grow 3.0 percent above 2012-13 actual collections. Estimates for the personal income tax are developed from a series of regression equations that use forecasts of wages, salaries, interest, dividends, rents, and capital gains income.

The sales and use tax is levied on taxable property and services used by consumers and by businesses. Annual growth rates for this tax have been modest during the recovery from the most recent recession, increasing at an average rate of 2.3 percent annually over the past five completed fiscal years. The national economic recession adversely impacted sales and use tax receipts during two of the past five recently completed fiscal years. Annual declines of 4.2 percent and 1.3 percent occurred during the fiscal years ending 2009 and 2010. This negative trend ended during the 2010-11 fiscal year as receipts grew robustly at 7.0 percent, aided by a one-time acceleration in sales tax payments. Modest growth in sales and use tax receipts continued during fiscal year 2011-12 and 2012-13 as the year-over-year growth was 2.1 percent and 1.4 percent, respectively. Estimates for the sales and use tax are developed from a series of regression equations that use forecasts of national consumer expenditures on durable goods, non-durable goods, and new and used motor vehicles.

The largest General Fund tax on businesses 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, have increased modestly since the 2008-2010 fiscal years. 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 for tax year 2016. Corporate tax receipts over the past five completed fiscal years have increased by a total of 7.4 percent, as corporate profits plunged in 2009 and 2010 and recovered over the next three years. During those two fiscal years, corporate tax receipts declined 11.4 percent and 5.3 percent, respectively. Corporate tax collections rebounded in fiscal years 2011, 2012 and 2013, growing 6.8 percent, 1.5 percent, and 4.6 percent, respectively. As a result, corporate tax receipts averaged an increase of 1.8 percent annually over the past five fiscal years. The continued modest recovery is expected to positively impact corporate tax receipts in 2014-15, as such receipts are projected to grow at 1.2 percent above the revised 2013-14 estimates when the effects of the capital stock and franchise tax are removed. 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 77 cents 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 2014-15 is \$29.4 billion. General Fund expenditure growth is projected to increase 3.3 percent. Major program expenditures occur in the areas of education, public health and welfare and state correctional institutions.

PreK-12 Education (Basic Education): The financial responsibility for public education in Pennsylvania is shared by the commonwealth and 500 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, school employees' retirement and various special education programs.

The largest such subsidy is the Basic Education subsidy, which provides commonwealth aid to local school districts. This budget proposes more than \$5.5 billion for the Basic Education subsidy in state funds in 2014-15. Basic education increases include \$10 million, or 11.5 percent, for Pre-K Counts; \$4.6 million, or 8.6 percent, for PA Assessment; and \$20 million, or 1.9 percent, for Special Education. In total, state funding for basic education is more than \$10.3 billion in 2014-15.

This budget also provides \$341 million for the Ready to Learn Block Grant to implement a student-focused formula to enhance learning opportunities for students, provide resources for schools to innovate and to enable schools to share best practices. This budget also proposes \$10 million for Hybrid Learning to provide resources for blending traditional and digital learning in the classroom.

Higher Education: Higher education in Pennsylvania is provided through 270 degree-granting institutions, which include the 14 universities of the State System of Higher Education, four state-related universities, community colleges and various other independent institutions. The budget proposes more than \$1.61 billion for higher education institutions and students in state funds. This includes nearly \$387 million for student financial assistance.

Public Health and Welfare: The commonwealth provides support for its residents who are seeking to achieve and sustain independence. It also provides care, treatment and rehabilitation to persons with behavioral, intellectual and physical disabilities. The commonwealth also supports disease prevention programs. The existing program structures will be enhanced by the commonwealth's initiative, *Healthy Pennsylvania*. *Healthy Pennsylvania* is a comprehensive plan to increase access to quality affordable health care for all Pennsylvanians. For 2014-15, the total public health and human services expenditures from all sources is \$34.4 billion; the amount from the General Fund will be \$11.8 billion, which is an increase of \$426 million or 3.75 percent. While maintaining necessary services, this budget continues this administration's cost-containment initiatives and proposes additional cost-containment strategies in 2014-15.

The largest component of public health and welfare expenditures is the Medical Assistance (MA) program. In the last ten years, the program grew at an annual rate of 7.15 percent. Caseload growth has begun to stabilize after several years of higher growth due to poor economic conditions. Technological advances in medicine and general medical inflation, including increases in pharmaceutical prices, would have resulted in an increase in overall MA expenditures in 2014-15 if not for significant cost containment and operational efficiencies. Total funding in 2014-15 increased by \$2 billion from \$20.2 billion to \$22.3 billion. State funds are anticipated to increase from \$6.5 billion in 2013-14 to nearly \$6.7 billion in 2014-15, which is an increase of \$195 million or 2.98 percent. The state fund increase is due primarily to a decrease in the federal financial participation rate and an increase in caseload and utilization in the various programs and the implementation of the federally mandated affordable care act

Income maintenance, including cash assistance payments and child care services for families in transition to independence and self-sufficiency, totaled \$2.6 billion from all sources for 2013-14. The 2014-15 budget increased total resources of \$2.7 billion while the commonwealth's General Fund share is increased from \$847 million to \$902 million. Of the \$2.7 billion, the budget provides a total of \$745 million for child care services.

The 2014-15 budget continues to provide a continuum of services for individuals with mental health and intellectual disabilities, ranging from home and community-based supports to quality institutional care. In June 2002, the state supported 5,098 institutional beds. By June 2014, that will be reduced to 2,363, a reduction of 54 percent. Over that period the community budgets will have grown by more than \$1.4 billion, an increase of 80 percent.

State Correctional Institutions: The 2014-15 budget proposed for the state correctional system is \$2.0 billion. From 2010-11 to 2014-15, total costs have grown from \$1.8 billion to slightly more than \$2.0 billion. During this timeframe, the inmate population has remained relatively consistent. The inmate population is projected to decline in 2014-15 due to recent legislative changes.

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 motor fuels provided approximately 50 percent of total non-restricted Motor License Fund revenues in fiscal year 2012-13. Revenue from liquid fuels taxes have averaged one percent growth over the past ten years (2002-03 to 2012-13). For the period ending with fiscal year 2012-13, liquid fuels tax revenues were up 3.3 percent from fiscal year 2009-10. For the revised estimate for fiscal year 2013-14, an increase of over eight percent is projected. The estimate for the budget fiscal year 2014-15 projects an increase in liquid fuels tax receipts of 18.1 percent over the revised estimate for fiscal year 2013-14.

License and fee revenues represent the other major source of revenues for the Motor License Fund. Annual growth of receipts from these sources has also been weak. For the five-year period ending with 2012-13, license and fee revenues annual average growth has been approximately -1.0 percent. Going forward a slight decrease is expected for revised estimate for fiscal year ending with 2013-14 versus the -7.14 percent decrease for fiscal year 2012-13. Budget fiscal year ending 2014-15 is expected to increase over 6 percent but then level off in each fiscal year thereafter.

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. Annual contributions have been \$200 million since inception. Act 89 of 2013 redirected this \$200 million from the Motor License Fund to the Public Transportation Trust Fund and the Multimodal Transportation Fund.

The budget for 2014-15 recommends \$4.9 billion for construction, reconstruction and maintenance of highways and bridges in the commonwealth. This is an increase of 15% from 2013-14, primarily due to the passage of Act 89 of 2013. The increase is supported by bond financing for highway projects.

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 Property Tax and Rent Rebate 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 expanded the current Property Tax / Rent Rebate program to give more Pennsylvanians a rebate while also increasing the amounts of the rebates. The expansion included increasing the household income limit from \$15,000 to \$35,000 and increasing the maximum rebate from \$500 to \$650.

The Pharmaceutical Assistance Contract for the Elderly (PACE) program provides pharmaceutical benefits to qualified older Pennsylvanians who face a growing burden from the cost of prescription drugs required to maintain healthy and productive lives.

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 fills the coverage gaps encountered by

cardholders in Medicare Part D, including deductibles, the doughnut hole phase of no Medicare coverage, drugs excluded under Medicare Prescription Drug, Improvement and Modernization Act of 2003, 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.

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. Building on last year's investment of an additional \$27 million for expanded services for older Pennsylvanians this budget provides an increase of \$20.2 million. For 2014-15, \$295.3 million is provided for the PENNCARE appropriation including increases of \$1.1 million to serve 500 additional people in the Options Program and \$1.4 million to expand Attendant Care services to 204 additional people. For additional details, see the Department of Aging presentation.

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

The 2014-15 budget assumes revenue growth derived from extending relief from mandatory return requirements, improving the retail experience, growing the player base, expanding the retailer base, stemming the decline in draw-based games, and expanding the Lottery's game portfolio to include Keno, another terminal-based random generated number game.

Rainy Day Fund

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

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

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

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

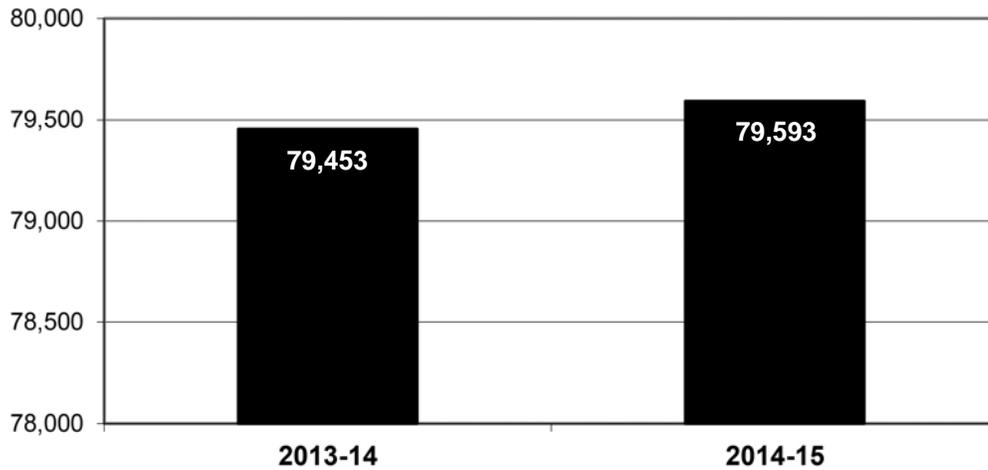
Act 53 of 2008 suspended the transfer of surplus funds to the Budget Stabilization Reserve Fund for 2007-08. To help balance the 2009-10 budget, Act 50 of 2009 authorized the transfer of \$755 million from the Budget Stabilization Reserve Fund to the General Fund. Act 46 of 2010 authorized the transfer of \$745,000 to the General Fund. Act 26 of 2011 suspended the transfer of surplus funds to the Budget Stabilization Reserve Fund for 2010-11. Act 87 of 2012 suspended the transfer of surplus funds to the Budget Stabilization Reserve Fund for 2011-12.

Act 71 of 2013 suspended the transfer of surplus funds to the Budget Stabilization Reserve Fund for 2012-13. There was \$61,000 remaining in the Budget Stabilization Reserve Fund as of June 30, 2013. This budget proposes to suspend the transfer of 25 percent of the 2013-14 General Fund surplus to the Budget Stabilization Reserve 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.

Authorized Complement



This budget proposes an overall increase in the commonwealth’s current authorized FTE salaried complement level in 2014-15 of 140 positions, from 79,453 to 79,593 positions.

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 76,663 in January 2011. As of the end of January 2014, the number of filled salary positions was 73,634 – a reduction of 3,029 filled positions or 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.

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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 2012-13 actual year, 2013-14 available year, 2014-15 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Beginning Balance.....	\$ 659,051	\$ 540,918	\$ 215,985	\$ 20,216	\$ 24,318	\$ 22,378	\$ 25,539
Revenues.....	\$ 28,646,946	\$ 29,115,900	\$ 30,540,100	\$ 31,563,300	\$ 32,415,800	\$ 33,533,700	\$ 34,674,100
Adjustments ^a	-1,047,786	-1,018,500	-1,310,000	-1,355,000	-1,410,000	-1,465,000	-1,500,000
Funds Available.....	\$ 28,258,211	\$ 28,638,318	\$ 29,446,085	\$ 30,228,516	\$ 31,030,118	\$ 32,091,078	\$ 33,199,639
Total Spending.....	-27,717,293	-28,422,333	-29,419,130	-30,196,092	-31,000,281	-32,057,026	-33,162,767
Preliminary Balance.....	\$ 540,918	\$ 215,985	\$ 26,955	\$ 32,424	\$ 29,837	\$ 34,052	\$ 36,872
Less Transfer to Budget Stabilization Reserve Fund.....	0 ^b	0 ^c	-6,739	-8,106	-7,459	-8,513	-9,218
Ending Balance.....	<u>\$ 540,918</u>	<u>\$ 215,985</u>	<u>\$ 20,216</u>	<u>\$ 24,318</u>	<u>\$ 22,378</u>	<u>\$ 25,539</u>	<u>\$ 27,654</u>

^a Includes refunds, lapses and adjustments to beginning balances.

^b Act 71 of 2013 suspended the 25% transfer to the Budget Stabilization Reserve Fund for FY 2012-13.

^c This budget proposes the suspension of the 25% transfer to the Budget Stabilization Reserve Fund for FY 2013-14.

Seven Year Financial Statements By Fund

Motor License Fund^a

	(Dollar Amounts in Thousands)						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Beginning Balance.....	\$ 153,031	\$ 107,584	\$ 105,622	\$ 20,070	\$ 17,301	\$ 13,104	\$ 11,614
Receipts.....	<u>2,457,639</u>	<u>2,495,600</u>	<u>2,567,800</u>	<u>2,676,000</u>	<u>2,784,200</u>	<u>2,899,900</u>	<u>2,909,500</u>
Funds Available.....	\$ 2,610,670	\$ 2,603,184	\$ 2,673,422	\$ 2,696,070	\$ 2,801,501	\$ 2,913,004	\$ 2,921,114
Less Expenditures.....	<u>-2,503,086</u>	<u>-2,497,562</u>	<u>-2,653,352</u>	<u>-2,678,769</u>	<u>-2,788,397</u>	<u>-2,901,390</u>	<u>-2,911,923</u>
Ending Balance.....	<u>\$ 107,584</u>	<u>\$ 105,622</u>	<u>\$ 20,070</u>	<u>\$ 17,301</u>	<u>\$ 13,104</u>	<u>\$ 11,614</u>	<u>\$ 9,191</u>

Banking Fund

	(Dollar Amounts in Thousands)						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Beginning Balance.....	\$ 10,985	\$ 11,366	\$ 9,067	\$ 5,054	\$ 2,541	\$ 28	\$ -2,485
Receipts.....	<u>21,730</u>	<u>20,263</u>	<u>18,817</u>	<u>18,817</u>	<u>18,817</u>	<u>18,817</u>	<u>18,817</u>
Funds Available.....	\$ 32,715	\$ 31,629	\$ 27,884	\$ 23,871	\$ 21,358	\$ 18,845	\$ 16,332
Less Expenditures.....	<u>-21,349</u>	<u>-22,562</u>	<u>-22,830</u>	<u>-21,330</u>	<u>-21,330</u>	<u>-21,330</u>	<u>-21,330</u>
Ending Balance.....	<u>\$ 11,366</u>	<u>\$ 9,067</u>	<u>\$ 5,054</u>	<u>\$ 2,541</u>	<u>\$ 28</u>	<u>\$ -2,485</u>	<u>\$ -4,998</u>

Boat Fund

	(Dollar Amounts in Thousands)						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Beginning Balance.....	\$ 20,053	\$ 19,126	\$ 18,948	\$ 15,210	\$ 11,469	\$ 7,728	\$ 3,987
Receipts.....	<u>12,139</u>	<u>12,917</u>	<u>9,347</u>	<u>9,344</u>	<u>9,344</u>	<u>9,344</u>	<u>9,344</u>
Funds Available.....	\$ 32,192	\$ 32,043	\$ 28,295	\$ 24,554	\$ 20,813	\$ 17,072	\$ 13,331
Less Expenditures.....	<u>-13,066</u>	<u>-13,095</u>	<u>-13,085</u>	<u>-13,085</u>	<u>-13,085</u>	<u>-13,085</u>	<u>-13,085</u>
Ending Balance.....	<u>\$ 19,126</u>	<u>\$ 18,948</u>	<u>\$ 15,210</u>	<u>\$ 11,469</u>	<u>\$ 7,728</u>	<u>\$ 3,987</u>	<u>\$ 246</u>

^a Excludes restricted revenue.

Seven Year Financial Statements By Fund

Farm Products Show Fund

(Dollar Amounts in Thousands)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Beginning Balance.....	\$ 509	\$ 464	\$ 532	\$ 302	\$ 172	\$ 112	\$ 137
Receipts.....	11,265	10,756	10,570	10,670	10,740	10,825	10,825
Funds Available.....	\$ 11,774	\$ 11,220	\$ 11,102	\$ 10,972	\$ 10,912	\$ 10,937	\$ 10,962
Less Expenditures.....	-11,310	-10,688	-10,800	-10,800	-10,800	-10,800	-10,800
Ending Balance.....	<u>\$ 464</u>	<u>\$ 532</u>	<u>\$ 302</u>	<u>\$ 172</u>	<u>\$ 112</u>	<u>\$ 137</u>	<u>\$ 162</u>

Fish Fund

(Dollar Amounts in Thousands)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Beginning Balance.....	\$ 38,961	\$ 40,098	\$ 39,605	\$ 34,183	\$ 28,761	\$ 23,339	\$ 17,917
Receipts.....	35,350	33,859	28,557	28,557	28,557	28,557	28,557
Funds Available.....	\$ 74,311	\$ 73,957	\$ 68,162	\$ 62,740	\$ 57,318	\$ 51,896	\$ 46,474
Less Expenditures.....	-34,213	-34,352	-33,979	-33,979	-33,979	-33,979	-33,979
Ending Balance.....	<u>\$ 40,098</u>	<u>\$ 39,605</u>	<u>\$ 34,183</u>	<u>\$ 28,761</u>	<u>\$ 23,339</u>	<u>\$ 17,917</u>	<u>\$ 12,495</u>

Game Fund

(Dollar Amounts in Thousands)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Beginning Balance.....	\$ 38,359	\$ 25,999	\$ 24,461	\$ 22,358	\$ 15,155	\$ 7,952	\$ 749
Receipts.....	65,696	81,312	76,756	71,656	71,656	71,656	71,656
Funds Available.....	\$ 104,055	\$ 107,311	\$ 101,217	\$ 94,014	\$ 86,811	\$ 79,608	\$ 72,405
Less Expenditures.....	-78,056	-82,850	-78,859	-78,859	-78,859	-78,859	-78,859
Ending Balance.....	<u>\$ 25,999</u>	<u>\$ 24,461</u>	<u>\$ 22,358</u>	<u>\$ 15,155</u>	<u>\$ 7,952</u>	<u>\$ 749</u>	<u>\$ -6,454</u>

Seven Year Financial Statements By Fund

Lottery Fund

(Dollar Amounts in Thousands)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Beginning Balance.....	\$ 263,316	\$ 161,176	\$ 188,513	\$ 44,067	\$ 19,151	\$ 58,421	\$ 141,167
Add Reserve From Prior Year.....	0	75,000	75,000	75,000	75,000	75,000	75,000
Receipts.....	<u>1,776,597</u>	<u>1,850,100</u>	<u>1,931,700</u>	<u>2,108,700</u>	<u>2,264,600</u>	<u>2,420,600</u>	<u>2,575,600</u>
Funds Available.....	\$ 2,039,913	\$ 2,086,276	\$ 2,195,213	\$ 2,227,767	\$ 2,358,751	\$ 2,554,021	\$ 2,791,767
Less Expenditures.....	-1,803,737	-1,822,763	-2,076,146	-2,133,616	-2,225,330	-2,337,854	-2,428,502
Less Reserve for Current Year.....	<u>-75,000</u>	<u>-75,000</u>	<u>-75,000</u>	<u>-75,000</u>	<u>-75,000</u>	<u>-75,000</u>	<u>-75,000</u>
Ending Balance.....	<u>\$ 161,176</u>	<u>\$ 188,513</u>	<u>\$ 44,067</u>	<u>\$ 19,151</u>	<u>\$ 58,421</u>	<u>\$ 141,167</u>	<u>\$ 288,265</u>

Racing Fund

(Dollar Amounts in Thousands)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Beginning Balance.....	\$ 43	\$ 20	\$ 3,104	\$ 5,570	\$ 6,951	\$ 7,714	\$ 7,559
Receipts.....	<u>14,744</u>	<u>19,585</u>	<u>20,367</u>	<u>19,715</u>	<u>19,097</u>	<u>18,623</u>	<u>18,623</u>
Funds Available.....	\$ 14,787	\$ 19,605	\$ 23,471	\$ 25,285	\$ 26,048	\$ 26,337	\$ 26,182
Less Expenditures.....	<u>-14,767</u>	<u>-16,501</u>	<u>-17,901</u>	<u>-18,334</u>	<u>-18,334</u>	<u>-18,778</u>	<u>-18,778</u>
Ending Balance.....	<u>\$ 20</u>	<u>\$ 3,104</u>	<u>\$ 5,570</u>	<u>\$ 6,951</u>	<u>\$ 7,714</u>	<u>\$ 7,559</u>	<u>\$ 7,404</u>

Seven Year Department Summary by Fund

The following is a summary by department of 2012-13 actual expenditures, the 2013-14 amounts available, the 2014-15 amounts budgeted and future year estimates for the General Fund and selected Special Funds.

	(Dollar Amounts in Thousands)						
	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Governor's Office							
General Fund.....	\$ 6,429	\$ 6,508	\$ 6,427	\$ 6,427	\$ 6,427	\$ 6,427	\$ 6,427
Executive Offices							
General Fund.....	\$ 156,969	\$ 172,937	\$ 178,525	\$ 178,426	\$ 178,426	\$ 178,525	\$ 178,426
Motor License Fund.....	2,336	2,256	1,371	1,371	1,371	1,371	1,371
Department Total.....	\$ 159,305	\$ 175,193	\$ 179,896	\$ 179,797	\$ 179,797	\$ 179,896	\$ 179,797
Lieutenant Governor							
General Fund.....	\$ 1,278	\$ 1,332	\$ 1,366	\$ 1,366	\$ 1,366	\$ 1,366	\$ 1,366
Attorney General							
General Fund.....	\$ 78,121	\$ 87,290	\$ 87,290	\$ 87,290	\$ 87,290	\$ 87,290	\$ 87,290
Auditor General							
General Fund.....	\$ 42,393	\$ 44,779	\$ 44,779	\$ 44,779	\$ 44,779	\$ 44,779	\$ 44,779
Treasury							
General Fund.....	\$ 1,138,996	\$ 1,116,847	\$ 1,158,236	\$ 1,208,753	\$ 1,237,511	\$ 1,297,191	\$ 1,363,883
Motor License Fund.....	30,129	29,957	36,695	53,008	63,457	71,887	78,168
Department Total.....	\$ 1,169,125	\$ 1,146,804	\$ 1,194,931	\$ 1,261,761	\$ 1,300,968	\$ 1,369,078	\$ 1,442,051
Aging							
Lottery Fund.....	\$ 467,957	\$ 498,432	\$ 493,385	\$ 505,628	\$ 505,628	\$ 525,628	\$ 525,628
Agriculture							
General Fund.....	\$ 129,535	\$ 123,772	\$ 123,876	\$ 123,876	\$ 123,876	\$ 123,876	\$ 123,876
Racing Fund.....	14,767	16,264	17,664	18,097	18,097	18,541	18,541
Motor License Fund.....	4,328	4,328	4,328	4,328	4,328	4,328	4,328
Farm Products Show Fund.....	11,310	10,688	10,800	10,800	10,800	10,800	10,800
Department Total.....	\$ 159,940	\$ 155,052	\$ 156,668	\$ 157,101	\$ 157,101	\$ 157,545	\$ 157,545
Banking and Securities							
General Fund.....	\$ 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Banking Fund.....	21,349	24,412	22,830	21,330	21,330	21,330	21,330
Department Total.....	\$ 21,350	\$ 24,412	\$ 22,830	\$ 21,330	\$ 21,330	\$ 21,330	\$ 21,330
Civil Service Commission							
General Fund.....	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
Community and Economic Development							
General Fund.....	\$ 229,495	\$ 236,384	\$ 240,967	\$ 250,462	\$ 250,462	\$ 250,462	\$ 250,462
Motor License Fund.....	0	1,073	1,073	1,073	1,073	1,073	1,073
Department Total.....	\$ 229,495	\$ 237,457	\$ 242,040	\$ 251,535	\$ 251,535	\$ 251,535	\$ 251,535

Seven Year Department Summary by Fund

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Conservation and Natural Resources							
General Fund.....	\$ 52,723	\$ 30,006	\$ 27,030	\$ 27,030	\$ 27,030	\$ 27,030	\$ 27,030
Motor License Fund.....	1,000	1,000	7,000	7,000	7,000	7,000	7,000
Department Total.....	\$ 53,723	\$ 31,006	\$ 34,030	\$ 34,030	\$ 34,030	\$ 34,030	\$ 34,030
Corrections							
General Fund.....	\$ 1,866,965	\$ 1,962,267	\$ 2,040,073	\$ 2,060,073	\$ 2,095,073	\$ 2,135,073	\$ 2,180,073
Drug and Alcohol Programs							
General Fund.....	\$ 41,698	\$ 41,702	\$ 41,852	\$ 41,852	\$ 41,852	\$ 41,852	\$ 41,852
Education							
General Fund.....	\$ 10,966,550	\$ 11,238,963	\$ 11,601,289	\$ 12,080,170	\$ 12,389,024	\$ 12,763,258	\$ 13,142,685
Motor License Fund.....	1,103	1,100	1,100	1,100	1,100	1,100	1,100
Department Total.....	\$ 10,967,653	\$ 11,240,063	\$ 11,602,389	\$ 12,081,270	\$ 12,390,124	\$ 12,764,358	\$ 13,143,785
eHealth Partnership Authority							
General Fund.....	\$ 804	\$ 2,200	\$ 2,000	\$ 1,500	\$ 750	\$ 0	\$ 0
Emergency Management Agency							
General Fund.....	\$ 63,606	\$ 22,126	\$ 11,169	\$ 10,919	\$ 10,919	\$ 10,919	\$ 10,919
Environmental Protection							
General Fund.....	\$ 126,814	\$ 129,851	\$ 139,924	\$ 139,924	\$ 139,924	\$ 139,924	\$ 139,924
Motor License Fund.....	4,000	4,000	28,000	28,000	28,000	28,000	28,000
Department Total.....	\$ 130,814	\$ 133,851	\$ 167,924	\$ 167,924	\$ 167,924	\$ 167,924	\$ 167,924
Ethics Commission							
General Fund.....	\$ 1,768	\$ 1,868	\$ 1,868	\$ 1,868	\$ 1,868	\$ 1,868	\$ 1,868
Fish and Boat Commission							
Fish Fund.....	\$ 34,213	\$ 34,352	\$ 33,979	\$ 33,979	\$ 33,979	\$ 33,979	\$ 33,979
Boat Fund.....	13,066	13,095	13,085	13,085	13,085	13,085	13,085
Department Total.....	\$ 47,279	\$ 47,447	\$ 47,064	\$ 47,064	\$ 47,064	\$ 47,064	\$ 47,064
Game Commission							
Game Fund.....	\$ 78,056	\$ 82,850	\$ 78,859	\$ 78,859	\$ 78,859	\$ 78,859	\$ 78,859
General Services							
General Fund.....	\$ 117,590	\$ 116,479	\$ 119,489	\$ 119,489	\$ 119,489	\$ 119,489	\$ 119,489
Motor License Fund.....	12,777	10,292	10,299	10,299	10,299	10,299	10,299
Department Total.....	\$ 130,367	\$ 126,771	\$ 129,788	\$ 129,788	\$ 129,788	\$ 129,788	\$ 129,788
Health							
General Fund.....	\$ 189,867	\$ 195,452	\$ 194,734	\$ 194,734	\$ 194,734	\$ 194,734	\$ 194,734
Health Care Cost Containment Council							
General Fund.....	\$ 2,683	\$ 2,683	\$ 2,683	\$ 2,683	\$ 2,683	\$ 2,683	\$ 2,683
Higher Education Assistance Agency							
General Fund.....	\$ 386,125	\$ 386,475	\$ 411,125	\$ 411,125	\$ 411,125	\$ 411,125	\$ 411,125

Seven Year Department Summary by Fund

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Historical and Museum Commission							
General Fund.....	\$ 17,800	\$ 19,293	\$ 20,744	\$ 20,744	\$ 20,744	\$ 20,744	\$ 20,744
Insurance							
General Fund.....	\$ 123,195	\$ 118,494	\$ 123,143	\$ 50,512	\$ 25,244	\$ 26,845	\$ 28,549
Labor and Industry							
General Fund.....	\$ 72,590	\$ 72,606	\$ 72,368	\$ 72,368	\$ 72,368	\$ 72,368	\$ 72,368
Military and Veterans Affairs							
General Fund.....	\$ 120,257	\$ 122,720	\$ 121,159	\$ 121,159	\$ 121,159	\$ 121,159	\$ 121,159
Probation and Parole							
General Fund.....	\$ 131,667	\$ 141,545	\$ 154,494	\$ 154,494	\$ 154,494	\$ 154,494	\$ 154,494
Public Welfare							
General Fund.....	\$ 10,622,710	\$ 11,009,357	\$ 11,438,262	\$ 11,735,152	\$ 12,201,717	\$ 12,783,628	\$ 13,396,645
Lottery Fund.....	309,081	330,081	471,658	413,009	414,115	415,149	416,227
Department Total.....	\$ 10,931,791	\$ 11,339,438	\$ 11,909,920	\$ 12,148,161	\$ 12,615,832	\$ 13,198,777	\$ 13,812,872
Revenue							
General Fund.....	\$ 179,816	\$ 220,344	\$ 177,034	\$ 177,034	\$ 168,034	\$ 168,034	\$ 168,034
Lottery Fund.....	854,456	880,319	930,685	1,032,908	1,121,786	1,211,515	1,301,085
Racing Fund.....	0	237	237	237	237	237	237
Motor License Fund.....	27,068	29,628	33,645	31,795	31,795	31,795	31,795
Department Total.....	\$ 1,061,340	\$ 1,130,528	\$ 1,141,601	\$ 1,241,974	\$ 1,321,852	\$ 1,411,581	\$ 1,501,151
State							
General Fund.....	\$ 9,109	\$ 11,152	\$ 14,213	\$ 8,872	\$ 8,902	\$ 8,872	\$ 8,872
State Police							
General Fund.....	\$ 195,254	\$ 210,102	\$ 217,170	\$ 217,170	\$ 217,170	\$ 217,170	\$ 217,170
Motor License Fund.....	584,701	623,572	665,963	665,963	665,963	665,963	665,963
Department Total.....	\$ 779,955	\$ 833,674	\$ 883,133	\$ 883,133	\$ 883,133	\$ 883,133	\$ 883,133
Transportation							
General Fund.....	\$ 17,212	\$ 7,777	\$ 6,909	\$ 6,909	\$ 6,909	\$ 6,909	\$ 6,909
Lottery Fund.....	80,975	80,975	85,975	85,975	85,975	85,975	85,975
Motor License Fund.....	1,835,644	1,795,356	1,863,878	1,874,832	1,974,011	2,078,574	2,082,826
Department Total.....	\$ 1,933,831	\$ 1,884,108	\$ 1,956,762	\$ 1,967,716	\$ 2,066,895	\$ 2,171,458	\$ 2,175,710
Legislature							
General Fund.....	\$ 273,484	\$ 277,589	\$ 277,589	\$ 277,589	\$ 277,589	\$ 277,589	\$ 277,589
Judiciary							
General Fund.....	\$ 309,288	\$ 317,432	\$ 317,432	\$ 317,432	\$ 317,432	\$ 317,432	\$ 317,432
Government Support Agencies							
General Fund.....	\$ 44,500	\$ 44,000	\$ 43,910	\$ 43,910	\$ 43,910	\$ 43,910	\$ 43,910

Seven Year Department Summary by Fund

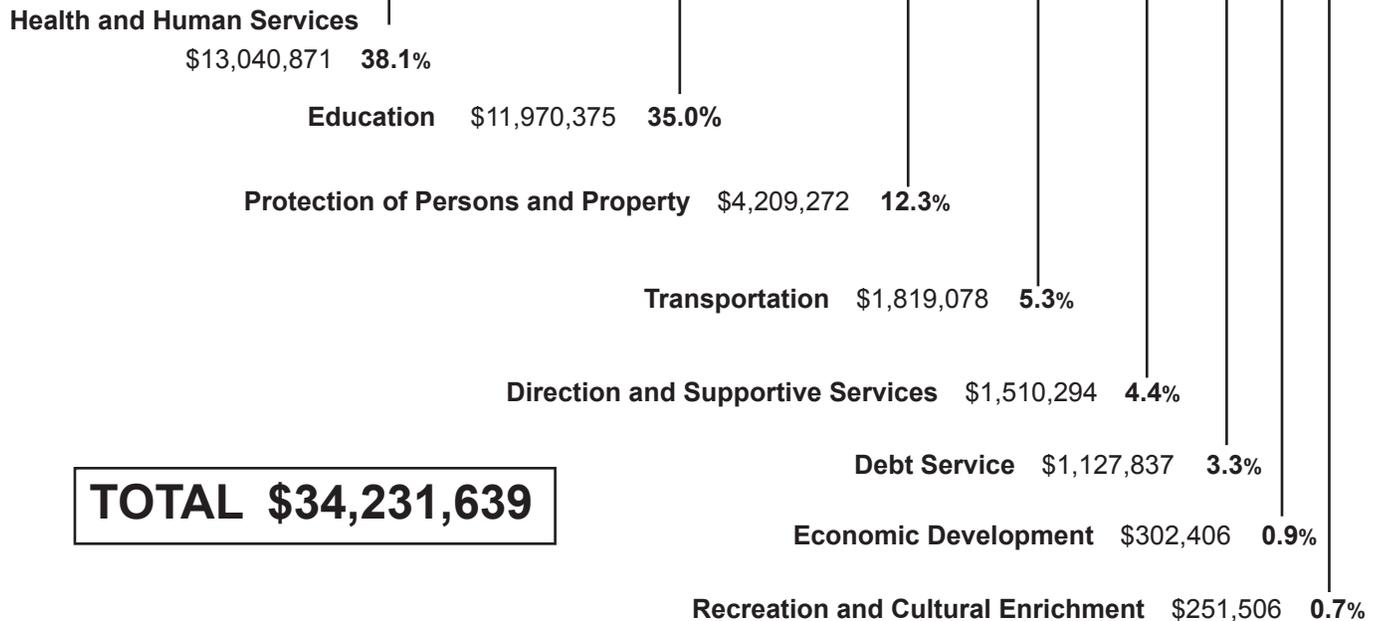
(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
COMMONWEALTH TOTALS:							
General Fund.....	\$ 27,717,293	\$ 28,492,333	\$ 29,419,130	\$ 30,196,092	\$ 31,000,281	\$ 32,057,026	\$ 33,162,767
Lottery Fund.....	1,712,469	1,789,807	1,981,703	2,037,520	2,127,504	2,238,267	2,328,915
Racing Fund.....	14,767	16,501	17,901	18,334	18,334	18,778	18,778
Motor License Fund.....	2,503,086	2,502,562	2,653,352	2,678,769	2,788,397	2,901,390	2,911,923
Game Fund.....	78,056	82,850	78,859	78,859	78,859	78,859	78,859
Fish Fund.....	34,213	34,352	33,979	33,979	33,979	33,979	33,979
Banking Fund.....	21,349	24,412	22,830	21,330	21,330	21,330	21,330
Farm Products Show Fund.....	11,310	10,688	10,800	10,800	10,800	10,800	10,800
Boat Fund.....	13,066	13,095	13,085	13,085	13,085	13,085	13,085
GRAND TOTAL.....	\$ 32,105,609	\$ 32,966,600	\$ 34,231,639	\$ 35,088,768	\$ 36,092,569	\$ 37,373,514	\$ 38,580,436

Distribution of the Commonwealth Dollar

**GENERAL FUND AND
SPECIAL FUNDS**

2014-15 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 2012-13 expenditures, the 2013-14 amounts available, the 2014-15 amounts budgeted and future year estimates.

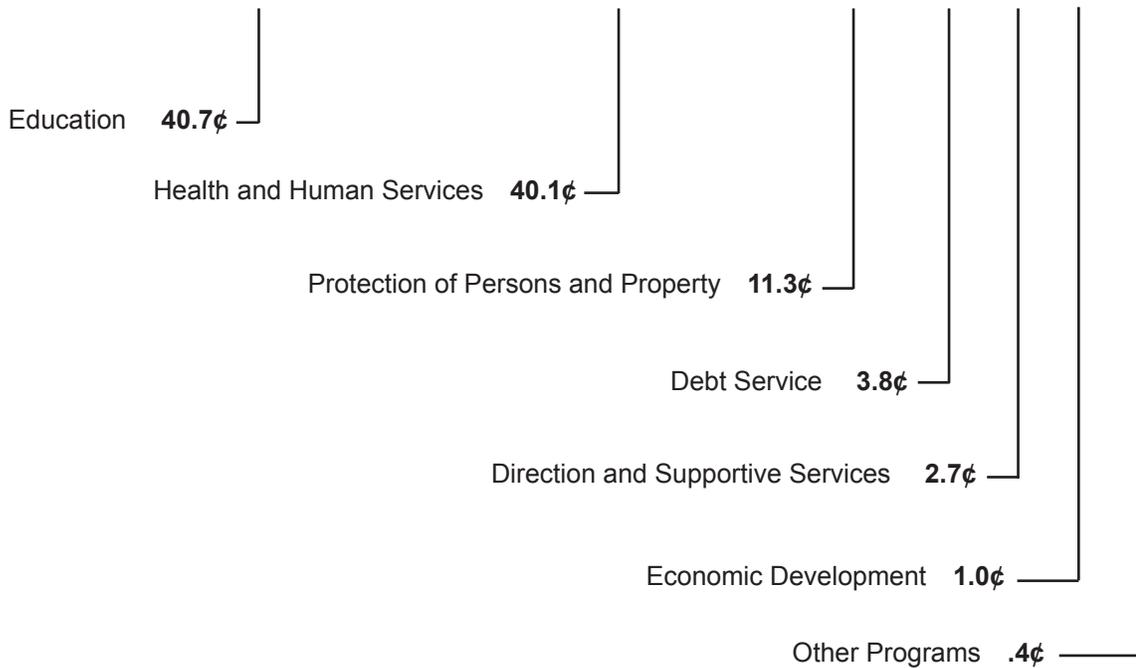
Seven Year Commonwealth Program Summary

	(Dollar amounts in Thousands)						
	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Commonwealth Program							
Direction and Supportive Services.....	\$ 778,592	\$ 838,541	\$ 797,324	\$ 792,996	\$ 778,246	\$ 774,595	\$ 774,496
Protection of Persons and Property.....	3,112,151	3,211,463	3,324,307	3,266,085	3,275,847	3,317,418	3,364,122
Education.....	11,309,800	11,583,200	11,969,275	12,448,156	12,757,010	13,131,244	13,510,671
Health and Human Services.....	10,976,467	11,369,189	11,795,228	12,092,118	12,558,683	13,140,594	13,753,611
Economic Development.....	290,539	296,935	301,333	310,828	310,828	310,828	310,828
Transportation	14,908	5,473	4,605	4,605	4,605	4,605	4,605
Recreation and Cultural Enrichment.....	140,429	119,466	118,583	118,583	118,583	118,583	118,583
Debt Service.....	1,094,407	1,068,066	1,108,475	1,162,721	1,196,479	1,259,159	1,325,851
GENERAL FUND TOTAL.....	\$ 27,717,293	\$ 28,492,333	\$ 29,419,130	\$ 30,196,092	\$ 31,000,281	\$ 32,057,026	\$ 33,162,767

Distribution of the Commonwealth Dollar

GENERAL FUND

2014-15 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 2013-14 amounts available and the 2014-15 amounts budgeted and the percent each program represents of the General Fund.

Program Summary

(Dollar Amounts in Thousands)

	<u>2013-14</u>		<u>2014-15</u>	
Commonwealth Program				
Direction and Supportive Services.....	\$ 838,541	2.9%	\$ 797,324	2.7%
Protection of Persons and Property.....	3,211,463	11.3%	3,324,307	11.3%
Education.....	11,583,200	40.7%	11,969,275	40.7%
Health and Human Services.....	11,369,189	39.9%	11,795,228	40.1%
Economic Development.....	296,935	1.0%	301,333	1.0%
Other Programs.....	124,939	0.5%	123,188	0.4%
Debt Service.....	1,068,066	3.7%	1,108,475	3.8%
GENERAL FUND TOTAL.....	\$ 28,492,333	100.0%	\$ 29,419,130	100.0%

GENERAL FUND

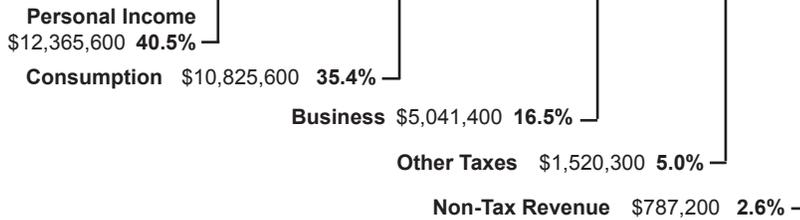
2014-15 Fiscal Year



Income

(Dollar Amounts in Thousands)

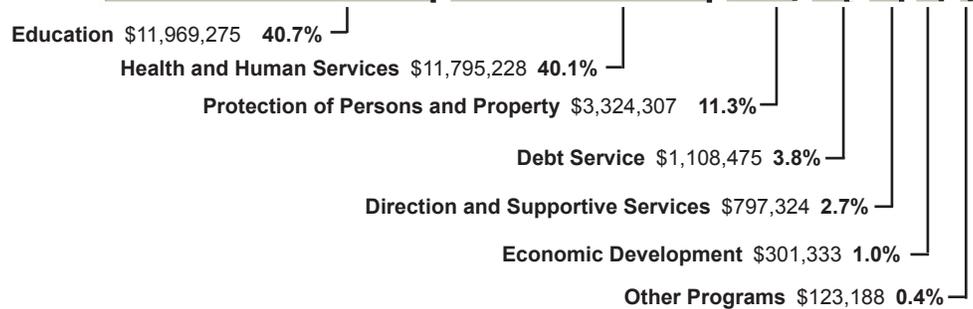
TOTAL INCOME	\$30,540,100
Refunds	-1,310,000
Beginning Balance.....	215,985
<hr/>	
TOTAL	\$29,446,085



Outgo

(Dollar Amounts in Thousands)

TOTAL OUTGO	\$ 29,419,130
Budget Stabilization	
Reserve Fund	6,739
Plus Ending Surplus	20,216
<hr/>	
TOTAL	\$ 29,446,085



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

2014-15 Fiscal Year



Over 75 cents of each General Fund dollar is returned to individuals, local governments, institutions, school districts, etc. in the form of grants and subsidies.



FEDERAL BLOCK GRANTS

The federal government has two primary types of grants: categorical grants and block grants. 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, 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, two programs have been included in this presentation because the federal government provides flexibility on the activities eligible for funding. These programs are: Workforce Investment and Anti-Drug Abuse Programs. In 2005-06, the commonwealth began receiving funds from the federal Justice Assistance Grants (JAG) in lieu of the Drug Control and System Improvement (DCSI) grants.

Block grants such as Community Services, Workforce Investment and JAG have received additional dollars from the American Recovery and Reinvestment Act of 2009. These funds are noted on the individual block grant pages.

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 2013-14 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 2014-15 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 2012-13 expenditures, 2013-14 available and 2014-15 amounts budgeted as presented in the 2014-15 Governor's Executive Budget.

(Dollar Amounts in Thousands)

	2012-13 Actual Block	2013-14 Available Block	2014-15 Recommended Block
Community Services.....	\$ 31,007	\$ 31,007	\$ 31,007
Maternal and Child Health Services.....	33,853	33,203	32,507
Preventive Health and Health Services.....	5,503	5,231	5,632
Substance Abuse.....	66,474	65,798	64,670
Workforce Investment.....	262,029	240,900	240,900
Child Care and Development Fund.....	352,512	352,512	371,559
Low-Income Home Energy Assistance.....	374,000	385,000	385,000
Mental Health Services.....	14,559	18,234	17,095
Social Services.....	99,376	99,376	96,060
Temporary Assistance to Needy Families.....	626,365	627,044	609,863
Anti-Drug Abuse.....	48,700	28,900	19,500
TOTAL.....	\$ 1,914,378	\$ 1,887,205	\$ 1,873,793

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 for 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 Community Action Association of Pennsylvania 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.

(Dollar Amounts in Thousands)

Department / Appropriation	2012-13 Actual Block	2013-14 Available Block	2014-15 Recommended Block
Community and Economic Development:			
CSBG — Administration.....	\$ 1,507	\$ 1,507	\$ 1,507
Community Services Block Grant.....	29,500	29,500	29,500
TOTAL.....	\$ 31,007	\$ 31,007	\$ 31,007

Maternal and Child Health Services

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	2012-13 Actual Block	2013-14 Available Block	2014-15 Recommended Block
Health:			
MCHSBG — Administration and Operation.....	\$ 16,673	\$ 16,173	\$ 15,472
MCHSBG — Program Services.....	17,180	17,030	17,035
TOTAL.....	\$ 33,853	\$ 33,203	\$ 32,507

Preventive Health and Health Services

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

(Dollar Amounts in Thousands)

Department / Appropriation	2012-13 Actual Block	2013-14 Available Block	2014-15 Recommended Block
Health:			
PHHSBG — Administration and Operation.....	\$ 2,381	\$ 2,211	\$ 1,941
PHHSBG — Block Program Services.....	2,972	3,020	3,691
Subtotal.....	\$ 5,353	\$ 5,231	\$ 5,632
Public Welfare:			
PHHSBG — Domestic Violence.....	\$ 150	\$ 0	\$ 0
TOTAL.....	\$ 5,503	\$ 5,231	\$ 5,632

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 Smounts in Thousands)

Department / Appropriation	2012-13 Actual Block	2013-14 Available Block	2014-15 Recommended Block
Corrections:			
SABG — Drug and Alcohol Programs.....	\$ 2,100	\$ 2,100	\$ 1,850
Drug and Alcohol Programs:			
SABG — Administration and Operation.....	\$ 8,203	\$ 7,520	\$ 7,640
SABG — Drug and Alcohol Services.....	54,188	54,195	53,197
Subtotal.....	\$ 62,391	\$ 61,715	\$ 60,837
Health:			
SABG — DDAP Support Services (EA).....	\$ 200 ^a	\$ 238 ^a	\$ 436 ^a
Public Welfare:			
SABG — Homeless Services.....	\$ 1,983	\$ 1,983	\$ 1,983
TOTAL.....	\$ 66,474	\$ 65,798	\$ 64,670

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

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.

The American Recovery and Reinvestment Act of 2009 (ARRA) has also made additional funds available as listed below.

(Dollar Amounts in Thousands)

Department / Appropriation	2012-13 Actual Block	2013-14 Available Block	2014-15 Recommended Block
Labor and Industry:			
Workforce Investment Act — Administration.....	\$ 11,129	\$ 11,000	\$ 11,000
ARRA — Workforce Investment Act Administration.....	6,000	0	0
WIA — Adult Employment & Training.....	60,000	50,000	50,000
WIA — Youth Employment & Training.....	52,000	52,000	52,000
WIA — Statewide Activities.....	23,000	18,000	18,000
WIA — Dislocated Workers.....	109,000	109,000	109,000
WIA — Veterans Employment and Training.....	900	900	900
TOTAL.....	<u>\$ 262,029</u>	<u>\$ 240,900</u>	<u>\$ 240,900</u>

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	2012-13 Actual Block	2013-14 Available Block	2014-15 Recommended Block
Executive Offices:			
<i>Inspector General - Welfare Fraud</i>			
CCDFBG — Subsidized Day Care Fraud.....	\$ 1,000	\$ 1,000	\$ 905
Public Welfare:			
CCDFBG — Administration.....	\$ 14,189	\$ 14,189	\$ 14,875
CCDFBG — Child Care Services.....	190,067	190,067	210,889
CCDFBG — School Age.....	1,260	1,260	1,260
CCDFBG — Child Care Assistance.....	145,996	145,996	143,630
Subtotal.....	\$ 351,512	\$ 351,512	\$ 370,654
TOTAL.....	\$ 352,512	\$ 352,512	\$ 371,559

Low-Income Home Energy Assistance

This block grant provides funds to assist eligible low-income individuals and families in meeting the cost of home energy through cash assistance and to alleviate crisis situations. The amounts below include weather-related contingency funding.

(Dollar Amounts in Thousands)

Department / Appropriation	2012-13 Actual Block	2013-14 Available Block	2014-15 Recommended Block
Community and Economic Development:			
LIHEABG — Administration.....	\$ 1,000	\$ 1,000	\$ 1,000
LIHEABG — Weatherization Program.....	31,000	40,000	40,000
Subtotal.....	\$ 32,000	\$ 41,000	\$ 41,000
Public Welfare:			
LIHEABG — Administration.....	\$ 22,000	\$ 24,000	\$ 24,000
LIHEABG — Low-Income Families and Individuals.....	320,000	320,000	320,000
Subtotal.....	\$ 342,000	\$ 344,000	\$ 344,000
TOTAL.....	\$ 374,000	\$ 385,000	\$ 385,000

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	2012-13 Actual Block	2013-14 Available Block	2014-15 Recommended Block
Public Welfare:			
MHSBG — Administration.....	\$ 273	\$ 276	\$ 461
MHSBG — Community Mental Health Svcs.....	14,286	17,958	16,634
TOTAL.....	\$ 14,559	\$ 18,234	\$ 17,095

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.

(Dollar Amounts in Thousands)

Department / Appropriation	2012-13 Actual Block	2013-14 Available Block	2014-15 Recommended Block
Public Welfare:			
SSBG — Administration.....	\$ 3,641	\$ 3,641	\$ 325
SSBG — County Assistance Offices.....	6,262	6,262	6,262
SSBG — Basic Institutional Programs.....	10,000	10,000	10,000
SSBG — Community Mental Health Services.....	10,366	10,366	10,366
SSBG — Community ID Services.....	7,451	7,451	7,451
SSBG — Child Welfare.....	12,021	12,021	12,021
SSBG — Child Care Services.....	30,977	30,977	30,977
SSBG — Domestic Violence Programs.....	5,705	5,705	5,705
SSBG — Rape Crisis.....	1,721	1,721	1,721
SSBG — Family Planning.....	2,000	2,000	2,000
SSBG — Legal Services.....	5,049	5,049	5,049
SSBG — Homeless Services.....	4,183	4,183	4,183
TOTAL.....	\$ 99,376	\$ 99,376	\$ 96,060

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 dependence on government benefits and to provide services for dependent and abused children. In addition, funds may be used for services designed to prevent future dependency. This block grant requires a state maintenance of effort and establishes mandatory work participation rates. States are allowed to transfer up to a total of 30 percent of their TANF funds to the Child Care and Development Fund and Social Services Block Grants. No more than 10 percent may be transferred to the Social Services Block Grant. These transfers are included in the Child Care and Development Fund and the Social Services Block Grant.

(Dollar Amounts in Thousands)

Department / Appropriation	2012-13 Actual Block	2013-14 Available Block	2014-15 Recommended Block
Executive Offices:			
<i>Inspector General - Welfare Fraud</i>			
TANFBG — Program Accountability.....	\$ 1,500	\$ 1,500	\$ 1,500
Education:			
TANFBG — Teenage Parenting Ed. (EA).....	\$ 11,094 ^a	\$ 11,094 ^a	\$ 11,094 ^a
Labor and Industry:			
TANFBG — Youth Employment and Training...	\$ 15,000	\$ 15,000	\$ 15,000
Public Welfare:			
TANFBG — Administration.....	\$ 4,411	\$ 7,836	\$ 8,123
TANFBG — Information Systems.....	9,235	9,327	9,327
TANFBG — Statewide.....	1,993	1,072	1,072
TANFBG — County Assistance Offices.....	55,799	57,168	46,490
TANFBG — New Directions.....	124,554	124,554	121,893
TANFBG — Cash Grants.....	322,679	319,393	319,393
TANFBG — Alternatives to Abortion.....	1,000	1,000	1,000
TANFBG — Child Welfare.....	58,508	58,508	58,508
TANFBG — Child Care Assistance.....	31,686	31,686	27,557
Subtotal.....	\$ 609,865	\$ 610,544	\$ 593,363
TOTAL.....	\$ 626,365 ^b	\$ 627,044 ^b	\$ 609,863 ^b

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

^b Includes carryover funding.

Anti-Drug Abuse

The Justice Assistance Grant (JAG) program provides funds for state and local governments to implement a wide range of drug enforcement and correctional treatment projects as well as providing victim services and juvenile and criminal justice system improvement initiatives throughout the commonwealth.

The American Recovery and Reinvestment Act of 2009 (ARRA) has made additional funds available as listed below.

(Dollar Amounts in Thousands)

Department / Appropriation	2012-13 Actual Block	2013-14 Available Block	2014-15 Recommended Block
Executive Offices:			
<i>Juvenile Court Judges Commission</i>			
JCMS Support and Deployment (EA).....	\$ 198 ^a	\$ 0	\$ 0
<i>Commission on Crime and Delinquency</i>			
Justice Assistance Grants.....	\$ 25,000	\$ 20,000	\$ 18,000
ARRA — Justice Assistance Grants.....	20,000	6,000	0
Justice Assistance Grants — Administration.....	1,700	1,700	1,500
ARRA — Justice Assistance Grants Administration.....	2,000	1,200	0
Subtotal — Commission on Crime and Delinquency.....	<u>\$ 48,700</u>	<u>\$ 28,900</u>	<u>\$ 19,500</u>
Subtotal — Executive Offices.....	<u>\$ 48,898</u>	<u>\$ 28,900</u>	<u>\$ 19,500</u>
Corrections:			
JAG — Culinary Program (EA).....	\$ 150 ^a	\$ 74 ^a	\$ 40 ^a
ARRA — County Jail Reentry Project (EA).....	502 ^a	0	0
ARRA — Peer Support (EA).....	70 ^a	247 ^a	0
Livescan (EA).....	113 ^a	0	0
State Intermediate Punishment - HOPE Research (EA).....	0	185 ^a	93 ^a
Subtotal.....	<u>\$ 835</u>	<u>\$ 506</u>	<u>\$ 133</u>
Probation and Parole:			
ARRA — Maximizing Victim Restitution (EA).....	35 ^a	0	0
ARRA — Recidivism Reduction (EA).....	0	56 ^a	0
Address Confidentiality Program (EA).....	60 ^a	0	0
Livescan (EA).....	162 ^a	0	0
Subtotal.....	<u>\$ 257</u>	<u>\$ 56</u>	<u>\$ 0</u>
State Police:			
ARRA — JAG Protection from Abuse Database(EA).....	\$ 174 ^a	\$ 19 ^a	\$ 0
ARRA — JAG Instant Check Sytem Rewrite (EA).....	1,348 ^a	682 ^a	0
ARRA — JAG Megan's Law Modernization (EA).....	1,455 ^a	758 ^a	50 ^a
Law Enforcement Projects (EA)	500 ^a	2,350 ^a	400 ^a
Subtotal.....	<u>\$ 3,477</u>	<u>\$ 3,809</u>	<u>\$ 450</u>
TOTAL.....	<u><u>\$ 48,700</u></u>	<u><u>\$ 28,900</u></u>	<u><u>\$ 19,500</u></u>

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

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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 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)	
	2013-14 Estimate	2014-15 Estimate
Governor's Office.....	\$ 909	\$ 1,022
Executive Offices.....	152	160
Lt. Governor's Office.....	177	191
Aging.....	366	361
Agriculture.....	400	423
Banking and Securities.....	480	510
Civil Service Commission.....	57	60
Community and Economic Development.....	302	319
Conservation and Natural Resources.....	305	331
Corrections.....	210	215
Education.....	321	334
Emergency Management Agency.....	218	228
Environmental Protection.....	1,981	2,038
Fish and Boat Commission.....	227	231
Game Commission.....	406	443
General Services.....	110	120
Health.....	618	661
Historical and Museum Commission.....	120	120
Insurance.....	354	364
Labor and Industry.....	510	566
Liquor Control Board.....	296	369
Military and Veterans Affairs.....	208	227
Milk Marketing Board.....	9	10
Probation and Parole Board.....	276	289
Public Utility Commission.....	257	265
Public Welfare.....	568	585
Revenue.....	514	535
State.....	388	415
State Police.....	377	369
Transportation.....	1,750	1,821
TOTAL	<u>\$ 12,866</u>	<u>\$ 13,582</u>

--- *Lottery sales promotion* - \$37 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 2014-15. These expenditures are expected to generate approximately \$3.96 billion in lottery revenues during 2014-15.

--- *Economic development* - A total of \$3.8 million is budgeted in the General Fund to promote tourism and economic development. This will contribute to an estimated \$26.8 billion in 2014-15 travel revenues to Pennsylvania and supports the State's aggressive effort to preserve and create jobs.

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Commonwealth of Pennsylvania

Governor's Executive Budget

PROGRAM
BUDGET
SUMMARY

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COMMONWEALTH PROGRAM BUDGET

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

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

Guide to the “*Summary of Revenues and Expenditures for the Operating Program*” Statement

The Summary of Revenues and Expenditures for the Operating Program comprehensive statement shown on page B5 is an “all funds” seven-year summary of revenues and expenditures for the commonwealth’s operating program. This guide is intended to assist readers with interpreting and understanding the revenue and expenditure items presented on the comprehensive statement.

Beginning and Ending Balances

Beginning and ending balances are included only for state General Fund and state Special Funds as Federal Funds and Other Funds revenues and expenditures are considered to be self-balancing. While revenue totals are shown for General Fund, Special Funds, Federal Funds and Other Funds, the Program Expenditures section of the statement aggregates expenditures of the four fund types into the eight Commonwealth Programs for ease of presentation. The General Fund and Special Funds beginning and ending balances are based on their respective financial statements found on pages A2.3 through A2.7.

Revenues

All General Fund, Special Funds, Federal Funds and Other Funds revenues contributing to the commonwealth’s operating program are shown on the statement.

General Fund – 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. Tax revenue constitutes more than 96 percent of annual General Fund revenue. The largest sources of non-tax revenue are profit transfers from the Pennsylvania Liquor Control Board, earnings of investments and the escheats or “unclaimed property” program. General Fund revenue categories shown on the statement include Corporation Taxes, Personal Income Tax, Sales and Use Tax, and All Other Revenues/Taxes. A Less Refunds category is shown as a negative revenue adjustment to account for various tax refunds. Additional information on General Fund revenue sources can be found in section C1.

Special Funds – There are eight Special Funds contributing revenue to the commonwealth operating program. Additional information on Special Fund revenue sources can be found in sections C2 through C9.

Federal Funds – All monies received from the federal government are deposited into the State Treasury and must be appropriated. The Department of Public Welfare receives the most federal funds. Other agencies receiving significant federal funds include the departments of Education, Aging, and Transportation. Additional information on federal funds budgeted by agency can be found on page C1.9 for federal funds related to General Fund budgets and in Section E Department Presentations in each agency’s Summary by Fund and Appropriation statement.

Other Funds – There are more than 150 Other Funds contributing revenue to the commonwealth’s operating program. The State Stores Fund, the Public Transportation Trust Fund and the Property Tax Relief Fund contribute significant revenues to the Other Funds revenue total. See Section H Other Special Funds for information and financial data on these funds. Additional information on Other Funds can be found in Section E Department Presentations on each agency’s Summary by Fund and Appropriation statement.

Program Expenditures

Program expenditures are categorized by the eight Commonwealth Programs beginning with Direction and Supportive Services and ending with Debt Service. These programs include expenditures from all General Fund, Special Funds, Federal Funds and Other Funds contributing to total operating program expenditures as shown on pages B6 and B7. More detailed expenditure breakdowns by program category and subcategory are shown on pages B8 through B17.

Total operating program expenditures are adjusted to include expenditure reductions from General Fund or Special Fund lapses of unspent prior-year funds. Other adjustments, such as fund transfers to the operating program (resulting in expenditure increases) or fund transfers from the operating program (resulting in expenditure decreases) shown on the statement will impact total program expenditures and ending balances.

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)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
BEGINNING BALANCES							
General Fund	\$ 659,051	\$ 540,918	\$ 215,985	\$ 20,216	\$ 24,318	\$ 22,378	\$ 25,539
Adjustment to Beginning Balance.....	13,530	5,000	0	0	0	0	0
Adjusted Beginning Balance.....	<u>\$ 672,581</u>	<u>\$ 545,918</u>	<u>\$ 215,985</u>	<u>\$ 20,216</u>	<u>\$ 24,318</u>	<u>\$ 22,378</u>	<u>\$ 25,539</u>
Special Funds	<u>\$ 525,257</u>	<u>\$ 440,833</u>	<u>\$ 464,852</u>	<u>\$ 221,814</u>	<u>\$ 176,501</u>	<u>\$ 193,398</u>	<u>\$ 255,645</u>
REVENUES							
General Fund:							
Corporation Taxes.....	\$ 5,189,719	\$ 5,044,900	\$ 5,041,400	\$ 5,050,600	\$ 4,899,000	\$ 4,887,400	\$ 4,932,300
Personal Income Tax.....	11,371,245	11,717,200	12,365,600	13,208,300	13,894,900	14,667,200	15,412,300
Sales and Use Tax.....	8,893,714	9,194,400	9,504,600	9,852,100	10,116,000	10,425,600	10,741,800
All Other Revenues/Taxes.....	3,192,268	3,159,400	3,628,500	3,452,300	3,505,900	3,553,500	3,587,700
Less Refunds.....	-1,250,000	-1,275,000	-1,310,000	-1,355,000	-1,410,000	-1,465,000	-1,500,000
Total General Fund.....	<u>\$ 27,396,946</u>	<u>\$ 27,840,900</u>	<u>\$ 29,230,100</u>	<u>\$ 30,208,300</u>	<u>\$ 31,005,800</u>	<u>\$ 32,068,700</u>	<u>\$ 33,174,100</u>
Special Funds.....	4,230,524	4,431,436	4,569,471	4,847,363	5,109,185	5,378,735	5,543,335
Federal Funds.....	22,174,815	22,762,175	24,249,381	27,323,805	27,992,555	28,841,863	29,891,279
Other Funds.....	11,379,170	11,924,624	13,269,683	13,268,255	13,366,268	13,597,730	13,587,019
Total Revenues and Balances.....	<u>\$ 66,379,293</u>	<u>\$ 67,945,886</u>	<u>\$ 71,999,472</u>	<u>\$ 75,889,753</u>	<u>\$ 77,674,627</u>	<u>\$ 80,102,804</u>	<u>\$ 82,476,917</u>
PROGRAM EXPENDITURES							
Direction and Supportive							
Services.....	\$ 1,796,361	\$ 1,862,068	\$ 1,871,565	\$ 1,972,845	\$ 2,048,873	\$ 2,132,951	\$ 2,224,322
Protection of Persons and							
Property.....	9,066,033	8,948,602	9,051,810	9,027,092	9,058,997	9,104,043	9,160,044
Education.....	14,449,771	14,820,366	15,407,732	15,603,604	15,832,645	16,205,552	16,585,126
Health and Human Services.....	30,566,301	31,954,052	34,398,365	37,759,695	38,949,025	40,391,253	42,045,292
Economic Development.....	2,085,552	2,115,117	2,095,878	2,038,993	2,030,500	2,031,145	2,033,059
Transportation.....	5,903,470	6,150,458	7,071,554	7,348,796	7,559,383	7,909,359	7,908,918
Recreation and Cultural Enrichment.....	591,851	628,656	635,583	641,868	641,884	642,220	642,364
Debt Service.....	1,200,255	1,174,080	1,218,216	1,287,935	1,330,085	1,396,584	1,459,609
Less General Fund Lapses.....	-188,684	-321,500	0	0	0	0	0
Less Special Fund Lapses.....	-73,368	-66,850	0	0	0	0	0
Total Operating Expenditures.....	<u>\$ 65,397,542</u>	<u>\$ 67,265,049</u>	<u>\$ 71,750,703</u>	<u>\$ 75,680,828</u>	<u>\$ 77,451,392</u>	<u>\$ 79,813,107</u>	<u>\$ 82,058,734</u>
Transfer to Budget Stabilization							
Reserve Fund.....	0	0	-6,739	-8,106	-7,459	-8,513	-9,218
ENDING BALANCES							
General Fund.....	<u>\$ 540,918</u>	<u>\$ 215,985</u>	<u>\$ 20,216</u>	<u>\$ 24,318</u>	<u>\$ 22,378</u>	<u>\$ 25,539</u>	<u>\$ 27,654</u>
Special Funds	<u>\$ 440,833</u>	<u>\$ 464,852</u>	<u>\$ 221,814</u>	<u>\$ 176,501</u>	<u>\$ 193,398</u>	<u>\$ 255,645</u>	<u>\$ 381,311</u>

Program Budget Summary

Seven Year Summary of Commonwealth Programs

The following is a summary for the seven Commonwealth Programs of 2012-13 actual expenditures, 2013-14 amounts available, 2014-15 amounts budgeted and future year estimates for all the operating funds and capital bond authorizations as presented in the 2014-15 Governor's Executive Budget. A breakdown of each Commonwealth Program by Category and Subcategory is shown on subsequent pages.

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Direction and Supportive Services							
General Fund.....	\$ 778,592	\$ 838,541	\$ 797,324	\$ 792,996	\$ 778,246	\$ 774,595	\$ 774,496
Special Funds.....	621,494	642,489	712,970	809,743	900,521	992,250	1,083,720
Federal Funds.....	63,615	38,028	18,540	18,540	18,540	18,540	18,540
Other Funds.....	332,660	343,010	342,731	351,566	351,566	347,566	347,566
Total Operating.....	\$ 1,796,361	\$ 1,862,068	\$ 1,871,565	\$ 1,972,845	\$ 2,048,873	\$ 2,132,951	\$ 2,224,322
Protection of Persons and Property							
General Fund.....	\$ 3,112,151	\$ 3,211,463	\$ 3,324,307	\$ 3,266,085	\$ 3,275,847	\$ 3,317,418	\$ 3,364,122
Special Funds.....	771,857	810,435	884,965	883,507	883,507	883,951	883,951
Federal Funds.....	1,518,436	1,263,648	1,030,221	1,068,844	1,092,410	1,096,784	1,106,156
Other Funds.....	3,663,589	3,663,056	3,812,317	3,808,656	3,807,233	3,805,890	3,805,815
Total Operating.....	\$ 9,066,033	\$ 8,948,602	\$ 9,051,810	\$ 9,027,092	\$ 9,058,997	\$ 9,104,043	\$ 9,160,044
Education							
General Fund.....	\$ 11,309,800	\$ 11,583,200	\$ 11,969,275	\$ 12,448,156	\$ 12,757,010	\$ 13,131,244	\$ 13,510,671
Special Funds.....	1,103	1,100	1,100	1,100	1,100	1,100	1,100
Federal Funds.....	2,304,123	2,317,202	2,286,570	2,227,408	2,147,580	2,145,910	2,145,910
Other Funds.....	834,745	918,864	1,150,787	926,940	926,955	927,298	927,445
Total Operating.....	\$ 14,449,771	\$ 14,820,366	\$ 15,407,732	\$ 15,603,604	\$ 15,832,645	\$ 16,205,552	\$ 16,585,126
Health and Human Services							
General Fund.....	\$ 10,976,467	\$ 11,369,189	\$ 11,795,228	\$ 12,092,118	\$ 12,558,683	\$ 13,140,594	\$ 13,753,611
Special Funds.....	1,063,138	1,120,913	1,245,643	1,204,537	1,205,543	1,226,377	1,227,355
Federal Funds.....	15,699,725	16,427,153	18,331,078	21,494,913	22,219,925	23,066,529	24,106,573
Other Funds.....	2,826,971	3,036,797	3,026,416	2,968,127	2,964,874	2,957,753	2,957,753
Total Operating.....	\$ 30,566,301	\$ 31,954,052	\$ 34,398,365	\$ 37,759,695	\$ 38,949,025	\$ 40,391,253	\$ 42,045,292
Economic Development							
General Fund.....	\$ 290,539	\$ 296,935	\$ 301,333	\$ 310,828	\$ 310,828	\$ 310,828	\$ 310,828
Special Funds.....	0	1,073	1,073	1,073	1,073	1,073	1,073
Federal Funds.....	759,664	743,817	706,419	641,847	641,847	641,847	641,847
Other Funds.....	1,035,349	1,073,292	1,087,053	1,085,245	1,076,752	1,077,397	1,079,311
Total Operating.....	\$ 2,085,552	\$ 2,115,117	\$ 2,095,878	\$ 2,038,993	\$ 2,030,500	\$ 2,031,145	\$ 2,033,059

Program Budget Summary

Seven Year Summary of Commonwealth Programs

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Transportation							
General Fund.....	\$ 14,908	\$ 5,473	\$ 4,605	\$ 4,605	\$ 4,605	\$ 4,605	\$ 4,605
Special Funds.....	1,785,217	1,749,160	1,814,473	1,825,818	1,924,997	2,029,560	2,033,812
Federal Funds.....	1,738,065	1,879,079	1,773,710	1,773,710	1,773,710	1,773,710	1,773,710
Other Funds.....	2,365,280	2,516,746	3,478,766	3,744,663	3,856,071	4,101,484	4,096,791
Total Operating.....	\$ 5,903,470	\$ 6,150,458	\$ 7,071,554	\$ 7,348,796	\$ 7,559,383	\$ 7,909,359	\$ 7,908,918
Recreation and Cultural Enrichment							
General Fund.....	\$ 140,429	\$ 119,466	\$ 118,583	\$ 118,583	\$ 118,583	\$ 118,583	\$ 118,583
Special Funds.....	126,335	131,297	132,923	132,923	132,923	132,923	132,923
Federal Funds.....	91,187	93,248	102,843	98,543	98,543	98,543	98,543
Other Funds.....	233,900	284,645	281,234	291,819	291,835	292,171	292,315
Total Operating.....	\$ 591,851	\$ 628,656	\$ 635,583	\$ 641,868	\$ 641,884	\$ 642,220	\$ 642,364
Debt Service							
General Fund.....	\$ 1,094,407	\$ 1,068,066	\$ 1,108,475	\$ 1,162,721	\$ 1,196,479	\$ 1,259,159	\$ 1,325,851
Special Funds.....	19,172	17,800	19,362	33,975	42,624	49,254	53,735
Federal Funds.....	0	0	0	0	0	0	0
Other Funds.....	86,676	88,214	90,379	91,239	90,982	88,171	80,023
Total Operating.....	\$ 1,200,255	\$ 1,174,080	\$ 1,218,216	\$ 1,287,935	\$ 1,330,085	\$ 1,396,584	\$ 1,459,609
Capital Bond Authorizations...	\$ 0	\$ 0	\$ 1,257,879	\$ 1,136,293	\$ 1,051,773	\$ 1,170,184	\$ 887,344
Program Total.....	\$ 1,200,255	\$ 1,174,080	\$ 2,476,095	\$ 2,424,228	\$ 2,381,858	\$ 2,566,768	\$ 2,346,953
COMMONWEALTH TOTALS							
General Fund.....	\$ 27,717,293	\$ 28,492,333	\$ 29,419,130	\$ 30,196,092	\$ 31,000,281	\$ 32,057,026	\$ 33,162,767
Special Funds.....	4,388,316	4,474,267	4,812,509	4,892,676	5,092,288	5,316,488	5,417,669
Federal Funds.....	22,174,815	22,762,175	24,249,381	27,323,805	27,992,555	28,841,863	29,891,279
Other Funds.....	11,379,170	11,924,624	13,269,683	13,268,255	13,366,268	13,597,730	13,587,019
Total Operating.....	\$ 65,659,594	\$ 67,653,399	\$ 71,750,703	\$ 75,680,828	\$ 77,451,392	\$ 79,813,107	\$ 82,058,734
Capital Bond Authorizations...	\$ 0	\$ 0	\$ 1,257,879	\$ 1,136,293	\$ 1,051,773	\$ 1,170,184	\$ 887,344
Program Total.....	\$ 65,659,594	\$ 67,653,399	\$ 73,008,582	\$ 76,817,121	\$ 78,503,165	\$ 80,983,291	\$ 82,946,078

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 goals to streamline state government and achieve efficiencies and to refocus the investment of taxpayer dollars on the core functions of government. The Strategic Investments for Pennsylvania theme in the Overview and Summaries section highlights the administration's priorities in this program area.

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, Ethics Commission, Health Care Cost Containment Council, eHealth Partnership Authority, the State Employees' Retirement System, Government Support Agencies and the Legislature.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Administrative and Support Services..... \$	154,028	165,346	161,409	160,810	160,060	159,409	159,310
Executive Direction.....	101,083	111,392	107,764	107,665	107,665	107,764	107,665
Personnel Selection.....	1	1	1	1	1	1	1
Ethics Commission.....	1,768	1,868	1,868	1,868	1,868	1,868	1,868
eHealth Partnership Authority.....	804	2,200	2,000	1,500	750	0	0
Legal Services.....	3,189	3,202	3,183	3,183	3,183	3,183	3,183
Health Care Reporting.....	2,683	2,683	2,683	2,683	2,683	2,683	2,683
Government Support Agencies.....	44,500	44,000	43,910	43,910	43,910	43,910	43,910
Fiscal Management..... \$	841,068	910,137	940,372	1,033,416	1,110,194	1,198,923	1,290,393
Revenue Collection and Administration.....	744,268	805,607	829,635	924,708	1,004,686	1,094,615	1,184,285
Disbursement.....	54,407	59,751	65,958	63,929	60,729	59,529	61,329
Auditing.....	42,393	44,779	44,779	44,779	44,779	44,779	44,779
Physical Facilities and Commodities Management..... \$	130,367	126,771	129,788	129,788	129,788	129,788	129,788
Facility, Property and Commodity Management.....	130,367	126,771	129,788	129,788	129,788	129,788	129,788
Legislative Processes..... \$	273,484	277,589	277,589	277,589	277,589	277,589	277,589
Legislature.....	273,484	277,589	277,589	277,589	277,589	277,589	277,589
Interstate Relations..... \$	1,139	1,187	1,136	1,136	1,136	1,136	1,136
Interstate Relations.....	1,139	1,187	1,136	1,136	1,136	1,136	1,136
PROGRAM TOTAL..... \$	1,400,086	1,481,030	1,510,294	1,602,739	1,678,767	1,766,845	1,858,216

Protection of Persons and Property

The goal of this commonwealth program is to provide an environment and a social system in which the lives and 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 protect the public health and safety of Pennsylvania's citizens.

This program addresses 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 and Securities, Attorney General, Department of Corrections, Public Utility Commission, Liquor Control Board, Pennsylvania Emergency Management Agency, Board of Probation and Parole, the Judiciary, Milk Marketing Board, 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, Military and Veterans Affairs and Transportation 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)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
General Administration and Support..... \$	37,897	41,169	48,441	48,441	48,441	48,441	48,441
Criminal and Juvenile Justice Planning.....	25,278	28,369	33,904	33,904	33,904	33,904	33,904
Environmental Support Services.....	12,619	12,800	14,537	14,537	14,537	14,537	14,537
Public Protection and Law Enforcement..... \$	991,782	1,050,439	1,108,107	1,107,716	1,107,716	1,107,716	1,107,716
State Police.....	779,955	833,674	883,133	883,133	883,133	883,133	883,133
Attorney General.....	78,121	87,290	87,290	87,290	87,290	87,290	87,290
Highway Safety Administration and Licensing.....	133,706	129,475	137,684	137,293	137,293	137,293	137,293
Control and Reduction of Crime..... \$	1,998,632	2,103,812	2,194,567	2,214,567	2,249,567	2,289,567	2,334,567
Institutionalization of Offenders.....	1,866,965	1,962,267	2,040,073	2,060,073	2,095,073	2,135,073	2,180,073
Reintegration of Adult Offenders.....	131,667	141,545	154,494	154,494	154,494	154,494	154,494
Juvenile Crime Prevention..... \$	18,906	21,599	24,210	24,210	24,210	24,210	24,210
Reintegration of Juvenile Delinquents.....	18,906	21,599	24,210	24,210	24,210	24,210	24,210
Adjudication of Defendants..... \$	309,288	317,432	317,432	317,432	317,432	317,432	317,432
State Judicial System.....	309,288	317,432	317,432	317,432	317,432	317,432	317,432
Public Order and Community Safety..... \$	80,823	41,258	30,814	30,564	30,564	30,564	30,564
Emergency Management.....	61,502	19,934	9,141	8,891	8,891	8,891	8,891
State Military Readiness.....	19,321	21,324	21,673	21,673	21,673	21,673	21,673
Protection From Natural Hazards and Disasters..... \$	118,195	121,051	153,387	153,387	153,387	153,387	153,387
Environmental Protection and Management.....	118,195	121,051	153,387	153,387	153,387	153,387	153,387
Consumer Protection..... \$	294,177	289,593	297,437	218,398	193,160	195,175	196,879
Consumer Protection.....	9,109	11,152	14,213	8,872	8,902	8,872	8,872
Financial Institution and Securities Industry Regulation....	21,350	24,412	22,830	21,330	21,330	21,330	21,330
Insurance Industry Regulation.....	123,195	118,494	123,143	50,512	25,244	26,845	28,549

Program Budget Summary

Protection of Persons and Property (continued)

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Consumer Protection (Continued)							
Horse Racing Regulation.....	14,767	16,264	17,664	18,097	18,097	18,541	18,541
Protection and Development of Agricultural Industries.....	125,756	119,271	119,587	119,587	119,587	119,587	119,587
Community and Occupational Safety and Stability..... \$	24,817 \$	26,139 \$	25,725 \$	25,725 \$	25,725 \$	25,725 \$	25,725
Community and Occupational Safety and Stability.....	22,713	23,947	23,697	23,697	23,697	23,697	23,697
Fire Prevention and Safety.....	2,104	2,192	2,028	2,028	2,028	2,028	2,028
Prevention & Elimination of Discriminatory Practices. \$	9,491 \$	9,406 \$	9,152 \$	9,152 \$	9,152 \$	9,152 \$	9,152
Prevention & Elimination of Discriminatory Practices.....	9,491	9,406	9,152	9,152	9,152	9,152	9,152
PROGRAM TOTAL.....	\$ 3,884,008	\$ 4,021,898	\$ 4,209,272	\$ 4,149,592	\$ 4,159,354	\$ 4,201,369	\$ 4,248,073

Education

The goal of this commonwealth program is to provide a system of learning experiences and opportunities that will permit each individual to achieve his or her full potential intellectual development through high-quality basic education and special education programs, and through high-quality career and technical education and higher education. This commonwealth program supports the administration's goals to support an agenda for excellence, a world-class education that enables all Pennsylvania children to achieve their full potential, and to expand educational opportunities and alternative pathways to teaching and leadership. The Ready to Learn - Educational Excellence in Pennsylvania 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)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Educational Support Services \$	27,595	27,789	27,635	27,635	27,635	27,635	27,635
Education Support Services.....	27,595	27,789	27,635	27,635	27,635	27,635	27,635
Basic Education \$	9,696,214	9,963,350	10,325,929	10,804,810	11,113,664	11,487,898	11,867,325
PreK-12 Education.....	9,678,248	9,944,486	10,307,735	10,786,616	11,095,470	11,469,704	11,849,131
Public Utility Realty Payments.....	17,966	18,864	18,194	18,194	18,194	18,194	18,194
Higher Education \$	1,587,094	1,593,161	1,616,811	1,616,811	1,616,811	1,616,811	1,616,811
Higher Education.....	1,200,969	1,206,686	1,205,686	1,205,686	1,205,686	1,205,686	1,205,686
Financial Assistance to Students.....	361,736	362,086	386,736	386,736	386,736	386,736	386,736
Financial Assistance to Institutions.....	24,389	24,389	24,389	24,389	24,389	24,389	24,389
PROGRAM TOTAL \$	11,310,903	11,584,300	11,970,375	12,449,256	12,758,110	13,132,344	13,511,771

Program Budget Summary

Health and Human Services

The goals of this commonwealth 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. The Healthy Pennsylvania and Enhancing Human Services theme in the Overview and Summaries section highlights the administration's priorities to maintain essential health and human services.

This program addresses the following substantive areas: research; prevention and treatment of physical, mental health and intellectual disabilities; 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, Drug and Alcohol Programs and Public Welfare with contributions by the departments of Agriculture, Labor and Industry, Military and Veterans Affairs and Revenue.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Human Services Support \$	106,686	124,519	152,998	147,556	147,653	147,755	147,862
Human Services Support.....	106,686	124,519	152,998	147,556	147,653	147,755	147,862
Social Development of Individuals \$	1,599,769	1,628,229	1,661,983	1,662,136	1,662,187	1,662,187	1,662,187
Human Services.....	1,160,251	1,176,737	1,206,281	1,206,281	1,206,281	1,206,281	1,206,281
Child Development.....	439,518	451,492	455,702	455,855	455,906	455,906	455,906
Support of Older Pennsylvanians \$	754,057	790,832	773,985	791,528	791,428	811,228	811,128
Community Services for Older Pennsylvanians.....	277,957	308,432	328,385	335,628	335,628	335,628	335,628
Homeowners and Renters Assistance.....	286,100	292,400	280,600	285,900	285,800	285,600	285,500
Pharmaceutical Assistance.....	190,000	190,000	165,000	170,000	170,000	190,000	190,000
Income Maintenance \$	529,936	559,110	613,394	617,579	617,579	617,579	617,579
Income Maintenance.....	509,382	538,334	594,126	598,311	598,311	598,311	598,311
Workers Compensation and Assistance.....	1,839	1,765	1,477	1,477	1,477	1,477	1,477
Military Compensation and Assistance.....	18,715	19,011	17,791	17,791	17,791	17,791	17,791
Physical Health Treatment \$	6,999,529	7,189,442	7,524,241	7,714,912	8,124,919	8,648,478	9,139,090
Medical Assistance.....	5,023,942	5,060,236	5,308,785	5,475,604	5,816,548	6,271,089	6,671,570
Long-Term Living.....	1,642,384	1,790,150	1,877,758	1,901,610	1,970,673	2,039,691	2,129,822
Health Treatment Services.....	12,794	13,124	11,379	11,379	11,379	11,379	11,379
Health Support Services.....	43,964	44,164	43,667	43,667	43,667	43,667	43,667
Health Research.....	10,751	11,965	6,363	6,363	6,363	6,363	6,363
Emergency Food Assistance.....	19,417	19,517	19,417	19,417	19,417	19,417	19,417
Prevention and Treatment of Drug and Alcohol Abuse.....	41,698	41,702	41,852	41,852	41,852	41,852	41,852
Preventive Health.....	122,358	126,199	133,325	133,325	133,325	133,325	133,325
Veterans Homes.....	82,221	82,385	81,695	81,695	81,695	81,695	81,695
Mental Health \$	705,428	733,586	775,258	774,814	774,814	774,814	774,814
Mental Health.....	705,428	733,586	775,258	774,814	774,814	774,814	774,814
Intellectual Disabilities \$	1,344,200	1,464,384	1,539,012	1,588,130	1,645,646	1,704,930	1,828,306
Intellectual Disabilities.....	1,344,200	1,464,384	1,539,012	1,588,130	1,645,646	1,704,930	1,828,306
PROGRAM TOTAL \$	12,039,605	12,490,102	13,040,871	13,296,655	13,764,226	14,366,971	14,980,966

Economic Development

The goal of this commonwealth 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 and maintain a business climate in which good, family-sustaining jobs can grow and communities can prosper. The JOBS1st PA - Pennsylvania is Working 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)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Economic Development and Job Creation \$	166,038	174,952	186,157	195,652	195,652	195,652	195,652
PA Job Creation, Business Growth and Attraction.....	166,038	174,952	186,157	195,652	195,652	195,652	195,652
Global Economic Development \$	6,143	7,296	7,900	7,900	7,900	7,900	7,900
PA Worldwide.....	6,143	7,296	7,900	7,900	7,900	7,900	7,900
Innovative Economic Development \$	24,500	25,000	24,400	24,400	24,400	24,400	24,400
PA Innovation Economy.....	24,500	25,000	24,400	24,400	24,400	24,400	24,400
Workforce Investment \$	48,038	46,894	47,194	47,194	47,194	47,194	47,194
Workforce Development.....	4,613	3,313	2,613	2,613	2,613	2,613	2,613
Vocational Rehabilitation.....	43,425	43,581	44,581	44,581	44,581	44,581	44,581
Commonwealth Economic Assets \$	6,260	7,985	3,806	3,806	3,806	3,806	3,806
PA Assets.....	6,260	7,985	3,806	3,806	3,806	3,806	3,806
Community Development \$	39,560	35,881	32,949	32,949	32,949	32,949	32,949
PA Core Communities.....	26,554	22,224	19,777	19,777	19,777	19,777	19,777
Public Utility Realty Payments.....	13,006	13,657	13,172	13,172	13,172	13,172	13,172
PROGRAM TOTAL	290,539	298,008	302,406	311,901	311,901	311,901	311,901

Transportation

The goal of this commonwealth 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 and maintain a business climate in which good, family-sustaining jobs can grow and communities can prosper. The JOBS1st PA - Pennsylvania is Working theme in the Overview and Summaries section highlights the administration's priorities in this program area.

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

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Transportation Systems and Services	\$ 1,800,125	\$ 1,754,633	\$ 1,819,078	\$ 1,830,423	\$ 1,929,602	\$ 2,034,165	\$ 2,038,417
Transportation Support Services.....	56,264	56,264	57,619	57,619	57,619	57,619	57,619
Highways and Bridges.....	1,412,490	1,374,829	1,409,906	1,395,123	1,478,402	1,571,741	1,561,150
Local Highway and Bridge Assistance.....	235,488	237,092	260,973	287,101	303,001	314,225	329,068
Multimodal Transportation.....	95,883	86,448	90,580	90,580	90,580	90,580	90,580
PROGRAM TOTAL	\$ 1,800,125	\$ 1,754,633	\$ 1,819,078	\$ 1,830,423	\$ 1,929,602	\$ 2,034,165	\$ 2,038,417

Recreation and Cultural Enrichment

The goal of this commonwealth 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.

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 and Council on the Arts contribute to this commonwealth program.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Recreation \$	179,058	161,303	159,953	159,953	159,953	159,953	159,953
Parks and Forests Management.....	53,723	31,006	34,030	34,030	34,030	34,030	34,030
Recreational Fishing and Boating.....	47,279	47,447	47,064	47,064	47,064	47,064	47,064
Wildlife Management.....	78,056	82,850	78,859	78,859	78,859	78,859	78,859
Cultural Enrichment \$	87,706	89,460	91,553	91,553	91,553	91,553	91,553
State Historical Preservation.....	16,700	17,293	18,744	18,744	18,744	18,744	18,744
Local Museum Assistance.....	1,100	2,000	2,000	2,000	2,000	2,000	2,000
Development of Artists and Audiences.....	9,065	9,065	9,476	9,476	9,476	9,476	9,476
State Library Services.....	60,841	61,102	61,333	61,333	61,333	61,333	61,333
PROGRAM TOTAL \$	266,764	250,763	251,506	251,506	251,506	251,506	251,506

Debt Service

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

The agency that participates in this program is Treasury.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
Debt Service.....	\$ 1,113,579	\$ 1,085,866	\$ 1,127,837	\$ 1,196,696	\$ 1,239,103	\$ 1,308,413	\$ 1,379,586
Debt Service.....	1,113,579	1,085,866	1,127,837	1,196,696	1,239,103	1,308,413	1,379,586
PROGRAM TOTAL.....	\$ 1,113,579	\$ 1,085,866	\$ 1,127,837	\$ 1,196,696	\$ 1,239,103	\$ 1,308,413	\$ 1,379,586



Commonwealth of Pennsylvania

Governor's Executive Budget

SUMMARY

BY

FUND

Please refer to the Other Special Funds section of the budget to review financial data for the Keystone Recreation, Park and Conservation Fund and the Tobacco Settlement Fund.

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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.

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FINANCIAL STATEMENT

The following financial statement and accompanying notes are a summary of the General Fund revenues and expenditures for the 2012-13 actual year, 2013-14 available year and 2014-15 budget year. The financial statement excludes augmentations and Federal funds that are detailed in subsequent tables.

	(Dollar Amounts in Thousands)		
	2012-13 Actual	2013-14 Available	2014-15 Estimated
Beginning Balance	\$ 659,051	\$ 540,918	\$ 215,985
Adjustment to Beginning Balance.....	13,530	5,000	0
Adjusted Beginning Balance.....	\$ 672,581	\$ 545,918	\$ 215,985
Revenue:			
Revenue Receipts.....	\$ 28,646,946	\$ 29,115,900	\$ 30,315,100
Proposed Revenue Changes.....	0	0	225,000
Less Refunds.....	-1,250,000	-1,275,000	-1,310,000
Total Revenue.....	\$ 27,396,946	\$ 27,840,900	\$ 29,230,100
Prior Year Lapses.....	188,684	251,500	0
Funds Available.....	\$ 28,258,211	\$ 28,638,318	\$ 29,446,085
Expenditures:			
Appropriations.....	\$ 27,717,293	\$ 28,422,469	\$ 29,419,130
Supplemental Appropriations.....	0	69,864	0
Less Current Year Lapses.....	0	-70,000	0
Total State Expenditures.....	\$ 27,717,293	\$ 28,422,333	\$ 29,419,130
Preliminary Balance.....	\$ 540,918	\$ 215,985	\$ 26,955
Less Transfer to Budget Stabilization Reserve Fund.....	0 ^a	0 ^b	-6,739
Ending Balance	<u>\$ 540,918</u>	<u>\$ 215,985</u>	<u>\$ 20,216</u>

^a Act 71 of 2013 suspended the 25% transfer to the Budget Stabilization Reserve Fund for 2012-13.

^b This budget proposes the suspension of the 25% transfer to the Budget Stabilization Reserve Fund for 2013-14.

NOTES ON FINANCIAL STATEMENT
(Dollar Amounts in Thousands)

PROPOSED TAX AND REVENUE MODIFICATIONS

	2014-15 Estimated
Non-Tax Revenue:	
Shortening the Holding Period for Unclaimed Property	\$ 150,000
The budget assumes a reduction in the holding period for unclaimed property from 5 to 3 years.	
Transfer from the Oil and Gas Lease Fund	\$ 75,000
A transfer of funds resulting from non-surface impact leasing to the General Fund is proposed.	
TOTAL PROPOSED TAX AND REVENUE MODIFICATIONS	\$ 225,000

In addition, the budget proposes to transfer all remaining private equity investments and cash reserves from the Tobacco Settlement Fund and the Health Venture Investment Account to the Public School Employees' Retirement System. This \$225 million will supplement the School Employees' Retirement General Fund appropriation. Please see the Department of Education in Section E for additional detail.

NOTES ON FINANCIAL STATEMENT

(Dollar Amounts in Thousands)

SUPPLEMENTAL APPROPRIATIONS

	2013-14 Available
STATE SUPPLEMENTALS	
Corrections	
Inmate Medical Care.....	\$ 5,000
State Correctional Insitutions.....	15,000
Corrections Total	<u>\$ 20,000</u>
Education	
Early Intervention.....	\$ 14,702
School Employees' Social Security.....	-8,702
School Employees' Retirement.....	-10,000
Education Total	<u>\$ -4,000</u>
Military and Veterans Affairs	
Paralyzed Veterans Pension.....	\$ 843
Public Welfare	
Payment to Federal Government - Medicare Drug Program.....	\$ -5,018
Medical Assistance - Outpatient.....	2,893
Medical Assistance - Inpatient.....	1,853
Medical Assistance - Capitation.....	-6,059
Long-Term Care.....	-15,096
Home and Community-Based Services.....	66,103
Long-Term Care Managed Care.....	2,483
Medical Assistance - Transportation.....	-9,425
Special Pharmaceutical Services.....	-306
Autism Intervention and Services.....	896
Services to Persons with Disabilities.....	4,248
Medical Assistance - Workers with Disabilities.....	10,449
Public Welfare Total	<u>\$ 53,021</u>
 TOTAL SUPPLEMENTALS	 <u><u>\$ 69,864</u></u>

STATE FUNDS BY DEPARTMENT

The following is a summary, by department, of 2012-13 actual expenditures, the 2013-14 amounts available and the 2014-15 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	2012-13 Actual	2013-14 Available	2014-15 Budget
Governor's Office.....	\$ 6,429	\$ 6,508	\$ 6,427
Executive Offices.....	156,969	172,937	178,525
Lieutenant Governor's Office.....	1,278	1,332	1,366
Attorney General.....	78,121	87,290	87,290
Auditor General.....	42,393	44,779	44,779
Treasury.....	1,138,996	1,116,847	1,158,236
Agriculture.....	129,535	123,772	123,876
Banking and Securities.....	1	-	-
Civil Service Commission.....	1	1	1
Community and Economic Development *.....	229,495	236,384	240,967
Conservation and Natural Resources.....	52,723	30,006	27,030
Corrections.....	1,866,965	1,962,267	2,040,073
Drug and Alcohol Programs.....	41,698	41,702	41,852
Education**.....	10,966,550	11,238,963	11,601,289
eHealth Partnership Authority.....	804	2,200	2,000
Emergency Management Agency.....	63,606	22,126	11,169
Environmental Protection***.....	126,814	129,851	139,924
Ethics Commission.....	1,768	1,868	1,868
General Services.....	117,590	116,479	119,489
Health.....	189,867	195,452	194,734
Health Care Cost Containment Council.....	2,683	2,683	2,683
Higher Education Assistance Agency.....	386,125	386,475	411,125
Historical and Museum Commission.....	17,800	19,293	20,744
Insurance.....	123,195	118,494	123,143
Labor and Industry.....	72,590	72,606	72,368
Military and Veterans Affairs.....	120,257	122,720	121,159
Probation and Parole Board.....	131,667	141,545	154,494
Public Welfare.....	10,622,710	11,009,357	11,438,262
Revenue****.....	179,816	220,344	177,034
State.....	9,109	11,152	14,213
State Police.....	195,254	210,102	217,170
Transportation.....	17,212	7,777	6,909
Legislature.....	273,484	277,589	277,589
Judiciary.....	309,288	317,432	317,432
Government Support Agencies.....	44,500	44,000	43,910
GRAND TOTAL *****	\$ 27,717,293	\$ 28,492,333	\$ 29,419,130

* Includes Pennsylvania Housing Finance Agency.

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

*** Includes Environmental Hearing Board.

**** Excludes refunds.

***** Available year amounts exclude current year lapses.

FEDERAL FUNDS BY DEPARTMENT

The following is a summary of Federal funds, by department, of 2012-13 actual expenditures, the 2013-14 amounts available and the 2014-15 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	2012-13 Actual	2013-14 Available	2014-15 Budget
Executive Offices.....	\$ 159,890	\$ 122,589	\$ 92,752
Attorney General.....	20,872	17,781	18,225
Agriculture.....	39,635	40,110	40,110
Community and Economic Development.....	183,924	196,114	195,914
Conservation and Natural Resources.....	43,815	42,598	43,463
Corrections.....	10,650	6,851	5,058
Drug and Alcohol Programs.....	70,101	69,660	77,513
Education.....	2,312,823	2,325,878	2,295,070
eHealth Partnership Authority.....	16,799	21	-
Emergency Management Agency.....	426,067	332,066	220,442
Environmental Protection*.....	223,675	189,557	190,545
Health.....	658,571	594,733	606,004
Health Care Cost Containment Council.....	132	56	-
Historical and Museum Commission.....	2,519	4,030	8,169
Infrastructure Investment Authority.....	250,907	250,230	213,332
Insurance.....	424,468	406,456	328,574
Labor and Industry.....	467,088	433,228	432,228
Liquor Control Board.....	46	-	-
Military and Veterans Affairs.....	217,242	175,850	176,692
Probation and Parole Board.....	351	142	86
Public Utility Commission.....	5,057	4,907	3,785
Public Welfare.....	14,625,913	15,407,155	17,292,114
State.....	36,617	30,854	17,560
State Police.....	58,077	48,297	30,313
Transportation.....	286,003	302,133	246,864
Judiciary.....	2,150	1,659	1,130
Government Support Agencies.....	1,280	1,280	1,280
GRAND TOTAL.....	\$ 20,544,672	\$ 21,004,235	\$ 22,537,223

* Includes Environmental Hearing Board.

AUGMENTATIONS BY DEPARTMENT

The following is a summary of augmentations, by department, of 2012-13 actual expenditures, the 2013-14 amounts available and the 2014-15 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	2012-13 Actual	2013-14 Available	2014-15 Budget
Executive Offices.....	\$ 115,336	\$ 111,063	\$ 110,331
Attorney General*.....	16,529	15,602	15,881
Auditor General.....	14,516	12,150	12,438
Treasury.....	14,904	8,906	7,410
Agriculture.....	6,103	6,872	7,103
Banking and Securities.....	8,296	7,188	7,916
Civil Service Commission.....	13,730	13,635	13,447
Community and Economic Development*.....	5,730	15,650	14,955
Conservation and Natural Resources.....	52,859	56,243	44,673
Corrections.....	1,638	2,147	12,147
Drug and Alcohol Programs.....	2,074	2,571	2,571
Education*.....	4,269	6,120	231,180
Emergency Management Agency.....	527	541	521
Environmental Protection* **.....	29,242	34,206	38,991
General Services.....	46,207	42,046	41,080
Health*.....	25,702	13,665	10,202
Higher Education Assistance Agency.....	75,000	85,000	85,000
Historical and Museum Commission.....	805	1,076	1,125
Insurance.....	1,913	-	-
Labor and Industry*.....	1,976	2,138	2,078
Military and Veterans Affairs.....	27,700	29,220	31,596
Probation and Parole Board.....	21,539	21,607	21,884
Public Utility Commission*.....	60,398	63,090	64,571
Public Welfare.....	1,885,618	2,029,925	2,130,685
Revenue.....	32,991	39,806	39,965
State*.....	48,931	53,762	54,558
State Police*.....	67,824	64,052	65,652
Judiciary*.....	53,307	57,048	57,048
GRAND TOTAL.....	\$ 2,635,664	\$ 2,795,329	\$ 3,125,008

* 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)						
	2012-13 Actual	2013-14 Estimated	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
TAX REVENUE							
Corporation Taxes							
Corporate Net Income Tax.....	\$ 2,423,441	\$ 2,572,300	\$ 2,561,500	\$ 2,653,200	\$ 2,647,400	\$ 2,582,800	\$ 2,578,400
Capital Stock and Franchise Taxes.....	602,249	389,800	328,200	198,300	0	0	0
Selective Business:							
Gross Receipts Tax.....	1,306,271	1,262,800	1,307,200	1,325,600	1,341,600	1,357,800	1,374,200
Public Utility Realty Tax.....	43,884	43,700	44,100	44,500	44,900	45,300	45,700
Insurance Premiums Tax.....	446,946	440,000	442,400	455,800	474,800	492,000	502,600
Financial Institutions Tax.....	351,477	325,500	355,300	372,900	390,700	410,300	432,200
Other Selective Business Taxes.....	15,451	10,800	2,700	300	-400	-800	-800
Total — Corporation Taxes.....	\$ 5,189,719	\$ 5,044,900	\$ 5,041,400	\$ 5,050,600	\$ 4,899,000	\$ 4,887,400	\$ 4,932,300
Consumption Taxes							
Sales and Use Tax.....	\$ 8,893,714	\$ 9,194,400	\$ 9,504,600	\$ 9,852,100	\$ 10,116,000	\$ 10,425,600	\$ 10,741,800
Cigarette Tax.....	1,024,081	979,000	954,700	930,400	906,100	881,800	857,400
Malt Beverage Tax.....	25,152	26,000	26,000	26,000	26,000	26,000	27,000
Liquor Tax.....	311,248	324,600	340,300	356,700	373,900	391,900	410,800
Total — Consumption Taxes.....	\$ 10,254,195	\$ 10,524,000	\$ 10,825,600	\$ 11,165,200	\$ 11,422,000	\$ 11,725,300	\$ 12,037,000
Other Taxes							
Personal Income Tax.....	\$ 11,371,245	\$ 11,717,200	\$ 12,365,600	\$ 13,208,300	\$ 13,894,900	\$ 14,667,200	\$ 15,412,300
Realty Transfer Tax.....	338,745	381,600	436,600	472,900	473,400	484,200	488,800
Inheritance Tax.....	845,258	894,300	938,200	982,600	1,026,700	1,070,500	1,114,700
Table Games.....	88,679	92,000	94,700	106,500	109,200	110,200	111,300
Small Games of Chance.....	0	4,900	102,000	146,800	156,700	167,300	178,600
Minor and Repealed Taxes.....	-20,678	-28,800	-51,200	-60,400	-59,800	-74,800	-100,000
Total — Other Taxes.....	\$ 12,623,249	\$ 13,061,200	\$ 13,885,900	\$ 14,856,700	\$ 15,601,100	\$ 16,424,600	\$ 17,205,700
TOTAL TAX REVENUE.....	\$ 28,067,163	\$ 28,630,100	\$ 29,752,900	\$ 31,072,500	\$ 31,922,100	\$ 33,037,300	\$ 34,175,000
NONTAX REVENUE							
State Stores Fund Transfer.....	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
Licenses, Fees and Miscellaneous:							
Licenses and Fees.....	137,010	108,500	186,100	111,600	111,600	111,600	111,600
Miscellaneous.....	307,338	222,500	454,000	232,100	235,000	237,700	240,400
Fines, Penalties and Interest:							
On Taxes.....	398	0	0	0	0	0	0
Other.....	0	74,800	67,100	67,100	67,100	67,100	67,100
TOTAL NONTAX REVENUES.....	\$ 524,746	\$ 485,800	\$ 787,200	\$ 490,800	\$ 493,700	\$ 496,400	\$ 499,100
GENERAL FUND TOTAL.....	\$ 28,591,909	\$ 29,115,900	\$ 30,540,100	\$ 31,563,300	\$ 32,415,800	\$ 33,533,700	\$ 34,674,100

Adjustments to Revenue Estimate

On July 18, 2013, the Official Estimate for fiscal year 2013-14 was certified to be \$29,115,900,000. 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)		
	2013-14 Official Estimate	Adjustments	2013-14 Revised Estimate
TAX REVENUE			
Corporation Taxes			
Corporate Net Income Tax.....	\$ 2,482,100	\$ 90,200	\$ 2,572,300
Capital Stock and Franchise Taxes.....	319,800	70,000	389,800
Selective Business:			
Gross Receipts Tax.....	1,312,800	-50,000	1,262,800
Public Utility Realty Tax.....	44,000	-300	43,700
Insurance Premiums Tax.....	444,800	-4,800	440,000
Financial Institutions Tax.....	366,400	-40,900	325,500
Other Selective Business Taxes.....	11,500	-700	10,800
Total — Corporation Taxes.....	<u>\$ 4,981,400</u>	<u>\$ 63,500</u>	<u>\$ 5,044,900</u>
Consumption Taxes			
Sales and Use Tax.....	\$ 9,228,700	\$ -34,300	\$ 9,194,400
Cigarette Tax.....	995,700	-16,700	979,000
Malt Beverage Tax.....	26,000	0	26,000
Liquor Tax.....	327,200	-2,600	324,600
Total — Consumption Taxes.....	<u>\$ 10,577,600</u>	<u>\$ -53,600</u>	<u>\$ 10,524,000</u>
Other Taxes			
Personal Income Tax.....	\$ 11,727,500	\$ -10,300	\$ 11,717,200
Realty Transfer Tax.....	399,000	-17,400	381,600
Inheritance Tax.....	882,500	11,800	894,300
Table Games.....	93,100	-1,100	92,000
Small Games of Chance.....	0	4,900	4,900
Minor and Repealed Taxes.....	-34,400	5,600	-28,800
Total — Other Taxes.....	<u>\$ 13,067,700</u>	<u>\$ -6,500</u>	<u>\$ 13,061,200</u>
TOTAL TAX REVENUE.....	<u>\$ 28,626,700</u>	<u>\$ 3,400</u>	<u>\$ 28,630,100</u>
NONTAX REVENUE			
State Stores Fund Transfer.....	\$ 80,000	\$ 0	\$ 80,000
Licenses Fees and Miscellaneous:			
Licenses and Fees.....	100,700	7,800	108,500
Miscellaneous.....	233,700	-11,200	222,500
Fines, Penalties and Interest:			
On Taxes.....	0	0	0
Other.....	74,800	0	74,800
TOTAL NONTAX REVENUES.....	<u>\$ 489,200</u>	<u>\$ -3,400</u>	<u>\$ 485,800</u>
GENERAL FUND TOTAL.....	<u><u>\$ 29,115,900</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 29,115,900</u></u>

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 single sales factor apportionment formula for tax year 2013 and beyond.

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 \$160,000 of capital stock value is exempt.

Tax Rates:	January 1, 2015 through December 31, 2015	0.45 mills (including \$40 million transfer to the Hazardous Sites Cleanup Fund). The tax will be eliminated for tax years beginning on or after January 1, 2016.
	January 1, 2014 through December 31, 2014	0.67 mills (including \$40 million transfer to the Hazardous Sites Cleanup Fund).
	January 1, 2013 through December 31, 2013	0.89 mills (including \$40 million transfer to the Hazardous Sites Cleanup Fund). January 1, 2012 through December 31, 2012 1.89 mills (including \$40 million transfer to the Hazardous Sites Cleanup Fund).
	January 1, 2009 through December 31, 2011	2.89 mills (including \$40 million transfer to the Hazardous Sites Cleanup Fund).
	January 1, 2008 through December 31, 2008	2.89 mills.
	January 1, 2007 through December 31, 2007	3.89 mills.
	January 1, 2006 through December 31, 2006	4.89 mills.
	January 1, 2005 through December 31, 2005	5.99 mills.
	January 1, 2004 through December 31, 2004	6.99 mills.
	January 1, 2002 through December 31, 2003....	7.24 mills.
	January 1, 2001 through December 31, 2001	7.49 mills (including 0.25 mill for transfer semiannually to the Hazardous Sites Cleanup Fund referred to as the HSCF).
	January 1, 2000 through December 31, 2000....	8.99 mills (including 0.25 mill for transfer semiannually to HSCF).
	January 1, 1999 to December 31, 1999	10.99 mills (including 0.25 mill for transfer semiannually to HSCF).
	January 1, 1998 to December 31, 1998	11 mills plus a 0.99 mill surtax (including 0.5 mill for transfer semiannually to HSCF).
	January 1, 1992 to December 31, 1997	11 mills plus a 1.75 mill surtax (including 0.5 mill for transfer semiannually to HSCF).
	January 1, 1991 to December 31, 1991	11 mills plus a 2 mill surtax (including 0.5 mill for transfer semiannually to HSCF and 0.25 mill for transfer semiannually to the State Lottery Fund).

General Fund Revenue Sources

January 1, 1988 to December 31, 1990	9.5 mills (including 0.5 mill for transfer semiannually to HSCF).
January 1, 1987 to December 31, 1987	9 mills.
Prior to January 1, 1987	10 mills.

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

Gross Receipts Tax

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

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

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

Public Utility Realty Tax

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

Tax Rate: The tax rate is set each year upon determination by the Department of Revenue of the required distribution of the realty tax equivalent to local tax authorities. Revenue from an additional 7.6 mills is deposited in the General Fund. For tax year 2004 and thereafter, the Department of Revenue calculates a Gross Receipts Tax surcharge in the event that refunds for Public Utility Realty Tax appeals exceed \$5 million in the prior fiscal year. No surcharge was required for tax year 2006. The surcharge for tax year 2007 was 1.2 mills and the surcharge for tax year 2008 was 2.8 mills. There was no surcharge for tax years 2009 or 2010. The surcharge for tax year 2011 was 1.6 mills. There is no surcharge for tax years 2012, 2013, or 2014.

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. Effective January 1, 2014 Act 52-2013 amended the Bank and Trust Company Shares Tax. The changes include requiring the base to be the most recent year-end value of the institution's total bank equity capital, single factor apportionment based on receipts, and a tax rate of 0.89 percent.

Tax Rates:

<u>Bank and Trust Company Shares Tax</u>	
January 1, 2014 and thereafter	0.890 percent
January 1, 1990 to December 31, 2013	1.250 percent
January 1, 1989 to December 31, 1989	10.770 percent
January 1, 1984 to December 31, 1988	1.075 percent

<u>Title Insurance Companies Shares Tax</u>	
January 1, 1990 and thereafter	1.250 percent
January 1, 1989 to December 31, 1989	10.770 percent
January 1, 1984 to December 31, 1988	1.075 percent

<u>Mutual Thrift Institution Tax</u>	
January 1, 1991 and thereafter	11.500 percent
January 1, 1987 to December 31, 1990	12.500 percent

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: 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 and little cigars weighing less than 4 pounds per 1,000 sticks within Pennsylvania. Only one sale of the cigarette is taxable.

Tax Rates: The rate is 8.00 cents per cigarette. Beginning in January 2004, 18.52 percent of cigarette tax receipts is transferred to the Health Care Provider Retention Account. This transfer was eliminated beginning November 2009. 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. 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 ($2/3\phi$) per half pint of 8 fluid ounces or fraction thereof, and in larger quantities at the rate of one cent (1ϕ) 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 trusts and estates on eight separate classes of income: (1) compensation, (2) net profits, (3) interest, (4) dividends, (5) income from the disposition of property, (6) rents and royalties, (7) gambling and lottery winnings (except Pennsylvania Lottery winnings won after July 20, 1983), and (8) income from estates and trusts. The tax is also paid by non-resident individuals, estates and trusts on the following income from sources within the Commonwealth: compensation for personal services performed in Pennsylvania unless the taxpayer is a resident of a state with which there is a reciprocal agreement; net profits from activity conducted in Pennsylvania; income from the rental, ownership or disposition of any real or personal property, and income from gambling activity in Pennsylvania except prizes of the Pennsylvania State Lottery. A loss in one class of income may not be offset against income in another class, nor may gains or losses be carried back or forward from year to year. A credit is available to those individuals receiving tax forgiveness under the special provisions for poverty. Beginning in 1999, a qualified single individual with eligibility income of \$6,500 or less would receive 100 percent tax forgiveness. The eligibility income limit for each qualifying dependent of a claimant for tax forgiveness under the special tax provisions for poverty is \$9,500 beginning in 2004. The amount of forgiveness declines by 10 percent for each \$250 of income.

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

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

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

Realty Transfer Tax

Tax Base: The tax is levied on the value of the real estate transferred by a deed, instrument or other writing. Other taxable transfers include long-term leases greater than thirty years, transfers of real estate from industrial development authorities that will not be used primarily for industrial purposes, and “deemed” transfers of real estate because of the acquisition of companies which are in the business of holding or selling real estate. Beginning in July 1994, 15 percent of the revenues are transferred to the Keystone Recreation, Park and Conservation Fund. The transfer rate was reduced to 10 percent of revenues from January 2002 through June 2002, and to 7.5 percent from July 2002 through June 2003. The transfer rate returned to 15 percent for July 2003 through June 2006. The rate reduced to 2.1 percent for July 2006 through June 2007, and returned to 15 percent for July 2007 and thereafter. The revenues shown for the General Fund are net of this transfer.

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

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

Inheritance and Estate Taxes

Tax Base: The Inheritance Tax is imposed on the value of property transferred to beneficiaries of a deceased person and certain transfers made during the decedent’s lifetime. The value of the transfer is established on the date of the decedent’s death. The Estate Tax was levied when the Federal estate tax credit for State death taxes exceeded a decedent’s Inheritance Tax liability. . As a result of the American Taxpayer Relief Act of 2012, the federal estate tax credit for State death taxes will not return.

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 equaled the Federal credit for State death taxes, less the Inheritance Tax paid.

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

Table Game Taxes

Tax Base: These taxes are imposed on gross table game revenue of licensed gaming entities. Gross table game revenue is defined as total cash or cash equivalents received in the playing of table games, contest or tournament fees or payments, and total amount of rakes collected minus cash or cash equivalents paid out, paid to purchase annuities to fund prizes, and paid for personal property distributed to patrons as a result of playing a table game. The revenue from these taxes is deposited to the General Fund until such time as, on the last day of the fiscal year, the balance in the Budget Stabilization Reserve Fund is certified by the Secretary of the Budget to exceed \$750,000,000. Thereafter, the funds from these taxes are deposited to the Property Tax Relief Fund.

Tax Rates: 14 percent of gross table game revenue for 2 years following commencement of table game operations at the facility; 12 percent thereafter. In addition to the above percentages, 34 percent of gross table game revenue from table games played on fully automated electronic gaming tables.

Reference: Purdon’s Title 4 P.S. § 13A62.

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. Also included in minor and repealed is a transfer to the Neighborhood Improvement Zone Fund, as established by Act 50 of 2009, Act 26 of 2011, and Act 87 of 2012 and a transfer to the City Revitalization and Improvement Zone Fund, as established by Act 52 of 2013.

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 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)

	2012-13 Actual	2013-14 Estimated	2014-15 Budget
TAX REVENUE			
Corporate Net Income Tax	\$ 2,423,441	\$ 2,572,300	\$ 2,561,500
Capital Stock and Franchise Taxes			
Capital Stock Taxes — Domestic.....	\$ 252,381	\$ 163,400	\$ 137,500
Franchise Taxes — Foreign.....	349,868	226,400	190,700
SUBTOTAL.....	\$ 602,249	\$ 389,800	\$ 328,200
Gross Receipts Tax			
Electric, Hydroelectric and Water Power.....	\$ 850,927	\$ 820,500	\$ 846,900
Motor Transportation.....	1	0	0
Telephone and Telegraph.....	452,117	438,900	456,900
Transportation.....	3,226	3,400	3,400
SUBTOTAL.....	\$ 1,306,271	\$ 1,262,800	\$ 1,307,200
Public Utility Realty Tax	\$ 43,884	\$ 43,700	\$ 44,100
Insurance Premiums Tax			
Domestic Casualty.....	\$ 91,266	\$ 93,700	\$ 94,300
Domestic Fire.....	16,353	21,200	21,300
Domestic Life and Previously Exempted Lines.....	87,860	80,200	80,600
Excess Insurance Brokers.....	20,422	18,600	18,700
Foreign Excess Casualty.....	3,939	7,800	7,800
Foreign Excess Fire.....	1,273	4,800	4,800
Foreign Life.....	202,860	194,900	195,900
Marine.....	5,064	2,500	2,500
Title Insurance.....	7,660	6,800	6,800
Unauthorized Insurance.....	10,249	9,500	9,700
SUBTOTAL.....	\$ 446,946	\$ 440,000	\$ 442,400
Financial Institutions Taxes			
Federal Mutual Thrift Institutions.....	\$ 4,987	\$ 4,800	\$ 4,800
National Banks.....	278,209	257,200	281,800
State Banks.....	48,587	44,900	49,200
State Mutual Thrift Institutions.....	9,483	9,200	9,200
Trust Companies.....	10,211	9,400	10,300
SUBTOTAL.....	\$ 351,477	\$ 325,500	\$ 355,300
Other Selective Business Taxes			
Corporate Loans — Domestic.....	\$ 10,272	\$ 7,200	\$ 1,800
Corporate Loans — Foreign.....	1,381	1,000	300
Miscellaneous Business Taxes.....	352	200	100
Corporation Taxes — Clearing Accounts Undistributed.....	3,446	2,400	500
SUBTOTAL.....	\$ 15,451	\$ 10,800	\$ 2,700
Sales and Use Tax			
Motor Vehicle.....	\$ 1,167,581	\$ 1,242,300	\$ 1,302,900
Non-Motor Vehicle.....	7,726,133	7,952,100	8,201,700
SUBTOTAL.....	\$ 8,893,714	\$ 9,194,400	\$ 9,504,600
Cigarette Tax	\$ 1,024,081	\$ 979,000	\$ 954,700
Malt Beverage Tax	\$ 25,152	\$ 26,000	\$ 26,000
Liquor Tax	\$ 311,248	\$ 324,600	\$ 340,300

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimated	2014-15 Budget
Personal Income Tax			
Non-Withholding.....	\$ 2,848,341	\$ 2,977,900	\$ 3,209,500
Withholding.....	8,522,904	8,739,300	9,156,100
SUBTOTAL.....	\$ 11,371,245	\$ 11,717,200	\$ 12,365,600
Realty Transfer Tax.....	\$ 338,745	\$ 381,600	\$ 436,600
Inheritance Tax			
Nonresident Inheritance and Estate Tax.....	\$ 6,272	\$ 6,600	\$ 7,000
Resident Inheritance and Estate Tax.....	838,986	887,700	931,200
SUBTOTAL.....	\$ 845,258	\$ 894,300	\$ 938,200
Table Games.....	\$ 88,679	\$ 92,000	\$ 94,700
Small Games of Chance.....	\$ 0	\$ 4,900	\$ 102,000
Minor and Repealed Taxes			
Tax on Writs, Wills and Deeds.....	\$ 1,304	\$ 2,300	\$ 2,300
Unallocated EFT Payments.....	-602	-1,100	0
Excess Vehicle Rental Tax.....	8,678	7,700	7,700
Payments of Intergrated Taxes (KITS).....	235	400	200
Clearing of Wage Garnishment Collections.....	994	1,800	900
NIZ State Tax Transfer.....	-31,287	-39,900	-45,600
CRIZ State Tax Transfer.....	0	0	-16,700
SUBTOTAL.....	\$ -20,678	\$ -28,800	\$ -51,200
TOTAL TAX REVENUE.....	\$ 28,067,163	\$ 28,630,100	\$ 29,752,900
NONTAX REVENUES			
State Stores Fund Transfer.....	\$ 80,000	\$ 80,000	\$ 80,000
Licenses, Fees and Miscellaneous			
Governor's Offices			
MISCELLANEOUS REVENUE			
Right To Know.....	\$ *	\$ 0	\$ 0
SUBTOTAL.....	\$ 0	\$ 0	\$ 0
Executive Offices			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 334	\$ 334	\$ 334
Interest Transferred to Employee Benefits.....	-827	-827	-827
Refunds Of Expenditures Not Credited To Appropriations.....	*	*	*
SUBTOTAL.....	\$ -493	\$ -493	\$ -493
Lieutenant Governor's Office			
LICENSES AND FEES			
Board Of Pardons Fees.....	\$ 16	\$ 0	\$ 0
Board Of Pardons — Filing Fees.....	10	0	0
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ *	\$ 0	\$ 0
SUBTOTAL.....	\$ 26	\$ 0	\$ 0
Auditor General			
LICENSES AND FEES			
Filing Fees — Board of Arbitration of Claims.....	\$ 2	\$ 2	\$ 2
SUBTOTAL.....	\$ 2	\$ 2	\$ 2

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimated	2014-15 Budget
Attorney General			
MISCELLANEOUS REVENUE			
Assessed Civil Penalties Payments.....	\$ 705	\$ 226	\$ 226
Miscellaneous Interest Offset for Appropriation 611.....	-91	-90	-90
Miscellaneous.....	33	17	17
Refunds Of Expenditures Not Credited To Appropriations.....	18	20	20
SUBTOTAL.....	\$ 665	\$ 173	\$ 173
Treasury Department			
MISCELLANEOUS REVENUE			
Allocation of Treasury Costs.....	\$ 3,949	\$ 0	\$ 0
Contra Account Audit Service fees.....	0	-220	-250
Depository Adjustments.....	*	0	0
Dividend Income Reinvested - Long Term.....	374	0	0
Interest on Average Collected Balance - WIC Program.....	4	0	0
Interest on Deposits.....	70	0	0
Interest on Securities — Liquor License Fund.....	4	0	0
Interest on Securities.....	5,568	5,327	10,752
Miscellaneous.....	163	0	0
Redeposit of Checks.....	-15,461	15,000	1,500
Unclaimed Property — Recovery Fees w/h for Audit Service.....	0	-15	-15
Unclaimed Property — Reduction of Holding Period.....	0	0	150,000
Unclaimed Property — Contra Acct Paypal Fees.....	-6	0	0
Unclaimed Property — Claim Payments.....	-103,893	-98,000	-105,000
Unclaimed Property — Financial Institution Deposits.....	36,136	33,000	43,000
Unclaimed Property — Other Holder Deposits.....	263,775	218,033	230,400
SUBTOTAL.....	\$ 190,683	\$ 173,125	\$ 330,387
Department of Agriculture			
LICENSES AND FEES			
Abattoir Licenses.....	\$ 5	\$ 5	\$ 5
Approved Inspectors Certificate And Registration Fees.....	3	3	3
Eating & Drinking Licenses.....	2,284	2,500	2,500
Egg Certification Fees.....	11	12	12
Garbage Feeders Licenses.....	*	*	*
Ice Cream Licenses.....	146	166	166
Lab Directors' Exam Fees.....	4	1	1
Livestock Branding Fees.....	*	*	*
Miscellaneous Licenses And Fees.....	1	1	1
Poultry Technician Licenses.....	5	5	5
Pub Weighmasters (Under Act 155).....	193	200	200
Registration Fee — Food Establishment.....	209	247	248
Rendering Plant Licenses.....	2	2	2
MISCELLANEOUS REVENUE			
Interest Earnings Contra BA 68.....	\$ -13	\$ 0	\$ 0
Miscellaneous.....	20	18	18
Right to Know.....	2	9	9
SUBTOTAL.....	\$ 2,872	\$ 3,169	\$ 3,170
Department of Banking and Securities			
LICENSES AND FEES			
Associated Persons — Initial.....	\$ 28	\$ 0	\$ 0
Associated Persons — Transfer.....	3	0	0
Brokers, Dealers Registration Fees — Initial.....	8	0	0
Investment Advisors' Filing Fees — Initial.....	7	0	0
Investment Advisors' — Notice Filings Initial.....	11	0	0
Licenses and Fees.....	22,689	27,878	27,031

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimated	2014-15 Budget
Department of Banking and Securities (continued)			
Mutual Funds — Increase in Amount of Filing.....	\$ 205	\$ 0	\$ 0
Mutual Funds — Initial Filing.....	155	0	0
Mutual Funds — Renewal Filing.....	526	0	0
506 RD Filings.....	265	0	0
Section 203 (D) — Initial Filing.....	1	0	0
Section 203(S) — Initial Filing.....	*	0	0
Section 205 — Security Registration and Amendment Fees.....	8	0	0
Section 206 — Qualification Filing — Initial.....	26	0	0
Securities Agents' Filing Fees — Initial.....	696	0	0
Securities Agents' Filing Fees — Transfer.....	9	0	0
SUBTOTAL.....	\$ 24,637	\$ 27,878	\$ 27,031
Department of Community and Economic Development			
LICENSES AND FEES			
Municipal Indebtedness Fees.....	\$ 232	\$ 230	\$ 225
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 232	\$ 230	\$ 200
General Principal Repayments.....	18	20	20
General Interest on Loans.....	*	1	1
HRA/EDS Principal Repayments.....	106	100	95
HRA/EDS Interest on Loans.....	4	4	4
ID/BID Principal Repayments.....	557	600	550
ID/BID Penalty Charges.....	*	*	*
ID/BID Interest on Loans.....	176	175	170
Refunds of Expenditures Not Credited to Appropriations.....	3	2	2
SUBTOTAL.....	\$ 1,328	\$ 1,362	\$ 1,267
Department of Conservation and Natural Resources			
MISCELLANEOUS REVENUE			
Camp Leases.....	\$ 802	\$ 800	\$ 800
Ground Rents.....	17	14	14
Housing Rents.....	25	25	25
Minerals Sales.....	1	2	2
Miscellaneous.....	25,226	9	9
Sale of DEP Water Kits.....	1	2	2
Refunds Of Expenditures Not Credited To Appropriations.....	*	0	0
Rights-Of-Way.....	924	928	928
Water Leases.....	21	22	22
SUBTOTAL.....	\$ 27,017	\$ 1,802	\$ 1,802
Department of Corrections			
MISCELLANEOUS REVENUE			
Antitrust Case Payments.....	\$ 0	\$ 5	\$ 5
Miscellaneous.....	66	28	30
Refunds Of Expenditures Not Credited To Appropriations.....	2	2	3
Telephone Commissions.....	6,893	7,400	7,400
SUBTOTAL.....	\$ 6,961	\$ 7,435	\$ 7,438

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimated	2014-15 Budget
Department of Education			
LICENSES AND FEES			
Fees For GED Transcripts.....	\$ 56	\$ 57	\$ 57
Fees For Licensing Private Schools.....	161	159	159
PDE Fees Transcripts — Closed Private Schools.....	*	*	*
Private Academic School Teacher Certification Fees.....	43	43	43
Fees For Licensing Private Driver Training Schools.....	68	73	73
Secondary Education Evaluation Fees.....	6	7	7
Teacher Certification Fees.....	3,872	3,700	3,700
Fingerprint and FBI Background Check Fees.....	124	125	125
Professional Educator Discipline Account.....	0	775	775
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ *	\$ 0	\$ 0
Right to Know.....	1	0	0
Refunds of Expenditures Not Credited to Appropriations.....	45	0	0
SUBTOTAL.....	\$ 4,376	\$ 4,939	\$ 4,939
Emergency Management Agency			
MISCELLANEOUS REVENUE			
Interest Earnings Contra BA 31.....	\$ -3	\$ 0	\$ 0
Refunds of Expenditures Not Credited to Appropriations.....	*	0	0
SUBTOTAL.....	\$ -3	\$ 0	\$ 0
Department of Environmental Protection			
LICENSES AND FEES			
Bituminous Shot Firers and Machine Runners Exam A.....	\$ 2	\$ 0	\$ 0
Blasters' Examination and Licensing Fees.....	60	60	60
Dams and Encroachment Fees.....	425	254	254
Explosives Storage Permit Fees.....	70	73	73
Government Financed Costs Contracts.....	61	70	70
Hazardous Waste Facility Annual Permit Administration Fees.....	65	44	44
Hazardous Waste Facility Permit Application Fees.....	57	24	24
Hazardous Waste Storage-Disposal Fac-Fee.....	19	48	48
Hazardous Waste Transporter License and Fees.....	38	45	45
Infectious and Chemical Waste Transport Fees.....	12	10	10
Municipal Waste Annual Permit Administration Fees.....	243	210	210
Municipal Waste Permit Application Fees.....	112	105	105
Residual Waste Closure Administration Fees.....	0	8	8
Residual Waste Permit Administration Fees.....	165	306	306
Residual Waste Permit Application/Modification Fees.....	37	60	60
Sewage Permit Fees.....	114	123	123
Submerged Land Fees.....	56	55	55
Water Bacteriological Examination Fees.....	27	31	31
Water Power and Supply Permit Fees.....	93	93	93
MISCELLANEOUS REVENUE			
Ground Rentals.....	\$ 10	\$ 10	\$ 10
Miscellaneous.....	1,084	48	48
Payment To Occupy Submerged Lands.....	655	367	367
Refunds of Expenditures Not Credited to Appropriations.....	1	0	0
Rights-of-Way.....	29	19	19
Royalties for Recovery Of Materials — Schuylkill River.....	98	98	98
SUBTOTAL.....	\$ 3,533	\$ 2,161	\$ 2,161

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimated	2014-15 Budget
Department of General Services			
MISCELLANEOUS REVENUE			
Allocation Of Purchasing Costs Job 7.....	\$ 2,515	\$ 2,445	\$ 2,506
Miscellaneous.....	*	1	1
Real Estate Services.....	444	197	202
Rebates to be Distributed.....	0	1	1
Refunds of Expenditures Not Credited to Appropriations.....	2	2	2
Rental Of State Property.....	116	70	75
Right To Know.....	1	1	1
Sale Of State Property.....	4,444	4,500	3,000
Sale Of Unserviceable Property.....	0	500	500
Sale Of Property Escrow.....	394	125	125
Reading State Office Building.....	371	380	389
Scranton State Office Building.....	1,066	1,093	1,366
SUBTOTAL.....	\$ 9,353	\$ 9,315	\$ 8,168
Department of Health			
LICENSES AND FEES			
Bathing Place Program — Application Fees.....	\$ *	\$ *	\$ *
Cre Certification Fees.....	20	20	20
Home Care Agency Licensure Fees.....	148	138	138
Hospice Licensing Fees.....	29	30	30
Immunization Service Fees.....	52	48	48
Miscellaneous Licensure Fees.....	180	169	169
Nursing Home Licenses.....	269	282	282
Pediatric Extended Care Licensing Fees.....	5	4	4
Profit Making Hospital Licenses.....	213	261	212
Organized Camps Program Fees.....	2	3	3
Registration Fees — Hearing Aid Act.....	127	121	121
Registration Fees — Drugs Devices and Cosmetics Act.....	473	473	473
Vital Statistics Fees.....	5,204	5,409	5,235
Wholesale Prescription Drug Distribution Licenses.....	71	72	72
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 57	\$ 62	\$ 62
Right to Know.....	*	*	*
Refunds of Expenditures Not Credited to Appropriations.....	*	0	0
SUBTOTAL.....	\$ 6,850	\$ 7,092	\$ 6,869
Historical and Museum Commission			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ *	\$ *	\$ *
SUBTOTAL.....	\$ 0	\$ 0	\$ 0
Insurance Department			
LICENSES AND FEES			
Agents' Licenses.....	\$ 30,307	29,200	\$ 29,200
Brokers' Licenses.....	10,040	8,100	8,100
Division of Companies Certification — Certificates and Filing Fees.....	2,079	2,000	2,000
Examination Fees and Expenses.....	2,760	2,600	2,600
Market Conduct Examination Fees.....	573	1,000	1,000
Miscellaneous Fees.....	461	550	550
Contra Transfers.....	0	-24,740	-23,269
Valuation of Policies Fees.....	1,990	6,030	6,551
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ -1,175	\$ 5	\$ 5
Refunds of Expenditures Not Credited to Appropriations.....	0	2	2
SUBTOTAL.....	\$ 47,035	\$ 24,747	\$ 26,739

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimated	2014-15 Budget
Department of Labor and Industry			
LICENSES AND FEES			
Accessibility.....	\$ 43	\$ 42	\$ 42
Approval of Building Plan Fees.....	1,644	475	475
Approval of Elevator Plan Fees.....	519	500	500
Bedding And Upholstery Fees.....	731	725	725
Boiler Inspection Fees.....	3,883	3,300	3,500
Boiler Plan Fees.....	105	75	75
Elevator Inspection Fees.....	1,515	800	800
Employment Agency Licenses.....	22	20	20
Employment Agents' Registration Fees.....	2	2	2
Flammable Liquids Storage Fees.....	45	42	42
Industrial Board.....	76	80	80
Liquefied Petroleum Gas Plan Fees.....	45	40	40
Liquefied Petroleum Gas Registration Fees.....	88	70	70
Stuffed Toys Manufacturers' Registration Fees.....	63	63	63
UCC Certifications.....	80	72	72
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 4	\$ 0	\$ 0
Interest Earnings Contra BA12.....	-5	1	1
Refunds of Expenditures Not Credited to Appropriations.....	*	0	0
SUBTOTAL.....	\$ 8,860	\$ 6,307	\$ 6,507
Department of Military and Veterans Affairs			
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Appropriations.....	\$ 0	\$ 1	\$ 0
Right To know.....	0	*	*
SUBTOTAL.....	\$ 0	\$ 1	\$ 0
Board of Probation and Parole			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 27	\$ 0	\$ 0
Refunds of Expenditures Not Credited to Appropriations.....	*	0	0
SUBTOTAL.....	\$ 27	\$ 0	\$ 0
Department of Public Welfare			
LICENSES AND FEES			
Private Mental Hospital Licenses.....	\$ 47	\$ 47	\$ 47
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 8	8	8
Refunds of Expenditures Not Credited to Appropriations.....	1	1	1
SUBTOTAL.....	\$ 56	\$ 56	\$ 56

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimated	2014-15 Budget
Department of Revenue			
LICENSES AND FEES			
Certification And Copy Fees.....	\$ 36	\$ 33	\$ 33
Cigarette Permit Fees.....	429	431	432
Domestic Violence and Rape Crisis Program Fee.....	1,372	1,235	1,382
Autho Fees/ Act 2010.....	7,500	0	74,750
Table License Fees Man S.....	-80	0	0
MISCELLANEOUS REVENUE			
Exempt Collections Per Act 1992-67.....	\$ 17,447	17,900	18,360
District Justice Costs.....	7,631	7,631	7,631
Miscellaneous.....	98	135	135
Distribution Due Absentee.....	90	100	100
Conscience Money.....	2	2	2
Right to Know.....	*	*	*
Refunds of Expenditures Not Credited to Appropriations.....	98	112	125
SUBTOTAL.....	\$ 34,623	\$ 27,579	\$ 102,950
Department of State			
LICENSES AND FEES			
Charities Bureau Registration Fees.....	\$ 2,216	\$ 2,349	\$ 2,419
Commission and Filing Fees — Bureau Of Elections.....	638	650	700
Commission and Filing Fees — Corporation Bureau.....	25,819	26,689	28,023
Campaign Finance Fee.....	111	75	125
Notary Public Commission Fees.....	981	900	950
MISCELLANEOUS REVENUE			
Prof. & Occupational Affairs Credit Card Transfers.....	\$ -1,360	\$ 0	\$ 0
Interest Transferred to HAVA Program.....	-47	0	0
Refunds of Expenditures Not Credited to Appropriations.....	*	0	0
Right To Know.....	1	0	0
SUBTOTAL.....	\$ 28,359	\$ 30,663	\$ 32,217
State Police			
MISCELLANEOUS REVENUE			
Act 64 - Contra Miscellaneous Revenue	\$ -16	\$ 0	\$ 0
Miscellaneous.....	419	175	175
Reimbursement For Lost Property.....	7	1	1
Refunds of Expenditures Not Credited to Appropriations.....	2	300	300
SUBTOTAL.....	\$ 412	\$ 476	\$ 476
Department of Transportation			
MISCELLANEOUS REVENUE			
Interest on Securities — Railroad Rehabilitation & Improve.....	\$ -2	\$ 0	\$ 0
Miscellaneous.....	0	5	5
Right To Know.....	13	0	0
SUBTOTAL.....	\$ 11	\$ 5	\$ 5

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimated	2014-15 Budget
Other			
LICENSES AND FEES			
Gaming Control Board - Ancillary Table Games License Fees.....	\$ 331	\$ 205	\$ 235
MISCELLANEOUS REVENUE			
Drug and Alcohol Programs - Right to Know.....	\$ *	\$ 0	\$ 0
Payments in Lieu of Taxes — SWIF.....	2,805	3,000	3,000
Gaming Control Board - Refunds of Expend Not Credited to Approp	*	0	0
State Ethics Commission - Refunds Not Credited to Approp	0	1	1
Supreme Court.....	103	0	0
Transfers From Special Funds.....	43,919	0	75,000
SUBTOTAL.....	\$ 47,158	\$ 3,206	\$ 78,236
Total Licenses, Fees and Miscellaneous.....	\$ 444,348	\$ 331,000	\$ 640,100
Fines, Penalties and Interest on Taxes			
Corporation Net Income Tax.....	\$ 3,410	\$ 0	\$ 0
Interest on Excise Taxes — Corporations (Department of Revenue).....	10,716	0	0
Penalties on Excise Taxes — Corporations.....	398	0	0
SUBTOTAL.....	\$ 14,524	\$ 0	\$ 0
Other Fines and Penalties			
Attorney General			
Criminal Restitution General Fund.....	\$ 156	\$ 85	\$ 85
Department of Agriculture			
Amusement Rides and Attractions — Fines.....	*	3	3
General Food Fines.....	14	11	11
Harness Racing Fines and Penalties.....	132	140	140
Horse Racing Fines and Penalties.....	121	140	140
Miscellaneous Fines.....	2	3	3
Civil Penalties - Food Establishments.....	3	5	5
Weights & Measures Division - Fines.....	0	3	3
Department of Conservation and Natural Resources			
Miscellaneous Fines.....	*	1	1
Department of Environmental Protection			
Miscellaneous Fines.....	5	5	5
Ethics Commission			
Violations-Act 1978-170.....	29	50	50
Lobbying Act 134-206.....	49	65	65
Gaming Control Board			
Miscellaneous Fines and Penalties.....	526	526	526
Insurance Department			
Miscellaneous Fines.....	37	0	1,000
Surcharge Moving Vehicles Violations.....	39,620	41,080	40,190
Department of Labor and Industry			
Minor Labor Law Fines.....	0	1	1
Miscellaneous Fines.....	37	50	50
Public Utility Commission			
Violation Of Order Fines.....	172	3,000	300
Department of Revenue			
Malt Liquor Fines and Penalties.....	8	7	7
Commercial Driver Fines.....	0	29,500	24,390
Department of State			
Penalties and Fines - Charities Bureau.....	0	125	125
SUBTOTAL.....	\$ 40,911	\$ 74,800	\$ 67,100
Total Fines, Penalties and Interest.....	\$ 55,435	\$ 74,800	\$ 67,100
TOTAL NONTAX REVENUES.....	\$ 579,783	\$ 485,800	\$ 787,200
TOTAL GENERAL FUND REVENUES.....	\$ 28,646,946	\$ 29,115,900	\$ 30,540,100

* 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)					
	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Actual
TAX REVENUE						
Corporation Taxes						
Corporate Net Income Tax.....	\$ 2,417,657	\$ 1,979,889	\$ 1,790,963	\$ 2,131,451	\$ 2,022,401	\$ 2,423,441
Capital Stock and Franchise Taxes..	1,019,942	787,704	761,188	819,363	837,243	602,249
Selective Business:						
Gross Receipts Tax.....	1,348,878	1,376,797	1,286,669	1,225,163	1,330,023	1,306,271
Public Utility Realty Tax.....	44,689	41,867	39,549	34,434	28,721	43,884
Insurance Premiums Tax.....	418,229	431,535	459,528	428,594	458,409	446,946
Financial Institutions Tax.....	191,839	198,505	222,802	237,631	272,462	351,477
Other Selective Business Taxes....	16,435	17,994	18,508	15,391	14,451	15,451
Total — Corporation Taxes.....	\$ 5,457,669	\$ 4,834,291	\$ 4,579,207	\$ 4,892,028	\$ 4,963,710	\$ 5,189,719
Consumption Taxes						
Sales and Use Tax.....	\$ 8,496,554	\$ 8,135,508	\$ 8,029,170	\$ 8,590,217	\$ 8,772,266	\$ 8,893,714
Cigarette Tax.....	784,055	754,159	976,056	1,075,366	1,069,907	1,024,081
Malt Beverage Tax.....	26,289	25,970	26,587	25,923	25,903	25,152
Liquor Tax.....	251,138	266,540	271,015	281,746	298,144	311,248
Total — Consumption Taxes.....	\$ 9,558,036	\$ 9,182,177	\$ 9,302,828	\$ 9,973,252	\$ 10,166,220	\$ 10,254,195
Other Taxes						
Personal Income Tax.....	\$ 10,907,741	\$ 10,198,646	\$ 9,968,733	\$ 10,435,706	\$ 10,800,528	\$ 11,371,245
Realty Transfer Tax.....	429,540	294,464	296,033	279,151	292,152	338,745
Inheritance Tax.....	828,628	772,165	753,778	805,214	827,682	845,258
Table Games.....	0	0	0	68,663	95,029	88,679
Minor and Repealed Taxes.....	111,569	12,819	9,349	6,607	3,207	-20,678
Total — Other Taxes.....	\$ 12,277,478	\$ 11,278,094	\$ 11,027,893	\$ 11,595,341	\$ 12,018,598	\$ 12,623,249
TOTAL TAX REVENUE.....	\$ 27,293,183	\$ 25,294,562	\$ 24,909,928	\$ 26,460,621	\$ 27,148,528	\$ 28,067,163
NONTAX REVENUE						
State Stores Fund Transfer.....	\$ 80,000	\$ 125,000	\$ 105,000	\$ 105,000	\$ 80,000	\$ 80,000
Licenses, Fees and Miscellaneous:						
Licenses and Fees.....	122,422	120,715	284,002	125,420	138,822	137,010
Miscellaneous.....	383,904	-30,554	2,322,688	790,443	244,227	307,338
Fines, Penalties and Interest:						
On Taxes.....	36,753	17,242	24,018	12,540	14,344	14,524
Other.....	11,799	2,839	2,525	3,193	52,078	40,911
TOTAL NONTAX REVENUES.....	\$ 634,878	\$ 235,242	\$ 2,738,233	\$ 1,036,596	\$ 529,471	\$ 579,783
GENERAL FUND TOTAL.....	\$ 27,928,061	\$ 25,529,804	\$ 27,648,161	\$ 27,497,217	\$ 27,677,999	\$ 28,646,946



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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Beginning Balance.....	\$ 153,031	\$ 107,584	\$ 105,622
Revenue:			
Revenue Receipts.....	\$ 2,416,239	\$ 2,468,800	\$ 2,567,800
Adjustment to Official Estimate.....	0	1,448	0
Prior Year Lapses.....	41,400	25,352	0
Funds Available	<u>\$ 2,610,670</u>	<u>\$ 2,603,184</u>	<u>\$ 2,673,422</u>
Expenditures:			
Appropriations.....	<u>\$ 2,503,086</u>	<u>\$ 2,502,562</u>	<u>\$ 2,653,352</u>
Less Current Year Lapses.....	<u>0</u>	<u>-5,000</u>	<u>0</u>
Estimated Expenditures.....	<u>\$ -2,503,086</u>	<u>\$ -2,497,562</u>	<u>\$ -2,653,352</u>
Ending Balance	<u><u>\$ 107,584</u></u>	<u><u>\$ 105,622</u></u>	<u><u>\$ 20,070</u></u>

* Excludes restricted revenue.

Summary by Department

	(Dollar Amounts in Thousands)		
	2012-13 Actual	2013-14 Estimated	2014-15 Budget
Executive Offices			
General Government			
Commonwealth Technology Services.....	\$ 2,336	\$ 2,256	\$ 1,371
DEPARTMENT TOTAL.....	<u>\$ 2,336</u>	<u>\$ 2,256</u>	<u>\$ 1,371</u>
Treasury Department			
General Government			
Administration of Refunding Liquid Fuels Tax.....	\$ 557	\$ 557	\$ 533
Refunding Liquid Fuels Taxes — Agricultural (EA).....	3,200	3,200	4,100
Refunding Liquid Fuels Taxes — State Share (EA).....	1,000	1,300	1,700
Refunding Liquid Fuels Taxes — Political Subdivisions (EA).....	2,500	2,500	3,400
Refunding Liquid Fuels Taxes — Volunteer Services (EA).....	400	400	500
Refunding Liquid Fuels Taxes — Snowmobiles and ATV's (EA).....	1,000	1,000	1,000
Refunding Liquid Fuels Taxes — Boat Fund (EA).....	2,300	3,200	6,100
Subtotal.....	<u>\$ 10,957</u>	<u>\$ 12,157</u>	<u>\$ 17,333</u>
Debt Service Requirements			
Capital Debt — Transportation Projects.....	\$ 4,322	\$ 749	\$ 2,376
General Obligation Debt Service.....	14,800	17,001	16,936
Loan and Transfer Agent.....	50	50	50
Subtotal.....	<u>\$ 19,172</u>	<u>\$ 17,800</u>	<u>\$ 19,362</u>
TOTAL STATE FUNDS	<u><u>\$ 30,129</u></u>	<u><u>\$ 29,957</u></u>	<u><u>\$ 36,695</u></u>
Restricted Revenue.....	\$ 47,766	\$ 46,763	\$ 46,530
DEPARTMENT TOTAL.....	<u>\$ 77,895</u>	<u>\$ 76,720</u>	<u>\$ 83,225</u>
Department of Agriculture			
Weights and Measures.....	\$ 4,328	\$ 4,328	\$ 4,328
DEPARTMENT TOTAL.....	<u>\$ 4,328</u>	<u>\$ 4,328</u>	<u>\$ 4,328</u>
Department of Community and Economic Development			
Appalachian Regional Commission.....	\$ 0	\$ 1,073	\$ 1,073
DEPARTMENT TOTAL.....	<u>\$ 0</u>	<u>\$ 1,073</u>	<u>\$ 1,073</u>
Department of Conservation and Natural Resources			
Dirt and Gravel Roads.....	\$ 1,000	\$ 1,000	\$ 7,000
TOTAL STATE FUNDS	<u><u>\$ 1,000</u></u>	<u><u>\$ 1,000</u></u>	<u><u>\$ 7,000</u></u>
Restricted Revenue.....	\$ 5,300	\$ 5,077	\$ 7,461
DEPARTMENT TOTAL.....	<u>\$ 6,300</u>	<u>\$ 6,077</u>	<u>\$ 14,461</u>
Department of Education			
Grants and Subsidies			
Safe Driving Course.....	\$ 1,103	\$ 1,100	\$ 1,100
DEPARTMENT TOTAL.....	<u>\$ 1,103</u>	<u>\$ 1,100</u>	<u>\$ 1,100</u>
Department of Environmental Protection			
Dirt and Gravel Roads.....	\$ 4,000	\$ 4,000	\$ 28,000
DEPARTMENT TOTAL.....	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 28,000</u>

Summary by Department (continued)

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimated	2014-15 Budget
Department of General Services			
Tort Claims Payments.....	\$ 12,500	\$ 10,000	\$ 10,000
Harristown Rental Charges (EA).....	88	92	92
Harristown Utility and Municipal Charges (EA).....	189	200	207
DEPARTMENT TOTAL.....	<u>\$ 12,777</u>	<u>\$ 10,292</u>	<u>\$ 10,299</u>
Department of Labor and Industry			
Federal Funds.....	\$ 300	\$ 300	\$ 0
Department of Revenue			
General Government			
Collections — Liquid Fuels Tax.....	\$ 16,068	\$ 17,128	\$ 17,645
Refunding Liquid Fuels Tax (EA).....	11,000	12,500	16,000
TOTAL STATE FUNDS	<u>\$ 27,068</u>	<u>\$ 29,628</u>	<u>\$ 33,645</u>
Federal Funds.....	\$ 120	\$ 135	\$ 0
DEPARTMENT TOTAL.....	<u>\$ 27,188</u>	<u>\$ 29,763</u>	<u>\$ 33,645</u>
State Police			
General Government			
General Government Operations.....	\$ 529,813	\$ 567,911	\$ 603,771
Statewide Public Safety Radio System.....	14,878	15,721	17,079
Law Enforcement Information Technology.....	19,116	19,116	19,116
Municipal Police Training.....	1,039	1,039	1,027
Municipal Police Training Grants.....	0	0	5,000
Patrol Vehicles.....	11,000	11,000	11,000
Automated Fingerprint Identification System	85	85	85
Commercial Vehicle Inspection.....	8,770	8,700	8,885
TOTAL STATE FUNDS	<u>\$ 584,701</u>	<u>\$ 623,572</u>	<u>\$ 665,963</u>
Augmentations.....	\$ 587	\$ 585	\$ 585
DEPARTMENT TOTAL.....	<u>\$ 585,288</u>	<u>\$ 624,157</u>	<u>\$ 666,548</u>
Department of Transportation			
General Government			
General Government Operations.....	\$ 53,764	\$ 53,764	\$ 55,119
Welcome Centers.....	3,309	3,282	3,480
Highway and Safety Improvements.....	110,000	105,000	295,000
Expanded Highway and Bridge Program.....	165,000	165,000	0
Highway Capital Projects (EA).....	220,000	220,000	220,000
Highway Maintenance.....	810,000	780,000	847,426
Secondary Roads — Maintenance & Resurfacing (EA).....	64,181	61,547	0
Reinvestment — Facilities.....	12,000	12,000	16,000
Safety Administration and Licensing.....	131,402	127,171	135,380
Refunding Collected Monies (EA).....	2,500	2,500	2,500
Subtotal.....	<u>\$ 1,572,156</u>	<u>\$ 1,530,264</u>	<u>\$ 1,574,905</u>

Summary by Department (continued)

	(Dollar Amounts in Thousands)		
	2012-13 Actual	2013-14 Estimated	2014-15 Budget
Grants and Subsidies			
Local Road Maintenance and Construction Payments.....	\$ 195,488	\$ 197,092	\$ 210,973
Municipal Roads and Bridges.....	30,000	30,000	30,000
Maintenance and Construction of County Bridges.....	5,000	5,000	5,000
Supplemental Local Road Maintenance and Construction Payments.....	5,000	5,000	5,000
Municipal Traffic Signals.....	0	0	10,000
Payment to Turnpike Commission (EA).....	28,000	28,000	28,000
Subtotal.....	<u>\$ 263,488</u>	<u>\$ 265,092</u>	<u>\$ 288,973</u>
SUBTOTAL STATE FUNDS.....	<u>\$ 1,835,644</u>	<u>\$ 1,795,356</u>	<u>\$ 1,863,878</u>
Federal Funds.....	\$ 1,459,922	\$ 1,584,306	\$ 1,534,206
Augmentations.....	188,751	98,372	266,548
Restricted Revenue.....	868,787	1,012,922	1,487,008
DEPARTMENT TOTAL.....	<u>\$ 4,353,104</u>	<u>\$ 4,490,956</u>	<u>\$ 5,151,640</u>
Fund Summary			
State Funds — Transportation.....	\$ 1,835,644	\$ 1,795,356	\$ 1,863,878
State Funds — Other Departments.....	667,442	707,206	789,474
TOTAL STATE FUNDS.....	<u>\$ 2,503,086</u>	<u>\$ 2,502,562</u>	<u>\$ 2,653,352</u>
Motor License Fund Total—All Funds			
State Funds.....	\$ 2,503,086	\$ 2,502,562	\$ 2,653,352
Federal Funds.....	1,460,342	1,584,741	1,534,206
Augmentations.....	189,338	98,957	267,133
Restricted Revenue.....	921,853	1,064,762	1,540,999
FUND TOTAL.....	<u>\$ 5,074,619</u>	<u>\$ 5,251,022</u>	<u>\$ 5,995,690</u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2012-13 Actual	2013-14 Estimated	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Liquid Fuels Taxes.....	\$ 1,223,141	\$ 1,326,100	\$ 1,566,100	\$ 1,675,100	\$ 1,760,300	\$ 1,876,300	\$ 1,869,600
Motor Licenses and Fees.....	892,517	886,500	943,300	941,400	962,700	960,200	974,000
Other Motor License Fund Revenues.....	300,581	257,648	58,400	59,500	61,200	63,400	65,900
TOTAL MOTOR LICENSE FUND REVENUES.....	\$ 2,416,239	\$ 2,470,248	\$ 2,567,800	\$ 2,676,000	\$ 2,784,200	\$ 2,899,900	\$ 2,909,500
Aviation Restricted Revenues.....	\$ 9,027	\$ 8,700	\$ 8,800	\$ 8,800	\$ 8,900	\$ 8,900	\$ 9,000
Highway Bridge Improvement Restricted Revenues.....	\$ 104,674	\$ 124,500	\$ 169,700	\$ 196,200	\$ 212,000	\$ 234,300	\$ 236,800
State Highway Transfer Restricted Revenues.....	\$ 23,430	\$ 28,700	\$ 40,500	\$ 47,400	\$ 51,700	\$ 57,500	\$ 58,000
Oil Company Franchise Tax Restricted Revenues.....	\$ 429,543	\$ 525,600	\$ 743,200	\$ 871,200	\$ 947,400	\$ 1,054,400	\$ 1,063,300
Supplemental Maintenance Restricted Revenues.....	\$ 300,681	\$ 368,000	\$ 520,300	\$ 610,000	\$ 663,400	\$ 738,100	\$ 744,300

Adjustments to 2013-14 Revenue Estimate

On December 17, 2013 an official estimate for the 2013-14 fiscal year of \$2,468,800,000 was certified after the passage of Act 89 of 2013. 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.

	2013-14 Official Estimate	Adjustments	2013-14 Revised Estimate
Liquid Fuels Taxes.....	\$ 1,323,600	\$ 2,500	\$ 1,326,100
Motor Licenses and Fees.....	871,400	15,100	886,500
Other Motor License Fund Revenues.....	273,800	-16,152	257,648
TOTAL.....	\$ 2,468,800	\$ 1,448	\$ 2,470,248

Revenue Sources

Liquid Fuels Taxes

	Actual		Estimated
2007-08.....	\$ 1,236,469	2013-14.....	\$ 1,326,100
2008-09.....	1,163,233	2014-15.....	1,566,100
2009-10.....	1,183,922	2015-16.....	1,675,100
2010-11.....	1,218,635	2016-17.....	1,760,300
2011-12.....	1,223,985	2017-18.....	1,876,300
2012-13.....	1,223,141	2018-19.....	1,869,600

Tax Base and Rates:

Liquid Fuels and Fuels Tax: Effective January 1, 2014, Act 89 of 2013 repealed the permanent 12 cents per gallon tax imposed and assessed upon liquid fuels and fuels used or sold and delivered by registered distributors within this commonwealth.

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 tax on a 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 equal to the Oil Company Franchise Tax described below effective January 1, 2014. 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.

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 taxable liquid fuels, fuels, and alternative fuels. Act 3 of 1997 imposed a tax of 153.5 mills on all taxable liquid fuels and 208.5 mills on all taxable fuels and is imposed on a cents-per-gallon equivalent basis. Act 89 of 2013 added an additional 64 mills in 2014, 49 mills in 2015, 48 mills in 2016, 41 mills in 2017, and 39 mills in 2018 and each calendar year thereafter. Act 89 of 2013 also increased the average wholesale price in 2014 through 2016, and uncapped it in 2017 and thereafter. There is also a statutory average wholesale price floor set at \$2.99 per gallon for 2017 and each year thereafter. Prior to Act 89 of 2013, Act 32 of 1983 set minimum and maximum average wholesale prices at \$0.90 and \$1.25 per gallon, respectively. Receipts from 57 mills of the tax on liquid fuels and fuels are deposited as unrestricted Motor License Fund revenue, along with the mills added by Act 89 of 2013. However, 4.17 percent of the mills added by Act 89 of 2013 are transferred to the Liquid Fuels Tax Fund. The balance of the tax rate represents revenues restricted to certain highway activities. These dedicated and restricted revenues 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	
2007-08.....	\$ 872,063	2013-14.....	\$ 886,500
2008-09.....	883,846	2014-15.....	943,300
2009-10.....	857,666	2015-16.....	941,400
2010-11.....	891,552	2016-17.....	962,700
2011-12.....	892,586	2017-18.....	960,200
2012-13.....	892,517	2018-19.....	974,000

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 will be increased starting on April 1, 2014 per Act 89 of 2013. Act 89 of 2013 also redirects certain vehicle fees that had been deposited in the Motor License Fund to public transit and multimodal transportation programs and authorizes a fee option in lieu of suspension for driving without insurance. Starting January 1, 2017 it also provides the motor vehicle owner an option for biennial vehicle registration renewal rather than the current annual cycle.

Other Motor License Fund Revenues

Actual		Estimated	
2007-08.....	\$ 559,399	2013-14.....	\$ 257,648
2008-09.....	509,665	2014-15.....	58,400
2009-10.....	599,478	2015-16.....	59,500
2010-11.....	411,088	2016-17.....	61,200
2011-12.....	297,644	2017-18.....	63,400
2012-13.....	300,581	2018-19.....	65,900

Other Motor License Fund revenues include the following sources:

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

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.

Per Act 89 of 2013, the Motor License Fund will no longer receive payments from the Pennsylvania Turnpike Commission in accordance with Act 44 of 2007. These payments will now be redirected to the public transit and multimodal transportation programs.

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 accounts are not included in these amounts.

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimated	2014-15 Budget
MOTOR FUELS TAXES			
Liquid Fuels Tax			
Liquid Fuels Tax.....	\$ 575,487	\$ 342,290	\$ 0
Liquid Fuels Tax Interest.....	28	20	0
Liquid Fuels Tax Penalties.....	822	490	0
Subtotal.....	<u>\$ 576,337</u>	<u>\$ 342,800</u>	<u>\$ 0</u>
Fuel Use Tax			
Fuel Use Tax.....	\$ 151,984	\$ 90,900	\$ 0
Fuel Use Tax Interest.....	0	0	0
Fuel Use Tax Penalties.....	0	0	0
Subtotal.....	<u>\$ 151,984</u>	<u>\$ 90,900</u>	<u>\$ 0</u>
Alternative Fuel Tax			
Alternative Fuel Tax.....	\$ 1,355	\$ 1,500	\$ 1,890
Alternative Fuel Tax Interest and Penalties.....	4	0	10
Subtotal.....	<u>\$ 1,359</u>	<u>\$ 1,500</u>	<u>\$ 1,900</u>
Motor Carriers Road Tax — International Fuel Tax Agreement			
Motor Carriers Road/IFTA — Fuels Tax.....	\$ 47,374	\$ 47,010	\$ 65,330
Motor Carriers Road/IFTA — Registration Fees,			
Special Permit Fees and Fines.....	993	990	1,370
Subtotal.....	<u>\$ 48,367</u>	<u>\$ 48,000</u>	<u>\$ 66,700</u>
Oil Company Franchise Tax			
Oil Company Franchise Tax (OCFT).....	\$ 445,094	\$ 540,600	\$ 766,000
OCFT - Liquid Fuels.....	0	239,050	578,540
OCFT - Liquid Fuels Interest.....	0	10	30
OCFT - Liquid Fuels Penalties.....	0	340	830
OCFT - Fuel Use.....	0	62,900	152,100
Subtotal.....	<u>\$ 445,094</u>	<u>\$ 842,900</u>	<u>\$ 1,497,500</u>
TOTAL MOTOR FUELS TAXES.....	<u><u>\$ 1,223,141</u></u>	<u><u>\$ 1,326,100</u></u>	<u><u>\$ 1,566,100</u></u>
MOTOR LICENSES AND FEES			
Operators' Licenses.....	\$ 61,459	\$ 62,000	\$ 62,700
Other Fees Collected by Bureau of Motor Vehicles.....	28,145	27,700	58,500
Registration Fees Received from Other States/IRP.....	86,993	88,500	98,000
Special Hauling Permit Fees.....	27,992	27,700	33,800
Vehicle Registration and Titling.....	687,928	680,600	690,300
TOTAL MOTOR LICENSES AND FEES.....	<u><u>\$ 892,517</u></u>	<u><u>\$ 886,500</u></u>	<u><u>\$ 943,300</u></u>

Motor License Fund

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimated	2014-15 Budget
OTHER MOTOR LICENSE FUND REVENUES			
Fines and Penalties			
Department of Revenue			
Vehicle Code Fines.....	\$ 24,861	\$ 500	\$ 500
Department of Transportation			
Vehicle Code Fines.....	5,072	248	0
Subtotal.....	<u>\$ 29,933</u>	<u>\$ 748</u>	<u>\$ 500</u>
Miscellaneous Revenues			
Treasury Department			
Interest Income Reinvested - Long Term.....	\$ 86	\$ 60	\$ 60
Interest on Securities.....	47,632	33,780	34,490
Interest on Securities - Liquid Fuels Tax Fund.....	22	20	20
Redeposit of Checks.....	-511	-360	-370
Subtotal.....	<u>\$ 47,229</u>	<u>\$ 33,500</u>	<u>\$ 34,200</u>
Department of General Services			
Sale of Unserviceable Property.....	\$ 1,681	\$ 1,500	\$ 1,500
Department of Transportation			
Fees for Reclaiming Abandoned Vehicles.....	\$ 28	\$ 30	\$ 30
Highway Bridge Income.....	150	150	150
Highway Encroachment Permits.....	1,203	1,210	1,230
Interest Earned - Restricted Revenue.....	-1,165 ^a	-1,170 ^a	-1,190 ^a
Miscellaneous Revenues.....	63	60	60
Recovered Damages.....	83	80	90
Refunds of Expenditures Not Credited to			
Appropriations or Allocations.....	4	0	0
Sale of Inspection Stickers.....	21,315	21,480	21,770
Sale of Maps and Plans.....	56	60	60
Subtotal.....	<u>\$ 21,737</u>	<u>\$ 21,900</u>	<u>\$ 22,200</u>
Department of Revenue			
Miscellaneous.....	\$ 1	\$ 0	\$ 0
Pennsylvania Turnpike			
Annual Payments.....	\$ 200,000	\$ 200,000	\$ 0
TOTAL OTHER MOTOR LICENSE FUND REVENUES.....	<u><u>\$ 300,581</u></u>	<u><u>\$ 257,648</u></u>	<u><u>\$ 58,400</u></u>
TOTAL MOTOR LICENSE FUND REVENUES.....	<u><u>\$ 2,416,239</u></u>	<u><u>\$ 2,470,248</u></u>	<u><u>\$ 2,567,800</u></u>

^a Amounts transferred to restricted revenue account.

Restricted Revenues Not Included in Department Total

Aviation Revenues

	Actual		Estimated
2007-08.....	\$ 9,694	2013-14.....	\$ 8,700
2008-09.....	7,944	2014-15.....	8,800
2009-10.....	8,038	2015-16.....	8,800
2010-11.....	9,507	2016-17.....	8,900
2011-12.....	7,802	2017-18.....	8,900
2012-13.....	9,027	2018-19.....	9,000

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, 2014, is 5.9 cents per gallon on aviation gasoline and 2.0 cents per gallon on jet fuel. Aviation restricted revenues are not included in Motor License Fund revenue totals.

	2012-13 <u>Actual</u>	2013-14 <u>Estimated</u>	2014-15 <u>Budget</u>
AVIATION REVENUES			
Aviation Liquid Fuels Tax.....	\$ 7,863	\$ 7,900	\$ 7,900
Interest.....	1,164	800	900
TOTAL AVIATION REVENUES.....	<u>\$ 9,027</u>	<u>\$ 8,700</u>	<u>\$ 8,800</u>

Highway Bridge Improvement Revenues

	Actual		Estimated
2007-08.....	\$ 109,171	2013-14.....	\$ 124,500
2008-09.....	103,723	2014-15.....	169,700
2009-10.....	98,255	2015-16.....	196,200
2010-11.....	103,551	2016-17.....	212,000
2011-12.....	107,290	2017-18.....	234,300
2012-13.....	104,674	2018-19.....	236,800

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; temporary permit fees collected from out-of-state motor carriers for travel in Pennsylvania; and a portion of a 3 mill Oil Company Franchise Tax dedicated to the State Highway Transfer Restoration Restricted Account. Although repealed by Act 3 of 1997, nominal revenues are still received from the motor carrier surcharge. Act 89 of 2013 phases in the uncapping of the average wholesale price used to calculate the Oil Company Franchise Tax.

	2012-13 <u>Actual</u>	2013-14 <u>Estimated</u>	2014-15 <u>Budget</u>
HIGHWAY BRIDGE IMPROVEMENT REVENUES			
Registration Fee Portion-PA-Based Motor Vehicles.....	\$ 12,158	\$ 12,100	\$ 11,900
Temporary Permit Fees.....	424	400	400
Oil Company Franchise Tax.....	92,092	112,000	157,400
TOTAL HIGHWAY BRIDGE REVENUES.....	<u>\$ 104,674</u>	<u>\$ 124,500</u>	<u>\$ 169,700</u>

Restricted Revenues Not Included in Department Total (continued)

State Highway Transfer Revenues

Actual		Estimated	
2007-08.....	\$ 23,555	2013-14.....	\$ 28,700
2008-09.....	23,836	2014-15.....	40,500
2009-10.....	23,570	2015-16.....	47,400
2010-11.....	23,949	2016-17.....	51,700
2011-12.....	24,105	2017-18.....	57,500
2012-13.....	23,430	2018-19.....	58,000

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. Act 89 of 2013 phases in the uncapping of the average wholesale price used to calculate the Oil Company Franchise Tax. Some of this additional funding is used to enhance the local bridge project program.

Oil Company Franchise Tax Revenues

Actual		Estimated	
2007-08.....	\$ 431,835	2013-14.....	\$ 525,600
2008-09.....	437,007	2014-15.....	743,200
2009-10.....	432,131	2015-16.....	871,200
2010-11.....	439,060	2016-17.....	947,400
2011-12.....	441,932	2017-18.....	1,054,400
2012-13.....	429,543	2018-19.....	1,063,300

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. Prior to Act 89 of 2013 revenues were 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. Act 89 of 2013 changes these percentages for maintenance and capital projects to align with the transportation investment plan as follows: 45 percent in 2013-14, 29 percent in 2014-15, 25 percent in 2015-16, and 19 percent for each fiscal year thereafter for Highway Maintenance, and 14 percent in 2013-14, 30 percent in 2014-15, 34 percent in 2015-16, and 40 percent for each fiscal year thereafter for capital projects. Act 89 of 2013 phases in the uncapping of the average wholesale price used to calculate the Oil Company Franchise Tax.

Supplemental Maintenance Revenues

Actual		Estimated	
2007-08.....	\$ 302,285	2013-14.....	\$ 368,000
2008-09.....	305,905	2014-15.....	520,300
2009-10.....	302,492	2015-16.....	610,000
2010-11.....	307,342	2016-17.....	663,400
2011-12.....	309,352	2017-18.....	738,100
2012-13.....	300,681	2018-19.....	744,300

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. Prior to Act 89 of 2013 revenues were restricted to the following purposes: 12 percent for municipalities and 88 percent for maintenance. Act 89 of 2013 changes the percentages for maintenance to align with the transportation investment plan as follows: 68 percent in 2013-14, 49 percent in 2014-15, 40 percent each fiscal year thereafter for maintenance, and 20 percent in 2013-14, 39 percent in 2014-15, and 48 percent for each fiscal year thereafter for Expanded Highway and Bridge Maintenance. Act 89 of 2013 phases in the uncapping of the average wholesale price used to calculate the Oil Company Franchise Tax.



BANKING FUND

The Banking 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 and Securities. It provides for the administration of the Department of Banking and Securities and regulation of the financial services industry.

Financial Statement

(Dollar Amounts in Thousands)

	2012-13 <u>Actual</u>	2013-14 <u>Available</u>	2014-15 <u>Estimated</u>
Beginning Balance	\$ 10,985	\$ 11,366	\$ 9,067
Receipts:			
Revenue Estimate.....	\$ 18,606	\$ 17,997	\$ 18,817
Prior Year Lapses.....	3,124	2,266	0
Total Receipts.....	<u>\$ 21,730</u>	<u>\$ 20,263</u>	<u>\$ 18,817</u>
Funds Available	<u>\$ 32,715</u>	<u>\$ 31,629</u>	<u>\$ 27,884</u>
Expenditures:			
Appropriated.....	\$ 21,349	\$ 24,412	\$ 22,830
Less: Current Year Lapses.....	0	-1,850	0
Estimated Expenditures.....	<u>-21,349</u>	<u>-22,562</u>	<u>-22,830</u>
Ending Balance	<u><u>\$ 11,366</u></u>	<u><u>\$ 9,067</u></u>	<u><u>\$ 5,054</u></u>

Summary by Department

(Dollar Amounts in Thousands)

	2012-13 <u>Actual</u>	2013-14 <u>Estimate</u>	2014-15 <u>Budget</u>
Banking and Securities Department			
General Government			
General Government Operations.....	\$ 21,349	\$ 22,912	\$ 21,330
Transfer to Institution Resolution Account (EA).....	0	1,500	1,500
TOTAL STATE FUNDS	<u><u>\$ 21,349</u></u>	<u><u>\$ 24,412</u></u>	<u><u>\$ 22,830</u></u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2012-13 Actual	2013-14 Estimated	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Licenses and Fees.....	\$ 17,988	\$ 17,247	\$ 18,067	\$ 18,067	\$ 18,067	\$ 18,067	\$ 18,067
Fines and Penalties.....	378	400	400	400	400	400	400
Miscellaneous.....	240	350	350	350	350	350	350
TOTAL BANKING FUND REVENUES.....	\$ 18,606	\$ 17,997	\$ 18,817	\$ 18,817	\$ 18,817	\$ 18,817	\$ 18,817

Revenue Sources

Licenses and Fees

Actual	Estimated
2007-08..... \$ 14,760	2013-14..... \$ 17,247
2008-09..... 15,766	2014-15..... 18,067
2009-10..... 15,831	2015-16..... 18,067
2010-11..... 16,902	2016-17..... 18,067
2011-12..... 17,428	2017-18..... 18,067
2012-13..... 17,988	2018-19..... 18,067

The commonwealth receives revenue from examination fees based on the actual costs of examining credit unions, savings associations, trust companies, check cashers, consumer discount companies, first mortgage companies, loan correspondents, money transmitters, pawnbrokers and second mortgage companies. Assessment fees, based on total assets, also are charged against all depository institutions (banks, credit unions, savings associations and trust companies). Depository institutions also pay application fees for new charters, branches and mergers. Annual license fees are paid by check cashers, collector-repossessors, consumer discount companies, mortgage companies, installment sellers, loan brokers, money transmitters, pawnbrokers and sales finance companies.

Fines and Penalties

Actual	Estimated
2007-08..... \$ 659	2013-14..... \$ 400
2008-09..... 474	2014-15..... 400
2009-10..... 762	2015-16..... 400
2010-11..... 1,834	2016-17..... 400
2011-12..... 1,189	2017-18..... 400
2012-13..... 378	2018-19..... 400

The commonwealth receives fines and penalties collected from companies illegally doing business in the commonwealth, as well as from companies that file required financial reports beyond deadlines established by regulation.

Revenue Sources (continued)

Miscellaneous Revenue

	Actual		Estimated	
2007-08.....	\$ 1,648		2013-14.....	\$ 350
2008-09.....	285		2014-15.....	350
2009-10.....	-220		2015-16.....	350
2010-11.....	1,669		2016-17.....	350
2011-12.....	284		2017-18.....	350
2012-13.....	240		2018-19.....	350

Miscellaneous revenues are earned interest.

Revenue Detail

The following is a detailed list of all revenues available for Banking Fund appropriations.

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimate	2014-15 Budget
Licenses and Fees			
Bank — Application Fees	\$ 124	\$ 107	\$ 107
Savings Associations — Examinations	0	31	0
Savings Associations — Overhead Assessments	39	36	0
Non Depository Examinations.....	1,623	1,400	1,600
Credit Unions — Overhead Assessments	1,008	1,100	1,210
Examinations — Credit Union	873	825	850
Examinations — Trust Companies	282	173	270
Overhead Assessments — Trust Companies	69	70	70
Total Assessment Charges — Banks	9,316	9,100	9,555
Licenses — Application Fees	4,650	4,402	4,402
Miscellaneous	4	3	3
TOTAL	\$ 17,988	\$ 17,247	\$ 18,067
Fines and Penalties			
Banking Law — Fines and Penalties	\$ 378	\$ 400	\$ 400
Miscellaneous Revenue			
Interest on Securities.....	\$ 240	\$ 350	\$ 350
TOTAL REVENUES	\$ 18,606	\$ 17,997	\$ 18,817



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)

	2012-13 <u>Actual</u>	2013-14 <u>Available</u>	2014-15 <u>Estimated</u>
Beginning Balance	\$ 20,053	\$ 19,126	\$ 18,948
Receipts:			
Revenue Estimate.....	\$ 9,518 ^a	\$ 9,342	\$ 9,347
Prior Year Lapses.....	2,621	3,575	0
Total Receipts.....	<u>\$ 12,139</u>	<u>\$ 12,917</u>	<u>\$ 9,347</u>
Funds Available	<u>\$ 32,192</u>	<u>\$ 32,043</u>	<u>\$ 28,295</u>
Expenditures:			
Appropriated.....	\$ 13,066 ^a	\$ 13,095	\$ 13,085
Estimated Expenditures.....	<u>-13,066</u>	<u>-13,095</u>	<u>-13,085</u>
Ending Balance	<u>\$ 19,126</u>	<u>\$ 18,948</u>	<u>\$ 15,210</u>

Summary by Department

(Dollar Amounts in Thousands)

	2012-13 <u>Actual</u>	2013-14 <u>Estimate</u>	2014-15 <u>Budget</u>
Fish and Boat Commission			
General Government			
General Operations.....	\$ 13,066 ^a	\$ 13,095	\$ 13,085
TOTAL STATE FUNDS	<u>\$ 13,066</u>	<u>\$ 13,095</u>	<u>\$ 13,085</u>
Federal Funds.....	\$ 3,741	\$ 7,621	\$ 5,493
FUND TOTAL	<u>\$ 16,807</u>	<u>\$ 20,716</u>	<u>\$ 18,578</u>

^a Includes \$24,000 of augmentations.

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2012-13 Actual	2013-14 Estimated	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Licenses and Fees.....	\$ 7,141	\$ 6,996	\$ 6,996	\$ 6,996	\$ 6,996	\$ 6,996	\$ 6,996
Fines and Penalties.....	188	200	200	200	200	200	200
Miscellaneous.....	2,189	2,146	2,151	2,148	2,148	2,148	2,148
TOTAL BOAT FUND RECEIPTS.....	\$ 9,518	\$ 9,342	\$ 9,347	\$ 9,344	\$ 9,344	\$ 9,344	\$ 9,344

Revenue Sources

Licenses and Fees

Actual		Estimated	
2007-08.....	\$ 6,593	2013-14.....	\$ 6,996
2008-09.....	6,898	2014-15.....	6,996
2009-10.....	5,990	2015-16.....	6,996
2010-11.....	5,980	2016-17.....	6,996
2011-12.....	7,399	2017-18.....	6,996
2012-13.....	7,141	2018-19.....	6,996

The Boat Fund receives revenue from boat registration fees, which were increased with the passage of Act 159 of 2004. For motorboats up to 16 feet in length, the two year registration fee is \$26. For those between 16 and 20 feet, the two year fee is \$39. The two year fee for motorboats over 20 feet is \$52. There is also a voluntary two year registration fee of \$18 for all boats not equipped with motors. Other fees, such as duplicate registrations (\$3 each) and commercial passenger boat registrations (\$25 each), remain unchanged.

Fines and Penalties

Actual		Estimated	
2007-08.....	\$ 241	2013-14.....	\$ 200
2008-09.....	236	2014-15.....	200
2009-10.....	182	2015-16.....	200
2010-11.....	189	2016-17.....	200
2011-12.....	182	2017-18.....	200
2012-13.....	188	2018-19.....	200

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

Revenue Sources (continued)

Miscellaneous Revenue

	Actual		Estimated
2007-08.....	\$ 2,896	2013-14.....	\$ 2,146
2008-09.....	1,990	2014-15.....	2,151
2009-10.....	1,872	2015-16.....	2,148
2010-11.....	3,217	2016-17.....	2,148
2011-12.....	3,855	2017-18.....	2,148
2012-13.....	2,189	2018-19.....	2,148

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)

	2012-13 Actual	2013-14 Estimate	2014-15 Budget
Licenses and Fees			
Motor Boat Registration Fees.....	\$ 6,365	\$ 6,290	\$ 6,290
Boat Mooring Permits — Walnut Creek Access.....	52	50	50
Boating Safety Curriculum Fees.....	241	200	200
Boat Capacity Plate Fees.....	4	6	6
Boat Titling Fees.....	479	450	450
TOTAL.....	\$ 7,141	\$ 6,996	\$ 6,996
Fines and Penalties			
Motor Boat Fines.....	\$ 188	\$ 200	\$ 200
TOTAL.....	\$ 188	\$ 200	\$ 200
Miscellaneous Revenues			
Transfer from Motor License and Liquid Fuels			
Tax Funds.....	\$ 1,607	\$ 1,670	\$ 1,670
Miscellaneous.....	26	77	77
Interest on Securities.....	456	300	300
Sale of Unserviceable Property.....	0	10	10
Sales Tax Agent Fee.....	65	40	40
Sale of Automobiles.....	24 ^a	38	43
North East Marina.....	11	11	11
TOTAL.....	\$ 2,189	\$ 2,146	\$ 2,151
TOTAL RECEIPTS.....	\$ 9,518	\$ 9,342	\$ 9,347

^a In 2012-13, this revenue source was classified as an augmentation.



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 PA Race Horse Development 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Beginning Balance	\$ 509	\$ 464	\$ 532
Receipts:			
Revenue Estimate.....	\$ 6,200	\$ 6,441	\$ 6,570
Transfer from PA Race Horse Development Fund.....	5,000	4,000	4,000
Prior Year Lapses.....	65	315	0
Total Receipts.....	<u>\$ 11,265</u>	<u>\$ 10,756</u>	<u>\$ 10,570</u>
Funds Available	<u>\$ 11,774</u>	<u>\$ 11,220</u>	<u>\$ 11,102</u>
Expenditures:			
Appropriated.....	\$ 11,310	\$ 10,688	\$ 10,800
Less Current Year Lapses.....	0	0	0
Estimated Expenditures.....	<u>-11,310</u>	<u>-10,688</u>	<u>-10,800</u>
Ending Balance	<u><u>\$ 464</u></u>	<u><u>\$ 532</u></u>	<u><u>\$ 302</u></u>

Summary by Department

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimate	2014-15 Budget
Department of Agriculture			
General Government			
General Operations.....	\$ 9,310	\$ 10,688	\$ 10,800
Payments to PA Fairs.....	2,000	0	0
TOTAL STATE FUNDS	<u><u>\$ 11,310</u></u>	<u><u>\$ 10,688</u></u>	<u><u>\$ 10,800</u></u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2012-13 Actual	2013-14 Estimated	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Licenses and Fees.....	\$ 397	\$ 398	\$ 415	\$ 420	\$ 420	\$ 425	\$ 425
Transfer from PA Race Horse Development Fund.....	5,000	4,000	4,000	4,000	4,000	4,000	4,000
Miscellaneous.....	5,803	6,043	6,155	6,250	6,320	6,400	6,400
TOTAL FARM PRODUCTS SHOW FUND REVENUES.....	\$ 11,200	\$ 10,441	\$ 10,570	\$ 10,670	\$ 10,740	\$ 10,825	\$ 10,825
TOTAL FARM PRODUCTS SHOW FUND RECEIPTS.....	\$ 11,200	\$ 10,441	\$ 10,570	\$ 10,670	\$ 10,740	\$ 10,825	\$ 10,825

Revenue Sources

Licenses and Fees

Actual	Estimated
2007-08..... \$ 271	2013-14..... \$ 398
2008-09..... 314	2014-15..... 415
2009-10..... 350	2015-16..... 420
2010-11..... 371	2016-17..... 420
2011-12..... 388	2017-18..... 425
2012-13..... 397	2018-19..... 425

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
2007-08..... \$ 5,570	2013-14..... \$ 6,043
2008-09..... 5,667	2014-15..... 6,155
2009-10..... 5,499	2015-16..... 6,250
2010-11..... 5,750	2016-17..... 6,320
2011-12..... 5,904	2017-18..... 6,400
2012-13..... 5,803	2018-09..... 6,400

Miscellaneous revenue is raised through the leasing of the Pennsylvania Farm Show Complex and Expo Center for exhibitions, conventions or other purposes; collection of service charges, net proceeds and commissions from the sale of exhibits; sale of unserviceable property; collection of interest on securities and deposits; and fees from parking.

Revenue Detail

The following is a detailed list of all Farm Products Show Fund revenues available for appropriations and executive authorizations.

(Dollar Amounts in Thousands)

	2012-13 <u>Actual</u>	2013-14 <u>Estimate</u>	2014-15 <u>Budget</u>
Licenses and Fees			
Exhibit Fees — Competitive — Farm Show.....	\$ 55	\$ 55	\$ 58
Exhibit — Commercial.....	<u>342</u>	<u>343</u>	<u>357</u>
TOTAL.....	<u>\$ 397</u>	<u>\$ 398</u>	<u>\$ 415</u>
Miscellaneous Revenue			
Concession Revenue.....	\$ 692	\$ 937	\$ 937
Service Charges.....	532	528	528
Branding / Advertisement.....	205	120	120
Rentals.....	2,799	2,542	2,654
Miscellaneous Revenue.....	114	124	124
Interest on Securities, Deposits, Returned Checks.....	4	5	5
Parking Fees.....	<u>1,457</u>	<u>1,787</u>	<u>1,787</u>
TOTAL.....	<u>\$ 5,803</u>	<u>\$ 6,043</u>	<u>\$ 6,155</u>
Transfers from Other Funds			
Transfer from PA Race Horse Development Fund.....	<u>5,000</u>	<u>4,000</u>	<u>4,000</u>
TOTAL.....	<u>\$ 5,000</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>
TOTAL RECEIPTS.....	<u><u>\$ 11,200</u></u>	<u><u>\$ 10,441</u></u>	<u><u>\$ 10,570</u></u>



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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Beginning Balance	\$ 38,961	\$ 40,098	\$ 39,605
Receipts:			
Revenue Estimate.....	\$ 27,875 ^a	\$ 28,930	\$ 28,557
Prior Year Lapses.....	7,475	4,929	0
Total Receipts.....	\$ 35,350	\$ 33,859	\$ 28,557
Funds Available	\$ 74,311	\$ 73,957	\$ 68,162
Expenditures:			
Appropriated.....	\$ 34,213 ^a	\$ 34,352	\$ 33,979
Estimated Expenditures.....	-34,213	-34,352	-33,979
Ending Balance	\$ 40,098	\$ 39,605	\$ 34,183

Summary by Department

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimate	2014-15 Budget
Fish and Boat Commission			
General Government			
General Operations.....	\$ 34,213 ^a	\$ 34,352	\$ 33,979
TOTAL STATE FUNDS	\$ 34,213	\$ 34,352	\$ 33,979
Federal Funds.....	\$ 7,527	\$ 8,880	\$ 7,319
Other Funds.....	9,674	2,270	0
FUND TOTAL	\$ 51,414	\$ 45,502	\$ 41,298

^a Includes \$464,000 of augmentations.

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2012-13 Actual	2013-14 Estimated	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Licenses and Fees.....	\$ 25,069	\$ 26,158	\$ 26,158	\$ 26,158	\$ 26,158	\$ 26,158	\$ 26,158
Fines and Penalties.....	378	400	400	400	400	400	400
Miscellaneous.....	2,428	2,372	1,999	1,999	1,999	1,999	1,999
TOTAL FISH FUND REVENUES.....	\$ 27,875	\$ 28,930	\$ 28,557	\$ 28,557	\$ 28,557	\$ 28,557	\$ 28,557
Augmentations.....	\$ 9,674	\$ 2,270	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL FISH FUND RECEIPTS.....	\$ 37,549	\$ 31,200	\$ 28,557	\$ 28,557	\$ 28,557	\$ 28,557	\$ 28,557

Revenue Sources

Licenses and Fees

Actual	Estimated
2007-08..... \$ 26,444	2013-14..... \$ 26,158
2008-09..... 26,481	2014-15..... 26,158
2009-10..... 25,522	2015-16..... 26,158
2010-11..... 23,992	2016-17..... 26,158
2011-12..... 26,530	2017-18..... 26,158
2012-13..... 25,069	2018-19..... 26,158

The commonwealth issues resident fishing licenses to persons between the ages of 16 and 64 if the applicant can show proof of residency by presenting one of several acceptable documents. 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 permit 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
2007-08..... \$ 470	2013-14..... \$ 400
2008-09..... 460	2014-15..... 400
2009-10..... 414	2015-16..... 400
2010-11..... 352	2016-17..... 400
2011-12..... 363	2017-18..... 400
2012-13..... 378	2018-19..... 400

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
2007-08..... \$	3,471	2013-14..... \$ 2,372
2008-09.....	1,132	2014-15..... 1,999
2009-10.....	1,599	2015-16..... 1,999
2010-11.....	6,392	2016-17..... 1,999
2011-12.....	2,617	2017-18..... 1,999
2012-13.....	2,428	2018-19..... 1,999

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)

	2012-13 Actual	2013-14 Estimate	2014-15 Budget
Licenses and Fees			
Resident Fishing Licenses.....	\$ 15,116	\$ 16,000	\$ 16,000
Resident Senior Fishing Licenses.....	176	190	190
Nonresident Fishing Licenses.....	1,941	2,100	2,100
Tourist Fishing Licenses - 1 Day.....	120	150	150
Tourist Fishing Licenses - 3 Day.....	570	650	650
Tourist Fishing Licenses - 7 Day.....	222	230	230
Lake Erie Licenses.....	2	1	1
Fishing Lake Licenses.....	16	20	20
Miscellaneous Permits and Fees.....	264	175	175
1 Day Fishing Licenses.....	33	65	65
Resident Charter Boat/Fishing Guide Permit.....	36	30	30
Non-Resident Charter Boat/Fishing Guide Permit.....	22	15	15
PA National Guard Fishing License.....	1	1	1
Senior Lifetime Upgrade.....	59	50	50
Scientific Collector's Permits.....	39	30	30
Lifetime Fishing Licenses - Senior Resident.....	830	720	720
PALS Transaction Fee.....	1,016	980	980
H.R. Stackhouse Facilities User Fees.....	0	1	1
Lake Erie Net Permit Fees.....	1	0	0
Trout/Salmon Stamp.....	4,605	4,750	4,750
TOTAL.....	\$ 25,069	\$ 26,158	\$ 26,158
Fines and Penalties			
Fish Law Fines.....	\$ 378	\$ 400	\$ 400
TOTAL.....	\$ 378	\$ 400	\$ 400

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimated	2014-15 Budget
Miscellaneous Revenue			
Sale of Publications.....	\$ 10	\$ 30	\$ 30
Sale of Unserviceable Property.....	0	10	10
Miscellaneous Revenue.....	54	20	20
Interest on Securities and Deposits.....	825	400	400
Rental of Fish and Boat Commission Property.....	65	45	45
Income from Sand and Gravel Dredging.....	526	750	750
Sale of <i>Pennsylvania Angler & Boater</i>	145	140	140
Sales Tax & Donations Collected.....	17	10	10
Pollution and Stream Disturbance Settlements.....	315	275	275
Sale of Recreational Fishing Promotional Items.....	3	9	9
Royalty Payments.....	2	10	10
Refunds of Expenditures.....	0	50	50
Sale of Automobiles and Other Vehicles.....	45 ^a	40	40
Reimbursement for Services - Department of Transportation.....	198 ^a	175	165
Reimbursement for Services - Miscellaneous.....	221 ^a	388	25
Sale of Patches.....	2	20	20
TOTAL.....	<u>\$ 2,428</u>	<u>\$ 2,372</u>	<u>\$ 1,999</u>
TOTAL RECEIPTS.....	<u>\$ 27,875</u>	<u>\$ 28,930</u>	<u>\$ 28,557</u>
Augmentations			
High Hazard Dams.....	\$ 9,674	\$ 2,270	\$ 0
TOTAL.....	<u>\$ 9,674</u>	<u>\$ 2,270</u>	<u>\$ 0</u>
TOTAL RECEIPTS.....	<u>\$ 37,549</u>	<u>\$ 31,200</u>	<u>\$ 28,557</u>

^a In 2012-13, this revenue source was classified as an augmentation.

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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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Beginning Balance	\$ 38,359	\$ 25,999	\$ 24,461
Receipts:			
Revenue Estimate.....	\$ 65,416	\$ 71,656	\$ 71,656
Prior Year Lapses.....	280	9,656	5,100
Total Receipts.....	<u>\$ 65,696</u>	<u>\$ 81,312</u>	<u>\$ 76,756</u>
Funds Available	<u>\$ 104,055</u>	<u>\$ 107,311</u>	<u>\$ 101,217</u>
Expenditures:			
Appropriated.....	\$ 78,056	\$ 82,850	\$ 78,859
Estimated Expenditures.....	-78,056	-82,850	-78,859
Ending Balance	<u><u>\$ 25,999</u></u>	<u><u>\$ 24,461</u></u>	<u><u>\$ 22,358</u></u>

Summary by Department

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimate	2014-15 Budget
Game Commission			
General Government			
General Operations.....	\$ 77,906	\$ 82,700	\$ 78,709
Land Acquisition and Development.....	150	150	150
DEPARTMENT TOTAL.....	<u>\$ 78,056</u>	<u>\$ 82,850</u>	<u>\$ 78,859</u>
TOTAL STATE FUNDS	<u><u>\$ 78,056</u></u>	<u><u>\$ 82,850</u></u>	<u><u>\$ 78,859</u></u>
Federal Funds.....	\$ 23,565	\$ 20,373	\$ 28,815
FUND TOTAL.....	<u><u>\$ 101,621</u></u>	<u><u>\$ 103,223</u></u>	<u><u>\$ 107,674</u></u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2012-13 Actual	2013-14 Estimated	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Licenses and Fees.....	\$ 32,882	\$ 32,671	\$ 32,671	\$ 32,671	\$ 32,671	\$ 32,671	\$ 32,671
Fines and Penalties.....	1,267	1,218	1,218	1,218	1,218	1,218	1,218
Miscellaneous.....	31,267	37,767	37,767	37,767	37,767	37,767	37,767
TOTAL GAME FUND							
RECEIPTS.....	\$ 65,416	\$ 71,656	\$ 71,656	\$ 71,656	\$ 71,656	\$ 71,656	\$ 71,656

Revenue Sources

Licenses and Fees

	Actual		Estimated
2007-08.....	\$ 29,725	2013-14.....	\$ 32,671
2008-09.....	29,901	2014-15.....	32,671
2009-10.....	33,480	2015-16.....	32,671
2010-11.....	33,891	2016-17.....	32,671
2011-12.....	32,282	2017-18.....	32,671
2012-13.....	32,882	2018-19.....	32,671

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; over age 65, \$12; ages 12 to 16, \$5. Resident senior lifetime hunting and furtaker licenses are \$50 each; and a resident senior lifetime combination hunting and furtaking license is \$100. A junior resident combination hunting and furtaker license is \$8. Resident bear hunting and archery licenses are \$15; a muzzleloading resident license, \$10; and a resident antlerless deer license, \$5. For nonresidents of the commonwealth, hunting licenses are: over age 17, \$100; ages 12 to 16, \$40. A junior nonresident combination hunting and furtaker license is \$50. In addition, a license for a nonresident to hunt bear is \$35; a license for a nonresident to hunt antlerless deer, \$25; and a muzzleloading license for a nonresident, \$20. Nonresidents are also able to purchase an adult furtaker license for \$80; a junior furtaker license for \$40; and a seven-day license to hunt small game for \$30.

Fines and Penalties

	Actual		Estimated
2007-08.....	\$ 1,112	2013-14.....	\$ 1,218
2008-09.....	1,174	2014-15.....	1,218
2009-10.....	1,104	2015-16.....	1,218
2010-11.....	1,147	2016-17.....	1,218
2011-12.....	1,222	2017-18.....	1,218
2012-13.....	1,267	2018-19.....	1,218

The commonwealth receives revenue in the form of fines and penalties resulting from Game Law violations.

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
2007-08.....	\$ 18,870	2013-14.....	\$ 37,767
2008-09.....	14,008	2014-15.....	37,767
2009-10.....	10,815	2015-16.....	37,767
2010-11.....	21,857	2016-17.....	37,767
2011-12.....	33,353	2017-18.....	37,767
2012-13.....	31,267	2018-19.....	37,767

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)

	2012-13 Actual	2013-14 Estimate	2014-15 Budget
Licenses and Fees			
Resident Hunting Licenses.....	\$ 12,322	\$ 12,595	\$ 12,595
Resident Junior Hunting Licenses.....	171	170	170
Nonresident Hunting Licenses.....	4,656	5,000	5,000
Special Game Permits.....	151	150	150
Antlerless Deer Licenses.....	4,279	4,056	4,056
Archery Licenses.....	4,468	4,200	4,200
Landowner Hunting Licenses.....	3	3	3
Resident Senior Hunting Licenses.....	241	250	250
Muzzleloading Hunting Licenses.....	1,689	1,800	1,800
Right-of-Way Licenses.....	3,269	2,700	2,700
Resident Bear Licenses.....	2,264	2,300	2,300
Nonresident Bear Licenses.....	256	190	190
Hunting License Issuing Agents' Application Fees.....	16	10	10
Nonresident Junior Hunting License.....	65	65	65
Nonresident 7-Day Hunting License.....	74	70	70
Senior Resident - Lifetime Hunting License.....	231	200	200
Adult Resident Furtaker License.....	730	700	700
Junior Resident Furtaker License.....	1	1	1
Senior Resident Furtaker License.....	5	5	5
Nonresident Adult Furtaker License.....	27	25	25
Resident Special Wild Turkey.....	318	255	255
Nonresident Special Wild Turkey.....	25	20	20
PALS Transaction Fee.....	1,829	1,900	1,900
Mentor Youth Permit Licenses.....	35	30	30
Junior Combination License.....	420	410	410
Nonresident Archery License.....	308	300	300
Nonresident Muzzleloading Hunting License.....	121	125	125
Nonresident Migratory Game Bird.....	18	18	18
Nonresident Antlerless Deer License.....	533	520	520
Senior Resident - Lifetime Combination License.....	621	500	500
Nonresident Junior Combination License.....	36	30	30
Elk License & Bobcat Permit Applications.....	274	255	255
DMAP Harvest Permit.....	251	265	265
Resident Military Personnel Hunting.....	2	3	3
Miscellaneous Fees.....	483	350	350
Migratory Game Bird License.....	190	200	200
TOTAL.....	\$ 40,382	\$ 39,671	\$ 39,671
Restricted Revenue			
Transfer to General Habitat Improvement.....	-7,500	-7,000	-7,000
TOTAL.....	\$ -7,500	\$ -7,000	\$ -7,000
Net Licenses and Fees			
TOTAL.....	\$ 32,882	\$ 32,671	\$ 32,671

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimate	2014-15 Budget
Fines and Penalties			
Game Law Fines.....	\$ 1,267	\$ 1,218	\$ 1,218
TOTAL.....	\$ 1,267	\$ 1,218	\$ 1,218
Miscellaneous Revenue			
Sports Promotional Publications and Materials.....	\$ 4	\$ 0	\$ 0
Wildlife Promotional Publications and Materials.....	67	70	70
Sale of Coal.....	1,748	1,250	1,250
Sale of Stone, Sand, Gravel & Limestone.....	191	150	150
Timber Damage Fees.....	178	50	50
Sale of Wood Products.....	6,466	6,000	6,000
Sale of Skins and Guns.....	28	20	20
Rental of State Property.....	31	0	0
Miscellaneous Revenue.....	248	125	125
Interest on Securities.....	941	1,000	1,000
Gas and Oil Ground Rentals and Royalties.....	17,640	26,000	26,000
Refund of Expenditures Not Credited to Appropriations.....	0	1	1
Miscellaneous Revenue License Division.....	3	5	5
Sale of Game News	664	612	612
Sale of Grain and Hay.....	71	71	71
Sale of Nonusable Property.....	102	25	25
Sale of Wood Products - PR Tracts.....	522	500	500
Howard Nursery.....	239	160	160
Working Together For Wildlife - Non-Game Fund.....	75	60	60
Oil and Gas Recovery Support.....	722	450	450
Waterfowl Management Stamp Sales and Royalties.....	8	7	7
Sale of Vehicles.....	143	125	125
Donations.....	53	50	50
Reimbursement of Services.....	1,089	1,001	1,001
PennDot Reimbursement - Environmental Assessments.....	34	35	35
TOTAL.....	\$ 31,267	\$ 37,767	\$ 37,767
TOTAL REVENUE.....	\$ 65,416	\$ 71,656	\$ 71,656

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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 prescription drug costs.

Financial Statement

(Dollar Amounts in Thousands)

	2012-13 <u>Actual</u>	2013-14 <u>Available</u>	2014-15 <u>Estimated</u>
Beginning Balance	\$ 263,316	\$ 161,176	\$ 188,513
Reserve from Previous Year.....	<u>0</u>	<u>75,000</u>	<u>75,000</u>
Total Beginning Balance.....	<u>\$ 263,316</u>	<u>\$ 236,176</u>	<u>\$ 263,513</u>
Receipts:			
Gross Ticket Sales.....	\$ 3,699,665	\$ 3,737,357	\$ 3,965,000
Less Field Paid Prizes and Commissions.....	-2,107,942	-2,085,153	-2,196,000
Transfers and Earnings.....	<u>166,816</u>	<u>169,000</u>	<u>162,700</u>
Net Revenue Estimate.....	\$ 1,758,539	\$ 1,821,204	\$ 1,931,700
Prior Year Lapses.....	<u>18,058</u>	<u>28,896</u>	<u>0</u>
Total Receipts.....	<u>\$ 1,776,597</u>	<u>\$ 1,850,100</u>	<u>\$ 1,931,700</u>
Funds Available	<u>\$ 2,039,913</u>	<u>\$ 2,086,276</u>	<u>\$ 2,195,213</u>
Expenditures:			
Appropriated.....	\$ 1,803,737	\$ 1,882,763	\$ 2,076,146
Current Year Lapses.....	<u>0</u>	<u>-60,000</u>	<u>0</u>
Estimated Expenditures.....	<u>-1,803,737</u>	<u>-1,822,763</u>	<u>-2,076,146</u>
Reserve for Current Year.....	\$ -75,000	\$ -75,000	\$ -75,000
Ending Balance	<u><u>\$ 161,176</u></u>	<u><u>\$ 188,513</u></u>	<u><u>\$ 44,067</u></u>

Summary by Department

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimate	2014-15 Budget
Department of Aging			
General Government			
General Government Operations.....	\$ 6,705	\$ 8,030	\$ 7,927
Grants and Subsidies			
PENNCARE.....	\$ 248,164	\$ 275,164	\$ 295,370
Pre-Admission Assessment.....	10,735	10,735	10,735
Caregiver Support.....	12,103	12,103	12,103
Alzheimer's Outreach.....	250	250	250
Pharmaceutical Assistance Fund.....	190,000	190,000	165,000
Grants to Senior Centers.....	0	2,150	2,000
Subtotal.....	<u>\$ 461,252</u>	<u>\$ 490,402</u>	<u>\$ 485,458</u>
TOTAL STATE FUNDS.....	<u>\$ 467,957</u>	<u>\$ 498,432</u>	<u>\$ 493,385</u>
Federal Funds.....	\$ 134,968	\$ 136,325	\$ 136,325
Augmentations.....	<u>2,428</u>	<u>4,396</u>	<u>223</u>
DEPARTMENT TOTAL.....	<u>\$ 605,353</u>	<u>\$ 639,153</u>	<u>\$ 629,933</u>
Department of Public Welfare			
Grants and Subsidies			
Medical Assistance - Long-Term Care.....	\$ 309,081	\$ 309,081	\$ 309,081
Home and Community-Based Services.....	0	21,000	162,577
DEPARTMENT TOTAL.....	<u>\$ 309,081</u>	<u>\$ 330,081</u>	<u>\$ 471,658</u>
Department of Revenue			
General Government			
General Operations.....	\$ 39,897	\$ 45,660	\$ 44,688
Lottery Advertising.....	37,000	37,000	37,000
Property Tax Rent Rebate - General Operations.....	13,847	13,833	13,833
On-line Vendor Commissions.....	37,973	37,099	42,684
Instant Vendor Commissions.....	24,900	27,353	28,121
Payment of Prize Money.....	414,739	426,974	483,759
Subtotal.....	<u>\$ 568,356</u>	<u>\$ 587,919</u>	<u>\$ 650,085</u>
Grants and Subsidies			
Property Tax and Rent Assistance for Older Pennsylvanians.....	\$ 286,100	\$ 292,400	\$ 280,600
TOTAL STATE FUNDS.....	<u>\$ 854,456</u>	<u>\$ 880,319</u>	<u>\$ 930,685</u>
Augmentations.....	<u>180</u>	<u>168</u>	<u>173</u>
DEPARTMENT TOTAL.....	<u>\$ 854,636</u>	<u>\$ 880,487</u>	<u>\$ 930,858</u>

Summary by Department

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimate	2014-15 Budget
Department of Transportation			
Grants and Subsidies			
Transfer to Public Transportation Trust Fund.....	\$ 91,268	\$ 92,956	\$ 94,443
Older Pennsylvanians Shared Rides.....	<u>80,975</u>	<u>80,975</u>	<u>85,975</u>
DEPARTMENT TOTAL.....	<u>\$ 172,243</u>	<u>\$ 173,931</u>	<u>\$ 180,418</u>
TOTAL STATE FUNDS.....	<u>\$ 1,803,737</u>	<u>\$ 1,882,763</u>	<u>\$ 2,076,146</u>
Federal Funds.....	\$ 134,968	\$ 136,325	\$ 136,325
Other Funds.....	<u>2,608</u>	<u>4,564</u>	<u>396</u>
FUND TOTAL.....	<u>\$ 1,941,313</u>	<u>\$ 2,023,652</u>	<u>\$ 2,212,867</u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2012-13 Actual	2013-14 Estimated	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Collections.....	\$ 1,591,723	\$ 1,652,204	\$ 1,769,000	\$ 1,946,000	\$ 2,102,000	\$ 2,258,000	\$ 2,413,000
Gaming Fund Transfers.....	166,800	166,500	160,200	160,200	160,100	160,100	160,100
Miscellaneous Revenue.....	16	2,500	2,500	2,500	2,500	2,500	2,500
TOTAL LOTTERY FUND REVENUES.....	\$ 1,758,539	\$ 1,821,204	\$ 1,931,700	\$ 2,108,700	\$ 2,264,600	\$ 2,420,600	\$ 2,575,600

Revenue Sources

Net Lottery Collections

	Actual	Estimated
2007-08.....	\$ 1,403,742	2013-14..... \$ 1,652,204
2008-09.....	1,367,700	2014-15..... 1,769,000
2009-10.....	1,332,576	2015-16..... 1,946,000
2010-11.....	1,389,527	2016-17..... 2,102,000
2011-12.....	1,515,423	2017-18..... 2,258,000
2012-13.....	1,591,723	2018-19..... 2,413,000

Net lottery collections consist of the proceeds from lottery ticket sales less commissions and field-paid prizes.

The Lottery currently offers nine terminal-based games, in addition to dozens of instant games introduced throughout a year: The Daily Number was introduced in 1977; Big 4 debuted in 1980; Cash 5 was created in 1992; Pennsylvania joined Powerball, the state's first multi-state mega-jackpot game, in 2002; the first Millionaire Raffle debuted in 2005; Treasure Hunt began in 2007; Quinto was introduced in 2008; Match 6 lotto originally debuted in 2004 and was re-introduced in 2010 after a one-year hiatus; and Pennsylvania joined Mega Millions, the Lottery's second multi-state game, in 2010. The 2014-15 budget assumes revenue growth derived from extending relief from mandatory return requirements, improving the retail experience, growing the player base, expanding the retailer base, stemming the decline in draw-based games, and expanding the Lottery's game portfolio to include Keno, another terminal-based random generated number game.

Pennsylvania Lottery ticket prices range from 50 cents to \$30 each. Lottery prizes up to \$2,500 can be paid by Lottery retailers, while larger prizes must be paid through Lottery headquarters.

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 paid prizes by local lottery agents from the total lottery ticket sales. The table below shows the calculation of the net revenue amount:

(Dollar Amounts in Thousands)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Ticket Sales.....	\$ 3,699,665	\$ 3,737,357	\$ 3,965,000	\$ 4,259,000	\$ 4,480,000	\$ 4,702,000	\$ 4,925,000
Commissions.....	-191,180	-193,000	-205,000	-220,000	-231,000	-242,000	-254,000
Field Paid Prizes.....	-1,916,762	-1,892,153	-1,991,000	-2,093,000	-2,147,000	-2,202,000	2,258,000
NET LOTTERY COLLECTIONS.....	\$ 1,591,723	\$ 1,652,204	\$ 1,769,000	\$ 1,946,000	\$ 2,102,000	\$ 2,258,000	\$ 2,413,000

Revenue Sources (continued)

Gaming Fund Repayments

Actual		Estimated	
2007-08.....	\$ 100,000	2013-14.....	\$ 0
2008-09.....	0	2014-15.....	0
2009-10.....	40,000	2015-16.....	0
2010-11.....	9,900	2016-17.....	0
2011-12.....	0	2017-18.....	0
2012-13.....	0	2018-19.....	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 were initially paid by the Lottery Fund.

Gaming Fund Transfers

Actual		Estimated	
2007-08.....	\$ 0	2013-14.....	\$ 166,500
2008-09.....	48,500	2014-15.....	160,200
2009-10.....	136,700	2015-16.....	160,200
2010-11.....	156,000	2016-17.....	160,100
2011-12.....	164,100	2017-18.....	160,100
2012-13.....	166,800	2018-19.....	160,100

Under Act 1 of Special Session No. 1 of 2006, the Gaming Fund is required to pay completely for Property Tax and Rent Rebate program expansion costs under that act beginning in 2009-10 and thereafter.

Miscellaneous Revenue

Actual		Estimated	
2007-08.....	\$ 14,692	2013-14.....	\$ 2,500
2008-09.....	-27,314	2014-15.....	2,500
2009-10.....	1,110	2015-16.....	2,500
2010-11.....	6,000	2016-17.....	2,500
2011-12.....	14,067	2017-18.....	2,500
2012-13.....	16	2018-19.....	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.

NOTES ON FINANCIAL STATEMENT (Dollar Amounts in Thousands)

PROPOSED TAX AND REVENUE MODIFICATIONS

	2014-15 Estimated
Non-Tax Revenue:	
Horse Entry Fees	\$ 2,500
Effective July 1, 2014, the budget proposes to establish a \$25 entry fee for each horse entered into a race.	
Drug Testing Fees	\$ 4,000
Effective July 1, 2014, the budget proposes to establish a \$215 drug test fee to recover costs related to drug testing of race horses.	
 TOTAL PROPOSED TAX AND REVENUE MODIFICATIONS	 <u><u>\$ 6,500</u></u>

Financial Statement

	(Dollar Amounts in Thousands)		
	2012-13 Actual	2013-14 Available	2014-15 Estimated
Beginning Balance	\$ 43	\$ 20	\$ 3,104
Receipts:			
Revenue Estimate.....	\$ 14,399	\$ 19,412	\$ 20,367
Prior Year Lapses.....	345	173	0
Total Receipts.....	<u>\$ 14,744</u>	<u>\$ 19,585</u>	<u>\$ 20,367</u>
Funds Available	<u>\$ 14,787</u>	<u>\$ 19,605</u>	<u>\$ 23,471</u>
Expenditures:			
Appropriated.....	\$ 14,767	\$ 16,501	\$ 17,901
Less: Current Year Lapses.....	0	0	0
Estimated Expenditures.....	<u>-14,767</u>	<u>-16,501</u>	<u>-17,901</u>
Ending Balance	<u>\$ 20</u>	<u>\$ 3,104</u>	<u>\$ 5,570</u>

Summary by Department

	(Dollar Amounts in Thousands)		
	2012-13 Actual	2013-14 Estimate	2014-15 Budget
Department of Agriculture			
General Government			
State Racing Commissions.....	\$ 11,981	\$ 12,920	\$ 14,303
Equine Toxicology and Research Laboratory.....	2,539	2,724	3,041
Pennsylvania Fairs—Administration.....	247	320	320
General Fund Loan Repayment.....	0	300	0
Subtotal	<u>\$ 14,767</u>	<u>\$ 16,264</u>	<u>\$ 17,664</u>
TOTAL STATE FUNDS	<u>\$ 14,767</u>	<u>\$ 16,264</u>	<u>\$ 17,664</u>
Augmentations.....	25	30	30
DEPARTMENT TOTAL.....	<u>\$ 14,792</u>	<u>\$ 16,294</u>	<u>\$ 17,694</u>
Department of Revenue			
General Government			
Collections—Racing.....	\$ 0	\$ 237	\$ 237
TOTAL STATE FUNDS	<u>\$ 14,792</u>	<u>\$ 16,501</u>	<u>\$ 17,901</u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2012-13 Actual	2013-14 Estimated	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Tax Revenues.....	\$ 11,423	\$ 12,247	\$ 11,354	\$ 10,828	\$ 10,329	\$ 9,855	\$ 9,855
Licenses and Fees.....	616	752	7,258	7,132	7,013	7,013	7,013
Miscellaneous Revenue.....	2,360	6,413	1,755	1,755	1,755	1,755	1,755
TOTAL RACING FUND REVENUES.....	\$ 14,399	\$ 19,412	\$ 20,367	\$ 19,715	\$ 19,097	\$ 18,623	\$ 18,623

Revenue Sources

Tax Revenues

Actual	Estimated
2007-08..... \$ 10,384	2013-14..... \$ 12,247
2008-09..... 13,939	2014-15..... 11,354
2009-10..... 13,213	2015-16..... 10,828
2010-11..... 10,336	2016-17..... 10,329
2011-12..... 12,946	2017-18..... 9,855
2012-13..... 11,423	2018-19..... 9,855

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. Act 52 of 2013 established a tax assessed to non-licensed corporations who offer and accept pari-mutuel wagers. The tax imposed is 10 percent of the amount wagered each day including wagers made by an advance deposit account wagering system.

Licenses and Fees

Actual	Estimated
2007-08..... \$ 878	2013-14..... \$ 752
2008-09..... 760	2014-15..... 7,258
2009-10..... 645	2015-16..... 7,132
2010-11..... 657	2016-17..... 7,013
2011-12..... 619	2017-18..... 7,013
2012-13..... 616	2018-19..... 7,013

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. Due to severe revenue declines, it is proposed that the commissions begin assessing fees to recover costs related to drug testing of race horses. In addition, it is proposed that a flat fee be assessed for each horse entered into a race. The proposed fee for a drug test is \$215 per sample. The proposed entry fee per horse will be \$25.

Revenue Sources (continued)

Miscellaneous Revenue

	Actual		Estimated
2007-08.....	\$ 3,581	2013-14.....	\$ 6,413
2008-09.....	2,230	2014-15.....	1,755
2009-10.....	2,424	2015-16.....	1,755
2010-11.....	4,913	2016-17.....	1,755
2011-12.....	2,328	2017-18.....	1,755
2012-13.....	2,360	2018-19.....	1,755

Penalties and interest on taxes due, interest on securities and uncashed tickets comprise miscellaneous revenue. In addition, current legislation under review will transfer \$4.5 million from the PA Race Horse Development Fund in FY2013-14. This budget assumes that legislation will be enacted before the end of FY2013-14.

Revenue Detail

The following is a detailed list of all revenues available for Racing Fund appropriations and executive authorizations.

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimate	2014-15 Budget
Tax Revenues			
State Admission Tax.....	\$ 40	\$ 37	\$ 36
Wagering Tax.....	11,029	10,427	9,530
Breakage Tax.....	354	328	288
Advance Deposit Wagering Tax.....	0	1,455	1,500
TOTAL.....	\$ 11,423	\$ 12,247	\$ 11,354
Licenses and Fees			
License Fees.....	\$ 616	\$ 752	\$ 758
Drug Testing Fees.....	0	0	4,000
Horse Entry Fees.....	0	0	2,500
TOTAL.....	\$ 616	\$ 752	\$ 7,258
Miscellaneous Revenues			
Uncashed Tickets.....	\$ 1,722	\$ 1,593	\$ 1,482
Interest on Securities.....	338	320	273
Loans from General Fund.....	300	0	0
Transfer from PA Race Horse Development Fund.....	0	4,500	0
TOTAL.....	\$ 2,360	\$ 6,413	\$ 1,755
TOTAL REVENUES.....	\$ 14,399	\$ 19,412	\$ 20,367

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Commonwealth of Pennsylvania

Governor's Executive Budget

TAX
EXPENDITURES

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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. Proposed changes to current law tax expenditures are shown in Section C.

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 2014-15 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

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, 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 subject to the personal income tax. Unused credits may also be sold or assigned to other taxpayers.

In order to qualify, the business entity must engage in certain assistance programs in impoverished areas or contribute to neighborhood organizations that run such programs. The programs must be approved by the Department of Community and Economic Development (DCED).

The amount of credit awarded to a taxpayer is 55 percent of the amount contributed by a business firm, while the amount contributed to special program priorities, as defined by DCED regulations, is 75 percent. For private companies, the amount is 25 percent of the amount of qualified investment, or 35 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 to a taxpayer cannot exceed \$500,000 for contributions or investments in a single project or \$1,250,000 for contributions or investments in four or more projects.

The total amount of tax credit that can be awarded in a fiscal year has changed over the years. For fiscal year 2011-12 and forward, the total amount of credit that can be awarded is \$18 million, with \$2 million exclusively allocated for pass-through entities. Any of the \$2 million that is unused for pass-through entities is available to be awarded to other taxpayers.

The estimate for fiscal year 2012-13 reflects actual credits awarded under the program. 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0

Beneficiaries: Approximately 325 companies and 75 individuals doing business in Pennsylvania benefit from this tax expenditure.

JOB CREATION TAX CREDIT

Authorization: Article XVIII-B of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: A tax credit is available to businesses and individuals creating and sustaining jobs. The tax credit equals \$1,000 per job for each year in the approved term. The tax credit is available to an employer creating at least 25 new full-time equivalent jobs or increasing their workforce by 20 percent or more within three years from a given start date. Act 85 of 2012 created an extension of the tax credit to small businesses employing 100 or fewer employees. Additionally, small businesses can qualify for the tax credit if they increase the number of their employees by 10 percent or more within three years. Act 85 of 2012 created an additional tax credit award of \$2,500 per new job created if the newly created job is filled by an unemployed individual. Changes made by Act 85 of 2012 took effect in June 2012.

The tax credit 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 tax credit that can be awarded in a fiscal year has changed over the years. For fiscal year 2011-12 and forward, the total amount of credit that can be awarded is \$10.1 million.

The estimate for fiscal year 2012-13 reflects actual credits awarded under the program. 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 9.2	\$ 10.1	\$ 10.1	\$ 10.1	\$ 10.1	\$ 10.1	\$ 10.1

Beneficiaries: Approximately 120 companies and 115 individuals 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: Act 7 of 1997 established a Research and Development Tax Credit available equal to 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 only. 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, or sold or assigned to other taxpayers. Act 85 of 2012 removed the sunset date for the Research and Development Tax Credit.

The total amount of tax credit that can be awarded in a fiscal year has changed over the years. For fiscal year 2011-12 and forward, the total amount of credit that can be awarded is \$55 million, with the small business set aside equal to \$11 million.

The estimate for fiscal year 2012-13 reflects actual credits awarded under the program. 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 55.0	\$ 55.0	\$ 55.0	\$ 55.0	\$ 55.0	\$ 55.0	\$ 55.0

Beneficiaries: Approximately 570 companies performing qualified research and development in Pennsylvania benefit from this tax expenditure.

KEYSTONE OPPORTUNITY ZONE

Authorization: Act of October 6, 1998 (P.L. 702, No. 92), as amended.

Description: The Department of Community and Economic Development (DCED) has designated specific areas of deteriorated property as Keystone Opportunity Zones (KOZs), Keystone Opportunity Expansion Zones (KOEZs), and Keystone Opportunity Improvement Zones (KOIZs).

Economic activity occurring in these zones is exempt from most local taxation for a period of up to fifteen years beginning with the creation of the particular zone. In addition to benefiting from a limited state sales and use tax exemption, zone residents and qualified businesses are exempt from the following state taxes: personal income, corporate net income, capital stock/foreign franchise, bank shares, and mutual thrift institutions taxes. In addition, qualified businesses may receive credits against insurance premiums tax for jobs created in a zone. The tax expenditure is the value of all the credits and the state taxes waived within the zone.

Several acts have changed the KOZ statute over the years. The most recent act, Act 16 of 2012, allowed communities to extend benefits to unoccupied parcels for seven to ten years in existing zones. Further, Act 16 provided for the expansion of four additional undesignated KOEZs and the creation of fifteen new zones for a ten year exemption period provided the 15 new zones meet certain criteria regarding underutilization, job creation or capital investment. Lastly, Act 16 permitted communities to expand parcels within an existing zone if the expansion is expected to increase job creation or capital investment. The benefits for expanded parcels are limited to fifteen acres per zone for a period of ten years. The extension of benefits under Act 16 became effective in calendar year 2013.

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 76.5	\$ 87.4	\$ 87.5	\$ 70.3	\$ 70.7	\$ 71.7	\$ 72.4

Beneficiaries: Qualified businesses and residents of the designated zones within this commonwealth benefit from this tax expenditure.

EDUCATIONAL IMPROVEMENT TAX CREDIT

Authorization: Article XVII-F 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, corporations doing business in Pennsylvania and subject to the corporate net income tax and the capital stock/foreign franchise tax, as well as S corporations and other pass-through entities that contribute to nonprofit scholarship organizations or educational improvement organizations approved by the Department of Community and Economic Development (DCED). The tax credit is granted to business firms 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, or refunded or transfer. A tax credit equal to 90 percent of the total amount contributed is granted if the business provides a written commitment to DCED to contribute the same amount for two consecutive tax years. The annual limit per taxpayer is \$400,000 for contributions to scholarship and education improvement organizations for fiscal year 2012-13 and \$750,000 for fiscal year 2013-14 and each fiscal year thereafter. The annual limit per taxpayer is \$200,000 for contributions to pre-kindergarten scholarship organizations for fiscal year 2012-13 and each fiscal year thereafter. The tax credit shall not exceed the tax liability of a business for any given taxable year.

The total amount of tax credit that can be awarded in a fiscal year has changed over the years. For fiscal year 2012-13 and forward, the total amount credit that can be awarded is \$100 million, which includes \$60 million for contributions to scholarship organizations, \$30 million for contributions to educational improvement organizations, and \$10 million for contributions to pre-kindergarten organizations. The estimate for fiscal year 2012-13 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, educational improvement organizations, or pre-kindergarten scholarship 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0	\$ 100.0

Beneficiaries Approximately 2,285 companies, 1,700 individuals, and 1,075 scholarship organizations, educational improvement organizations, and pre-kindergarten scholarship organizations benefit from this tax expenditure.

KEYSTONE INNOVATION ZONE

Authorization: Act of February 12, 2004 (P.L. 99, No. 12).

Description: Act 12 of 2004 created the Keystone Innovation Zone (KIZ) program to foster growth in targeted industry segments, namely research and development and other high technology businesses. The zones are defined parcels operated by a partnership of business groups and institutions of higher education.

Qualified businesses operating in a zone are entitled to priority consideration for assistance under a number of state programs, as well as a tax credit. A KIZ company may apply to the Department of Community and Economic Development for a tax credit equal to 50 percent of the increase in its gross revenues from the previous year attributable to its activities in a zone. A KIZ company may not claim in excess of \$100,000 in tax credit per year. No more than \$25 million in tax credits may be awarded in any taxable year.

KIZ companies may apply KIZ tax credits against personal income tax, corporate net income tax, or capital stock/foreign franchise tax liabilities.

KIZ companies may apply for KIZ tax credits beginning September 15, 2006, based on expenses from the prior taxable year. The Department of Community and Economic Development began awarding credits during fiscal year 2006-07. The estimate for fiscal year 2012-13 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap.

Purpose: This tax credit provides a financial incentive to foster growth of research and development and other high technology businesses in affiliation with institutions of higher education.

Administrative Costs: Cost to administer the KIZ program, including the review and award of KIZ tax credits, are borne by the Department of Community and Economic Development. The Department of Revenue is responsible for applying credits to taxpayer accounts. Estimated costs for both departments total \$0.2 million per year.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 13.7	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0

Beneficiaries: Approximately 175 taxpayers will benefit from this expenditure.

FILM PRODUCTION TAX CREDIT

Authorization: Article XVII-D of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: Act 95 of 2004 created a tax credit equal to 20 percent of qualified film production expenses incurred in Pennsylvania after June 30, 2004. Under Act 95, 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. A taxpayer is eligible for an addition tax credit of 5 percent if the production is filmed in a qualified production facility that meets all minimum stage filming requirements. The tax credit may be used to offset capital stock/foreign franchise tax, corporate net income tax, personal income tax, bank shares tax, or insurance premiums 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, however, the Department of Community and Economic Development may waive this requirement under certain circumstances.

Under Act 55 of 2007, the total amount of tax credits that could be awarded in any fiscal year was \$75 million. Act 48 of 2009 reduced the amount of tax credits that could be awarded in fiscal years 2009-10 and 2010-11 to \$42 million and \$60 million respectively. Act 26 of 2011 permanently reduced that tax credit cap to \$60 million.

The estimate for fiscal year 2012-13 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap including the impact of Act 26 of 2011.

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. Estimated costs total \$0.1 million.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 60.0	\$ 60.0	\$ 60.0	\$ 60.0	\$ 60.0	\$ 60.0	\$ 60.0

Beneficiaries: Approximately 80 film projects will benefit from this expenditure.

ALTERNATIVE ENERGY PRODUCTION TAX CREDIT

Authorization: Act 1 of the Special Session of July 9, 2008

Description: Act 1 of the Special Session of 2008 created the Alternative Energy Production Tax Credit. Taxpayers that develop or construct energy production projects located within the commonwealth, which have a useful life of at least four years, may apply to the Department of Environmental Protection for a tax credit beginning in September 2009. The amount of the tax credit may be up to 15 percent of the amount paid for the development and construction of alternative energy production projects but may not exceed \$1 million per taxpayer. Unused portions of the tax credit may be carried forward for up to five taxable years from the year in which the credit is awarded. Credits may not be carried back. Additionally, taxpayers may sell or assign unused portions of the tax credit upon approval by the Department of Revenue and the Department of Environmental Protection. The total amount of tax credit that can be awarded is from \$2 million to \$10 million per fiscal year depending on the fiscal year. The estimates for 2012-13 reflect actual credits awarded under the program. The estimates for future fiscal years reflect the program cap.

Purpose: The purpose of this tax credit is to create an incentive to develop alternative energy sources within the Commonwealth.

Administrative Costs: Costs to administer the Alternative Energy Production Tax Credit program are borne by the Department of Environmental Protection and the Department of Revenue.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.0	\$ 10.0	\$ 10.0	\$ 2.0	\$ --	\$ --	\$ --

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

STRATEGIC DEVELOPMENT AREAS

Authorization: Act 151 of November 20, 2006

Description: The Strategic Development Areas (SDA) program was established in 2006 to provide incentives for economic development in designated areas. Act 151 of 2006 created the program to provide tax relief and tax credits to qualified companies within the SDA. The designation would be effective for a 15-year period and must be approved by the political subdivision in which it is located. By waiving these taxes for a series of years, the program hopes to foster growth in those areas. The Department of Community and Economic Development administers the program for the commonwealth.

Among the state taxes waived by the program are corporate net income, capital stock/foreign franchise, and personal income. Insurance companies and certain regulated transportation companies may earn tax credits based on the number of jobs created in a zone. Businesses operating in a zone are exempted from paying sales and use taxes on items purchased for consumption in the area. At the local level, property taxes, earned income and net profit taxes, mercantile license tax, and local sales and use tax are waived for area businesses. Tax benefits may not extend beyond December 31, 2022.

Purpose: This program provides incentives for economic development in designated areas to foster growth.

Administrative Costs: Costs to administer the Strategic Development Areas program are borne by the Department of Community and Economic Development and the Department of Revenue. Estimated costs for both departments total \$0.1 million per year.

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	(Dollar Amounts in Millions)		<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal	Nominal	<u>2014-15</u>	<u>2015-16</u>	Nominal	Nominal	Nominal

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

RESOURCE ENHANCEMENT AND PROTECTION TAX CREDIT

Authorization: Article XVII-E of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: Act 55 of 2007 created the Resource Enhancement and Protection (REAP) Tax Credit to encourage the development of riparian forest buffers and the remediation of legacy sediment on commonwealth farmland. Depending on the type of development, a taxpayer may receive a credit of up to 75 percent of cost of a project. A maximum of \$150,000 in tax credits may be awarded per eligible applicant, and the total amount of credits awarded in one fiscal year cannot exceed \$10 million. The tax credit may be used against personal income tax, corporate net income tax, capital stock/foreign franchise tax, bank shares tax, title insurance company premiums tax, insurance premiums tax, and mutual thrift institutions tax. Credits for legacy sediment cannot be issued prior to July 1, 2008. Credits will first be awarded in fiscal year 2007-08. Act 48 of 2009 reduced the amount of tax credits to be awarded in fiscal years 2009-10 and 2010-11 by 50 percent and 55 percent respectively.

The estimate for fiscal year 2012-13 reflects actual credits awarded under the program for that period. The estimates for fiscal years reflect the program cap.

Purpose: This credit encourages private investment in the implementation of best management practices on agricultural operations, the planting of riparian forest buffers, and the remediation of legacy sediment.

Administrative Costs: Costs to administer the REAP Tax Credit are borne by the State Conservation Commission and the Department of Revenue. Estimated costs total \$0.1 million per year.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 6.1	\$ 10.0	\$ 10.0	\$ 10.0	\$ 10.0	\$ 10.0	\$ 10.0

Beneficiaries: Approximately 115 businesses and 275 individuals will benefit from this tax expenditure.

KEYSTONE SPECIAL DEVELOPMENT ZONE TAX CREDIT

Authorization: Article XIX-C of the Tax Reform Code of 1971 (P.L. 6, No. 2) as amended.

Description: Act 26 of 2011 created the Keystone Special Development Zone Tax Credit. The tax credit is available only to taxpayers with operations located on parcels of real property certified as Brownfields pursuant to the Land Recycling and Environmental Remediation Standards Act. The tax credit is equal to \$2,100 for each full-time equivalent employee working in the zone beginning in tax year 2012. The tax credit is available for ten consecutive tax years during the fifteen year period the tax credit will be in existence, ending June 30, 2026. The tax credit may not exceed the qualified tax liability and may be carried forward for up to ten years. Jobs used to claim this tax credit may not be used to claim the Keystone Opportunity Zone Tax Credit or the Job Creation Tax Credit. The tax credit can be used against the personal income tax, corporate net income tax, capital stock/foreign franchise tax, bank shares tax, title insurance tax, insurance premiums tax and gross receipts tax. Unused tax credits can be sold or assigned.

Purpose: This tax credit is intended to encourage businesses in the commonwealth to invest in remediated industrial sites and create jobs.

Administrative Costs: Costs to administer the Keystone Special Development Zone Tax Credit are borne by the Department of Revenue and the Department of Community and Economic Development.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

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

PENNSYLVANIA RESOURCE MANUFACTURING TAX CREDIT

Authorization: Article XVII-G of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: Act 85 of 2012 created the Pennsylvania Resource Manufacturing Tax Credit for an entity purchasing ethane for use in an ethylene manufacturing facility in the Commonwealth that has made a capital investment of at least \$1 billion and created at least 2,500 full-time jobs. The tax credit is equal to \$0.05 per gallon of ethane purchased (\$2.10/barrel) for the period from January 1, 2017 to December 31, 2042. The tax credit may be used to offset 20 percent of a taxpayer's liabilities for personal income tax, corporate net income tax, capital stock/foreign franchise tax, bank shares tax, title insurance company shares tax, gross premiums tax, and/or mutual thrift institutions tax. The tax credit may not be carried back, carried forward, or be used to obtain a refund. Within one year after the credit is approved, a taxpayer can apply to the Department of Community and Economic Development for approval to assign or sell eligible credits to another taxpayer. The eligible buyer of the credit may use the purchased credits to offset up to 50 percent of its Pennsylvania tax liabilities.

Purpose: This tax credit is intended to encourage the development of an ethane processing industry in the Commonwealth.

Administrative Costs: Costs to administer the Pennsylvania Resource Manufacturing Tax Credit are borne by the Department of Revenue and the Department of Community and Economic Development.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 0.0	\$ 0.0

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

EDUCATIONAL OPPORTUNITY SCHOLARSHIP TAX CREDIT

Authorization: Article XVII-G.1 of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: Act 85 of 2012 established the Educational Opportunity Scholarship Tax Credit for business firms equal to 75 percent of the amount contributed to a scholarship organization during a taxable year or 90 percent if the business firm provides a written commitment to provide the scholarship organization with the same amount of contribution for two consecutive tax years. Scholarship organizations providing financial assistance to eligible students in low-achieving schools must be approved by the Department of Community and Economic Development in order to participate in the program. The tax credits may be applied to the personal income tax, corporate net income tax, capital stock/foreign franchise tax, bank shares tax, title insurance company tax, gross premiums tax, and/or mutual thrift institution tax. Credits may not be carried forward, carried back, and are not refundable or transferable.

For fiscal year 2012-13 the credit may not exceed \$400,000 annually per business firm. For fiscal years 2013-14 and each year thereafter, the credit may not exceed \$750,000 annually per business firm. The total aggregate amount of credits that may be awarded in a fiscal year is capped at \$50 million. The estimate for fiscal year 2012-13 reflects actual credits awarded under the program. The estimates for future fiscal years reflect the program cap.

Purpose: This program encourages taxpayers to contribute to scholarship organizations in order to promote expanded educational opportunities for students in low-achieving schools.

Administrative Costs: Costs to administer the Educational Opportunity Scholarship 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 20.0	\$ 50.0	\$ 50.0	\$ 50.0	\$ 50.0	\$ 50.0	\$ 50.0

Beneficiaries: Approximately 420 taxpayers will benefit from this tax expenditure.

HISTORIC PRESERVATION INCENTIVE TAX CREDIT

Authorization: Article XVII-H of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: Act 85 of 2012 established the Historic Preservation Incentive Tax Credit for qualified taxpayers owning a Pennsylvania commercial building that qualifies as a certified historical structure according to the Internal Revenue Code. The tax credit is equal to 25 percent of the costs and expenses associated with a plan to rehabilitate a historic structure that is approved by the Pennsylvania Historical and Museum Commission or costs and expenses defined as qualified rehabilitation expenditures under the Internal Revenue Code. The tax credit may be applied to the personal income tax, corporate net income tax, capital stock/foreign franchise tax, bank shares tax, title insurance company tax, gross premiums tax, and/or mutual thrift institution tax. The tax credit may not be carried back or used to obtain a refund, but it may be carried forward for up to seven taxable years following the first taxable year for which the taxpayer was entitled to claim the credit. A taxpayer without a qualified tax liability can apply to the Department of Community and Economic Development for approval to assign or sell eligible credits to another taxpayer. Purchasers and assignees of a tax credit must immediately claim the credit in the taxable year in which the purchase or assignment is made.

The tax credit is capped at \$3 million dollars annually and \$500,000 per taxpayer. The first and last year that the credit may apply to is fiscal years 2013-14 and 2020-21 respectively. The estimates for future fiscal years reflect the program cap.

Purpose: This program encourages taxpayers to rehabilitate and preserve commercial buildings with historical value.

Administrative Costs: Costs to administer the Historic Preservation Incentive Tax Credit program are primarily borne by the Department of Community and Economic Development along with the Pennsylvania Historical and Museum Commission and the Department of Revenue. Estimated costs for all departments total \$0.2 million per year.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.0	\$ 3.0	\$ 3.0	\$ 3.0	\$ 3.0	\$ 3.0	\$ 3.0

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

COMMUNITY- BASED SERVICES TAX CREDIT

Authorization: Article XVII-I of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: Act 85 of 2012 established Community-Based Services Tax Credit for contributions made by business firms to providers of community-based services for individuals with intellectual disabilities, mental illness, or drug and alcohol addiction. Providers must be a nonprofit entity that provides community-based services to individuals exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code and be approved by the Department of Community and Economic Development.

The credit is equal to 50 percent of contributions made to a provider. This amount may be increased to 75 percent for business firms that contribute to a provider in two or more successive years. The tax credit may be applied to the personal income tax, corporate net income tax, capital stock/foreign franchise tax, bank shares tax, title insurance company tax, gross premiums tax, and/or mutual thrift institution tax. Tax credits may not be carried forward, carried back, and are not refundable or transferable.

The total amount per business firm cannot exceed \$100,000 annually and the total aggregate amount of all credits approved cannot exceed \$3 million in a fiscal year. The first and last year that the credit may apply to is fiscal years 2013-14 and 2020-21 respectively. The estimates for future fiscal years reflect the program cap.

Purpose: This program encourages taxpayers to contribute to providers community-based services.

Administrative Costs: Costs to administer the Community-Based Services Tax Credit program are primarily borne by the Department of Community and Economic Development along with the Department of Public Welfare and the Department of Revenue. Estimated costs for all departments total \$0.2 million per year.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.0	\$ 3.0	\$ 3.0	\$ 3.0	\$ 3.0	\$ 3.0	\$ 3.0

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

PROMOTING EMPLOYMENT ACROSS PENNSYLVANIA PROGRAM

Authorization: Act 206 of October 25, 2012.

Description: Act 206 of October 25, 2012 created the Promoting Employment Across Pennsylvania Program (PEP) for businesses located in the Commonwealth who create 250 new jobs within 5 years from entering into the program. PEP allows qualified businesses to retain 95 percent of the qualified company's withholding taxes for individuals employed in the new jobs. The new employees must be compensated at a rate equal to at least 100 percent of the county average wage, and depending on the compensation rates, the company may retain the withholding for seven to ten years. In order to qualify, a company must offer health insurance to its employees and pay at least 50 percent of the premium. Certain industries are specifically excluded from participating in the program, including the gambling industry, religious organizations, retail trade, educational services, public administration, utilities, and food services and drinking places.

The Department of Community and Economic Development is charged with administering the program, which has an annual cap of \$5 million. The impact of the program is divided between General Fund revenues and refunds because the Act gives businesses the option of remitting withholding in its entirety to the Department of Revenue and then receiving the benefits under the Act as a refund. Those businesses that choose to remit all withholding to the Department of Revenue will be assessed a \$15 fee per employee. No new businesses may enter the program after January 1, 2018. The estimate for fiscal year 2012-13 reflects actual credits awarded under the program. The estimates for future fiscal years reflect the program cap.

Purpose: This program provides an incentive to businesses to create new jobs within the Commonwealth.

Administrative Costs: Costs to administer the Promoting Employment Across Pennsylvania Program are borne by the Department of Community and Economic Development and the Department of Revenue.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.0	\$ 5.0	\$ 5.0	\$ 5.0	\$ 5.0	\$ 5.0	\$ 5.0

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

MOBILE TELECOMMUNICATIONS BROADBAND INVESTMENT TAX CREDIT

Authorization: Article XVIII-E of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: Act 52 of 2013 created the Mobile Telecommunications Broadband Investment Tax Credit. Taxpayers that are a provider of mobile communications services shall be allowed a tax credit against their Corporate Net Income tax for investment in qualified broadband equipment placed into service in Pennsylvania.

The amount of the tax credit is 5% of the purchase price of qualified broadband equipment put into service during the taxable year. The maximum amount of approved tax credits shall not exceed \$5 million in any fiscal year, nor may they exceed 50% of a taxpayer's Corporate Net Income tax liability.

Any credit claimed and not used in the taxable year may be carried forward for no more than 5 consecutive tax years. Affiliated shareholders, members or partners of pass-through entities that receive unused credits from the pass-through entity are required to use the tax credit immediately. They are not allowed to carry forward, carry back, obtain a refund or sell the tax credit.

The credit is first awarded for tax year 2014. The amounts shown below reflect the program cap.

Purpose: The tax credit is intended to encourage investment in mobile broadband services by the mobile telecommunications industry.

Administrative Costs: Costs to administer the Mobile Telecommunications Broadband Investment Tax Credit are borne by the Department of Revenue.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ --	\$ --	\$ --	\$ 5.0	\$ 5.0	\$ 5.0	\$ 5.0

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

Purpose: The tax credit is intended to offset increased taxes paid by this industry due to the change in apportionment rules for services.

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 2.5	\$ 2.6	\$ 2.7	\$ 2.8	\$ 2.8	\$ 2.9	\$ 3.0
	Selective Business Taxes:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</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.

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 56.3	\$ 57.0	\$ 57.8	\$ 58.6	\$ 59.4	\$ 60.2	\$ 61.0

Beneficiaries: Approximately 2,400 nonprofit corporations operating in Pennsylvania with unrelated business income benefit from this tax expenditure.

SALES FACTOR APPORTIONMENT WEIGHT

Description: Beginning in tax year 1995, corporations apportioned their net income using a three-factor formula (payroll, property, and sales) that double-weighted the sales factor. Beginning with Act 4 of 1999, there have been several acts that have steadily increased the weighting of the sales factor in the apportionment formula. Act 85 of 2012 increased the sales factor weight to 100 percent for tax years 2013 and after. Property and payroll are no longer factors in the apportionment formula.

Act 52 of 2013 modified the sourcing of sales for calculating the apportionment of income. Sales of real property, tangible property, and services will be sourced at the location of the customer instead of the location of the “income producing activity”. The same act also established a new apportionment formula for providers of satellite television services based on the value of equipment used in generating, processing, or transmitting satellite telecommunications. Both provisions are effective January 1, 2014.

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 357.2	\$ 413.0	\$ 428.6	\$ 436.5	\$ 441.2	\$ 446.0	\$ 450.8

Beneficiaries: More than 33,500 corporations are affected by this expenditure. Of those, 12,200 benefit (i.e., have their taxable income reduced) from the expenditure. The estimates shown above reflect the net impact and represent the change in corporate net income tax from corporations who have their taxable income reduced, as well as the impact on corporations that have their taxable income increased as a result of this tax expenditure.

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 2.4	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.6	\$ 2.6

Beneficiaries: Approximately 1,840 taxpayers representing eating and drinking establishments could benefit from this tax expenditure.

NET OPERATING LOSS CARRYFORWARD

Description: Corporations may deduct from current taxable income the net losses from previous years to arrive at their tax liability. Beginning with Act 45 of 1998, the carryforward period has increased from three years to 20 years. Act 89 of 2002 increased the carryforward to 20 years for losses incurred in the 1998 taxable year and thereafter. Various acts have increased the annual cap on deductions. Most recently, Act 48 of 2009 amended the annual cap on deductions to \$3 million or 20 percent of taxable income, whichever is greater. Act 52 of 2013 further increased the annual amount for the cap on deductions. For tax year 2014, the annual cap on deductions is \$4 million or 25 percent of taxable income, whichever is greater. For tax year 2015 and beyond, the annual cap on deductions is \$5 million or 30 percent of taxable income, whichever is greater.

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 323.8	\$ 356.8	\$ 411.5	\$ 456.8	\$ 479.6	\$ 497.2	\$ 510.4

Beneficiaries: Approximately 16,800 businesses per year 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

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

PENNSYLVANIA S CORPORATIONS

Description: Corporations with a valid Pennsylvania S corporation election in effect for the taxable year are subject to corporate net income tax only to the extent that they have net recognized built-in gains. Pennsylvania S corporation shareholders must include their distributive share of Pennsylvania S corporation income for Pennsylvania income tax purposes. The tax expenditure is the difference between what is paid by the shareholders under the personal income tax and what the corporations would have paid had they been fully subject to the corporate net income tax. Beginning with Act 7 of 1997, there have been several acts that have linked the Pennsylvania tax treatment of S corporations more closely with federal law.

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 874.9	\$ 912.4	\$ 911.2	\$ 906.4	\$ 908.8	\$ 913.5	\$ 920.0

Beneficiaries: Approximately 166,700 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. 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. Various acts through the years have clarified the tax treatment of LLC's and types of companies that can organize as LLC's.

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 559.0	\$ 581.5	\$ 580.9	\$ 579.6	\$ 584.5	\$ 590.7	\$ 597.9

Beneficiaries: As many as 132,300 companies doing business in Pennsylvania 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.5	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.7

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 \$160,000. Beginning with Act 7 of 1997, there have been several acts that have increased the valuation deduction from \$100,000 to \$160,000.

Act 89 of 2002 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 77 of 2007 amended the HSCF transfer, setting it at \$40 million per fiscal year, beginning in fiscal year 2008-09.

Beginning with Act 45 of 1998, there have been various acts that have decreased the capital stock/foreign franchise rate. The most recent legislation, Act 52 of 2013 delayed elimination of the capital stock/foreign franchise tax for two years. The rate for tax year 2014 is 0.67 mills. The rate is further reduced to 0.45 mills for tax year 2015. The tax is then eliminated for all tax years beginning after December 31, 2015.

The estimates in this analysis include only the General Fund portion of the tax and reflect the current phase-out of the tax. Various types of assets are exempt from tax. The valuation of capital stock is not affected by these exemptions, but the exemptions are reflected in apportionment formulas used to compute the percentage of the capital stock value base actually subject to tax.

NONPROFIT CORPORATIONS

Description: Nonprofit corporations are exempt from the capital stock/foreign franchise tax. Act 7 of 1997 provided that any nonprofit corporation or entity that is an exempt organization as defined by section 501 of Internal Revenue Code of 1986 (P.L. 99-514, 26 U.S.C.) is exempt. Act 4 of 1999 provided that insurance and travel agency activities carried on by an auto club are subject to the capital stock/foreign franchise tax. The same act restored exempt status to homeowners associations and membership organizations. The estimates below are based on unrelated business income taxed by the federal government.

Purpose: This exemption provides tax relief to nonprofit corporations including religious, charitable, educational, and scientific organizations that are perceived as providing social benefits.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 6.9	\$ 4.3	\$ 3.2	\$ 1.9	\$ 0.4	\$ 0.1	Nominal

Beneficiaries: Approximately 4,500 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.1	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 760 family farm corporations operating in Pennsylvania could benefit from this tax expenditure.

ASSETS USED IN MANUFACTURING, PROCESSING, AND RESEARCH AND DEVELOPMENT

Description: Corporations (except those which enjoy the right of eminent domain, i.e., utilities) organized for manufacturing, processing, or research and development purposes may claim an exemption for capital stock invested in such activities within Pennsylvania. Pollution control assets are included for these corporations. This exemption is reflected in computing the percentage of the capital stock value actually subject to tax and applies to both single-factor and three-factor apportionment.

Act 63 of 1999 modified the manufacturing exemption by disallowing the exemption provided for manufacturing, processing, or research and development activities from the numerator of the sales factor and expanding the exemption by excluding property and payroll attributable to manufacturing, processing, or research and development activities outside of the commonwealth from the numerator of the property and payroll factors.

Purpose: This exemption encourages investment in manufacturing, processing, and research and development activities that improves the commonwealth's economic position.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 139.8	\$ 87.3	\$ 64.5	\$ 38.1	\$ 8.1	\$ 1.9	Nominal

Beneficiaries: Approximately 4,100 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.

Act 52 of 2013 modified the sourcing of sales for calculating the apportionment of income. Sales of real property, tangible property, and services will be sourced at the location of the customer instead of the location of the “income producing activity”,

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 96.6	\$ 60.3	\$ 44.6	\$ 26.3	\$ 5.6	\$ 1.3	Nominal

Beneficiaries: Approximately 7,200 corporations doing business in Pennsylvania benefit from this tax expenditure.

POLLUTION CONTROL DEVICES

Description: Equipment, machinery, facilities, and other tangible property used during the tax year within Pennsylvania for water or air pollution control or abatement devices utilized for the benefit of the general public are exempt from the capital stock/foreign franchise tax. This exemption is reflected as an exclusion from the numerator of the single asset apportionment fraction or the numerator of the property factor when the three-factor apportionment formula is used. However, for manufacturing, processing, or research and development corporations, these assets are included as exempt equipment and shown in the expenditure for assets used in manufacturing, processing, and research and development.

Purpose: This exemption provides tax relief to corporations required to install pollution control devices and encourages investment in pollution control assets.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.1	\$ 0.1	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: A minimal number of companies doing business in Pennsylvania benefit from this tax expenditure.

DEDUCTION FROM THE FIXED FORMULA

Description: Act 48 of 2009 establishes that for tax years beginning in 2010 and thereafter, corporations may deduct \$160,000 from the capital stock value which is then subject to apportionment to determine the taxable base. The valuation deduction was \$150,000 for tax years 2007 through 2009. 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 30.8	\$ 19.1	\$ 14.2	\$ 8.2	\$ 1.6	\$ 0.3	Nominal

Beneficiaries: Approximately 276,700 corporations doing business in Pennsylvania benefit from this tax expenditure.

HOLDING COMPANIES

Description: Holding companies may elect, in lieu of a standard apportionment formula, a special apportionment formula that computes the taxable portion of capital stock value by taking 10 percent of the total capital stock value. The single-factor apportionment formula was used as the standard apportionment formula in the estimating process. Holding companies are corporations (1) which derive at least 90 percent of their income from stock or securities and the rendering of administrative or management services to subsidiary corporations and (2) whose assets are at least 60 percent comprised of securities or indebtedness of subsidiary corporations. Act 45 of 1998 clarified that limited liability companies and business trusts are eligible to receive holding company tax treatment.

Purpose: This special treatment is intended to provide tax relief to those holding companies with considerable intangible assets that otherwise are not exempt under the single assets apportionment fraction.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 112.5	\$ 70.2	\$ 51.9	\$ 30.6	\$ 6.5	\$ 1.5	Nominal

Beneficiaries: Approximately 680 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)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.5	\$ 0.3	\$ 0.3	\$ 0.1	Nominal	Nominal	Nominal

Beneficiaries: At least 200 RICs, REITs, and other related entities doing business in Pennsylvania benefit from this tax expenditure. In addition, an unknown number of corporations may benefit from the provisions of Act 232 of 2002.

RESTRICTED PROFESSIONAL COMPANIES

Description: Restricted professional companies (RPCs) are limited liability companies (LLCs) performing restricted professional services. LLCs are hybrid business entities that combine the corporate characteristic of limited liability for all owners (members) with the tax treatment of a partnership. Restricted professional services include chiropractic, dentistry, law, medicine and surgery, optometry, osteopathic medicine, podiatry medicine, public accounting, psychology, and veterinary medicine. These types of businesses give members the protection of limited liability for the neglect of another member. RPCs are exempt from the capital stock/foreign franchise tax. However, an annual fee of \$380 per resident member is imposed under the Associations Code, \$25 of which is credited to the Corporation Bureau's restricted account. Act 67 of 2006 eliminated single member restricted professional companies from being subject to the capital stock and franchise tax unless they are classified as a corporation for federal income tax purposes, effective for tax years beginning after December 31, 2005.

The cost estimates shown below only reflect the cost of the single member RPC exemption.

Purpose: RPCs perform valuable professional services for citizens of the commonwealth.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 4.4	\$ 2.7	\$ 2.0	\$ 1.2	Nominal	Nominal	Nominal

Beneficiaries: Approximately 2,700 companies doing business in Pennsylvania benefit from this tax expenditure.

EXEMPTION FOR STUDENT LOAN ASSETS

Description: Act 45 of 1998 provided that student loan related assets owned or held by a trust or other entity formed for the securitization of student loans are exempt from capital stock/foreign franchise tax. This provision is effective for tax years beginning on or after January 1, 1998.

Purpose: This program exempts student loan related assets held by loan securitization trusts from the capital stock/foreign franchise tax to conform with the commonwealth public policy of promoting higher education.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: A minimal number of business trusts and other entities formed for the securitization of student loan assets benefit from this tax expenditure.

FINANCIAL INSTITUTION BUSINESS TRUSTS

Description: Act 23 of 2000 created an exemption from tax for a domestic or foreign business trust that is created or managed by an entity subject to bank shares or mutual thrifts tax, or an 80 percent affiliate thereof. The trust must also be created and managed to facilitate the securitization of intangible assets. For federal tax purposes it is classified as a partnership or disregarded entity. This exemption applies to taxable years beginning after December 31, 1999.

Purpose: This exemption acts as an incentive for these trusts to form and operate in the commonwealth.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

NON-PROFIT NONSTOCK COMMODITY OR STOCK EXCHANGE

Description: Non-profit nonstock commodity or stock exchanges are excluded from the definition of a corporation for capital stock/foreign franchise tax purposes. This provision applies to taxable years beginning after December 31, 1997.

Purpose: This exemption provides tax relief for non-profit nonstock commodity or stock exchanges.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	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 and managed care organizations. The tax collected from managed care organizations is not deposited in the General Fund. Municipalities are entitled to exemptions.

A tax is levied at 50 mills on gross receipts from passengers, baggage, freight, and oil transported within the state; as well as intrastate and interstate telephone and telegraph messages transmitted on land line or cellular systems. A tax is levied at 44 mills on the sale of electric energy. The 44 mill tax rate on sales of electric energy was subject to change based on the revenue neutral reconciliation (RNR) tax rate calculated annually pursuant to Act 138 of 1996, which governs the restructuring of the electric utility industry in Pennsylvania. Act 89 of 2002 established the permanent RNR tax rate at 15 mills for tax years beginning January 1, 2003 and thereafter. The sale of natural gas was subject to the gross receipts tax before Act 4 of 1999 repealed these provisions, effective January 1, 2000.

MUNICIPALLY-OWNED PUBLIC UTILITIES

Description: Gross receipts of public utilities owned or operated by a municipality are exempt from tax to the extent the gross receipts are derived from business done inside the limits of the municipality. The figures for this expenditure are at the statutory utilities gross receipts tax rates applicable to the appropriate tax year.

Purpose: This tax relief encourages municipalities to develop and invest in public utility services and supplemental energy sources including cogeneration facilities. It also benefits residents to the extent the tax relief is reflected through lower utility rates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 10.4	\$ 10.5	\$ 10.6	\$ 10.7	\$ 10.9	\$ 11.0	\$ 11.1

Beneficiaries: The 35 municipally-owned utilities operating in the commonwealth benefit from this tax expenditure.

NUCLEAR GENERATING FACILITY DAMAGE

Description: Gross receipts derived from the sale of electricity by an electric light company which are attributable to the recovery of purchased energy costs, clean-up costs, and investment write-off costs due to damage to a nuclear generating facility are exempt from tax.

Purpose: This tax relief alleviates the financial hardship faced by the public utility as a result of damage caused by an accident or natural disaster. It also benefits consumers to the extent the tax relief is reflected in lower utility rates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: 90 electric suppliers could potentially benefit from this tax expenditure.

General Fund Tax Expenditures

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 17.0	\$ 17.2	\$ 17.3	\$ 17.5	\$ 17.7	\$ 17.9	\$ 18.0

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

PUBLIC UTILITY REALTY TAX

Authorization: Article XI-A of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The public utility realty tax (PURTA) is imposed on public utilities furnishing services under the jurisdiction of the Pennsylvania Public Utility Commission or a regulatory body of another state or the United States.

Act 4 of 1999 fundamentally overhauled PURTA for tax year 1998 and thereafter. The tax rate is annually calculated by the Department of Revenue in order to raise an amount of tax revenue equal to the realty tax equivalent. The commonwealth imposes this tax on public utility realty in lieu of local real estate taxes and distributes revenue to local taxing authorities based on the realty tax equivalent.

Beginning with PURTA tax year 1998, utilities are taxed on the basis of the property's fair market value, which is the local assessed value adjusted by the common level ratio. After December 31, 1999, assets used in the generation of electricity are excluded from the PURTA tax base and the realty tax equivalent.

For fiscal years prior to 2003-04, an additional 7.6 mills of the PURTA tax base was transferred to the Public Transportation Assistance Fund. Beginning in fiscal year 2003-04, the additional 7.6 mills of the PURTA tax base has remained 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 2.9	\$ 3.0	\$ 3.2	\$ 3.3	\$ 3.5	\$ 3.7	\$ 4.0

Beneficiaries: The 290 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 2.5	\$ 2.7	\$ 2.8	\$ 3.0	\$ 3.1	\$ 3.3	\$ 3.5

Beneficiaries: The 290 public utilities could benefit from this tax expenditure.

RAILROAD RIGHTS-OF-WAY

Description: Railroad rights-of-way and superstructures thereon are excluded from the PURTA base. Railroad rights-of-way are limited ownership of land to be used exclusively for the provision of rail transportation service.

Purpose: PURTA is intended as a tax on real property and not as a tax on property such as these rights. This tax relief may encourage the development of our railroad network that benefits the economy.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 5.9	\$ 6.2	\$ 6.5	\$ 6.9	\$ 7.3	\$ 7.7	\$ 8.2

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 5.2	\$ 5.5	\$ 5.8	\$ 6.1	\$ 6.4	\$ 6.8	\$ 7.2

Beneficiaries: The 60 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 3.2	\$ 3.4	\$ 3.5	\$ 3.7	\$ 4.0	\$ 4.2	\$ 4.4

Beneficiaries: The 500 municipal authorities and the 35 municipal public utilities benefit from this tax expenditure.

ELECTRIC GENERATION FACILITIES

Description: After December 31, 1999, land and improvements indispensable to the generation of electricity are subject to local real estate tax and are excluded from the PURTA tax base and the realty tax equivalent.

Purpose: Electric generation facilities were removed from the PURTA tax base because electric generation is no longer regulated as a public utility function. The electric competition statute, Act 138 of 1996, changed the definition of public utility, and generation facilities can be owned by unregulated entities. This exemption allows a level playing field for participants in electricity supply.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 23.7	\$ 25.0	\$ 26.4	\$ 27.8	\$ 29.4	\$ 31.1	\$ 32.9

Beneficiaries: The 22 electric utilities owning generating assets in Pennsylvania benefit from this tax expenditure.

TRANSITION CREDIT

Description: During the transition years 1998 through 2001, the liability of a public utility under PURTA is limited to 250 percent of its immediate prior year's liability with any reduction in the liability capped at \$100,000 per taxable year. The cost of the transition credit in current fiscal years depends on the calculation of the compensating adjustments for the affected tax years.

Purpose: The PURTA transition credit provides limited relief to taxpayers having a significant increase in their PURTA tax base as a result of Act 4 of 1999.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal						

Beneficiaries: Approximately 60 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 two percent of gross premiums plus any retaliatory tax. A three percent rate is imposed on insurance premiums for policies written with unlicensed insurers by a surplus lines agent when the insured's home state is Pennsylvania. Marine insurance companies are subject to a five 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 13.2	\$ 15.4	\$ 15.9	\$ 16.7	\$ 17.4	\$ 18.3	\$ 19.2

Beneficiaries: The 60 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 71.4	\$ 82.8	\$ 86.0	\$ 92.3	\$ 99.2	\$ 105.7	\$ 111.1

Beneficiaries: The 14 nonprofit hospital and medical care service organizations doing business in Pennsylvania benefit from this tax expenditure.

EXTRAORDINARY MEDICAL BENEFIT

Description: An exemption is allowed for premiums collected by automobile insurance companies for optional extraordinary medical benefit coverage from \$100,000 to \$1,100,000. This exemption applies only to premiums collected in association with policies written after June 1, 1989.

Purpose: This exemption benefits private insurance companies that are required to provide the extraordinary medical coverage as a result of the repeal of Pennsylvania's Catastrophic Loss Trust Fund. This exemption also indirectly benefits subscribers to the extent that it is reflected in reduced premiums.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: Approximately 820 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal						

Beneficiaries: Approximately 450 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)

Estimates:	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal	Nominal	Nominal	\$ 1.1	\$ 2.1	\$ 3.2	\$ 4.3

Beneficiaries: Approximately 1,000 property and casualty insurers doing business in Pennsylvania benefit from this tax expenditure.

INNOVATE IN PA TAX CREDIT

Authorization: Article XVIII-F of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: Act 52 of 2013 created the Innovate in PA Tax Credit. A total of \$100 million in tax credits may be sold to qualified insurance companies beginning October 1, 2013. Insurance companies may purchase the credits via a bidding process and claim them beginning in calendar year 2017 against insurance premiums tax (IPT) liabilities incurred for a taxable year beginning on or after January 1, 2016. The total amount of credits applied against an IPT liability in a fiscal year may not exceed \$20 million, nor may they exceed a taxpayer's IPT liability for that year. Credits may be carried forward for any taxable year that begins prior to 2026. No tax credits may be sold if the bidding process has failed to yield at least \$40 million in revenue.

The credit may first be used in tax year 2017. The amounts shown below reflect the program cap.

Purpose: To encourage funding of early-stage venture capital investment through the Ben Franklin Technology Partners, Program, the Venture Investment Program, and the Life Sciences Greenhouses.

Administrative Costs: Costs to administer the Innovate in PA Tax Credit are borne by the Department of Community and Economic Development and the Department of Revenue. Estimated costs total \$0.1 million per year.

(Dollar Amounts in Millions)

Estimates:	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ --	\$ --	\$ --	\$ --	\$ 20.0	\$ 20.0	\$ 20.0

Beneficiaries: An unknown number of taxpayers will 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.

The tax is imposed annually on the value of shares as of January 1. Beginning January 1, 2014, the taxable value of shares is computed on the most recent year-end value of an institution's total bank equity capital, adjusted to exclude the value of United States obligations. The tax rate on the dollar value of each taxable share of stock is 0.89 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 84.4	\$ 78.8	\$ 85.7	\$ 90.2	\$ 94.7	\$ 99.6	\$ 105.1

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6

Beneficiaries: The 138 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 20.5	\$ 22.2	\$ 24.2	\$ 26.3	\$ 28.3	\$ 31.0	\$ 33.7

Beneficiaries: The 527 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 13.1	\$ 13.3	\$ 13.5	\$ 13.7	\$ 13.9	\$ 14.1	\$ 14.3

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$1,302.3	\$1,322.6	\$1,349.7	\$1,382.6	\$1,418.7	\$1,454.4	\$1489.2

Beneficiaries: Virtually all 5.0 million households benefit from this tax expenditure.

CANDY AND GUM

Description: The purchase at retail or use of candy and gum, regardless of where sold, is exempt from taxation.

Purpose: Candy and gum are considered to be food. Exempting candy and gum regardless of where sold provides for uniformity in the taxation of these items.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 95.7	\$ 97.2	\$ 99.2	\$ 101.6	\$ 104.2	\$ 106.9	\$ 109.4

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

PERSONAL HYGIENE PRODUCTS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 48.3	\$ 49.3	\$ 50.5	\$ 52.1	\$ 53.9	\$ 55.9	\$ 57.8

Beneficiaries: Virtually all 5.0 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 23.2	\$ 21.8	\$ 21.3	\$ 21.0	\$ 20.7	\$ 20.5	\$ 20.3

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

MAGAZINES

Description: The purchase at retail or use of subscriptions for magazines is exempt from taxation. A “magazine” is a periodical published at regular intervals not exceeding three months and circulated among the general public. The exclusion includes any printed advertising material circulated with the periodical. This tax expenditure became effective July 1, 1994, under Act 48 of 1994.

Purpose: The purpose of this tax exemption is to encourage citizens to be well informed.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 9.9	\$ 10.2	\$ 10.4	\$ 10.7	\$ 10.9	\$ 11.2	\$ 11.4

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 791.9	\$ 816.8	\$ 848.5	\$ 876.5	\$ 904.5	\$ 930.8	\$ 955.1

Beneficiaries: Virtually all 5.0 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 740.9	\$ 778.9	\$ 835.9	\$ 907.0	\$ 987.6	\$1,069.7	\$1,156.0

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

NON-PRESCRIPTION DRUGS

Description: The purchase at retail or use of non-prescription drugs such as antiseptics, aspirin, milk of magnesia, castor oil, cold capsules, eyewashes, and vitamins is exempt from taxation.

Purpose: Non-prescription drugs are considered essential for maintaining a basic standard of life. This provision reduces the regressive nature of the tax and eases the tax burden on families who spend a disproportionate share of income on these products.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 109.5	\$ 115.2	\$ 123.8	\$ 134.5	\$ 146.7	\$ 159.1	\$ 172.1

Beneficiaries: Virtually all 5.0 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 148.9	\$ 155.0	\$ 161.6	\$ 169.0	\$ 176.5	\$ 180.0	\$ 191.6

Beneficiaries: Approximately 5.8 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 8.8	\$ 9.1	\$ 9.3	\$ 9.6	\$ 10.0	\$ 10.3	\$ 10.7

Beneficiaries: Approximately 275,000 business establishments and an unknown number of households may 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 16.3	\$ 16.8	\$ 17.5	\$ 18.3	\$ 19.1	\$ 20.0	\$ 20.8

Beneficiaries: As many as 128,000 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 2.2	\$ 2.2	\$ 2.3	\$ 2.3	\$ 2.4	\$ 2.4	\$ 2.5

Beneficiaries: Approximately 2.5 million households and numerous businesses and organizations benefit from this tax expenditure.

TEXTBOOKS

Description: The purchase or use of textbooks for use in schools, colleges, and universities is exempt from taxation. The purchase must be on behalf of or through schools recognized by the Department of Education as institutions of learning.

Purpose: The education of the commonwealth's citizens is a major policy objective of state government. This exemption helps to reduce the overall cost of obtaining an education.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 28.3	\$ 29.1	\$ 29.9	\$ 30.5	\$ 31.1	\$ 31.7	\$ 32.3

Beneficiaries: As many as 758,000 college students may benefit from this tax expenditure.

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 9.0	\$ 8.9	\$ 9.4	\$ 9.7	\$ 10.0	\$ 10.4	\$ 10.8

Beneficiaries: Approximately 880,000 households benefit from this tax expenditure.

GRATUITIES

Description: Any amount paid, in excess of charges and tax, for service relating to the purchase of food or beverages or hotel or motel accommodations is an exempt gratuity.

Purpose: Gratuities or tips are not included in the cost of the meal or accommodation acquired by the purchaser but are considered costs of the accompanying non-taxable services.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 86.8	\$ 90.1	\$ 93.8	\$ 97.8	\$ 101.8	\$ 105.8	\$ 109.9

Beneficiaries: Approximately 3.9 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 86.4	\$ 87.5	\$ 89.8	\$ 92.2	\$ 94.4	\$ 96.7	\$ 98.9

Beneficiaries: Approximately 70,000 households and 4,000 businesses benefit from this tax expenditure.

General Fund Tax Expenditures

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: Approximately 1.0 million households that use firewood or wood pellets as a heat source benefit from this tax expenditure. Of those, there are an estimated 550,000 households with usable, wood burning fireplaces.

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
		\$ 398.8	\$ 407.8	\$ 420.5	\$ 434.1	\$ 450.7	\$ 467.8	\$ 484.8
	Fuel Oil/Gas:	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
		\$ 389.7	\$ 394.9	\$ 385.9	\$ 390.6	\$ 397.5	\$ 399.2	\$ 403.3
	Telephone:	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
		\$ 101.3	\$ 102.4	\$ 103.4	\$ 104.1	\$ 105.7	\$ 108.4	\$ 110.0

Beneficiaries: Approximately 4.9 million households (electricity), 3.7 million households (fuel oil/gas), and 3.7 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 129.0	\$ 132.2	\$ 135.7	\$ 139.5	\$ 144.0	\$ 148.8	\$ 153.6

Beneficiaries: Approximately 4.5 million households and about 296,000 businesses benefit from this tax expenditure.

GASOLINE AND MOTOR FUELS

Description: The purchase or use of gasoline and other motor fuels, taxed under the Liquid Fuels and Fuels Tax Act, is exempt from the sales and use tax.

Purpose: Because these items are already subject to fuels taxes, the legislature has provided for their exemption from the sales and use tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$1,434.7	\$1,434.5	\$1,403.4	\$1,378.4	\$1,388.6	\$1,438.3	\$1,480.5

Beneficiaries: Approximately 4.5 million households and owners of more than 1.5 million heavy trucks, buses, etc., benefit from this tax expenditure.

MOTOR VEHICLES / VESSELS

AIRCRAFT

Description: An exemption is provided for the sale at retail or use of aircraft parts, services to aircraft, and aircraft components. In addition, there is an exemption for the sale at retail of repair and replacement parts for helicopters and similar rotorcraft, including the installation of those parts. The 2012-13 estimate reflects only the helicopter and rotorcraft portion of this exemption. The exemption was expanded to cover fixed-wing aircraft starting October 1, 2013.

Purpose: This exclusion places Pennsylvania aircraft manufactures at a competitively neutral position relative to manufacturers in those states allowing this exemption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.5	\$ 3.9	\$ 5.6	\$ 5.6	\$ 5.6	\$ 5.7	\$ 5.7

Beneficiaries: Approximately 510 companies may benefit from this expenditure.

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 90.9	\$ 95.4	\$ 100.0	\$ 104.9	\$ 110.0	\$ 115.4	\$ 121.0

Beneficiaries: Approximately 8,300 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 6.1	\$ 6.2	\$ 6.4	\$ 6.6	\$ 6.8	\$ 7.1	\$ 7.4

Beneficiaries: As many as 12 establishments may benefit from this tax expenditure.

COMMERCIAL VESSELS (Equipment and Maintenance)

Description: The purchase or use of fuel, supplies, equipment, ships or sea stores, and cleaning or maintenance supplies is exempt from taxation. This exemption applies to vessels of fifty tons or more designed for commercial use.

Purpose: Imposition of the tax at the point of sale would place Pennsylvania vendors at a competitive disadvantage relative to those vendors operating in other states that allow this exemption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 4.4	\$ 4.4	\$ 4.6	\$ 4.8	\$ 4.9	\$ 5.1	\$ 5.3

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

MOTOR VEHICLES (Out-of-State Purchasers)

Description: The purchase or use of a motor vehicle by a non-resident, to be used outside Pennsylvania, which is registered in another state within twenty days of delivery is exempt from taxation. Delivery must be taken outside of Pennsylvania.

Purpose: The exemption protects the participation of Pennsylvania car dealers in the out-of-state market while preventing potential abuses of such an exemption by Pennsylvania residents.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

SCHOOL BUSES

Description: The purchase at retail or use of school buses is exempt from taxation. These buses must be used exclusively for the transportation of children for school purposes. The provision is extended to persons who have contracts with school districts to transport children.

Purpose: The costs of transporting school children are directly borne by school districts and indirectly by state government through subsidy programs. This exemption, while limiting state sales and use tax revenues, also decreases state educational subsidy costs.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 19.6	\$ 19.7	\$ 19.7	\$ 19.7	\$ 19.8	\$ 19.8	\$ 19.8

Beneficiaries: Approximately 700 private contractors and 6,300 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$1,028.7	\$1,047.9	\$1,078.6	\$1,121.7	\$1,167.0	\$1,210.2	\$1,250.6

Beneficiaries: Approximately 14,000 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 90.8	\$ 90.6	\$ 93.0	\$ 95.5	\$ 97.7	\$ 99.6	\$ 101.0

Beneficiaries: Approximately 62,100 farm operators benefit from this tax expenditure.

MANUFACTURING EXEMPTION (Public Utility)

Description: An exemption is provided for the purchase or use of machinery, equipment, parts and supplies or the use of services or utilities used directly in producing, delivering, or rendering a public utility service. This exemption does not apply to motor vehicles (except those used as common carriers), maintenance facilities, managerial or other nonoperational activities or materials, supplies, or equipment used relative to real estate, obtaining disinfecting or pest control services, or building maintenance and cleaning services.

Purpose: Exemption of equipment and supplies used in producing and delivering a public utility service prevents the multiple taxation that could occur in providing the service. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 63.4	\$ 64.1	\$ 65.6	\$ 66.7	\$ 67.7	\$ 68.8	\$ 70.0

Beneficiaries: Approximately 7,000 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 2.1	\$ 2.1	\$ 2.2	\$ 2.3	\$ 2.4	\$ 2.5	\$ 2.6

Beneficiaries: Approximately 83,000 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 47.3	\$ 49.1	\$ 51.0	\$ 53.0	\$ 55.1	\$ 57.2	\$ 59.5

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

OTHER

AIRLINE CATERING

Description: Airline purchases of catered food and non-alcoholic beverages served to passengers in connection with the airline service are exempt from tax.

Purpose: This tax exemption lowers the cost of catered food and non-alcoholic beverages purchased by airlines, which may also reduce the cost of airline travel for consumers.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.6	\$ 1.6	\$ 1.7	\$ 1.7

Beneficiaries: Approximately 30 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.6

Beneficiaries: As many as 500 vending machine operators may benefit from this tax expenditure.

General Fund Tax Expenditures

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 4.7	\$ 4.9	\$ 5.1	\$ 5.3	\$ 5.4	\$ 5.6	\$ 5.7

Beneficiaries: Approximately 42,100 persons benefit from this tax expenditure.

COMMISSION

Description: A licensed vendor is permitted a 1 percent discount as a credit against the gross amount of tax collected provided that a tax return, with full payment due the department, is postmarked on or before the due date. Nearly all tax returns are due 20 days after the end of a collection period.

Purpose: This provision is intended to defray the vendor's cost of collecting and remitting the sales and use tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 77.3	\$ 79.7	\$ 82.2	\$ 85.0	\$ 87.9	\$ 90.8	\$ 93.8

Beneficiaries: Approximately 192,700 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

General Fund Tax Expenditures

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 321.8	\$ 331.8	\$ 341.6	\$ 352.6	\$ 364.0	\$ 375.5	\$ 387.4

Beneficiaries: Approximately 55 purchasers of aircraft, 11,300 purchasers of computers, 11,000 purchasers of boats, and 609,300 purchasers of cars and trucks annually benefit from this tax expenditure.

ISOLATED SALES

Description: Infrequent personal property sales of a non-recurring nature by persons not in the business of selling such items are exempt from taxation. By regulation, exempt entity sales can occur no more than three times nor more than a total of seven days in a year. These sales may include the sale of a lawn mower to a neighbor, liquidation of an estate, sale of a used typewriter by an insurance company, or yard sale items. Motor vehicles and property that must be registered or licensed are not granted this exemption.

Purpose: The exclusion of isolated sales from taxation greatly reduces compliance and administration burdens for the seller and the commonwealth.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 100.0	\$ 103.3	\$ 106.5	\$ 110.1	\$ 113.8	\$ 117.6	\$ 121.5

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

TEMPORARY USAGE

Description: Property purchased outside Pennsylvania by a nonresident and temporarily used in Pennsylvania for seven days or less or any length of time by a tourist or vacationer is exempt from taxation. If the property is consumed in the state it becomes taxable.

Purpose: Providing an exemption for temporary usage of taxable property in Pennsylvania does not discourage entry into the state by vacationers, tourists, or others who attend, or are involved in specific short term events or activities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

HORSES

Description: The sale of a horse is exempt from taxation if the seller is directed to deliver the horse to an out-of-state location. A horse may be temporarily delivered to a resident or agent prior to being delivered out-of-state.

Purpose: This exemption provides preferential treatment of horses relative to other tangible personal property by permitting temporary location in Pennsylvania before being delivered out-of-state.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 2.7	\$ 3.0	\$ 3.1	\$ 3.1	\$ 3.1	\$ 3.1	\$ 3.1

Beneficiaries: Approximately 2,000 Standard bred horse purchasers and an unknown number of purchasers of other types of horses benefit from this tax expenditure.

YOUTH SPORTS PROGRAMS

Description: The purchase of food and beverages from nonprofit associations which support sports programs for participants aged 18 or younger or for persons with a physical or mental handicap regardless of age is exempt from taxation.

Purpose: The exemption of these items encourages such organizations to support programs that provide activities beneficial to young people and the handicapped.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

PURELY PUBLIC CHARITIES

Description: The sale of personal property or services to or for use by any institution of purely public charity as defined by Act 55 of 1997 is exempt from taxation. Act 45 of 1998 extended this exemption to include the purchase or use of certain machinery and equipment used in a construction contract with an exempt entity. The purchase or use may be made by a construction contractor or the exempt entity. Transactions unrelated to the trade or business of such organizations are taxable as are certain materials and supplies purchased for use in connection with real estate.

Purpose: These organizations provide public and charitable services that are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Charitable Organizations:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 159.4	\$ 162.2	\$ 167.3	\$ 173.8	\$ 180.3	\$ 186.5	\$ 192.4
	Volunteer Firemen's Organizations:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 61.9	\$ 62.9	\$ 64.9	\$ 67.2	\$ 69.5	\$ 71.9	\$ 74.1
	Nonprofit Educational Institutions:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 156.0	\$ 158.3	\$ 163.3	\$ 168.1	\$ 173.3	\$ 178.8	\$ 183.8
	Religious Organizations:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 92.0	\$ 93.5	\$ 96.5	\$ 100.2	\$ 104.0	\$ 107.6	\$ 111.0
	Health & Social Assistance Organizations:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 567.6	\$ 578.1	\$ 594.7	\$ 614.8	\$ 634.6	\$ 652.2	\$ 670.3

Beneficiaries: Approximately 47,000 organizations currently benefit from this tax expenditure.

EXEMPT GOVERNMENTAL UNITS

Description: The sale of tangible personal property or services to or for use by the federal government, the commonwealth or its instrumentalities, or political subdivisions is exempt from taxation. Act 45 of 1998 extended this exemption to include the purchase or use of certain machinery or equipment used in a construction contract with a governmental unit. The purchase or use may be by a contractor or governmental unit. Based on the criteria adopted to define tax expenditures, federal transactions are not included in this study. Commonwealth transactions are also excluded because revenues would offset expenditures with no net effect. The estimates, therefore, represent the tax on local government expenditures and construction contractors.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 411.4	\$ 416.8	\$ 426.8	\$ 439.5	\$ 454.8	\$ 472.6	\$ 491.3

Beneficiaries: Approximately 3,100 governmental units benefit from this tax expenditure.

General Fund Tax Expenditures

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

OUT-OF-STATE PURCHASES

Description: Tangible personal property purchased and used outside the state by a nonresident who later brings the property into Pennsylvania while establishing a permanent residence or business is exempt from taxation. This property must be purchased more than six months prior to the first taxable use in Pennsylvania.

Purpose: This provision eases administrative costs for the commonwealth and compliance costs for the taxpayer and prevents a substantial tax liability from being imposed when a person moves to Pennsylvania.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

RAIL TRANSPORTATION EQUIPMENT

Description: The purchase or use of rail transportation equipment by a business in the movement of its own personal property is exempt from taxation.

Purpose: Exemption of rail equipment provides preferential treatment benefiting specific users of this transportation mode. Were these items not exempt, this additional cost may be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 17.6	\$ 17.9	\$ 18.5	\$ 19.1	\$ 19.7	\$ 20.2	\$ 20.9

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

General Fund Tax Expenditures

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal						

Beneficiaries: An unknown number of 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: All 49 tourist promotion agencies benefit from this tax expenditure.

TROUT

Description: The purchase or use of brook trout, brown trout, or rainbow trout is exempt from taxation.

Purpose: Special treatment is conferred to those involved in the raising or sale of trout intended for human consumption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal						

Beneficiaries: Approximately 60 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

STORAGE

Description: Charges for storage, other than for self-storage, of tangible personal property are exempt from taxation.

Purpose: Commercial storage services may be considered an integral part of the production and distribution of tangible personal property.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 113.3	\$ 115.0	\$ 118.3	\$ 122.3	\$ 126.2	\$ 130.0	\$ 133.7

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

STAIR LIFT DEVICES

Description: The purchase or use of property or services used in installing or repairing stair lift devices is exempt from taxation when the device is installed or used in the residence of a physically disabled person requiring the device to ascend or descend stairs. The physical disability must be certified by a physician.

Purpose: Stair lift devices could be considered essential for people with a physical disability that prevents them from ascending or descending stairs. This exemption reduces the regressive nature of the tax and eases the tax burden on people requiring the devices.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: As many as 850,000 residents who have difficulty ascending and descending stairs may benefit from this tax expenditure.

BAD DEBTS

Description: Sales tax vendors may apply for a refund equal to 100 percent of bad debts associated with sales tax paid to the state for sales written off by the vendor and deducted for federal income tax purposes because the vendor did not receive full payment from the purchaser. Act 55 of 2007 provided that the refund for sales tax remitted and attributable to bad debt is now expanded to private label credit cards. This change will apply to amounts deducted as bad debts on federal income tax returns required to be filed after January 1, 2008. No refund is granted for interest, finance charges, or expenses incurred in attempting to collect receivables.

Purpose: The bad debt refund provision lessens the economic impact experienced by vendors when they extend credit to customers for taxable purchases and subsequently incur uncollectible accounts receivable (bad debts).

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 7.7	\$ 8.0	\$ 8.4	\$ 8.9	\$ 9.3	\$ 9.8	\$ 10.3

Beneficiaries: Any of the 245,000 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 1.9	\$ 2.0	\$ 2.0	\$ 2.1	\$ 2.2	\$ 2.2	\$ 2.3

Beneficiaries: As many as 130,000 entities benefit from this tax expenditure annually.

CALL CENTER CREDIT

Description: A tax credit is available to call centers for the sales and use tax paid on incoming and outgoing interstate telecommunications. The credit is equal to the gross receipts tax paid by a telephone company on the receipts derived from the incoming and outgoing interstate telecommunications. An eligible call center must be located in Pennsylvania, employed 150 or more employees who initiate or answer telephone calls using at least 200 phone lines, and utilized an automated call distribution system. The total amount of credits awarded is limited to \$30 million per year. The tax credit was available for sales and use tax paid for periods on or after January 1, 2004. The total for fiscal year 2012-13 reflects actual credits awarded under the program for that period. Act 52 of 2013 eliminated the credit for fiscal year 2013-14 and after.

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.7	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

Beneficiaries: Approximately 10 call centers located in Pennsylvania benefited 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 36.7	\$ 37.3	\$ 38.5	\$ 39.9	\$ 41.2	\$ 42.6	\$ 43.7

Beneficiaries: Approximately 180 motion picture and video exhibition companies, 70 television broadcasting stations, and 15 cable and subscription programming companies benefit from this expenditure.

COPIES OF AN OFFICIAL DOCUMENT

Description: The sale at retail or use of copies of an official document sold by a government agency or court are exempt from taxation. Included in copies of official documents are any copies in tangible form, including compact discs, microfilm, and similar forms of electronic media. Examples of such documents include notes of court testimony, deposition transcripts, driving records, accident reports, birth and death certificates, deeds, divorce decrees, and other similar documents.

Purpose: This provision eases reporting and administrative burdens on state, county, and local governments, including courts and political subdivisions.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 8.1	\$ 9.3	\$ 10.6	\$ 12.2	\$ 14.0	\$ 16.0	\$ 18.4

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

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 3.6	\$ 3.5	\$ 3.5	\$ 3.5	\$ 3.6	\$ 3.6	\$ 3.7

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: Approximately 59,200 retail and wholesale establishments 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
LODGING							
Recreational parks, camps & campgrounds	\$ 60.5	\$ 63.6	\$ 66.6	\$ 69.0	\$ 71.0	\$ 73.2	\$ 75.5
PERSONAL SERVICES							
Dry-cleaning & laundry services	\$ 41.5	\$ 42.6	\$ 44.2	\$ 46.0	\$ 48.0	\$ 49.9	\$ 51.8
Personal care services	133.5	137.5	143.2	149.5	156.3	163.2	170.2
Funeral parlors, crematories & death care services....	52.8	54.4	56.6	59.1	61.8	64.6	67.3
Other: personal services	47.9	49.3	51.3	53.6	55.9	58.4	60.8
BUSINESS SERVICES							
Advertising, public relations, & related services.....	\$ 683.5	\$ 693.2	\$ 715.0	\$ 740.7	\$ 765.9	\$ 790.4	\$ 813.1
Services to buildings and dwellings	168.7	171.8	177.2	183.4	189.6	195.5	201.3
Consulting (scientific, environmental, & technical).....	323.2	327.7	337.6	349.3	360.8	371.7	381.9
Scientific research & development services	195.0	198.2	204.6	213.0	221.9	230.8	239.7
Information services.....	15.8	16.0	16.6	17.4	18.3	19.2	20.1
Administrative services	457.3	464.6	479.1	496.1	513.0	529.2	544.9
COMPUTER SERVICES							
Custom programming, design & data processing	\$ 329.2	\$ 333.8	\$ 344.2	\$ 356.3	\$ 368.1	\$ 379.4	\$ 389.9
AUTOMOTIVE SERVICES							
Parking lots & garages.....	\$ 81.9	\$ 84.2	\$ 87.7	\$ 91.5	\$ 95.5	\$ 99.7	\$ 103.8
RECREATION SERVICES							
Spectator sports admissions (excludes schools)	\$ 59.2	\$ 67.0	\$ 75.7	\$ 85.6	\$ 96.8	\$ 109.5	\$ 123.8
Theater, dance, music & performing arts admissions ..	15.7	16.8	18.0	19.3	20.7	22.1	23.7
Amusement & recreation industries.....	146.8	151.1	157.2	164.1	171.4	178.9	186.4
Museums, historical sites, zoos & parks.....	24.1	25.1	26.1	27.1	28.2	29.3	30.5
HEALTH SERVICES							
Home health care, nursing care, & other ambulatory health care services	\$ 495.2	\$ 511.9	\$ 537.2	\$ 566.6	\$ 597.9	\$ 627.9	\$ 658.4
Hospitals.....	961.7	994.8	1,044.7	1,102.9	1,164.9	1,224.2	1,284.6
Physician & dental services.....	1,030.3	1,065.8	1,119.3	1,181.6	1,248.0	1,311.5	1,376.3
Social assistance including day care.....	175.2	181.2	190.3	200.9	212.2	223.0	234.0
PROFESSIONAL SERVICES							
Legal.....	\$ 585.8	\$ 598.8	\$ 621.2	\$ 646.3	\$ 671.6	\$ 696.6	\$ 721.0
Architectural, engineering, & related services.....	234.2	236.7	246.9	258.6	268.3	276.1	282.4
Accounting, auditing and bookkeeping services	270.3	275.0	284.1	294.6	304.9	314.8	324.1
Specialized design	60.1	61.0	62.8	65.0	67.3	69.4	71.4
All other professional and technical services	159.1	161.7	166.7	172.5	178.3	183.8	189.0
TRANSPORTATION SERVICES							
Transit & ground transportation.....	\$ 41.9	\$ 43.2	\$ 45.2	\$ 47.1	\$ 49.0	\$ 50.8	\$ 52.3
Air transportation.....	10.1	10.5	11.0	11.5	11.9	12.4	12.8
Truck transportation.....	33.9	34.7	36.1	37.5	38.9	40.2	41.5
Other transportation.....	0.6	0.6	0.6	0.7	0.7	0.7	0.7
MISCELLANEOUS SERVICES							
Basic television	\$ 234.8	\$ 237.6	\$ 242.0	\$ 246.3	\$ 251.7	\$ 258.5	\$ 263.4
Tuition (college, vocational training & instruction).....	680.1	700.3	729.2	761.2	795.3	830.5	865.9
Electrical, plumbing, heating & AC service fees.....	NA						
Veterinary fees.....	47.3	48.7	50.7	52.9	55.3	57.8	60.2
Financial institution fees.....	189.9	193.9	204.0	216.3	231.1	248.6	263.7
Waste management and remediation services.....	125.2	127.6	131.8	136.6	141.4	146.1	150.7

Beneficiaries: Virtually all 5.0 million households and all 296,000 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 8 cents per cigarette, levied on the sale or possession of cigarettes in Pennsylvania. Prior to November 1, 2009, the tax rate was 6.75 cents per cigarette. Effective November 1, 2009, the cigarette tax will also be imposed on little cigars weighing no more than 4 pounds per thousand sticks. 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 HCPRA transfer was repealed beginning November 1, 2009. 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal						

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

COMMISSIONS ON SALES OF STAMPS

Description: Cigarette stamping agents are permitted a commission of 0.87 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 November 1, 2009, the commission was equal to 0.98 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 9.4	\$ 9.2	\$ 8.9	\$ 8.7	\$ 8.5	\$ 8.3	\$ 8.1

Beneficiaries: Approximately 90 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.

The malt beverage tax contains no tax expenditures as defined for this tax expenditure analysis.

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. Additionally, administrative costs for inheritance tax are also included in these estimates. 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 2.5	\$ 2.5	\$ 2.6	\$ 2.7	\$ 2.8	\$ 2.9	\$ 2.9

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$2,448.5	\$2,552.7	\$2,661.2	\$2,774.3	\$2,892.2	\$3,015.1	\$3,143.2

Beneficiaries: As many as 2.7 million retired residents and their survivors benefit from this tax expenditure.

RETIREMENT CONTRIBUTIONS BY EMPLOYERS

Description: Payments made by employers for programs covering employee retirement and employer social security contributions are exempt from taxation.

Purpose: This provision lessens the burden of the tax on Pennsylvania wage earners and maintains fairness since the employee often does not have the right to possess the funds in the retirement plan except upon retirement or separation from the company after a set number of years of service.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$1,025.5	\$1,056.3	\$1,100.3	\$1,147.3	\$1,194.7	\$1,241.3	\$1,288.0

Beneficiaries: As many as 5.8 million employees benefit from this tax expenditure.

NONQUALIFIED DEFERRED COMPENSATION

Description: Following the federal constructive receipt rule, Act 40 of 2005 stipulated that deferrals to nonqualified deferred compensation plans are not includible in compensation. This change applies to appeals which arise prior to or after the effective date of this act, July 7, 2005, and applies to taxable years beginning after December 31, 2002.

Purpose: With certain significant exceptions, Pennsylvania's constructive receipt rules were generally made consistent with the federal constructive receipt rules used to determine when compensation is received by a cash basis taxpayer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 27.0	\$ 27.8	\$ 28.6	\$ 29.5	\$ 30.4	\$ 31.3	\$ 32.2

Beneficiaries: Approximately 43,000 residents benefit from this tax expenditure.

HEALTH SAVINGS ACCOUNTS/ARCHER MEDICAL SAVINGS ACCOUNTS (ARCHER MSAs)

Description: Act 67 of 2006 provided 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 are taxable as interest income. These changes 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 7.4	\$ 7.7	\$ 8.2	\$ 8.7	\$ 9.2	\$ 9.8	\$ 10.3

Beneficiaries: Individuals filing approximately 92,000 returns are estimated to benefit from this tax expenditure. This number is expected to rise over time.

EMPLOYEE BENEFIT PROGRAM EMPLOYER CONTRIBUTIONS

Description: Payments made by employers or labor unions for programs covering hospitalization, sickness, disability or death, supplemental unemployment benefits, group life insurance, and strike benefits are exempt from taxation. Effective January 1, 1998, this expenditure also includes personal use of employer provided property and services.

Purpose: This provision lessens the burden of the tax upon Pennsylvania wage earners, along with maintaining fairness, since these payments are not usually based on actual use by each wage earner.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$1,190.4	\$1,233.3	\$1,266.5	\$1,315.9	\$1,394.0	\$1,481.8	\$1,574.2

Beneficiaries: As many as 5.8 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 72.9	\$ 61.7	\$ 64.3	\$ 67.0	\$ 69.8	\$ 72.5	\$ 75.2

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

LIFE INSURANCE PROCEEDS

Description: Amounts paid to beneficiaries or the estate of a decedent due to the death of the decedent are exempt from tax.

Purpose: Life insurance proceeds are not considered compensation for services rendered. Also, premiums are often paid with after-tax dollars.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 129.2	\$ 132.6	\$ 135.9	\$ 139.4	\$ 143.0	\$ 146.7	\$ 150.4

Beneficiaries: The death payment beneficiaries of approximately 217,000 life insurance policies benefit from this tax expenditure.

SICKNESS OR DISABILITY PROCEEDS

Description: Payments, other than regular wages or salary, received for periods of sickness or disability are excluded from compensation.

Purpose: These payments are excluded because they do not take the place of an employee's regular wages or salary. However, sick pay in the form of regular wages or salary is taxable.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

UNEMPLOYMENT AND SUPPLEMENTAL UNEMPLOYMENT COMPENSATION

Description: Amounts received as unemployment compensation or supplemental unemployment compensation are excluded from taxable income.

Purpose: This exemption assists unemployed persons in providing the basic necessities of life.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 83.9	\$ 77.2	\$ 73.8	\$ 69.1	\$ 64.8	\$ 61.4	\$ 58.6

Beneficiaries: Approximately 640,000 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 89.0	\$ 90.0	\$ 91.0	\$ 91.9	\$ 92.9	\$ 93.9	\$ 94.9

Beneficiaries: As many as 85,100 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

PUBLIC ASSISTANCE

Description: Public assistance payments from governmental entities are excluded from taxable income.

Purpose: This provision limits the impact of the tax on the poor and increases the effectiveness of state payments under this program.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 6.3	\$ 6.4	\$ 6.4	\$ 6.4	\$ 6.4	\$ 6.4	\$ 6.4

Beneficiaries: Approximately 185,000 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 112.0	\$ 113.4	\$ 115.0	\$ 116.8	\$ 118.8	\$ 120.8	\$ 122.9

Beneficiaries: The owners of approximately 215,000 principal residences that are sold each year in Pennsylvania benefit from this tax expenditure.

COMPENSATION FOR MILITARY SERVICE

Description: Compensation for military service by a Pennsylvania resident in a combat zone is excludable from tax. Income received for military service outside the commonwealth (whether or not it is in a combat zone) while on active duty as a member of the armed forces is excludable from compensation. Income received for active state duty for an emergency within or outside Pennsylvania is excludable from compensation.

Purpose: This provision reduces tax on members of the armed forces while on active duty in service of the country.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 118.9	\$ 121.6	\$ 125.8	\$ 130.9	\$ 136.4	\$ 141.8	\$ 147.1

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

SCHOLARSHIPS, GRANTS, FELLOWSHIPS, AND STIPENDS

Description: Scholarships, grants, fellowships, and stipends awarded on the basis of need or academic achievement for the purpose of encouraging or allowing the recipient to further their educational development are not taxable. Fellowships and stipends are taxable if they are awarded as compensation for past, present, or future services.

Purpose: Awards made on the basis of detached generosity are considered to be gifts and are not taxable as income.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 139.1	\$ 141.8	\$ 147.6	\$ 153.9	\$ 160.4	\$ 166.9	\$ 173.2

Beneficiaries: The recipients of approximately 292,000 state and federal grants and scholarships, and an unknown number of private scholarships, grants, fellowships, and stipends benefit from this tax expenditure.

REIMBURSEMENTS FOR ACTUAL EXPENSES

Description: Payments by an employer to an employee to reimburse actual expenses incurred by the employee in the conduct of the employer's business are excludable from compensation.

Purpose: This provision ensures that employees incurring business expenses, for which they are later reimbursed in the actual amount of the expenses, are not taxed on the reimbursements. Such expenses and reimbursements are treated as if the employer had made the expenditure directly.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 85.0	\$ 85.7	\$ 86.5	\$ 87.3	\$ 88.0	\$ 88.8	\$ 89.6

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 170.1	\$ 180.9	\$ 190.5	\$ 201.5	\$ 212.8	\$ 219.3	\$ 228.2
	<i>Other:</i>						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$1,960.2	\$2,084.2	\$2,187.8	\$2,314.5	\$2,444.1	\$ 2,518.9	\$2,621.0

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0

Beneficiaries: The foster parents of approximately 15,000 children benefit from this tax expenditure.

QUALIFIED TUITION PROGRAMS

Description: Act 67 of 2006 provided 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 22.7	\$ 25.6	\$ 28.8	\$ 32.5	\$ 36.7	\$ 41.5	\$ 47.0

Beneficiaries: At least 99,000 taxpayers benefit from this tax expenditure.

EXEMPTION FOR ELECTION OFFICIALS

Description: Compensation and other payments received by county election officials are exempt from taxation.

Purpose: This exemption provides an incentive to serve as a county election official.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9	\$ 1.0

Beneficiaries: As many as 101,400 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.

Purpose: This provision provides an additional benefit to individuals winning lottery prizes.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 11.5	\$ 12.4	\$ 13.2	\$ 13.4	\$ 14.6	\$ 15.7	\$ 16.8

Beneficiaries: Approximately 53,200 residents benefit from this expenditure.

STATE/LOCAL OBLIGATIONS

Description: State and local governments and authorities may issue bonds to raise funds in order to finance a variety of public projects, including infrastructure improvement or construction, and provide essential services. When a bond is issued, the issuer is obligated to repay the borrowed bond proceeds, at a specified rate of interest, by some future date. Interest paid on Pennsylvania government-issued municipal bonds is exempt from Pennsylvania state income taxes.

Purpose: Because of this tax exempt feature, investors will usually accept lower interest payments than on other types of borrowing, lowering the overall cost for the government bond issuer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 80.2	\$ 92.3	\$ 102.4	\$ 105.9	\$ 113.6	\$ 123.8	\$ 125.1

Beneficiaries: Approximately 290,000 Pennsylvanians benefit from this expenditure.

START-UP BUSINESS DEDUCTION

Description: Beginning with tax year 2014, Pennsylvania will align with federal rules allowing for a \$5,000 deduction from net income for business start-up costs for personal income tax purposes. Start-up costs include any amounts paid or incurred in connection with creating an active trade or business, or investigating the creation or acquisition of an active trade or business. They may include advertising, travel, surveys, consultant fees, and training.

Purpose: This deduction gives businesses the same opportunity they have at the federal level and will encourage small business development, attract entrepreneurs and encourage existing businesses to expand and create new jobs.

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ --	\$ --	\$ 4.3	\$ 4.0	\$ 3.7	\$ 3.4	\$ 3.1

Beneficiaries: Approximately 32,000 new businesses will benefit from this tax expenditure.

INTANGIBLE DRILLING COSTS

Description: Effective tax year 2014, a taxpayer may recover intangible drilling costs (IDCs), as defined by federal rules, by using either a ten-year amortization period, or elect to immediately expense up to one-third of the allowable costs and recover the remaining costs over a ten-year period beginning in the taxable year the costs are incurred.

Purpose: IDCs can be significant for a business, and this expenditure allows entities to deduct more costs immediately, instead of spreading all of the costs over the life of the well.

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ --	\$ 1.1	\$ 3.3	\$ 4.2	\$ 4.7	\$ 5.5	\$ 6.1

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

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 2013, 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 296.7	\$ 287.8	\$ 279.1	\$ 270.8	\$ 262.6	\$ 254.8	\$ 247.1

Beneficiaries: Individuals filing approximately 1.4 million returns benefit from this tax expenditure.

RESIDENT 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) may claim the lesser of the actual tax paid to the other state, or the tax calculated using Pennsylvania taxable income earned in the other state, multiplied by the current Pennsylvania tax rate as a credit against the personal income tax. Prior to Act 52 of 2013, Pennsylvania residents could also claim the resident credit for income from a foreign country.

Purpose: This provision prevents the double taxation of income earned by a Pennsylvania resident in another state.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 325.8	\$ 336.3	\$ 357.3	\$ 374.4	\$ 390.4	\$ 406.0	\$ 422.0

Beneficiaries: Individuals filing approximately 162,000 returns benefit from this tax expenditure.

VOLUNTEER RESPONDER RETENTION AND RECRUITMENT TAX CREDIT

Description: Act 66 of 2008 created a one-time tax credit awardable for the 2008 taxable year and available to a volunteer for a volunteer ambulance service, volunteer fire company, or volunteer rescue company. Eligibility and credit amount for the credit is determined by a points system and the number of months as an active volunteer. The maximum credit per volunteer is one hundred dollars, which will be awarded in order of applications received until the \$4.5 million credit cap is met. Any unused credits may be carried forward for up to three years; however, they may not be sold, reassigned, carried back, or refunded.

Purpose: The purpose of the tax credit is to recruit and retain active volunteer responders.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

Beneficiaries: The 85,000 volunteer responders in Pennsylvania could benefit from the tax credit.

ESTIMATED TAXES

ESTIMATED TAXES FOR FIDUCIARIES

Description: Act 40 of 2005 stated that fiduciaries are allowed to adopt the federal annualization rules for calculating estimated payments. This change may lower or eliminate one or more estimated payments. These provisions apply to payments made after June 30, 2006.

Purpose: The adoption of annualized federal rules for calculating estimated payments for estates and trusts allow fiduciaries to have consistent payments between state and federal laws.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 5.9	\$ 6.1	\$ 6.6	\$ 6.9	\$ 5.9	\$ 6.2	\$ 6.6

Beneficiaries: Approximately 43,700 fiduciaries are estimated to benefit from this tax expenditure.

ESTIMATED TAXES FOR FARMERS

Description: Individuals having an estimated gross income from farming which is at least two-thirds of their total gross income may file an estimated tax declaration any time on or before January 15 of the succeeding year. If such an individual files a final return and pays the entire tax due by March 1, the return may be considered the declaration due on or before January 15. The estimates measure the interest lost due to delayed estimated payments.

Purpose: This provision provides assistance to farmers by allowing more liberal estimated payment rules, enhancing the farmers' cash flow.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal						

Beneficiaries: Farmers operating approximately 62,100 farms benefit from this tax expenditure.

General Fund Tax Expenditures

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal						

Beneficiaries: Approximately 1.5 million Pennsylvania residents benefit from this tax expenditure.

ESTIMATED TAXES FOR PRIOR YEAR TAX FORGIVENESS RECIPIENTS

Description: Act 85 of 2012 allows taxpayers who make estimated tax payments equal to the amount of the taxpayer's tax liability for the preceding tax year to take into account a calculation for the special provisions for poverty (tax forgiveness). A taxpayer who received tax forgiveness during the prior tax year, but did not qualify for tax forgiveness in the current tax year and is required to make estimated payments, may avoid a penalty for underpayment of estimated taxes. This provision applies to tax years beginning on or after January 1, 2013. The estimates measure interest foregone on quarterly tax payments and from lost fees and penalties.

Purpose: This legislation is intended to give taxpayers who qualified for tax forgiveness a safe harbor from estimated payments.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	--	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Taxpayers filing nearly 42,000 returns benefit from this 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. In July 2003 the transfer rate returned to 15 percent. Act 67 of 2006 lowered the transfer rate to 2.1 percent for Fiscal Year 2006-07 only. For July 2007 and thereafter the transfer rate returned 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 2.7	\$ 3.2	\$ 3.9	\$ 4.5	\$ 4.5	\$ 4.4	\$ 4.3

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal						

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

TRANSFERS AMONG FAMILY MEMBERS

Description: Transfers between husband and wife, parent and child or the spouse of such child, stepparent and a stepchild 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 49.3	\$ 58.0	\$ 70.9	\$ 82.0	\$ 81.6	\$ 79.7	\$ 77.8

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

TRANSFERS TO SHAREHOLDERS OR PARTNERS

Description: A transfer from a corporation or association to its shareholder or member, where the grantee owns stock or holds an interest in the same proportion as his interest in the real estate being conveyed, is an excluded transaction. The stock or interest must be held by the grantee for more than two years.

Purpose: This exemption recognizes that the grantee has an ownership interest in the realty conveyed to him in the same proportion as stock owned in the corporation or interest in the association.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 1.2	\$ 1.4	\$ 1.8	\$ 2.0	\$ 2.0	\$ 2.0	\$ 1.9

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

TRANSFERS TO OR FROM A NONPROFIT INDUSTRIAL DEVELOPMENT AGENCY

Description: A transfer to a nonprofit industrial development agency or authority is an excluded transaction. A transfer from a nonprofit industrial development agency or authority to a grantee purchasing directly from it is an excluded transaction if (1) the grantee uses such real estate for the primary purpose of manufacturing, fabricating, compounding, processing, publishing, research and development, transportation, energy conversion, energy production, pollution control, warehousing, or agriculture and (2) the authority has full ownership interest in the real estate transferred.

Purpose: These exemptions encourage transfers of realty to nonprofit organizations for industrial development and from nonprofit organizations for use in various activities that may contribute to economic development in the commonwealth.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 2.6	\$ 3.1	\$ 3.8	\$ 4.4	\$ 4.4	\$ 4.3	\$ 4.2

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

TRANSFERS BETWEEN RELIGIOUS ORGANIZATIONS

Description: A transfer between religious organizations or persons holding title for a religious organization, with both parties possessing tax-exempt status under the Internal Revenue Code, is an excluded transaction. The real estate cannot have been used by such transferor for commercial purposes.

Purpose: This exemption provides tax relief to religious organizations that are perceived to provide social benefits.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 1.0	\$ 1.2	\$ 1.5	\$ 1.7	\$ 1.7	\$ 1.6	\$ 1.6

Beneficiaries: Approximately 16,400 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: Approximately 100 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 business 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 business. 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 business thereby recognizing the importance of the family-owned farm.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: Approximately 4,070 family farm businesses 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 or family farm business 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 businesses 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: Approximately 4,070 family farm corporations or partnerships and an unknown number of real estate companies could benefit from this tax expenditure.

TRANSFERS OF REALTY VALUED AT \$100 OR LESS

Description: A transaction where the tax due is one dollar (\$1.00) or less is an excluded transaction.

Purpose: The administrative costs of collecting the revenue from a transfer of realty valued at one hundred dollars or less are thought to be greater than the revenue.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal						

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

PRODUCTION OR EXTRACTION OF COAL, OIL, NATURAL GAS, OR MINERALS

Description: Leases for the production or extraction of coal, oil, natural gas, or minerals and assignments thereof are excluded transactions.

Purpose: This exemption gives tax relief to the mining and extracting industries to produce and extract coal, oil, natural gas, and minerals at a lower cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: Approximately 1,375 companies may benefit from this tax expenditure.

PUBLIC UTILITY EASEMENTS

Description: A transfer of an easement to a person furnishing public utility service is an excluded transaction if the easement is used in, or useful for, furnishing public utility services.

Purpose: Public utility easements are numerous and the majority of them are conveyed for a small consideration. The administrative costs of collecting the revenue from an easement to a provider of public utility services are thought to be greater than the revenue.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal						

Beneficiaries: The 290 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

TRANSFERS TO VOLUNTEER RESCUE COMPANY

Description: A transfer from the commonwealth or any of its agencies, political subdivisions, or instrumentalities for no or nominal consideration to a volunteer emergency medical services agency, volunteer fire company or volunteer rescue company is an excluded transaction.

Purpose: This exemption provides tax relief to volunteer emergency agencies. Without the exemption, they would be required to pay the tax. The exemption should aid volunteer emergency agencies in being able to better serve their communities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.0	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 1,980 taxpayers could benefit from this tax expenditure.

General Fund Tax Expenditures

TRANSFERS BETWEEN VOLUNTEER AGENCIES

Description: A transfer between two or more volunteer emergency medical services agencies, volunteer fire companies or volunteer rescue companies is an excluded transaction.

Purpose: This exemption provides tax relief to volunteer emergency agencies. Without the exemption, both the grantor and the grantee would be required to pay the tax. The exemption should aid volunteer emergency agencies in being able to better serve their communities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.0	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 1,980 taxpayers could benefit from this tax expenditure.

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 included in the personal income tax administrative cost estimates. 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$1,057.2	\$1,101.2	\$1,148.9	\$1,199.6	\$1,251.1	\$ 1,304.6	\$ 1,361.2

Beneficiaries: Approximately 35,400 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$1,521.4	\$1,584.8	\$1,653.4	\$1,726.4	\$1,800.4	\$1,877.4	\$ 1,959.0

Beneficiaries: Approximately 34,000 estates benefit from this tax expenditure.

EXEMPTION FOR TRANSFERS OF PROPERTY FROM A CHILD TO PARENT

Description: Property passing from a child twenty-one years of age or younger to a parent is subject to a 0 percent tax rate. This estimate measures the difference between taxing child to parent transfers at the lineal rate of 4.5 percent and the child to parent rate of 0 percent.

Purpose: This provision reduces the tax burden on families receiving assets due to the untimely death of a child. The transfer of assets to parents was previously taxed as a lineal transfer. This rate change, authorized by Act 23 of 2000, is effective for decedents dying July 1, 2000 or later.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.9	\$ 0.9	\$ 1.0	\$ 1.0	\$ 1.1	\$ 1.1	\$ 1.2

Beneficiaries: Approximately 80 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 22.1	\$ 23.1	\$ 24.1	\$ 25.1	\$ 26.2	\$ 27.3	\$ 28.5

Beneficiaries: Approximately 4,700 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 113.7	\$ 117.9	\$ 122.2	\$ 126.7	\$ 131.4	\$ 136.3	\$ 141.3

Beneficiaries: Estates of the decedents associated with approximately 76,000 life insurance policies benefit from this expenditure.

FEDERAL WAR RISK INSURANCE AND NATIONAL SERVICE LIFE INSURANCE PROCEEDS

Description: Proceeds of federal war risk insurance, national service life insurance, or other similar governmental insurance are exempt from inheritance tax.

Purpose: This provision lessens the tax burden on beneficiaries of U.S. military personnel and dependents who receive increased insurance when stationed in an area where military conflict is possible.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.1	\$ 0.1	\$ 0.1	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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 1.5	\$ 1.6	\$ 1.6	\$ 1.7	\$ 1.8	\$ 1.9	\$ 1.9

Beneficiaries: Approximately 7,700 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 6.9	\$ 7.2	\$ 7.5	\$ 7.8	\$ 8.1	\$ 8.5	\$ 8.8

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 60.0	\$ 62.6	\$ 65.4	\$ 68.2	\$ 71.2	\$ 74.3	\$ 77.5

Beneficiaries: Approximately 47,100 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 ensuring 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 64.3	\$ 67.1	\$ 70.0	\$ 73.0	\$ 76.2	\$ 79.5	\$ 83.0

Beneficiaries: Approximately 34,500 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0

Beneficiaries: As many as 60,300 estates may benefit from this tax expenditure.

RAILROAD RETIREMENT BURIAL BENEFITS

Description: The lump-sum railroad retirement burial benefit is exempt from inheritance tax.

Purpose: This provision helps limit the impact of the tax on poorer beneficiaries. The railroad retirement burial benefit could comprise the majority of assets for many small taxable estates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal						

Beneficiaries: An estimated 200 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: Approximately 60,300 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

NOMINAL OWNERSHIP OF PROPERTY

Description: Property held in the name of a decedent who held no beneficial interest in the property is exempt from inheritance tax.

Purpose: This provision prevents property in which the decedent had no real interest from being included in the taxable estate.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

BUSINESS RELATED EXCLUSIONS AND DEDUCTIONS

PREFERENTIAL VALUATION OF FARMLAND

Description: Farmland which was devoted to agricultural use for the three years preceding the death of the decedent, and is not less than ten contiguous acres or has an anticipated yearly gross income derived from agricultural use of \$2,000 or more, is valued based on its current use rather than its highest use.

Purpose: This provision helps to maintain family farms since land currently devoted to agricultural use is often more valuable if developed.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

SMALL BUSINESS INTEREST TRANSFER EXTENDED PAYMENT SCHEDULE

Description: The inheritance tax due on the transfer of a qualified small business interest may be paid in twenty consecutive quarterly installments beginning nine months after the decedent's death. Each installment payment bears interest of 9 percent per annum.

Purpose: This provision helps protect small businesses upon the death of the owner from a sudden tax burden. Payments are spread out over time so that asset sales can be avoided.

(Dollar Amounts in Millions)

Estimates:	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

PREFERENTIAL VALUATION OF AGRICULTURAL CONSERVATION EASEMENTS

Description: An agricultural conservation easement is a deed restriction landowners voluntarily place on their property to protect productive agricultural land. They are used to authorize a qualified conservation organization or public agency to monitor and enforce the restrictions set forth in the agreement. Act 67 of 2006 provided that the value of an agricultural conservation easement is set at 50 percent of what the land would otherwise be valued for purposes of inheritance tax assessments.

Purpose: This provision helps to maintain family farms and increase participation in the preservation of the commonwealth's farmland.

(Dollar Amounts in Millions)

Estimates:	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.5	\$ 0.4	\$ 0.4	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5

Beneficiaries: The owners of 62,100 farms might benefit from this tax expenditure.

AGRICULTURAL TRANSFERS TO FAMILY MEMBERS

Description: Effective July 1, 2012, a transfer of real estate devoted to the business of agriculture between members of the same family is exempt from inheritance tax, provided that after the transfer the real estate continues to be devoted to the business of agriculture for a period of seven years beyond the decedent's date of death and the real estate derives a yearly gross income of at least \$2,000. A transfer of an agricultural commodity, agricultural conservation easement, agricultural reserve, agricultural use property or a forest reserve to lineal descendants or siblings is also exempt from inheritance tax.

Purpose: This provision helps to maintain family farms and increase participation in the preservation of the commonwealth's farmland.

(Dollar Amounts in Millions)

Estimates:	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 2.2	\$ 4.9	\$ 5.4	\$ 5.6	\$ 5.8	\$ 6.1	\$ 6.4

Beneficiaries: The owners of 62,100 farms might benefit from this tax expenditure.

FAMILY-OWNED BUSINESS TRANSFERS TO FAMILY MEMBERS

Description: Effective July 1, 2013, a transfer of a family-owned, small business interest to members of the same family is exempt from inheritance tax, provided that after the transfer, the family-owned business interest continues to be owned by a family member for a minimum of seven years beyond the decedent's date of death. The exemption is limited to qualified family-owned business interests, defined as having fewer than 50 full-time equivalent employees, a net book value of assets less than \$5 million, and being in existence for at least five years, as of the decedent's date of death. The exemption does not apply to property transferred into the business within one year of the decedent's date of death.

Purpose: This provision helps to maintain family-owned, small businesses.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ --	\$ 3.8	\$ 6.7	\$ 7.5	\$ 8.0	\$ 8.3	\$ 8.6

Beneficiaries: The owners of 271,000 family-owned, small businesses 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.5	\$ 0.5

Beneficiaries: Approximately 3,500 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 102.1	\$ 106.6	\$ 111.2	\$ 116.1	\$ 121.1	\$ 126.4	\$ 131.9

Beneficiaries: An estimated 32,400 charitable and fraternal organizations might benefit from this tax expenditure.

TABLE GAME TAXES

Authorization: Chapter 13A of Title 4 of the Pennsylvania Consolidated Statutes.

Act 1 of January 7, 2010, (P.L. 1, No. 1) imposed table game taxes on gross table game revenue of licensed gaming entities in Pennsylvania.

The table game taxes are imposed on gross table game revenue, which is defined as total cash or cash equivalents received in the playing of table games, contest or tournament fees or payments, and total amount of rakes collected minus cash or cash equivalents paid out, paid to purchase annuities to fund prizes, and paid for personal property distributed to patrons as a result of playing a table game.

The tax rates are 14 percent of gross table game revenue for 2 years following commencement of table game operations at the facility and 12 percent thereafter, and an additional 34 percent of gross table game revenue from table games played on fully automated electronic gaming tables.

Table game taxes contain no tax expenditures as defined for this tax expenditure analysis.

LIQUID FUELS AND FUELS TAX

Authorization: Chapter 90 of Title 75 of the Pennsylvania Consolidated Statutes.

Act 89 of 2013 (HB 1060, PN 2697) eliminates the permanent trust fund tax of \$0.12 per gallon established by the Act of April 17, 1997 (P.L. 1531, No. 3) on all taxable liquid fuels and fuels used or sold and delivered by distributors of the Commonwealth, effective January 1, 2014. Aviation gasoline and jet fuel are also taxed under Chapter 90. However, separate tax rates are set for these fuels. Effective January 1, 2014, the tax rate for aviation gasoline is 5.9 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) 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. Act 89 of 2013 (HB 1060, PN 2697) added an additional 64 mills in 2014, 49 mills in 2015, 48 mills in 2016, 41 mills in 2017, and 39 mills in 2018 and each calendar year thereafter on all taxable liquid fuels and fuels. The Oil Company Franchise tax is calculated annually by multiplying the average wholesale price (established by the Department of Revenue) by the millage rates above. The resulting product is the effective tax rate that is multiplied by the total taxable gallons of fuels and liquid fuels. Act 89 of 2013 set the average wholesale price at \$1.87 in 2014, \$2.48 in 2015 and 2016, and in 2017 the average wholesale price will be completely uncapped. There is also a statutory average wholesale price floor set at \$2.99 for 2017 and each year thereafter. Prior to Act 89, the Act of July 22, 1983 (P.L. 122, No. 32) set minimum and maximum average wholesale prices at \$0.90 and \$1.25 per gallon, respectively. The tax rate for calendar year 2014 is 40.7 cents per gallon for liquid fuels and 51.0 cents per gallon for fuels. Receipts from 57 mills of the tax on liquid fuels and fuels are deposited as unrestricted Motor License Fund revenue, along with the mills added by Act 89 of 2013. However, 4.17% of the mills added by Act 89 are transferred to the Liquid Fuels Tax Fund.

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, 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 4.4	\$ 2.5	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
	Jet Fuel & Aviation Gasoline:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 5.8	\$ 3.4	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
	Oil Company Franchise:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 19.6	\$ 27.8	\$ 43.7	\$ 48.9	\$ 52.3	\$ 57.1	\$ 57.3

Beneficiaries: Approximately 3,130 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.4	\$ 0.2	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
	Jet Fuel & Aviation Gasoline:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 2.6	\$ 1.5	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
	Oil Company Franchise:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 6.3	\$ 9.0	\$ 14.2	\$ 15.9	\$ 17.0	\$ 18.6	\$ 18.6

Beneficiaries: Approximately 2,300 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA	NA	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
	Jet Fuel & Aviation Gasoline:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA	NA	NA	NA	NA	NA	NA
	Fuels:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA	NA	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
	Oil Company Franchise:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.2	\$ 0.3	\$ 0.4	\$ 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA	NA	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
	Jet Fuel & Aviation Gasoline:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA	NA	NA	NA	NA	NA	NA
	Fuels:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA	NA	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
	Oil Company Franchise:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal	Nominal	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
	Jet Fuel & Aviation Gasoline:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal	Nominal	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
	Oil Company Franchise:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.3	\$ 0.3	\$ 0.3

Beneficiaries: There are 13 electric cooperative 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.7	\$ 0.4	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
	Jet Fuel & Aviation Gasoline:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.3	\$ 0.1	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
	Oil Company Franchise:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 1.7	\$ 2.5	\$ 3.9	\$ 4.3	\$ 4.6	\$ 5.1	\$ 5.1

Beneficiaries: Individuals operating approximately 63,200 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)

Estimates:	Liquid Fuels:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA	NA	NA	NA	NA	NA	NA
	Fuels:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.8	\$ 0.5	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
	Oil Company Franchise:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 1.8	\$ 2.6	\$ 4.0	\$ 4.5	\$ 4.8	\$ 5.3	\$ 5.3

Beneficiaries: Approximately 330 entities benefit from these tax expenditures.

POWER TAKE-OFF

Description: A full refund of tax paid is granted for undyed fuel consumed in a power takeoff unit used to load or unload farm feed, feed products, lime, or limestone products for agricultural use at a farm. Tax paid will be refunded provided that the fuel usage is documented by an electronic monitoring device used in conjunction with an electronically controlled engine.

Purpose: This provision allows a refund for fuel consumed in an off-road manner when such use can be clearly documented.

(Dollar Amounts in Millions)

Estimates:	Liquid Fuels:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal	Nominal	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
	Fuels:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal	Nominal	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
	Oil Company Franchise:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Fewer than 10 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. This will be in effect until December 31, 2013. Starting January 1, 2014 the discount will be based on the gross tax due on the oil company franchise tax mills added by Act 89 of 2013. 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 tax reports and payments.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 4.1	\$ 2.4	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
	Jet Fuel & Aviation Gasoline:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 1.0	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1
	Fuels:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 1.5	\$ 0.8	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
	Oil Company Franchise Tax:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.0	\$ 2.3	\$ 5.5	\$ 5.5	\$ 5.5	\$ 5.5	\$ 5.4

Beneficiaries: Approximately 870 distributors benefit from these tax expenditures.

FOREIGN DIPLOMATS

Description: Fuel purchased by foreign diplomats whose countries have entered into a treaty with the United States is exempt from payment of the tax.

Purpose: The commonwealth grants this exemption administratively at the request of the federal government.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA	NA	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
	Jet Fuel & Aviation Gasoline:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA	NA	NA	NA	NA	NA	NA
	Fuels:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA	NA	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
	Oil Company Franchise:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.4	\$ 0.5	\$ 0.6	\$ 0.7	\$ 0.8	\$ 0.9	\$ 0.9

Beneficiaries: Approximately 90 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 1.1	\$ 1.1	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 17.3	\$ 18.2	\$ 24.8	\$ 27.9	\$ 29.9	\$ 32.5	\$ 32.5

Beneficiaries: Approximately 3,130 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 5.3	\$ 5.6	\$ 7.6	\$ 8.6	\$ 9.2	\$ 10.0	\$ 10.0

Beneficiaries: Individuals operating approximately 63,200 farms benefit from this tax expenditure.

Motor License Fund Tax Expenditures

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 9.0	\$ 9.5	\$ 12.9	\$ 14.5	\$ 15.5	\$ 16.9	\$ 16.9

Beneficiaries: Approximately 2,400 fire departments and an unknown number of other organizations benefit from this tax expenditure.

SPECIAL MOBILE EQUIPMENT

Description: Vehicles not designed or used primarily for the transportation of persons or property and that only incidentally operate or move over a highway, such as ditch digging apparatus, well-boring apparatus, earth moving and road construction machinery, are exempt from the motor carriers road tax.

Purpose: Exemption is granted to these vehicles because of their specialized off-highway use.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal	Nominal	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: The owners of approximately 2,300 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

Beneficiaries: The owners of approximately 200 implements of husbandry vehicles benefit from this tax expenditure.

Motor License Fund Tax Expenditures

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 1.9	\$ 2.0	\$ 2.7	\$ 3.1	\$ 3.3	\$ 3.6	\$ 3.6

Beneficiaries: Approximately 27,000 charitable and religious organizations may benefit from this tax expenditure.

CHURCHES

Description: A motorbus owned by and registered to a church, exempt under section 1901 of Title 75, is exempt from the motor carriers road tax.

Purpose: These organizations provide services which are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: As many as 10,300 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

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

Motor License Fund Tax Expenditures

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: The number of individuals benefiting from this tax expenditure is unknown.

VEHICLES SECURING REPAIRS OR RECONDITIONING

Description: Exemption from the motor carriers road tax is provided for unladen or towed motor vehicles or unladen trailers entering Pennsylvania solely for the purpose of securing repairs or reconditioning.

Purpose: This exemption was granted so as to not discourage vehicle owners from obtaining repairs or reconditioning of a vehicle from a Pennsylvania business.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: The number of taxpayers benefiting from this tax expenditure is unknown.

SCHOOL BUSES

Description: Buses designed to carry 11 or more passengers used for the transportation of preprimary, primary, or secondary school students to or from public, private, or parochial schools, or school-related activities or events are exempt from the motor carriers road tax.

Purpose: Since state government indirectly subsidizes transporting school children, this exemption decreases state educational subsidy costs.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 9.2	\$ 9.7	\$ 13.2	\$ 14.9	\$ 16.0	\$ 17.4	\$ 17.4

Beneficiaries: Approximately 5,700 schools benefit from this tax expenditure.

Motor License Fund Tax Expenditures

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA						

Beneficiaries: The number of taxpayers benefiting from this tax expenditure is unknown.

MOTOR VEHICLE CODE

Authorization: The Motor Vehicle Code, contained in Title 75 of the Act of June 17, 1976 (P.L. 162, No. 81), became effective July 1, 1977. This amended the Act of April 29, 1959 (P.L. 58, No. 32) known as The Vehicle Code. Contained in the Motor Vehicle Code are provisions for the titling, registration and licensing of vehicles, operation of vehicles, vehicle characteristics, and the administration and enforcement of the code.

Administrative Costs: Costs to administer the motor vehicle code tax expenditures are borne by the Department of Transportation and cannot be separately identified.

(Dollar Amounts in Millions)

Estimates:	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</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 a motor vehicle are granted a full or partial exemption from the registration fee. Not shown below are exempt categories with unknown numbers of vehicles which include, for example, mobile/modular homes and off road construction vehicles.

Purpose: This exemption provides relief to the organizations or individuals cited below. Many of those cited are dependent upon charitable contributions or augmented incomes. This exemption is also an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates:	Disabled/Severely Disabled Veterans:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: The owners of approximately 5,100 vehicles benefit from this tax expenditure.

Charitable Organizations:

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.1	\$ 1.2	\$ 1.1	\$ 1.2

Beneficiaries: The owners of approximately 17,500 vehicles benefit from this tax expenditure.

Former Prisoners of War:

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal						

Beneficiaries: The owners of approximately 340 vehicles benefit from this tax expenditure.

Farm Trucks:

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 3.4	\$ 3.4	\$ 3.4	\$ 3.3	\$ 3.4	\$ 3.3	\$ 3.3

Beneficiaries: The owners of approximately 10,500 farm trucks benefit from this tax expenditure.

Motor License Fund Tax Expenditures

Emergency Vehicles:

<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
\$ 6.4	\$ 6.0	\$ 6.0	\$ 5.8	\$ 5.9	\$ 5.8	\$ 5.8

Beneficiaries: Organizations owning approximately 15,500 vehicles benefit from this tax expenditure.

Political Subdivisions:

<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
\$ 17.9	\$ 17.7	\$ 17.9	\$ 17.1	\$ 17.7	\$ 17.1	\$ 17.3

Beneficiaries: Approximately 3,130 governmental units benefit from this tax expenditure.

Older Pennsylvanians:

<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
\$ 5.0	\$ 4.5	\$ 4.7	\$ 4.7	\$ 5.0	\$ 5.1	\$ 5.3

Beneficiaries: Older Pennsylvanians owning approximately 133,500 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal						

Beneficiaries: The owners of approximately 80 carnival vehicles benefit from this tax expenditure.

CERTIFICATES OF TITLE

Description: Ownership of a particular vehicle is recorded by the issuance of a certificate of title for which a fee is charged. Specific entities exempt from this title fee are political subdivisions, totally disabled veterans, emergency vehicles, and foreign nationals.

Purpose: This exemption provides relief to the organizations or individuals cited above. The General Assembly has provided an exemption for these entities due to their perceived special status.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: The owners of approximately 7,900 vehicles benefit from this tax expenditure.

Motor License Fund Tax Expenditures

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.2	\$ 0.2	\$ 0.5	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.7

Beneficiaries: Approximately 3,130 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal						

Beneficiaries: As many as 3,130 political subdivisions may benefit from this tax expenditure.

HAULING PERMITS

Description: Permits, for which a fee is charged, are issued to firms that wish to haul loads that exceed the maximum size or weight specifications of certain highways and bridges. The commonwealth administratively grants an exemption from the permit fee to political subdivisions.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal						

Beneficiaries: As many as 3,130 political subdivisions may benefit from this tax expenditure.

Motor License Fund Tax Expenditures

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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal						

Beneficiaries: As many as 3,130 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$11,111.5	\$11,803.4	\$12,225.2	\$12,497.2	\$13,014.6	\$13,574.2	\$14,100.2

Beneficiaries: Pennsylvania's unemployment compensation tax system is intended to generate a sufficient amount of revenue to meet annual benefit payments. In general, under the current system, an employer with higher wage employees pays on a smaller percentage of total wages. If the taxable wage base were total wages paid to employees, the employer with the higher employee wages would have to pay a greater amount in taxes.

As of the first quarter of 2013 there were 278,627 contributory employers to the Unemployment Compensation Fund. The following is a breakdown of these employers according to major industry division¹:

Natural Resources and Mining	3,067	Financial Activities.....	17,799
Construction	27,760	Professional and Business Services	50,683
Manufacturing	13,500	Education and Health Services	45,328
Trade	48,258	Leisure and Hospitality	26,456
Transportation, Warehousing, Utilities....	7,549	Other Services	28,403
Information	3,139	Local Government.....	1,199

^{1/} Based on NAICS industry classification. Data may not add to totals due to the unavailability of industry classification for some employers.

PUBLIC TRANSPORTATION ASSISTANCE FUND

Authorization: Article XXIII of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The Public Transportation Assistance Fund provides for the capital, asset maintenance, and certain other transportation needs of the commonwealth's public transit entities.

Fund revenues are derived from a motor vehicle lease tax; a motor vehicle rental fee; a fee on the sale of new tires; 0.44 percent of total sales and use tax receipts in lieu of the repealed periodicals tax; 0.09 percent of total sales and use tax receipts in lieu of the repealed lease tax on class four and above motor carriers; and 0.417 percent of sales and use tax in lieu of transfers from the public utility realty tax (PURTA) and the utilities gross receipts tax. By provisions of Act 46 of 2003, beginning in fiscal year 2003-04, revenues associated with the 7.6 mills of PURTA, previously transferred to this fund, will remain in the General Fund. Act 138 of 1996 (electric competition) provided for transfers from the utility gross receipts tax to the Public Transportation Assistance Fund beginning in fiscal year 1998-99. Act 46 of 2003 repealed this transfer effective for fiscal year 2003-04 and forward. Certain entities and transactions are exempt from these taxes and fees. With the exception of the fee on tires and the class 4 and above motor carrier tax expenditure, the remaining tax expenditures parallel those in the General Fund sales and use tax expenditures.

Administrative Costs: Administrative costs are believed to be nominal.

MOTOR VEHICLE LEASE TAX AND MOTOR VEHICLE RENTAL FEE

The commonwealth levies a 3 percent tax on the total price charged for each lease of a motor vehicle subject to tax under Article II of the Tax Reform Code of 1971.

A fee of \$2 per day or portion of a day is imposed on each rental of a motor vehicle subject to tax under Article II of the Tax Reform Code of 1971.

COMMON CARRIERS

Description: Vehicles leased or rented by a public utility, engaged in business as a common carrier, to be used in rendering utility services, are exempt from taxation. Since the enactment of the Federal Aviation Act, effective January 1, 1995, Pennsylvania has recognized contract carriers as common carriers. Household goods carriers and private carriers remain taxable.

Purpose: Without this exemption, the tax would be built into the rate base of these types of public utility services and, ultimately, passed on to consumers. Therefore, this exemption reduces the overall cost of utility services that are considered to be basic necessities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA	NA	NA	NA	NA	NA	NA
	Motor Vehicle Rentals:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 8,300 common carriers could benefit from this tax expenditure.

SCHOOL BUSES

Description: The lease or rental of school buses is exempt from taxation. These buses must be used exclusively for the transportation of children for school purposes. The provision is extended to persons who have contracts with school districts to transport children. For the purposes of this analysis, the majority of these contracts are assumed to be leases.

Purpose: The costs of transporting school children are directly borne by school districts and indirectly by state government through subsidy programs. This exemption, while limiting state Public Transportation Assistance Fund revenues, decreases state educational subsidy costs.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 2.4	\$ 2.4	\$ 2.4	\$ 2.4	\$ 2.4	\$ 2.4	\$ 2.4
	Motor Vehicle Rentals:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

Beneficiaries: Approximately 6,300 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)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The owners of approximately 395,000 motor carrier vehicles (class 4 and above) could benefit from this tax expenditure.

EXEMPT ORGANIZATIONS

Description: The lease or rental of personal property to or for use by any charitable organization, volunteer fireman's organization, nonprofit educational institution, or religious organization is exempt from taxation. Transactions unrelated to the trade or business of such organizations are taxable.

Purpose: These organizations provide public and charitable services that are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	NA	NA	NA	NA	NA	NA	NA
	Motor Vehicle Rentals:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</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)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.9	\$ 0.9	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0
	Motor Vehicle Rentals:						
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.5	\$ 0.5

Beneficiaries: Approximately 3,130 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>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
	Nominal						

Beneficiaries: Approximately 3,130 political subdivisions may benefit from this tax expenditure.



Commonwealth of Pennsylvania

Governor's Executive Budget

DEPARTMENT PRESENTATIONS

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GOVERNOR'S OFFICE

The Governor directs and coordinates the work of state government and guides the programs of the agencies in the direction that ensures compliance with existing law, definable needs and administration goals.

Programs and Objectives

Executive Direction: *To provide an effective administrative system through which the substantive program goals of the commonwealth can be accomplished.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Governor's Office.....	\$ 6,429	\$ 6,508	\$ 6,427

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND.....	\$ 6,429	\$ 6,508	\$ 6,427	\$ 6,427	\$ 6,427	\$ 6,427	\$ 6,427
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.....	\$ 6,429	\$ 6,508	\$ 6,427	\$ 6,427	\$ 6,427	\$ 6,427	\$ 6,427
ALL PROGRAMS:							
GENERAL FUND.....	\$ 6,429	\$ 6,508	\$ 6,427	\$ 6,427	\$ 6,427	\$ 6,427	\$ 6,427
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.....	\$ 6,429	\$ 6,508	\$ 6,427	\$ 6,427	\$ 6,427	\$ 6,427	\$ 6,427

PROGRAM OBJECTIVE: To provide an effective administrative system through which the substantive program goals of the commonwealth can be accomplished.

Program: Executive Direction

The Pennsylvania Constitution vests the executive authority of the commonwealth in the governor. It is the duty of the governor to ensure that the laws of the commonwealth are faithfully executed. The governor also oversees the publication of public information including bulletins of the work of state government. The governor submits an annual budget to the general assembly and performs all other functions required of this office as delegated by the State Constitution and in law.

This program also provides for the governor's residence. The residence is used for state functions and to provide a domicile for the governor and the first family. The expenses for official functions, as well as those essential to managing a household, are paid from the Governor's Office appropriation. The maintenance of the residence is primarily the responsibility of the Department of General Services. Equipment, supplies (except food) and housekeeping services are provided by the department.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -81 **Governor's Office**
 —reduction in administrative costs.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-2018 Estimated	2018-19 Estimated
GENERAL FUND:							
Governor's Office	\$ 6,429	\$ 6,508	\$ 6,427	\$ 6,427	\$ 6,427	\$ 6,427	\$ 6,427

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EXECUTIVE OFFICES

The mission of the Executive Offices is to assist the governor in the administration of state government.

The Office of Administration performs central management duties and provides coordinated information technology strategies. The Office of the Budget performs central financial management duties, prepares the annual Governor's Executive Budget and provides comptroller services for all commonwealth agencies. The Office of General Counsel provides legal counsel for state agencies. The Inspector General investigates suspected improper use of state resources and recovers funds disbursed as a result of welfare benefits fraud or overpayment. The Human Relations Commission promotes equal opportunities in employment, housing, public accommodations and education. The Council on the Arts promotes the development of the arts in Pennsylvania. The Commission on Crime and Delinquency provides criminal justice system planning and technical assistance and financial assistance to crime victims. The Juvenile Court Judges' Commission provides technical and financial assistance to county court juvenile probation programs.

Programs and Objectives

Executive Direction: *To provide an effective administrative system through which the substantive programs of the commonwealth can be achieved.*

Legal Services: *To provide legal advice to the governor and the cabinet, and to supervise, coordinate and administer legal services for the commonwealth.*

Prevention and Elimination of Discriminatory Practices: *To ensure equal opportunities and participation for all individuals regardless of race, religion, color, creed, handicap or disability, ancestry, national origin, familial status, age or sex in all areas of employment, housing, credit, commercial property, public accommodations and education.*

Development of Artists and Audiences: *To increase public exposure to quality artistic and cultural programs and to stimulate a climate that offers opportunities and encouragement to artists.*

Criminal and Juvenile Justice Planning and Coordination: *To provide criminal and juvenile justice system policy analysis, coordination and planning to improve criminal justice programs.*

Reintegration of Juvenile Delinquents: *To reduce the recurrence of juvenile delinquency through replacement of criminal behavior with socially acceptable behavior.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
General Government:			
Office of Administration	\$ 8,106	\$ 8,191	\$ 8,165
(F)State Homeland Security Strategies (EA).....	225	0	0
(A)Benefit Administration.....	400	500	600
(A)Classification and Pay Services.....	2,889	2,888	2,888
(A)Workplace Support Division (SEAP).....	2,918	2,916	2,910
(A)Temporary Clerical Pool.....	4,379	4,612	5,230
(A)Governor's Innovation Office.....	2,247	2,193	2,178
(A)CDL Drug and Alcohol Testing.....	199	240	240
(A)Labor Relations.....	1,500	1,464	1,864
(A)Managing for Government Responsiveness Training.....	73	325	325
(A)Group Life Insurance Program Commissions.....	100	100	100
(A)Leadership Development Institute.....	77	77	62
(A)HR Shared Services Center.....	6,888	7,575	7,981
(A)PHMC Personnel Services.....	100	100	100
Subtotal.....	<u>\$ 30,101</u>	<u>\$ 31,181</u>	<u>\$ 32,643</u>
Unemployment Compensation and Transition Costs	1,200	0	0
Office of the Receiver - City of Harrisburg	2,000	2,000	0
(A)Office of Receiver Harrisburg.....	1,000	0	0
Medicare Part B Penalties	291	291	200
Commonwealth Technology Services	43,339	50,451	50,234
(F)ARRA - Broadband Technology Opportunities.....	26,694	16,418	0
(F)ARRA - Broadband Technology Opportunities - Mapping.....	4,500	5,155	3,655
(F)NSTIC Grant.....	0	1,100 ^a	0
(F)J-NET Infrastructure Support (EA).....	165	163	0
(A)Integrated Enterprise System.....	42,424	35,834	36,393
(A)Project Management Resources.....	1	50	25
(A)Shared Service Delivery.....	468	417	417
Subtotal.....	<u>\$ 117,591</u>	<u>\$ 109,588</u>	<u>\$ 90,724</u>
Technology Innovation Investment Fund	0	4,200	4,200
Office of Inspector General	4,152	4,152	4,102
(A)Reimbursements for Special Fund Investigations.....	1,111	1,111	1,111
Subtotal.....	<u>\$ 5,263</u>	<u>\$ 5,263</u>	<u>\$ 5,213</u>
Inspector General - Welfare Fraud	12,705	12,705	12,345
(F)TANFBG - Program Accountability.....	1,500	1,500	1,500
(F)Food Stamps - Program Accountability.....	7,000	7,000	7,000
(F)Medical Assistance - Program Accountability.....	4,200	4,200	4,200
(F)CCDFBG - Subsidized Day Care Fraud.....	1,000	1,000	905
Subtotal.....	<u>\$ 26,405</u>	<u>\$ 26,405</u>	<u>\$ 25,950</u>
Office of the Budget	18,537	18,537	18,486
(A)Support for Commonwealth Payroll Operations.....	6,050	6,253	6,175
(A)BOA - Single Audit.....	674	668	704
(A)Comptroller Single Audit.....	3,969	3,083	2,595
(A)Support for PLCB Comptroller's Office.....	5,176	5,270	5,114
(A)Support for Comptroller Services.....	31,113	31,210	31,434
(A)OAS Support Services.....	40	35	148
Subtotal.....	<u>\$ 65,559</u>	<u>\$ 65,056</u>	<u>\$ 64,656</u>
Audit of the Auditor General	0	0	99
Office of General Counsel	3,189	3,202	3,183
(A)CLE Registration Fees.....	72	78	78
(A)USTIF Settlement.....	0	148	203
Subtotal.....	<u>\$ 3,261</u>	<u>\$ 3,428</u>	<u>\$ 3,464</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
Human Relations Commission	9,491	9,406	9,152
(F)EEOC - Special Project Grant.....	2,000	1,560	1,562
(F)HUD - Special Project Grant.....	958	488	1,046
(A)Miscellaneous Revenues.....	7	18	18
Subtotal.....	<u>\$ 12,456</u>	<u>\$ 11,472</u>	<u>\$ 11,778</u>
Council on the Arts	886	886	886
(F)NEA - Grants to the Arts - Administration.....	470	670	684
Subtotal.....	<u>\$ 1,356</u>	<u>\$ 1,556</u>	<u>\$ 1,570</u>
Juvenile Court Judges Commission	2,461	2,654	2,765
(F)JCMS Support and Deployment (EA).....	198	0	0
(F)ARRA - JCMS Support & Deployment (EA).....	182	124	0
Subtotal.....	<u>\$ 2,841</u>	<u>\$ 2,778</u>	<u>\$ 2,765</u>
Public Employees Retirement Commission	710	769	769
Subtotal.....	<u>\$ 710</u>	<u>\$ 769</u>	<u>\$ 769</u>
Commission on Crime and Delinquency	3,318	3,955	4,189
(F)Plan for Juvenile Justice.....	268	250	200
(F)Justice Assistance Grants.....	25,000	20,000	18,000
(F)ARRA - Justice Assistance Grants.....	20,000	6,000	0
(F)Justice Assistance Grants - Administration.....	1,700	1,700	1,500
(F)ARRA - Justice Assistance Grants - Administration.....	2,000	1,200	0
(F)Juvenile Justice - Title V.....	200	150	300
(F)Statistical Analysis Center.....	150	150	150
(F)Criminal Identification Technology.....	1,000	800	800
(F)Crime Victims Compensation Services.....	7,500	7,500	8,500
(F)Crime Victims Assistance.....	20,000	20,000	20,000
(F)ARRA - Crime Victims Assistance.....	100	0	0
(F)Violence Against Women.....	5,500	5,500	6,000
(F)ARRA - Violence Against Women.....	500	0	0
(F)Violence Against Women - Administration.....	500	500	500
(F)ARRA - Violence Against Women - Administration.....	250	0	0
(F)Residential Substance Abuse Treatment Program.....	1,700	900	1,300
(F)Crime Victims Assistance (VOCA) - Admin/Operations.....	1,300	1,300	1,400
(F)Assault Services Program.....	500	500	500
(F)Incentive Grants Program.....	1,000	0	0
(F)Second Chance Act - Mentoring.....	625	0	0
(F)Second Chance Act - Juvenile Offender Reentry.....	975	200	0
(F)Juvenile Accountability Incentive Program.....	5,000	3,000	3,000
(F)Juvenile Accountability Incentive Program - Administration.....	119	100	100
(F)Combat Underage Drinking Program.....	800	800	500
(F)Juvenile Justice and Delinquency Prevention.....	4,500	4,500	4,500
(F)Project Safe Neighborhoods.....	800	600	700
(F)Forensic Science Program.....	1,500	800	1,000
(F)Statewide Automated Victim Information Notification.....	1,000	1,000	500
(F)Adam Walsh Implementation Support.....	0	400	0
(F)Byrne Competitive Program.....	0	500	1,000
(F)Crime Victim Compensation Initiative.....	0	250	0
(F)Justice and Mental Health Collaboration.....	250	0	0
(F)NICCS Act Record Improvement Program.....	2,000	500	0
(F)Juvenile Delinquency Court Improvement Initiative.....	500	500	0
(F)Community Strategic Planning Demonstration Project.....	36	36	0
(F)Pennsylvania Capital Litigation Training Program.....	375	375	0
(F)Youth Promise Act.....	1,000	1,000	0
(F)Prosecutor and Defender Incentives.....	400	500	350
(F)Juvenile Justice Innovation Fund.....	500	500	0
(F)Sex Offender Registration and Notification.....	400	800	1,000
(A)Interagency MOUs.....	104	1,000	0
(A)External Grants Non-governmental.....	4	35	10
Subtotal.....	<u>\$ 113,374</u>	<u>\$ 87,801</u>	<u>\$ 75,999</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
Victims of Juvenile Offenders.....	1,300	1,300	1,300
Child Advocacy Centers.....	0	0	2,000
Violence Prevention Programs.....	2,113	4,563	5,864
(A) Interagency MOUs.....	1,323	2,863	1,428
(A) Models for Change.....	30	0	0
Subtotal.....	<u>\$ 3,466</u>	<u>\$ 7,426</u>	<u>\$ 7,292</u>
Safe Schools Advocate.....	380	384	384
Subtotal - State Funds.....	\$ 114,178	\$ 127,646	\$ 128,323
Subtotal - Federal Funds.....	159,040	122,189	92,352
Subtotal - Augmentations.....	115,336	111,063	110,331
Total - General Government.....	<u>\$ 388,554</u>	<u>\$ 360,898</u>	<u>\$ 331,006</u>
Grants and Subsidies:			
Intermediate Punishment Treatment Programs.....	\$ 18,167	\$ 18,167	\$ 20,167
Juvenile Probation Services.....	16,445	18,945	21,445
Grants to the Arts.....	8,179	8,179	8,590
(F) NEA - Grants to the Arts.....	850	400	400
Subtotal.....	<u>\$ 9,029</u>	<u>\$ 8,579</u>	<u>\$ 8,990</u>
Subtotal - State Funds.....	\$ 42,791	\$ 45,291	\$ 50,202
Subtotal - Federal Funds.....	850	400	400
Total - Grants and Subsidies.....	<u>\$ 43,641</u>	<u>\$ 45,691</u>	<u>\$ 50,602</u>
STATE FUNDS.....	\$ 156,969	\$ 172,937	\$ 178,525
FEDERAL FUNDS.....	159,890	122,589	92,752
AUGMENTATIONS.....	115,336	111,063	110,331
GENERAL FUND TOTAL.....	<u>\$ 432,195</u>	<u>\$ 406,589</u>	<u>\$ 381,608</u>
<u>MOTOR LICENSE FUND:</u>			
General Government:			
Commonwealth Technology Services.....	<u>\$ 2,336</u>	<u>\$ 2,256</u>	<u>\$ 1,371</u>
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
Victim/Witness Services.....	\$ 7,216	\$ 6,652	\$ 6,591
Crime Victims Reimbursements.....	9,420	12,974	10,849
Constables Education and Training Account.....	2,404	2,230	2,939
Luzerne County Youth Settlement.....	673	1,092	410
Deputy Sheriffs Education and Training Account.....	4,098	4,515	4,540
GENERAL FUND TOTAL.....	<u>\$ 23,811</u>	<u>\$ 27,463</u>	<u>\$ 25,329</u>
HOMEOWNER ASSISTANCE SETTLEMENT FUND:			
Transfer to Access to Justice Account.....	<u>\$ 900</u>	<u>\$ 600</u>	<u>\$ 600</u>

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
JUSTICE REINVESTMENT FUND:			
Victim Services (EA).....	\$ 0	\$ 31	\$ 299
SUBSTANCE ABUSE EDUCATION AND DEMAND REDUCTION FUND:			
Substance Abuse Education & Demand Reduction Programs (EA).....	\$ 7,500	\$ 8,000	\$ 8,000
Substance Abuse Education & Demand Reduction - Admin (EA).....	250	250	300
SUBSTANCE ABUSE EDUCATION AND DEMAND REDUCTION FUND TOTAL.....	\$ 7,750	\$ 8,250	\$ 8,300
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 156,969	\$ 172,937	\$ 178,525
SPECIAL FUNDS.....	2,336	2,256	1,371
FEDERAL FUNDS.....	159,890	122,589	92,752
AUGMENTATIONS.....	115,336	111,063	110,331
OTHER FUNDS.....	32,461	36,344	34,528
TOTAL ALL FUNDS.....	\$ 466,992	\$ 445,189	\$ 417,507

^a Includes recommended supplemental appropriation of \$1,100,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND.....	\$ 91,040	\$ 101,296	\$ 98,600	\$ 98,501	\$ 98,501	\$ 98,600	\$ 98,501
SPECIAL FUNDS.....	2,336	2,256	1,371	1,371	1,371	1,371	1,371
FEDERAL FUNDS.....	45,284	36,536	17,260	17,260	17,260	17,260	17,260
OTHER FUNDS.....	113,796	106,921	108,594	108,594	108,594	108,594	108,594
SUBCATEGORY TOTAL.....	\$ 252,456	\$ 247,009	\$ 225,825	\$ 225,726	\$ 225,726	\$ 225,825	\$ 225,726
LEGAL SERVICES							
GENERAL FUND.....	\$ 3,189	\$ 3,202	\$ 3,183	\$ 3,183	\$ 3,183	\$ 3,183	\$ 3,183
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	72	226	281	281	281	281	281
SUBCATEGORY TOTAL.....	\$ 3,261	\$ 3,428	\$ 3,464	\$ 3,464	\$ 3,464	\$ 3,464	\$ 3,464
PREVENTION AND ELIMINATION OF DISCRIMINATORY PRACTICES							
GENERAL FUND.....	\$ 9,491	\$ 9,406	\$ 9,152	\$ 9,152	\$ 9,152	\$ 9,152	\$ 9,152
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,958	2,048	2,608	2,608	2,608	2,608	2,608
OTHER FUNDS.....	907	618	618	618	344	18	18
SUBCATEGORY TOTAL.....	\$ 13,356	\$ 12,072	\$ 12,378	\$ 12,378	\$ 12,104	\$ 11,778	\$ 11,778
DEVELOPMENT OF ARTISTS AND AUDIENCES							
GENERAL FUND.....	\$ 9,065	\$ 9,065	\$ 9,476	\$ 9,476	\$ 9,476	\$ 9,476	\$ 9,476
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,320	1,070	1,084	1,084	1,084	1,084	1,084
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 10,385	\$ 10,135	\$ 10,560	\$ 10,560	\$ 10,560	\$ 10,560	\$ 10,560
CRIMINAL AND JUVENILE JUSTICE PLANNING AND COORDINATION							
GENERAL FUND.....	\$ 25,278	\$ 28,369	\$ 33,904	\$ 33,904	\$ 33,904	\$ 33,904	\$ 33,904
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	109,948	82,811	71,800	71,800	71,800	71,800	71,800
OTHER FUNDS.....	33,022	39,642	35,366	35,366	35,366	35,366	35,366
SUBCATEGORY TOTAL.....	\$ 168,248	\$ 150,822	\$ 141,070	\$ 141,070	\$ 141,070	\$ 141,070	\$ 141,070
REINTEGRATION OF JUVENILE DELINQUENTS							
GENERAL FUND.....	\$ 18,906	\$ 21,599	\$ 24,210	\$ 24,210	\$ 24,210	\$ 24,210	\$ 24,210
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	380	124	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 19,286	\$ 21,723	\$ 24,210	\$ 24,210	\$ 24,210	\$ 24,210	\$ 24,210

Program Funding Summary

	(Dollar Amounts in Thousands)							
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated	Estimated
ALL PROGRAMS:								
GENERAL FUND.....	\$ 156,969	\$ 172,937	\$ 178,525	\$ 178,426	\$ 178,426	\$ 178,525	\$ 178,426	\$ 178,426
SPECIAL FUNDS.....	2,336	2,256	1,371	1,371	1,371	1,371	1,371	1,371
FEDERAL FUNDS.....	159,890	122,589	92,752	92,752	92,752	92,752	92,752	92,752
OTHER FUNDS.....	147,797	147,407	144,859	144,859	144,585	144,259	144,259	144,259
DEPARTMENT TOTAL.....	<u>\$ 466,992</u>	<u>\$ 445,189</u>	<u>\$ 417,507</u>	<u>\$ 417,408</u>	<u>\$ 417,134</u>	<u>\$ 416,907</u>	<u>\$ 416,808</u>	<u>\$ 416,808</u>

PROGRAM OBJECTIVE: To provide an effective administrative system through which the substantive programs of the commonwealth can be executed.

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 (OA) was established within the Governor's Office in 1955. OA provides policy direction and support to all commonwealth agencies for human resources, information technology, continuity of government, records/directives management, diversity management and strategic enhancements to help improve the results, reduce costs, and enhance customer service of all agencies under the governor's jurisdiction.

The Office of Human Resources Management provides policy direction and support for centralized human resource services, ensuring equity by maintaining the classification, pay, benefits and workers compensation systems; negotiating and administering collective bargaining agreements; recruiting for all non-civil service positions; training in management and supervisory skills; and administering the commonwealth's equal employment opportunity program for all agencies under the governor's jurisdiction. OA also manages the HR Service Center, the central point of contact for employees and managers for common human resource, benefits and payroll services and information.

These responsibilities are carried out through the Office of the Deputy Secretary for Human Resources Management which is comprised of eight organizational units:

- 1) Office of Human Resources: Provides day-to-day human resource services to employees of the Executive Offices, the Lieutenant Governor's Office, the Milk Marketing Board, the PA Historical and Museum Commission, the State Ethics Commission, the PA Health Care Cost Containment Council and the Pennsylvania Infrastructure Investment Authority.
- 2) Bureau of Equal Employment Opportunity (EEO): Strives to ensure equity in all employment practices administered by agencies under the governor's jurisdiction; formulates policies and procedures, and implements uniform reporting requirements to ensure adherence to the governor's EEO objectives; provides technical assistance on EEO and disability matters to commonwealth agencies; offers training and development opportunities for EEO specialists, disability services coordinators and others.
- 3) Bureau of Labor Relations: Negotiates and administers collective bargaining agreements between the commonwealth and the various unions representing state employees; investigates and responds to employee grievances; represents the commonwealth at arbitration hearings; provides assistance to agencies in the day-to-day administration of collective bargaining agreements; conducts labor relations training for supervisory and management personnel and advises agencies on implementing consolidations, closures and other administration initiatives.
- 4) Bureau of State Employment: Establishes policies and procedures for selecting and appointing candidates to non-civil service positions in agencies under the governor's jurisdiction; receives and evaluates resumes; refers qualified applicants to agencies for consideration for vacant positions in accordance with established job standards and equal employment opportunity guidelines and administers the furlough placement process; manages the assignment of temporary clerical employees to state offices in the Capitol Complex and Dauphin County area to address emergency clerical work needs.
- 5) Bureau of Classification and Compensation: Develops and administers job classification and pay standards; provides leadership and technical assistance to agencies on position classification, organizational and staffing matters, and employee compensation; manages a classification grievance program for employees covered by collective bargaining agreements; and assures compliance with the federal regulations of the Fair Labor Standards Act.
- 6) Bureau of Employee Benefits and Services: Administers employee benefits, assistance programs and leave/attendance policies, with the goal of maintaining highly competitive benefits for state employees so that the commonwealth can attract and retain excellent employees and provide the best possible service to the citizens.
- 7) Human Resources Service Center: Provides common human resources, benefits and payroll services and information to employees and agencies under the governor's jurisdiction; advises the Secretary of Administration on the best use of technology to support current or future human resource needs; supports central system activities, including management of agency salary and wage complements; provides

Program: Executive Direction (continued)

assistance on use of the commonwealth's human resources system; and publishes the governor's annual workforce report.

- 8) Bureau of Workforce Planning and Development: Plans and administers training and development programs for executive, management and supervisory personnel.

The Governor's Innovation Office: Improves efficiency and productivity in state government operations through innovation, enhancing multi-agency and enterprise-wide coordination and maximizing the use of internal and external resources, in order to deliver significant cost savings to the commonwealth; maintains a "portfolio" of projects that advances the governor's priorities and identifies ways, consistent with existing initiatives, to enhance revenues, leverage and best utilize internal and external resources and provide a renewed emphasis on government innovation and customer service.

The Office for Continuity of Government (COG): Provides guidelines, tools, subject-matter expertise and technical support to all agencies under the governor's jurisdiction for the development of agency-specific, all hazards continuity of operations plans; plans and conducts multi-agency exercises to test preparedness; coordinates with state agencies as well as external entities such as the U.S. Department of Homeland Security to ensure that CoOP/CoG planning is an integrated aspect of emergency commonwealth's preparedness and response efforts and serves as a liaison between the executive branch and independent agencies, the legislature and the judiciary.

The Office of Enterprise Records Management/Directives Management: Provides comprehensive statements of policy and procedures on matters that affect agencies and employees of the executive branch; administers the directives management system to ensure that communications are reviewed for authority and completeness as well as for their impact on agencies, other systems and existing procedures and elevates the awareness of records management, provides overall guidance on the enterprise strategy, and support agencies.

Program Element: Information Technology

The Office of Administration/Office for Information Technology is responsible for developing and administering statewide policies and standards governing the management and use of the commonwealth's information technology (IT) resources.

The Deputy Secretary for Information Technology/State Chief Information Officer is responsible for developing and implementing the commonwealth's overall IT strategy, overseeing enterprise-level IT operations and administering statewide policies and standards governing the management and use of the commonwealth's IT resources. The deputy secretary oversees enterprise-wide initiatives such as enterprise computing, shared

services, statewide voice and data networks, application development, and security operations to safeguard critical business systems, resources and data.

The Office of Enterprise Technology Services manages the commonwealth's Enterprise Data Center, a state of the art, highly secure computing environment that houses and maintains servers and storage for commonwealth agencies. This office also manages the delivery of shared services such as email; help desk operations, the Statewide Telecommunications Network, GIS, security and technology support functions to commonwealth agencies.

The Office of Enterprise Services and Solutions builds and maintains enterprise applications, develops web-based applications, provides enterprise application shared services, and maintains the commonwealth's enterprise web portal. Additionally, this group manages the Integrated Enterprise System (IES) which provides core budget, finance, human resources, payroll, procurement and reporting functionality to commonwealth agencies. The IES team works directly with business owner agencies (Office of the Budget, Comptroller Operations, Department of General Services and the Office of Administration) to refine business processes and system operating efficiencies. The Office of Enterprise Policy, Planning and Performance Management (PPPM) conducts research and maintains the commonwealth's enterprise architecture, issues technology standards and policies, coordinates agency IT strategic plans and maintains enterprise project management activities. The PPPM is also responsible for enterprise IT procurement including issuance and management of IT statewide contracts and assisting agencies with IT contract creation and management. The Pennsylvania's Justice Network (JNET) office provides an online environment for authorized users to access public safety and criminal justice information. JNET is the commonwealth's primary public safety and criminal justice information broker providing an integrated, secure justice portal to the criminal justice community.

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 prevention and prosecution operations are 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

Program: Executive Direction (continued)

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.

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.

Program Element: Commonwealth Budget and Accounting

The Office of the Budget assists the governor in formulating fiscal policies and procedures and in preparing

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.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		
	Office of Administration	\$	-151
\$ -26	—reduction in administrative costs.	\$	-209
	Office of Receiver- City of Harrisburg		
\$ -2,000	—program elimination.	\$	-360
	Medicare B Penalties		
\$ -91	—reduced program requirement.	\$	-51
	Commonwealth Technology Services		
\$ -347	—information technology resouces transferred to State Police.	\$	99
169	—information technology resouces transferred from Human Relations Commission to Commonwealth Technology Services.		
-39	—reduction in administrative costs.		
\$ -217	<i>Appropriation Decrease</i>		
	Office of Inspector General	\$	-1,041
\$ -50	—reduction in administrative costs.	\$	156
		\$	-885

Office of Inspector General-Welfare Fraud
 —reduction in administrative costs.
 —to promote administrative efficiencies by consolidating work processes and support functions.
Appropriation Decrease

Office of Budget
 —reduction in administrative costs.

Audit of Auditor General
 —triennial audit of the Department of the Auditor General.

All other appropriations are recommended at the current year funding levels.

MOTOR LICENSE FUND
Commonwealth Technology Services
 —information technology resouces transferred to State Police.
 —to continue current program.
Appropriation Decrease

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Office of Administration.....	\$ 8,106	\$ 8,191	\$ 8,165	\$ 8,165	\$ 8,165	\$ 8,165	\$ 8,165
Unemployment Compensation and Transition Costs.....	1,200	0	0	0	0	0	0
Office of the Receiver - City of Harrisburg.....	2,000	2,000	0	0	0	0	0
Medicare Part B Penalties.....	291	291	200	200	200	200	200
Commonwealth Technology Services.....	43,339	50,451	50,234	50,234	50,234	50,234	50,234
Technology Innovation Investment Fund.....	0	4,200	4,200	4,200	4,200	4,200	4,200
Office of Inspector General.....	4,152	4,152	4,102	4,102	4,102	4,102	4,102
Inspector General - Welfare Fraud.....	12,705	12,705	12,345	12,345	12,345	12,345	12,345
Office of the Budget.....	18,537	18,537	18,486	18,486	18,486	18,486	18,486
Audit of the Auditor General.....	0	0	99	0	0	99	0
Public Employees Retirement Commission.....	710	769	769	769	769	769	769
TOTAL GENERAL FUND.....	\$ 91,040	\$ 101,296	\$ 98,600	\$ 98,501	\$ 98,501	\$ 98,600	\$ 98,501
MOTOR LICENSE FUND:							
Commonwealth Technology Services.....	\$ 2,336	\$ 2,256	\$ 1,371	\$ 1,371	\$ 1,371	\$ 1,371	\$ 1,371

PROGRAM OBJECTIVE: To provide legal advice to the governor and the cabinet, and to supervise, coordinate and administer legal services for the commonwealth.

Program: Legal Services

The Office of General Counsel (OGC) was created by Act 164 of 1980. The general counsel serves as the chief legal advisor to the governor, heads the Office of General Counsel, and appoints deputies general counsel, chief counsel and assistant counsel to assist in the performance of the responsibilities of OGC. The office represents the commonwealth, the governor, members of his cabinet, and more than 30 agencies that conduct the business of the commonwealth. This includes rendering legal advice and representation concerning matters and issues arising in connection with the operation of executive agencies under the governor’s jurisdiction. The office also reviews and approves for form and legality all commonwealth deeds, leases, contracts, rules and regulations. The office provides advice to the governor on pending legislative matters and issues and reviews for constitutionality and legality all legislation presented to the governor for approval.

The Office of General Counsel is responsible for initiating appropriate actions or defending the commonwealth when the attorney general declines to initiate appropriate proceedings or delegates that responsibility to OGC. Upon request by the governor, the office also has the authority to intervene in any action by or against an agency under the governor’s jurisdiction.

The general counsel administers the operations of the Juvenile Court Judges’ Commission and supervises the legal representation for this agency as well as all other state agencies with legal staff assigned therein.

In addition, the General Counsel serves as a member of the Board of Commissioners on Uniform State Laws, the Pennsylvania Emergency Management Agency, 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)

\$ -19 **Office of General Counsel**
—reduction in administrative costs.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Office of General Counsel	\$ 3,189	\$ 3,202	\$ 3,183	\$ 3,183	\$ 3,183	\$ 3,183	\$ 3,183

PROGRAM OBJECTIVE: To ensure equal opportunities and participation for all individuals regardless of race, religion, color, creed, handicap or disability, ancestry, national origin, familial status, age or sex in all areas of employment, housing, credit, commercial property, public accommodations and education.

Program: Prevention and Elimination of Discriminatory Practices

The Human Relations Commission is a law enforcement agency responsible for identifying, preventing and eliminating illegal discriminatory practices as defined by the Pennsylvania Human Relations Act and the Pennsylvania Fair Educational Opportunities Act. The two principal methods used by the commission to secure compliance with the law are processing complaints of discrimination that might result in legal proceedings being initiated and providing educational and technical assistance to organizations, businesses, governmental bodies and individuals intended to inform the public of the statutory protections offered and 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 processes and procedures found in the Pennsylvania Human Relations Act and the Pennsylvania Fair Educational Opportunities Act.

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 certain 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 in the form of case completion stipends.

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.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		Human Relations Commission
\$	-85	—reduction in administrative costs.
	-169	—information technology resources transferred to Commonwealth Technology Services.
\$	-254	<i>Appropriation Decrease</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Human Relations Commission	\$ 9,491	\$ 9,406	\$ 9,152	\$ 9,152	\$ 9,152	\$ 9,152	\$ 9,152

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 council supports Pennsylvanians in providing arts and cultural programs and services to their fellow citizens and communities with funding, information and other resources for arts organizations, arts programs and projects, artists, schools, educational and community organizations.

The 19-member council supports the arts through grant programs, services and a network of community-based 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, theaters and festivals.

The council has a nationally recognized funding process. It uses an advisory review process administered in Harrisburg and 13 regions of the state, whereby local citizens review applications and make recommendations for funding to best serve their region. The council functions with input from more than 50 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: a grants program that responds to most applications and program initiatives either directly or through a decentralized network of 13 regional funding partners; 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 additional services directly provided by staff and through partnerships with state, regional and national service organizations.

The Council on the Arts is an important partner in advising and assisting with downtown revitalization efforts, including the development of the first three cultural plans for counties in Pennsylvania: Lackawanna, York and Erie, with others in progress. Through programs such as the Arts in Education Partnership, Pennsylvania Performing Arts on Tour, and Preserving Diverse Cultures, ethnically diverse organizations, artists, ensembles, families and youth audiences are encouraged to participate in the arts.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 411 **Grants to the Arts**
 —Initiative—Promoting Arts in Pennsylvania.
 To provide increased support for the arts in Pennsylvania.

Council on the Arts is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Council on the Arts	\$ 886	\$ 886	\$ 886	\$ 886	\$ 886	\$ 886	\$ 886
Grants to the Arts.....	8,179	8,179	8,590	8,590	8,590	8,590	8,590
TOTAL GENERAL FUND	\$ 9,065	\$ 9,065	\$ 9,476	\$ 9,476	\$ 9,476	\$ 9,476	\$ 9,476

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

The Pennsylvania Commission on Crime and Delinquency (PCCD) mission is to enhance the quality and coordination of criminal and juvenile justice systems, to facilitate the delivery of services to victims of crime, and to increase the safety of our communities. PCCD facilitates cooperation and planning by local agencies that provide statistical and analytical services and deliver training and technical assistance to ensure public safety. It is assisted in this effort through several statutory and commission-created advisory committees, task forces, other advisory and planning groups, boards and commission staff. A major part of the commission's work is accomplished through the awarding and administration of grants provided through state and federal funding streams.

With the assistance of the Research, Evaluation, Data Collection and Analysis Advisory Committee and staff in the Office of Research, Evaluation and Strategic Policy Development, PCCD evaluates the performance of grant recipient projects, develops best practices and researches emerging criminal and juvenile justice trends to ensure federal and state grant funds are allocated to the most effective initiatives. PCCD also compiles crime, corrections, and sentencing data; develops unified population projections for sentencing, corrections, and probation and parole; monitors system performance measures to ensure ongoing compliance; provides objective, independent, and comprehensive policy-relevant analysis; and responds to special justice research and data requests from federal, state, and local agencies as well as from the general public.

Through its Juvenile Justice and Delinquency Prevention Advisory Committee and its Office of Juvenile Justice and Delinquency Prevention, PCCD prepares and updates a biennial comprehensive juvenile justice and delinquency prevention plan on behalf of the commonwealth. PCCD plays a central role in furthering collaborative juvenile justice and delinquency prevention initiatives with the Department of Public Welfare, the Juvenile Court Judges' Commission, the Council of Chief Juvenile Probation Officers, the Department of Education and other agencies. It has facilitated the proliferation of evidence-based delinquency and violence prevention and intervention programs over the last two decades. This program supports the implementation of intensive as well as non-intensive prevention/intervention models. PCCD promotes local efforts to implement risk-focused, community mobilization programming directed toward preventing delinquency, violence, substance abuse and other adolescent problem behaviors. PCCD supports the communities that care risk-focused prevention initiative by providing planning, assessment and implementation

funding, as well as training and technical assistance to communities.

In partnership with Department of Public Welfare PCCD manages a resource center for evidence-based prevention and intervention programs and practices. The resource center works to assist communities with local data collection and analysis that helps in identifying their children's risks and needs and it further supports the operation of evidence-based programming to enable communities to address those issues. On the advice of its Criminal Justice Advisory Committee, its Mental Health and Justice Advisory Committee (MHJAC) and staff in its Office of Criminal Justice System Improvements, PCCD works with local leadership to improve county justice and local law enforcement systems. PCCD serves as a catalyst to coordinate activities among criminal justice agencies by identifying issues, developing statewide policies and programs, and implementing innovative justice improvement solutions that enhance public safety. Through programmatic and fiscal monitoring of state and federally-funded public safety programs, PCCD is able to assess outcome results and determine the extent of project implementation.

PCCD assists communities in dealing with the role that mental health issues play in the criminal justice system through MHJAC. Its Center of Excellence provides training and technical assistance to communities through a partnership with the Department of Public Welfare and uses Mental Health Services Enhancements funds to support evidence-based practices that reduce the involvement of people with mental illness, co-occurring disorders in the criminal justice system.

PCCD has been responsible for institutionalizing County Criminal Justice Advisory Boards (CJABs). CJABs, which consist of top-level county officials, address criminal justice issues from a systemic and policy level perspective, study best practices in the administration and delivery of criminal justice, engage in strategic planning, and make recommendations and establish consensus among the members to improve the effectiveness and efficiency of the county's criminal justice system. Currently, there are 65 counties using CJAB approach.

PCCD also administers the state funded Intermediate Punishment program which provides an alternative to incarceration for low-risk, non-violent offenders. This program supports alternative sentencing, combined with substance abuse treatment, for offenders who can be safely supervised in the community, in lieu of a county jail or state prison sentence. This program demonstrates significant positive results in saving jail/prison days and improving offender outcomes. Many of the offenders who

Program: Criminal and Juvenile Justice Planning and Coordination (continued)

are sentenced to Intermediate Punishment participate in the following programs: day reporting; intensive supervision; electronic monitoring and other restrictive programs which provide close supervision and treatment tailored to the needs of the individual offender. Individuals sentenced to Intermediate Punishment may also participate in an appropriate Problem Solving Court as part of IP sentence. Problem Solving courts have proven effective in increasing the likelihood that offenders will complete their treatment conditions and remain crime-free.

PCCD's Bureau of Training Services oversees several justice training programs, including the legislatively mandated basic and continuing education training of deputy sheriffs and constables. PCCD provides quality, relevant, and current job-related training for local justice practitioners. The bureau also ensures coordination of PCCD training-related initiatives with other federal, state and local criminal justice training entities and the review and development of training-related policy and legislation.

The PCCD Office of Safe Schools Advocate provides support services, victim advocacy and monitoring of the Philadelphia school district related to incidents of violence. The office reviews federal and state statutes that may impact the school district's programs and practices that support school safety. The office attends disciplinary, delinquency and expulsion hearings to advocate for victims and/or to observe testimony regarding incidents of violence that take place on school grounds. An annual report is submitted to the legislature that documents observations and recommendations on school safety.

Program Element: Victim Services

Through its Victims' Services Advisory Committee and its Office of Victims Services, PCCD works to ensure that victims of crime get the help they need to transcend their trauma and move forward with their lives. Victim Services has two components, the Victims Compensation Assistance Program (VCAP) and the Victims Services Program (VSP).

PCCD's VCAP, created by Act 139 of 1976, responds to financial losses incurred by victims of crime. The money to pay crime victims comes from Pennsylvania's Crime Victims Fund, which is supported primarily by costs assessed against certain convicted offenders, as well as restitution, donations and reimbursements from victims who are awarded civil settlements. Additionally, federal funding under the Victims of Crime Act reimburses Pennsylvania, based on a formula of prior year payments to victims. In fiscal year 2012-13, PCCD paid 9964 claims totaling \$12.3 million to or on behalf of Pennsylvania crime victims.

PCCD's VSP administers a variety of state and federal grants designed to assist victims of crime. These include the Rights and Services Act (RASA) program and the Victim's of Juvenile Offenders program (VOJO) both of which are state grant programs. PCCD also administers the following federal grant programs: Victims of Crime Act, STOP Violence against Women Act program and the Sexual Assault Services program.

PCCD funds both procedural services and direct services to victims of crime. Procedural services, such as courtroom orientation and accompaniment, victim rights notification and assistance with victim impact statements, help crime victims obtain the rights to which they are entitled under Pennsylvania's Crime Victims Act and also help them understand the progression of their case through the criminal or juvenile justice systems. The RASA program provided procedural services to over 184,000 victims and witnesses in 2012-13. Direct services are activities that help victims of crime to cope with the physical, emotional and criminal justice issues associated with crime and help them stabilize their lives in the aftermath of trauma. Some examples include crisis intervention, shelter for domestic violence victims, long and short-term counseling and other emergency services that are intended to restore a victim's sense of security. Federal funding is provided to all 67 counties in Pennsylvania to support rape crisis centers, domestic violence shelters, and programs that assist victims of drunken driving, child abuse, and survivors of homicide. On average, these programs provide assistance to over 130,000 Pennsylvania crime victims per year.

PCCD also administers the STOP Violence against Women program, established through the Violence against Women Act of 1994 (reauthorized in 2005). This program exists to develop the nation's capacity to reduce domestic violence, sexual assault, stalking and dating violence. The STOP program requires collaboration among law enforcement, victim services and prosecutors to provide effective response, investigation and prosecution of violence against women cases. Currently, 31 of Pennsylvania's 67 counties participate in the STOP program. The federal Sexual Assault Services program, also established through the Violence against Women Act, supports rape crisis centers across the commonwealth in providing a variety of direct services to meet the needs of victims of sexual assault. On average, STOP funded programs annually provide assistance to over 25,000 victims of domestic violence, sexual assault, stalking and dating violence in Pennsylvania.

Program: Criminal and Juvenile Justice Planning and Coordination (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Commission On Crime and Delinquency</p> <p>\$ 701 —Initiative—Justice Reinvestment Initiative. To ensure victim services receives the full allocation of funding planned from the Justice Reinvestment Initiative.</p> <p>—456 —non-recurring cost.</p> <p>—11 —reduction in administrative costs.</p> <hr/> <p>\$ 234 <i>Appropriation Increase</i></p> <p>Child Advocacy Centers</p> <p>\$ 2,000 —Initiative—Child Protection & Advocacy. To provide funding for Child Advocacy Center operational support and expansion.</p>	<p>Violence Prevention Programs</p> <p>\$ 2,000 —Initiative—Juvenile Justice Reinvestment Initiative. To support evidence-based delinquency, violence prevention and intervention programs.</p> <p>—700 —funding reduction.</p> <p>1 —to continue current program.</p> <hr/> <p>\$ 1,301 <i>Appropriation Increase</i></p> <p>Intermediate Punishment Treatment Programs</p> <p>\$ 2,000 —Initiative—Drug & Alcohol Restrictive Intermediate Punishment. For a pilot program that will provide pre-trial intensive drug and alcohol treatment services.</p>
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All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Commission on Crime and Delinquency ...	\$ 3,318	\$ 3,955	\$ 4,189	\$ 4,189	\$ 4,189	\$ 4,189	\$ 4,189
Victims of Juvenile Offenders	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Child Advocacy Centers	0	0	2,000	2,000	2,000	2,000	2,000
Violence Prevention Programs	2,113	4,563	5,864	5,864	5,864	5,864	5,864
Safe Schools Advocate.....	380	384	384	384	384	384	384
Intermediate Punishment Treatment Programs	18,167	18,167	20,167	20,167	20,167	20,167	20,167
TOTAL GENERAL FUND.....	\$ 25,278	\$ 28,369	\$ 33,904	\$ 33,904	\$ 33,904	\$ 33,904	\$ 33,904

PROGRAM OBJECTIVE: To reduce the recurrence of juvenile delinquency through replacement of criminal behavior with socially acceptable behavior.

Program: Reintegration of Juvenile Delinquents

The Juvenile Court Judges' Commission (JCJC) is responsible for the development and improvement of juvenile probation services throughout the commonwealth. These services focus on the provision of balanced attention to the protection of the community, the imposition of accountability for offenses committed and the development of competencies to enable children to become responsible and productive members of the community. The provision of statewide juvenile justice training, graduate education, research, statistical information, and the development and implementation of evidence based practices have significantly improved the quality of service within the commonwealth's juvenile justice system.

JCJC is coordinating the ongoing development and implementation of Pennsylvania's Juvenile Justice System Enhancement Strategy (JJSES), which is designed to enhance the capacity of Pennsylvania's juvenile justice system to achieve its balanced and restorative justice mission by employing evidence-based practices, with fidelity, at every stage of the juvenile justice process; collecting and analyzing the data necessary to measure the results of these efforts; and, with this knowledge, striving to continuously improve the quality of decisions, services and programs.

JCJC also conditioned eligibility for all county Juvenile Probation Services grant funding in 2013-2014 upon implementation of evidence-based practices including:

- Implementation of the Youth Level of Service (YLS) risk/need assessment instrument;
- Development of recommendations to the court based on the YLS results, including the identified risks and needs of each juvenile; and,
- Development and implementation of case plans which target services to meet the identified risks and needs of each juvenile.

All 67 of the commonwealth's counties are eligible to participate in the commission's grant-in-aid program provided they also adopt the commission's required

juvenile court standards, participate in sponsored training programs and comply with all statistical reporting requirements. The grant-in-aid program is the only source of state funding for juvenile probation services. It supports the commission's major programs including training, graduate education, liability insurance for community service programs and technical assistance to enable counties to utilize the Pennsylvania Juvenile Case Management System (PaJCMS). The commission annually sponsors approximately 45 training programs for juvenile justice practitioners. In addition to the provision of training, the commission, in conjunction with Shippensburg University, provides support to enable probation officers to receive Master of Science degrees in the Administration of Justice. By the end of 2013-14, 625 juvenile justice professionals will have earned graduate degrees through this program since its inception in 1982.

Juvenile arrests for violent crimes (murder, forcible rape, robbery and aggravated assault) have decreased in recent years as indicated in the chart below:

Juvenile Arrests	2011	2012
Juvenile arrests for violent crimes	4,352	3,692
Arrest rate per 100,000 juveniles	335	301

Recidivism rates for juveniles with a 2007, 2008 or 2009 case closure have also been developed and will be used as one measure for determining the impact of the JJSES.

JCJC participates in the commonwealth's Justice Network (JNET). The commission's primary role in the project is to assist in the design, development and implementation of the Juvenile Tracking System, which is part of JNET. The centralization of county data within JNET remains top priority as does the development of dashboards and other related projects to facilitate information sharing and provide real time data to statewide criminal justice agencies and stakeholders.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Juvenile Court Judges Commission
 \$ 111 —to continue current program.

Juvenile Probation Services
 \$ 2,500 —Initiative—Juvenile Justice Reinvestment Initiative. To identify and target evidence-based interventions for high risk offenders, assess juveniles risk to reoffend and facilitate analysis and collection of offender specific case plan data.

Program: Reintegration of Juvenile Delinquents (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Juvenile Court Judges Commission	\$ 2,461	\$ 2,654	\$ 2,765	\$ 2,765	\$ 2,765	\$ 2,765	\$ 2,765
Juvenile Probation Services	16,445	18,945	21,445	21,445	21,445	21,445	21,445
TOTAL GENERAL FUND	\$ 18,906	\$ 21,599	\$ 24,210	\$ 24,210	\$ 24,210	\$ 24,210	\$ 24,210

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Executive Direction							
Office of Administration - Human Resources							
Time required to review and approve agency requests for classification actions on vacant positions (in days)	16	17	17	17	17	17	17
Days required to process requests for clerks from the temporary clerical pool	5.3	11	10.5	10.5	10.5	10.5	10.5
Days required to process requests for typists from the temporary clerical pool	6.4	11	10.5	10.5	10.5	10.5	10.5
Course offerings through the Enterprise Learning Management System at both the enterprise and agency level	2,622	2,400	2,500	2,500	2,500	2,500	2,500
Completion rate for mandatory Enterprise Learning Management System courses	62%	70%	70%	70%	70%	70%	70%
Completion rate for optional Enterprise Learning Management System courses	74%	75%	75%	75%	75%	75%	75%
Hours dedicated by agencies and vendors to safety programs	15,000	16,300	20,000	15,000	15,000	15,000	15,000
Workers' compensation claims filed and accepted	5,360	4,824	4,342	3,690	3,690	3,690	3,690
Number of HR employee service interactions	137,126	129,000	129,000	129,000	129,000	129,000	129,000
Number of HR agency service interactions	61,179	57,000	57,000	57,000	57,000	57,000	57,000
Percent of HR agency services that met established response time goals	90%	95%	95%	95%	95%	95%	95%
HR Service Center customer satisfaction rating (scale of 1 to 4)	3.6	3.5	3.5	3.5	3.5	3.5	3.5
Office of Administration - Office of Enterprise Records Management							
Percent of Issuances and Resolutions updated	80%	80%	80%	80%	80%	80%	80%
Training sessions, workshops and agency information meetings conducted to increase program awareness and compliance	15	15	15	15	15	15	15
Commonwealth Technology Services							
Percentage of cyber attacks thwarted	99%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%
Percentage of virus events actively blocked	99.1%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%
Percentage of SPAM messages blocked	97%	99%	99%	99%	99%	99%	99%
Office of the Budget							
Agency/Purchasing/Corporate credit card rebates earned	\$3,288,325	\$3,945,990	\$4,340,589	\$4,630,500	\$4,890,000	\$5,100,000	\$5,100,000
Percentage of electronic invoices	14.9%	15.2%	15.4%	15.8%	16%	16.3%	16.3%
ADTrav Revenue Sharing	\$78,271	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Office of Inspector General							
General investigations	579	650	650	650	650	650	650
Arrest investigations	3	5	5	5	5	5	5
Pre-employment background investigations	446	400	400	400	400	400	400
Office of Inspector General - Welfare Fund							
Fraud Prevention: investigations	27,916	28,000	28,000	28,000	28,000	28,000	28,000
Fraud Prevention: ineligibility determinations*	14,095	14,000	14,000	14,000	14,000	14,000	14,000
Average amount of cost savings per Welfare Fraud Investigator*	\$1,294,650	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000
Amount of cost savings based on ineligibility determinations*	\$93,214,804	\$90,000,000	\$90,000,000	\$90,000,000	\$90,000,000	\$90,000,000	\$90,000,000
Fraud investigations*	7,834	7,500	7,500	7,500	7,500	7,500	7,500
Amount of overpaid benefits collected through various means*	\$33,073,815	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000
Amount of cost savings and collections for every dollar spent on investigative activities	\$14	\$14	\$14	\$14	\$14	\$14	\$14
Prosecutions: Resulting Cost Savings	\$1,610,977	\$1,750,000	\$1,750,000	\$1,750,000	\$1,750,000	\$1,750,000	\$1,750,000
Administrative Disqualification Hearings: Resulting Cost Savings	\$402,642	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000
Long Term Care Sanctions: Resulting Cost Savings*	\$3,193,480	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000

*These program measures have decreased due to elimination of cash assistance benefits provided through the General Assistance program in the Department of Public Welfare.

Program: Prevention and Elimination of Discriminatory Practices

Human Relations Commission

Percentage of cases under investigation which are two or more years old	19%	16%	13%	10%	7%	4%	1%
Predetermination case settlement rate	28%	31%	34%	37%	40%	43%	46%
Number of housing discrimination cases dually filed with HUD that are closed within 100 days	79	77	75	73	71	70	69

Program: Development of Artists and Audiences

Council on the Arts

Attendance at supported events (in thousands)	15,810	15,820	15,830	15,840	15,850	15,860	15,860
Grant applications received/reviewed	1,950	1,975	2,000	2,050	2,100	2,150	2,150
Grant awards made	1,820	1,850	1,900	1,950	2,000	2,050	2,050

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Criminal and Juvenile Justice Planning and Coordination							
Commission on Crime and Delinquency							
Planning and Coordination: Youth							
Percentage of youth participating in research-based programs with a demonstrated improvement related to the program's targeted behavioral outcome	49%	50%	55%	60%	65%	65%	65%
Percentage of youth served in intensive evidence-based programs with improved school attendance	73%	75%	75%	75%	75%	75%	75%
Planning and Coordination: Adult							
Percent of active offenders sentenced to the Intermediate Punishment Treatment program successfully completing the treatment phase of their sentence (as determined by the court)	84%	78%	78%	78%	78%	78%	78%
Average number of jail days saved per active offender during the fiscal year through participation in Intermediate Punishment Treatment program	85	85	86	87	88	89	90
Percent of offenders who successfully completed the Restrictive Intermediate Punishment portion of their sentence	65%	65%	66%	66%	67%	67%	68%
Average number of jail days saved per offender who completed the Restrictive Intermediate Punishment portion of their sentence	120	122	125	128	130	135	135
Victim Services							
Percentage of victims who are satisfied with the services provided by the Victims Compensation Assistance program	84.7%	84.9%	85.1%	85.3%	85.5%	85.7%	85.9%
Number of victims served by victim service programs throughout Pennsylvania through the utilization of RASA funds.	184,000	193,000	203,000	213,000	224,000	244,000	247,000

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Reintegration of Juvenile Delinquents							
Juvenile Court Judges' Commission							
Children referred to court	31,000	38,000	37,000	36,000	34,000	34,000	34,000
Commitments as a percentage of referrals	7.7%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%
Juvenile arrested for violent crime	3,692	3,500	3,500	3,500	3,500	3,500	3,500
Juvenile cases closed that received probation or other services	13,000	15,000	14,000	14,000	14,000	14,000	14,000
Percentage employed or engaged in an educational/vocational activity at case closing.	84%	84.5%	85%	85%	85%	85%	85%
Juvenile offenders who completed supervision without a new offense resulting in a Consent Decree, adjudication of delinquency, Accelerated Rehabilitation Disposition, Nolo Contendere, or finding of guilt in a criminal proceeding.	11,000	13,000	12,000	12,000	12,000	12,000	12,000

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LIEUTENANT GOVERNOR

The mission of the Lieutenant Governor is to perform legislative and administrative functions as delegated by the Pennsylvania Constitution and the 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.

Programs and Objectives

Executive Direction: *To provide an effective administrative system through which substantive programs of the agency can be accomplished.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Lieutenant Governor's Office.....	\$ 802	\$ 814	\$ 819
Board of Pardons.....	476	518	547
Total - General Government.....	<u>\$ 1,278</u>	<u>\$ 1,332</u>	<u>\$ 1,366</u>
GENERAL FUND TOTAL.....	<u>\$ 1,278</u>	<u>\$ 1,332</u>	<u>\$ 1,366</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND.....	\$ 1,278	\$ 1,332	\$ 1,366	\$ 1,366	\$ 1,366	\$ 1,366	\$ 1,366
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.....	\$ 1,278	\$ 1,332	\$ 1,366	\$ 1,366	\$ 1,366	\$ 1,366	\$ 1,366
ALL PROGRAMS:							
GENERAL FUND.....	\$ 1,278	\$ 1,332	\$ 1,366	\$ 1,366	\$ 1,366	\$ 1,366	\$ 1,366
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.....	\$ 1,278	\$ 1,332	\$ 1,366	\$ 1,366	\$ 1,366	\$ 1,366	\$ 1,366

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 Lieutenant Governor. These duties as prescribed by the State Constitution, include presiding over the Senate; assuming the Office of Governor for the remainder of 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 Center for Local Government Services in the Department of Community and Economic Development and the governor's administration on the needs and concerns of local government entities.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$	5	Lieutenant Governor's Office —to continue current program.
\$	29	Board of Pardons —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Lieutenant Governor's Office.....	\$ 802	\$ 814	\$ 819	\$ 819	\$ 819	\$ 819	\$ 819
Board of Pardons.....	476	518	547	547	547	547	547
TOTAL GENERAL FUND	\$ 1,278	\$ 1,332	\$ 1,366	\$ 1,366	\$ 1,366	\$ 1,366	\$ 1,366

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ATTORNEY GENERAL

The state constitution provides that the Attorney General shall be the chief law enforcement officer of the commonwealth and shall exercise such powers and perform such duties as may be imposed by law.

The Commonwealth Attorneys Act establishes the Attorney General as the chief legal and law enforcement officer of the commonwealth and provides the following fundamental duties and responsibilities of the Office of Attorney General:

- To be the commonwealth's chief law enforcement officer charged with responsibility for the prosecution of organized crime and public corruption. This law enforcement program includes a criminal investigations unit and drug law enforcement program as well as direction of statewide and multi-county investigating grand juries and a Medicaid Fraud Control Section.
- To represent the commonwealth and all commonwealth agencies and, upon request, the Auditor General, State Treasurer and Public Utility Commission in any action brought by or against the commonwealth or its agencies; to furnish upon request legal advice to the Governor or the head of any commonwealth agency.
- To review for form and legality all proposed rules and regulations for commonwealth agencies.
- To review for form and legality all commonwealth deeds, leases and contracts to be executed by commonwealth agencies.
- To collect, by suit or otherwise, all debts, taxes and accounts due the commonwealth which shall be referred to and placed with the Attorney General.
- To administer the provisions relating to consumer protection as well as appoint the Advisory Committee.
- To represent the commonwealth and its citizens in any action brought for violation of the Antitrust Laws of the United States and the commonwealth.

The Attorney General, in addition, serves as a member of the Board of Pardons, the Joint Committee on Documents, the Hazardous Substances Transportation Board, the Board of Finance and Revenue, the Pennsylvania Commission on Crime and Delinquency, the Civil Disorder Commission and the Municipal Police Officers' Education and Training Commission.

Programs and Objectives

Public Protection and Law Enforcement: *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.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 36,770 a	\$ 39,322	\$ 39,322
(F)Medicaid Fraud.....	3,734	5,744	5,507
(F)MAGLOCLIN.....	12,536	7,117	7,587
(A)Legal Fees Reimbursement.....	9	10	10
(A)Medicaid Fraud Reimbursements.....	20	5	5
(A)Restitutions and Investigative Cost Reimbursements.....	-50 b	0	0
(A)Continuing Legal Education.....	0	5	5
(A)Miscellaneous.....	7	6	6
Subtotal.....	<u>\$ 53,026</u>	<u>\$ 52,209</u>	<u>\$ 52,442</u>
(R)Office of Consumer Advocate.....	5,173	5,165	5,165
(R)Home Improvement Consumer Protection.....	1,000	1,636	1,693
Drug Law Enforcement.....	23,500	23,853	23,853
(F)High Intensity Drug Trafficking Areas.....	4,602	4,920	5,131
(A)Recovery of Narcotics Investigation Overtime Costs.....	173	50	50
Subtotal.....	<u>\$ 28,275</u>	<u>\$ 28,823</u>	<u>\$ 29,034</u>
Local Drug Task Forces.....	11,602 c	11,776	11,776
Joint Local-State Firearm Task Force.....	3,014	3,559	3,559
Witness Relocation.....	1,099	1,115	1,115
Child Predator Interception.....	1,330	4,350	4,350
Tobacco Law Enforcement.....	606	615	615
Mobile Street Crimes.....	0	2,500	2,500
Subtotal - State Funds.....	\$ 77,921	\$ 87,090	\$ 87,090
Subtotal - Federal Funds.....	20,872	17,781	18,225
Subtotal - Augmentations.....	159	76	76
Subtotal - Restricted Revenues.....	6,173	6,801	6,858
Total - General Government.....	<u>\$ 105,125</u>	<u>\$ 111,748</u>	<u>\$ 112,249</u>
<i>Grants and Subsidies:</i>			
County Trial Reimbursement.....	\$ 200	\$ 200	\$ 200
(R)Reimbursement to Counties - Full Time District Attorney (EA).....	10,197	8,725	8,947
Subtotal - State Funds.....	\$ 200	\$ 200	\$ 200
Subtotal - Restricted Revenues.....	10,197	8,725	8,947
Total - Grants and Subsidies.....	<u>\$ 10,397</u>	<u>\$ 8,925</u>	<u>\$ 9,147</u>
STATE FUNDS.....	\$ 78,121	\$ 87,290	\$ 87,290
FEDERAL FUNDS.....	20,872	17,781	18,225
AUGMENTATIONS.....	159	76	76
RESTRICTED REVENUES.....	16,370	15,526	15,805
GENERAL FUND TOTAL.....	<u>\$ 115,522</u>	<u>\$ 120,673</u>	<u>\$ 121,396</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
OTHER FUNDS:			
GENERAL FUND:			
Seized/Forfeited Property - State Court Awarded.....	\$ 10,935	\$ 10,742	\$ 10,261
Seized/Forfeited Property - U.S. Department of Justice.....	1,070	1,177	1,630
Seized/Forfeited Property - U.S. Treasury Department.....	49	626	74
Seized/Forfeited Property - U.S. Homeland Security.....	994	1,070	250
OAG Investigative Funds - Outside Sources.....	5,001	6,888	7,261
Public Protection Law Enforcement.....	6,205	9,984	9,741
Community Drug Abuse Prevention Program.....	485	908	730
Coroner's Education Board.....	0	75	0
GENERAL FUND TOTAL.....	\$ 24,739	\$ 31,470	\$ 29,947
CIGARETTE FIRE SAFETY AND FIREFIGHTER PROTECTION ACT FUND:			
Cigarette Fire Safety & Firefighter Protection Enforcement.....	\$ 50	\$ 50	\$ 50
HOMEOWNER ASSISTANCE SETTLEMENT FUND:			
Housing Consumer Protection.....	\$ 900	\$ 600	\$ 600
STATE GAMING FUND:			
(R)Gaming Enforcement.....	\$ 1,011	\$ 1,071	\$ 1,141
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 78,121	\$ 87,290	\$ 87,290
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	20,872	17,781	18,225
AUGMENTATIONS.....	159	76	76
RESTRICTED.....	16,370	15,526	15,805
OTHER FUNDS.....	26,700	33,191	31,738
TOTAL ALL FUNDS.....	\$ 142,222	\$ 153,864	\$ 153,134

^a Appropriated as \$35,446,000 for General Government Operations, \$473,000 for Capital Appeals Case Litigation and \$851,000 for Charitable Nonprofit Conversions.

^b Includes the transfer of prior year restitution revenue to the General Fund.

^c Appropriated as \$9,604,000 for Local Drug Task Forces and \$1,998,000 for Drug Strike Task Force.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
PUBLIC PROTECTION AND LAW ENFORCEMENT							
GENERAL FUND.....	\$ 78,121	\$ 87,290	\$ 87,290	\$ 87,290	\$ 87,290	\$ 87,290	\$ 87,290
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	20,872	17,781	18,225	18,225	18,225	18,225	18,225
OTHER FUNDS.....	43,229	48,793	47,619	47,694	47,345	47,094	47,019
SUBCATEGORY TOTAL.....	\$ 142,222	\$ 153,864	\$ 153,134	\$ 153,209	\$ 152,860	\$ 152,609	\$ 152,534
ALL PROGRAMS:							
GENERAL FUND.....	\$ 78,121	\$ 87,290	\$ 87,290	\$ 87,290	\$ 87,290	\$ 87,290	\$ 87,290
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	20,872	17,781	18,225	18,225	18,225	18,225	18,225
OTHER FUNDS.....	43,229	48,793	47,619	47,694	47,345	47,094	47,019
DEPARTMENT TOTAL.....	\$ 142,222	\$ 153,864	\$ 153,134	\$ 153,209	\$ 152,860	\$ 152,609	\$ 152,534

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 of investigating and prosecuting organized crime and public corruption. The agency investigates and prosecutes criminal activity in accordance with Sections 205 and 206 of the Commonwealth Attorneys Act and uses statewide investigative grand juries as appropriate. The Office of Attorney General works with the State Police to curtail drug abuse in the commonwealth by apprehending illegal drug traffickers. Act 166 of 1994 established a section 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 program activities involve decreasing the incidence of fraud and deceptive business practices as well as 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 annual 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 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 comprised of the Philadelphia District Attorney's Office, the Philadelphia Police Department and the Office of Attorney General, was established to fight gun violence in the Philadelphia area.

Act 42 of 2008, the Cigarette Fire Safety and Firefighter Protection Act, authorizes the office to file actions in state court when the act's requirements are violated. Act 132 of 2008 established the Home Improvement Consumer Protection Act which requires home improvement contractors to register with the Bureau of Consumer Protection. The agency investigates alleged violations regarding home improvement contractors. Act 70 of 2012, the Homeowner Assistance Settlement Act, authorizes the agency to provide housing consumer protection programs.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Fund appropriations recommended at the current year funding level.

This budget also recommends the following from restricted accounts in the General Fund.

<p>Home Improvement Consumer Protection</p> <p>\$ 57 —to continue current program.</p>	<p>Reimbursement to Counties - Full Time District Attorneys (EA)</p> <p>\$ 222 —based on most recent projection of program revenue.</p>
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The Office of Consumer Advocate is recommended at the current year funding level.

Program: Public Protection and Law Enforcement (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 36,770	\$ 39,322	\$ 39,322	\$ 39,322	\$ 39,322	\$ 39,322	\$ 39,322
Drug Law Enforcement.....	23,500	23,853	23,853	23,853	23,853	23,853	23,853
Local Drug Task Forces.....	11,602	11,776	11,776	11,776	11,776	11,776	11,776
Joint Local-State Firearm Task Force.....	3,014	3,559	3,559	3,559	3,559	3,559	3,559
Witness Relocation.....	1,099	1,115	1,115	1,115	1,115	1,115	1,115
Child Predator Interception.....	1,330	4,350	4,350	4,350	4,350	4,350	4,350
Tobacco Law Enforcement	606	615	615	615	615	615	615
Mobile Street Crimes.....	0	2,500	2,500	2,500	2,500	2,500	2,500
County Trial Reimbursement.....	200	200	200	200	200	200	200
TOTAL GENERAL FUND	\$ 78,121	\$ 87,290	\$ 87,290	\$ 87,290	\$ 87,290	\$ 87,290	\$ 87,290

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Public Protection and Law Enforcement							
Cases presented to the Statewide Investigating Grand Jury	68	70	71	71	71	71	71
Local drug task force arrests	6,781	7,000	7,000	7,000	7,000	7,000	7,000
Drug arrests resulting from Grand Jury presentments	187	190	190	190	190	190	190
Review of estates, charities, nonprofits, and health care conversions for compliance with rules and regulations	2,381	2,400	2,400	2,400	2,400	2,400	2,400
Consumer complaints concerning business practices investigated and mediated	34,382	34,000	35,000	35,000	35,000	35,000	35,000
Dollar value of recoupment to consumers regarding business practices (in thousands)	\$3,468	\$3,500	\$3,700	\$3,700	\$3,700	\$3,700	\$3,700
Consumer complaints concerning business practices - health care industry	1,907	1,907	1,907	1,907	1,907	1,907	1,907
Dollar value of recoupment to consumers regarding business practices - health care industry (in thousands)	\$1,181	\$1,181	\$1,181	\$1,181	\$1,181	\$1,181	\$1,181



AUDITOR GENERAL

The mission of the Auditor General is to post-audit the affairs of state government agencies and certain local government agencies, officials and organizations.

The objective is to ensure conformance with established legislative and administrative regulations and to assure that all money has been disbursed legally and properly. In addition, the Auditor General examines the accounts of revenue collecting agents to ensure that all money due the commonwealth was reported and transmitted properly.

Programs and Objectives

Auditing: *To ensure that all revenue to which the commonwealth is entitled is deposited in the State Treasury and that public money is disbursed legally and properly.*

Municipal Pension Systems: *To assist municipal pension systems through review and audit of their pension funds.*

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Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Auditor General's Office.....	\$ 40,777	\$ 41,389	\$ 41,389
(A)Reimbursement Auditing Services.....	14,516	12,150	12,438
Information Technology Modernization.....	0	1,750	1,750
Subtotal.....	<u>\$ 55,293</u>	<u>\$ 55,289</u>	<u>\$ 55,577</u>
Board of Claims.....	1,616	1,640	1,640
Subtotal - State Funds.....	\$ 42,393	\$ 44,779	\$ 44,779
Subtotal - Augmentations.....	14,516	12,150	12,438
Total - General Government.....	<u>\$ 56,909</u>	<u>\$ 56,929</u>	<u>\$ 57,217</u>
STATE FUNDS.....	\$ 42,393	\$ 44,779	\$ 44,779
AUGMENTATIONS.....	14,516	12,150	12,438
GENERAL FUND TOTAL.....	<u>\$ 56,909</u>	<u>\$ 56,929</u>	<u>\$ 57,217</u>
OTHER FUNDS:			
MUNICIPAL PENSION AID FUND:			
Municipal Pension Aid.....	\$ 241,934	\$ 258,404	\$ 264,864
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 42,393	\$ 44,779	\$ 44,779
SPECIAL FUNDS.....	0	0	0
AUGMENTATIONS.....	14,516	12,150	12,438
OTHER FUNDS.....	241,934	258,404	264,864
TOTAL ALL FUNDS.....	<u>\$ 298,843</u>	<u>\$ 315,333</u>	<u>\$ 322,081</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
AUDITING							
GENERAL FUND.....	\$ 42,393	\$ 44,779	\$ 44,779	\$ 44,779	\$ 44,779	\$ 44,779	\$ 44,779
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	14,516	12,150	12,438	12,438	12,438	12,438	12,438
SUBCATEGORY TOTAL.....	\$ 56,909	\$ 56,929	\$ 57,217	\$ 57,217	\$ 57,217	\$ 57,217	\$ 57,217
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.....	241,934	258,404	264,864	264,864	264,864	264,864	264,864
SUBCATEGORY TOTAL.....	\$ 241,934	\$ 258,404	\$ 264,864	\$ 264,864	\$ 264,864	\$ 264,864	\$ 264,864
ALL PROGRAMS:							
GENERAL FUND.....	\$ 42,393	\$ 44,779	\$ 44,779	\$ 44,779	\$ 44,779	\$ 44,779	\$ 44,779
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	256,450	270,554	277,302	277,302	277,302	277,302	277,302
DEPARTMENT TOTAL.....	\$ 298,843	\$ 315,333	\$ 322,081	\$ 322,081	\$ 322,081	\$ 322,081	\$ 322,081

PROGRAM OBJECTIVE: To ensure that all revenue to which the commonwealth is entitled is deposited in the State Treasury and that public money is disbursed legally and properly.

Program: Auditing

The auditor general is required by the Fiscal Code to audit the financial affairs of state government and certain local government entities. The auditor general is mandated to perform audits of any entity receiving funds from the commonwealth or any entity collecting funds that belong to the commonwealth. Each year, the department performs thousands of regular and special post-audits of commonwealth agencies, individuals, associations and corporations to ensure money is disbursed legally and properly. The auditor general also examines accounts of revenue collecting agents to assure that all funds due to the commonwealth have been reported and transmitted properly and that the commonwealth's financial statements conform to Generally Accepted Accounting Principles.

The Single Audit, which is a single financial/compliance audit of the commonwealth's federal aid programs and an audit of the commonwealth's General Purpose Financial Statements, is 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)

All appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Auditor General's Office	\$ 40,777	\$ 41,389	\$ 41,389	\$ 41,389	\$ 41,389	\$ 41,389	\$ 41,389
Information Technology Modernization	0	1,750	1,750	1,750	1,750	1,750	1,750
Board of Claims	1,616	1,640	1,640	1,640	1,640	1,640	1,640
TOTAL GENERAL FUND	\$ 42,393	\$ 44,779	\$ 44,779	\$ 44,779	\$ 44,779	\$ 44,779	\$ 44,779

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 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 non uniformed employees where municipalities choose to allocate state aid to those funds.

The auditor general administers the Municipal Pension Systems Aid program, established by Act 205 to distribute

funding to municipal pension plans for police officers and paid firefighters. The program is funded through the Municipal Pension Aid Fund, which receives all proceeds of the Foreign Casualty Insurance Premium Tax and a portion of the Foreign Fire Insurance Premium Tax.

The auditor general is also responsible for distributing proceeds from the Foreign Fire Insurance Tax Fund to municipalities for payment to volunteer firefighter relief associations. Financial statements for the Municipal Pension Aid Fund and the Fire Insurance Tax Fund are presented in the Special Funds Appendix section of this budget.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

MUNICIPAL PENSION AID FUND
Municipal Pension Aid
 \$ 6,460 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
MUNICIPAL PENSION AID FUND:							
Municipal Pension Aid	\$ 241,934	\$ 258,404	\$ 264,864	\$ 264,864	\$ 264,864	\$ 264,864	\$ 264,864



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 pre-auditing all requisitions for the expenditures of funds and for disbursement of all state monies upon proper authorization to those entitled to receive payment.

Programs and Objectives

Disbursement: *To receive and safeguard the monies of the commonwealth, to manage the funds to the best advantage of the commonwealth and to ensure that all disbursements of funds are legal and proper.*

Interstate Relations: *To promote interstate cooperation and progress through participation in various associations, commissions and organizations both regionally and nationally.*

Debt Service: *To provide for interest and principal requirements of notes and bonds issued by the commonwealth and other expenses related to debt service.*

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Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 31,752	\$ 32,228	\$ 35,728
(A)Unemployment Compensation Service Reimbursements.....	5,699	6,536	6,030
(A)Administrative Service Fees.....	1,693	1,442	1,330
(A)Unclaimed Property Service Fees.....	7,512	928	50
Subtotal.....	<u>\$ 46,656</u>	<u>\$ 41,134</u>	<u>\$ 43,138</u>
Board of Finance and Revenue.....	1,945	2,505	2,505
Divestiture Reimbursement.....	165	1,698	229
Publishing Monthly Statements.....	15	15	15
Intergovernmental Organizations.....	1,139	1,187	1,136
Information Technology Modernization.....	7,425	9,000	8,000
Subtotal - State Funds.....	\$ 42,441	\$ 46,633	\$ 47,613
Subtotal - Augmentations.....	14,904	8,906	7,410
Total - General Government.....	<u>\$ 57,345</u>	<u>\$ 55,539</u>	<u>\$ 55,023</u>
<i>Grants and Subsidies:</i>			
Law Enforcement & Emergency Response Personnel Death Benefit.....	\$ 2,163	\$ 2,163	\$ 2,163
<i>Debt Service:</i>			
Loan and Transfer Agents.....	\$ 60	\$ 60	\$ 60
Tax Note Expenses (EA).....	0	0	400
Interest on Tax Anticipation Notes (EA).....	0	0	4,000
Cash Management Loan Interest (EA).....	0	1,000	0
General Obligation Debt Service.....	1,094,332	1,066,991	1,104,000
Total - Debt Service.....	<u>\$ 1,094,392</u>	<u>\$ 1,068,051</u>	<u>\$ 1,108,460</u>
STATE FUNDS.....	\$ 1,138,996	\$ 1,116,847	\$ 1,158,236
AUGMENTATIONS.....	14,904	8,906	7,410
GENERAL FUND TOTAL.....	<u>\$ 1,153,900</u>	<u>\$ 1,125,753</u>	<u>\$ 1,165,646</u>
MOTOR LICENSE FUND:			
<i>General Government:</i>			
Administration Refunding Liquid Fuels Tax.....	\$ 557	\$ 557	\$ 533
<i>Refunds:</i>			
Refunding Liquid Fuels Taxes - State Share (EA).....	\$ 1,000	\$ 1,300	\$ 1,700
Refunding Liquid Fuels Taxes - Agriculture (EA).....	3,200	3,200	4,100
Refunding Liquid Fuels Taxes - Political Subdivisions (EA).....	2,500	2,500	3,400
Refunding Liquid Fuels Taxes - Volunteer Services (EA).....	400	400	500
Refunding Liquid Fuels Taxes - Snowmobiles & ATV's (EA).....	1,000	1,000	1,000
Refunding Liquid Fuels Taxes - Boat Fund (EA).....	2,300	3,200	6,100
Total - Refunds.....	<u>\$ 10,400</u>	<u>\$ 11,600</u>	<u>\$ 16,800</u>

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
Debt Service:			
Capital Debt Transportation Projects.....	\$ 4,322	\$ 749	\$ 2,376
General Obligation Debt Service.....	14,800	17,001	16,936
(R)Capital Bridge Debt Service (EA).....	47,766	46,763	46,530
Loan and Transfer Agent.....	50	50	50
Subtotal - State Funds.....	\$ 19,172	\$ 17,800	\$ 19,362
Subtotal - Restricted Revenues.....	47,766	46,763	46,530
Total - Debt Service.....	<u>\$ 66,938</u>	<u>\$ 64,563</u>	<u>\$ 65,892</u>
STATE FUNDS.....	\$ 30,129	\$ 29,957	\$ 36,695
RESTRICTED REVENUES.....	47,766	46,763	46,530
MOTOR LICENSE FUND TOTAL.....	<u>\$ 77,895</u>	<u>\$ 76,720</u>	<u>\$ 83,225</u>
OTHER FUNDS:			
ENVIRONMENTAL STEWARDSHIP FUND:			
Debt Service for Growing Greener (EA).....	\$ 38,910	\$ 41,451	\$ 43,849
LIQUID FUELS TAX FUND:			
Refunding Liquid Fuels Taxes - Boat Fund (EA).....	\$ 300	\$ 300	\$ 100
TUITION ACCOUNT GUARANTEED SAVINGS PROGRAM FUND:			
Tuition Account Program Bureau.....	\$ 3,229	\$ 3,188	\$ 3,188
(A)Application Fees.....	1,159	1,371	1,398
TUITION ACCOUNT GUARANTEED SAVINGS PROGRAM FUND TOTAL.....	<u>\$ 4,388</u>	<u>\$ 4,559</u>	<u>\$ 4,586</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 1,138,996	\$ 1,116,847	\$ 1,158,236
SPECIAL FUNDS.....	30,129	29,957	36,695
AUGMENTATIONS.....	14,904	8,906	7,410
RESTRICTED.....	47,766	46,763	46,530
OTHER FUNDS.....	43,598	46,310	48,535
TOTAL ALL FUNDS.....	<u>\$ 1,275,393</u>	<u>\$ 1,248,783</u>	<u>\$ 1,297,406</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
DISBURSEMENT							
GENERAL FUND.....	\$ 43,450	\$ 47,594	\$ 48,625	\$ 44,896	\$ 39,896	\$ 36,896	\$ 36,896
SPECIAL FUNDS.....	10,957	12,157	17,333	19,033	20,833	22,633	24,433
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	19,592	13,765	12,096	11,831	11,831	11,831	11,831
SUBCATEGORY TOTAL.....	<u>\$ 73,999</u>	<u>\$ 73,516</u>	<u>\$ 78,054</u>	<u>\$ 75,760</u>	<u>\$ 72,560</u>	<u>\$ 71,360</u>	<u>\$ 73,160</u>
INTERSTATE RELATIONS							
GENERAL FUND.....	\$ 1,139	\$ 1,187	\$ 1,136	\$ 1,136	\$ 1,136	\$ 1,136	\$ 1,136
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.....	<u>\$ 1,139</u>	<u>\$ 1,187</u>	<u>\$ 1,136</u>	<u>\$ 1,136</u>	<u>\$ 1,136</u>	<u>\$ 1,136</u>	<u>\$ 1,136</u>
DEBT SERVICE							
GENERAL FUND.....	\$ 1,094,407	\$ 1,068,066	\$ 1,108,475	\$ 1,162,721	\$ 1,196,479	\$ 1,259,159	\$ 1,325,851
SPECIAL FUNDS.....	19,172	17,800	19,362	33,975	42,624	49,254	53,735
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	86,676	88,214	90,379	91,239	90,982	88,171	80,023
SUBCATEGORY TOTAL.....	<u>\$ 1,200,255</u>	<u>\$ 1,174,080</u>	<u>\$ 1,218,216</u>	<u>\$ 1,287,935</u>	<u>\$ 1,330,085</u>	<u>\$ 1,396,584</u>	<u>\$ 1,459,609</u>
ALL PROGRAMS:							
GENERAL FUND.....	\$ 1,138,996	\$ 1,116,847	\$ 1,158,236	\$ 1,208,753	\$ 1,237,511	\$ 1,297,191	\$ 1,363,883
SPECIAL FUNDS.....	30,129	29,957	36,695	53,008	63,457	71,887	78,168
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	106,268	101,979	102,475	103,070	102,813	100,002	91,854
DEPARTMENT TOTAL.....	<u>\$ 1,275,393</u>	<u>\$ 1,248,783</u>	<u>\$ 1,297,406</u>	<u>\$ 1,364,831</u>	<u>\$ 1,403,781</u>	<u>\$ 1,469,080</u>	<u>\$ 1,533,905</u>

PROGRAM OBJECTIVE: To receive and safeguard the monies of the commonwealth, to manage the funds to the best advantage of the commonwealth and to ensure that all disbursements of funds are legal and proper.

Program: Disbursement

The Treasury Department is required by the Fiscal Code to receive and deposit all monies of the commonwealth; to invest any commonwealth monies that accumulate beyond the daily needs of the various funds; to manage to the best possible advantage all securities in its custody; to pre-audit 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 maintains accounting controls and disburses all checks to recipients of public assistance. Thousands of disbursements are processed each working day for distribution to recipients. This processing includes pre-auditing, printing and mailing the checks to individual recipients and banks. Deposits are kept in approximately 54 financial institutions throughout Pennsylvania, including approximately 13 banks that also function as active depositories from which thousands of checks are issued daily.

The State Treasurer is Chairman of the Board of Finance and Revenue. The treasurer serves on various state boards and commissions, including several public retirement boards.

The Board of Finance and Revenue is charged with reviewing and deciding tax appeals concerning settlements made between the commonwealth and persons, associations and corporations. The board also administers the program for refunding liquid fuels taxes to groups exempt by legislation from these taxes.

Under the provisions of Act 101 of 1976, as amended by Act 161 of 1994, Act 59 of 2005 and Act 51 of 2009, the Treasury Department is required to pay death benefits, adjusted annually for inflation, to the surviving spouse or children of public safety workers, firefighters or law enforcement officers of the commonwealth killed in the performance of their duties and to reimburse political subdivisions for such payments made to survivors of local firefighters or law enforcement officers.

The Treasury Department administers the Tuition Account Program, which provides 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 financial statement for each fund is included in the Other Special Funds Appendix.

The State Treasurer is responsible for the administration and enforcement of the commonwealth's abandoned and unclaimed property laws. Under current law, 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 are deposited directly to the General Fund.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND General Government Operations \$ 3,500 —to support increased processing and advertising costs for the unclaimed property program.</p> <p>Divestiture Reimbursement \$ -1,469 —reduced program requirement.</p> <p>Information Technology Modernization \$ -1,000 —to continue current project.</p> <p>MOTOR LICENSE FUND Administration Refunding Liquid Fuels Tax \$ -24 —reduced program requirements</p>	<p>Refunding Liquid Fuels Taxes - State Share (EA) \$ 400 —based on most recent projection of program requirements.</p> <p>Refunding Liquid Fuels Taxes - Agriculture (EA) \$ 900 —based on most recent projection of program requirements.</p> <p>Refunding Liquid Fuels Taxes - Political Subdivisions (EA) \$ 900 —based on most recent projection of program requirements.</p>
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Program: Disbursement (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Refunding Liquid Fuels Taxes - Volunteer Services (EA)</p> <p>\$ 100 —based on most recent projection of program requirements.</p>	<p>Refunding Liquid Fuels Taxes - Boat Fund (EA)</p> <p>\$ 2,900 —based on most recent projection of program requirements.</p>
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All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 31,752	\$ 32,228	\$ 35,728	\$ 32,228	\$ 32,228	\$ 32,228	\$ 32,228
Board of Finance and Revenue.....	1,945	2,505	2,505	2,505	2,505	2,505	2,505
Divestiture Reimbursement	165	1,698	229	0	0	0	0
Information Technology Modernization.....	7,425	9,000	8,000	8,000	3,000	0	0
Law Enforcement & Emergency Response Personnel Death Benefit	2,163	2,163	2,163	2,163	2,163	2,163	2,163
TOTAL GENERAL FUND	\$ 43,450	\$ 47,594	\$ 48,625	\$ 44,896	\$ 39,896	\$ 36,896	\$ 36,896
MOTOR LICENSE FUND:							
Administration Refunding Liquid Fuels Tax \$	557	\$ 557	\$ 533	\$ 533	\$ 533	\$ 533	\$ 533
Refunding Liquid Fuels Taxes - State Share (EA)	1,000	1,300	1,700	1,900	2,100	2,300	2,500
Refunding Liquid Fuels Taxes - Agriculture (EA).....	3,200	3,200	4,100	4,600	5,100	5,600	6,100
Refunding Liquid Fuels Taxes - Political Subdivisions (EA).....	2,500	2,500	3,400	3,800	4,200	4,600	5,000
Refunding Liquid Fuels Taxes - Volunteer Services (EA)	400	400	500	600	700	800	900
Refunding Liquid Fuels Taxes - Snowmobiles & ATV's (EA).....	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Refunding Liquid Fuels Taxes - Boat Fund (EA)	2,300	3,200	6,100	6,600	7,200	7,800	8,400
TOTAL MOTOR LICENSE FUND.....	\$ 10,957	\$ 12,157	\$ 17,333	\$ 19,033	\$ 20,833	\$ 22,633	\$ 24,433

PROGRAM OBJECTIVE: To promote interstate cooperation and progress through participation in various associations, commissions and organizations both regionally and nationally.

Program: Interstate Relations

Pennsylvania promotes interstate cooperation and progress through participation in various associations, commissions and organizations with other states and 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, Congress and the federal Executive Branch.

The State and Local Legal Center provides for Pennsylvania's participation in a center to advance and

defend the interests of state and local governments in matters involving federal preemption, state taxing and spending powers, the Tenth Amendment to the United States Constitution and other issues.

This program also covers Pennsylvania's cost of the Great Lakes Commission and the Council of Great Lakes Governors. These organizations were established to plan and promote a unified and balanced program for the development, use and conservation of Great Lakes Basin water resources.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -51 **Intergovernmental Organizations**
—reduced program requirement.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Intergovernmental Organizations	\$ 1,139	\$ 1,187	\$ 1,136	\$ 1,136	\$ 1,136	\$ 1,136	\$ 1,136

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 finance the cost of public improvements that represent a heavy financial burden that 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; economic revitalization efforts; low-cost loans for water supply and sewage treatment

improvements; 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 interest on debt service 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)

<p>GENERAL FUND \$ 40,409 —the net effect on principal and interest requirements and other costs relating to General Fund debt service.</p>	<p>MOTOR LICENSE FUND \$ 1,562 —the net effect on principal and interest requirements and other costs relating to Motor License Fund debt service.</p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Publishing Monthly Statements	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Loan and Transfer Agents	60	60	60	60	60	60	60
Tax Note Expenses (EA)	0	0	400	400	400	400	400
Interest on Tax Anticipation Notes (EA)	0	0	4,000	4,000	4,000	4,000	4,000
Cash Management Loan Interest (EA)	0	1,000	0	0	0	0	0
General Obligation Debt Service	1,094,332	1,066,991	1,104,000	1,158,246	1,192,004	1,254,684	1,321,376
TOTAL GENERAL FUND	\$ 1,094,407	\$ 1,068,066	\$ 1,108,475	\$ 1,162,721	\$ 1,196,479	\$ 1,259,159	\$ 1,325,851
MOTOR LICENSE FUND:							
Capital Debt Transportation Projects	\$ 4,322	\$ 749	\$ 2,376	\$ 16,989	\$ 25,685	\$ 32,315	\$ 36,796
General Obligation Debt Service	14,800	17,001	16,936	16,936	16,889	16,889	16,889
Loan and Transfer Agent	50	50	50	50	50	50	50
TOTAL MOTOR LICENSE FUND	\$ 19,172	\$ 17,800	\$ 19,362	\$ 33,975	\$ 42,624	\$ 49,254	\$ 53,735

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Disbursement							
Disbursements issued:							
Disbursements - checks	4,524,267	4,433,000	4,341,000	4,211,000	4,085,000	4,085,000	4,084,000
Disbursements - electronic payments	26,984,837	26,445,000	25,916,000	25,138,000	24,385,000	24,400,000	24,400,000

An expected decrease in extended unemployment benefits continues to reduce output levels.



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 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 manages the pharmaceutical assistance program for older Pennsylvanians.

Programs and Objectives

Community Services for Older Pennsylvanians: *To enable older Pennsylvanians to maintain active and independent lives in their own homes or alternative community living arrangements.*

Pharmaceutical Assistance: *To assist eligible older Pennsylvanians who experience difficulty meeting the cost of prescription drugs necessary to maintain healthy lives.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
LOTTERY FUND:			
General Government:			
General Government Operations.....	\$ 6,705	\$ 8,030	\$ 7,927
(F)Programs for the Aging - Title III - Administration.....	1,781	1,781	1,781
(F)Programs for the Aging - Title V - Administration.....	145	127	127
(F)Medical Assistance - Administration.....	1,936	2,342	2,342
(F)Program for the Aging - Title VII - Administration.....	118	118	118
(A)Day Care Licensure.....	11	11	11
(A)Digital Fingerprint Fees.....	27	0	27
Subtotal.....	<u>\$ 10,723</u>	<u>\$ 12,409</u>	<u>\$ 12,333</u>
Subtotal - State Funds.....	\$ 6,705	\$ 8,030	\$ 7,927
Subtotal - Federal Funds.....	3,980	4,368	4,368
Subtotal - Augmentations.....	38	11	38
Total -	<u>\$ 10,723</u>	<u>\$ 12,409</u>	<u>\$ 12,333</u>
Grants and Subsidies:			
PENNCARE.....	\$ 248,164	\$ 275,164	\$ 295,370
(F)Programs for the Aging - Title III.....	52,000	52,000	52,000
(F)ARRA - Chronic Disease Self-Management (EA).....	16	0	0
(F)Programs for the Aging - Nutrition.....	10,000	10,000	10,000
(F)Programs for the Aging - Title V - Employment.....	8,000	8,000	8,000
(F)Programs for the Aging - Title VII - Elder Rights Protection.....	4,700	4,700	4,700
(F)Medical Assistance - Attendant Care.....	20,572	21,557	21,557
(F)Medical Assistance - Support.....	9,000	9,000	9,000
(F)Medical Assistance Nursing Home Transition Administration.....	700	700	700
(A)NCOA Snap-Grant.....	25	0	0
(A)Interagency Transfer.....	2,233	4,200	0
(A)Attendant Care Patient Fees.....	132	185	185
Subtotal.....	<u>\$ 355,542</u>	<u>\$ 385,506</u>	<u>\$ 401,512</u>
Pre-Admission Assessment.....	10,735	10,735	10,735
(F)Pre-Admission Assessment.....	16,000	16,000	16,000
Subtotal.....	<u>\$ 26,735</u>	<u>\$ 26,735</u>	<u>\$ 26,735</u>
Caregiver Support.....	12,103	12,103	12,103
(F)Programs for the Aging - Title III - Caregiver Support.....	10,000	10,000	10,000
Subtotal.....	<u>\$ 22,103</u>	<u>\$ 22,103</u>	<u>\$ 22,103</u>
Alzheimer's Outreach.....	250	250	250
Pharmaceutical Assistance Fund.....	190,000	190,000^a	165,000
Grants to Senior Centers.....	0	2,150	2,000
Subtotal - State Funds.....	\$ 461,252	\$ 490,402	\$ 485,458
Subtotal - Federal Funds.....	130,988	131,957	131,957
Subtotal - Augmentations.....	2,390	4,385	185
Total - Grants and Subsidies.....	<u>\$ 594,630</u>	<u>\$ 626,744</u>	<u>\$ 617,600</u>
STATE FUNDS.....	\$ 467,957	\$ 498,432	\$ 493,385
FEDERAL FUNDS.....	134,968	136,325	136,325
AUGMENTATIONS.....	2,428	4,396	223
LOTTERY FUND TOTAL.....	<u>\$ 605,353</u>	<u>\$ 639,153</u>	<u>\$ 629,933</u>

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
OTHER FUNDS:			
TOBACCO SETTLEMENT FUND:			
PACENET Transfer (EA).....	\$ 25,282	\$ 25,265 ^b	\$ 0
PHARMACEUTICAL ASSISTANCE FUND:			
PACE Contracted Services (EA).....	\$ 28,390 ^c	\$ 44,654 ^c	\$ 17,312 ^c
Administration of PACE (EA).....	1,191	1,319	1,305
PHARMACEUTICAL ASSISTANCE FUND TOTAL.....	\$ 29,581	\$ 45,973	\$ 18,617
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	467,957	498,432	493,385
FEDERAL FUNDS.....	134,968	136,325	136,325
AUGMENTATIONS.....	2,428	4,396	223
OTHER FUNDS.....	54,863	71,238	18,617
TOTAL ALL FUNDS.....	\$ 660,216	\$ 710,391	\$ 648,550

^a Includes \$50,000,000 in budgetary reserve which is scheduled to lapse on June 30, 2014.

^b Includes \$25,265,000 in budgetary reserve due to the anticipated reduction in the April 2014 Master Settlement Agreement payment.

^c Transfer to Pharmaceutical Assistance Fund not added to the total to avoid double counting: 2012-13 Actual is \$190,000,000, 2013-14 Available is \$140,000,000 and 2014-15 Budget is \$165,000,000. PACENET Transfer (EA) also not added to the total to avoid double counting: 2012-13 Actual is \$25,282,000, 2013-14 Available is \$0 and 2014-15 Budget is \$0.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
COMMUNITY SERVICES FOR OLDER PENNSYLVANIANS							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	277,957	308,432	328,385	335,628	335,628	335,628	335,628
FEDERAL FUNDS.....	134,968	136,325	136,325	136,325	136,325	136,325	136,325
OTHER FUNDS.....	2,428	4,396	223	223	223	223	223
SUBCATEGORY TOTAL.....	\$ 415,353	\$ 449,153	\$ 464,933	\$ 472,176	\$ 472,176	\$ 472,176	\$ 472,176
PHARMACEUTICAL ASSISTANCE							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	190,000	190,000	165,000	170,000	170,000	190,000	190,000
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	54,863	71,238	18,617	11,679	8,426	1,305	1,305
SUBCATEGORY TOTAL.....	\$ 244,863	\$ 261,238	\$ 183,617	\$ 181,679	\$ 178,426	\$ 191,305	\$ 191,305
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	467,957	498,432	493,385	505,628	505,628	525,628	525,628
FEDERAL FUNDS.....	134,968	136,325	136,325	136,325	136,325	136,325	136,325
OTHER FUNDS.....	57,291	75,634	18,840	11,902	8,649	1,528	1,528
DEPARTMENT TOTAL.....	\$ 660,216	\$ 710,391	\$ 648,550	\$ 653,855	\$ 650,602	\$ 663,481	\$ 663,481

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 commonwealth's commitment to supporting older Pennsylvanians is demonstrated by a continuum of services ranging from independent living with the support of home and community-based services through institutional care.

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 at-risk older Pennsylvanians to delay or avoid institutionalization. The 52 Area Agencies on Aging (AAAs), serving all 67 counties, provide aging services at the local level.

Because many older Pennsylvanians require only minimal outside support to function independently, a basic service of AAAs is to inform them of available supports. AAAs sponsor more than 550 senior centers throughout the commonwealth that provide a full range of social, recreational and educational activities. Congregate meals, served by the centers, provide participating older Pennsylvanians with a hot, nutritionally balanced meal. Transportation services arranged by AAAs allow older Pennsylvanians to visit the doctor, shop or attend senior center events. Job placement services help older Pennsylvanians find private sector employment and offer job training and subsidized part-time community service employment.

At-risk 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 facility. The level of care assessment program assists older Pennsylvanians and their families in securing and managing intensive in-home services tailored to their needs. The department provides counseling to individuals to apprise them of choices in the continuum of care from community services to nursing facilities. Counseling is also provided to assist individuals currently residing in nursing facilities to transition to community services when their needs can be safely met in the community. A variety of personal support services are available for the growing population of older Pennsylvanians. The continuum of services is available based on the functional and financial qualifications of

the participant, ranging from home-delivered meals to intensive in-home services for older Pennsylvanians needing the level of care available in institutional settings. Services are designed to provide the least restrictive alternative to meet the individual's need. Persons with higher incomes share in the cost of services.

Additionally, under the Older Adult Protection Services Act, protective services are provided to older Pennsylvanians who are at imminent risk of abuse, neglect, exploitation or abandonment. The department, through the AAAs, investigates reports of need and develops individualized plans to eliminate or mitigate the risks.

Attendant care services are maintained for adults with disabilities 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 that a change in service level is appropriate.

The Department of Aging assists families who support older, at-risk individuals in their home through the 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. The PA Caregiver Support Act was amended in 2011 to align the state and federal program requirements, expand the definition of caregiver to include non-relatives, eliminate the requirement that a caregiver live with the care recipient and change the title of the act to Pennsylvania Caregiver Support.

In 2013-14, the Department of Aging received an increase of \$20 million to provide additional funding to reduce the waiting list for individuals receiving home and community-based services through the OPTIONS program and provide additional services to individuals already in the program. With this additional funding, the department anticipates serving more than 7,000 older Pennsylvanians in this program. The funding will be used for direct services, such as, home delivered meals, home health, personal care, adult day care, protective services, guardianship and personal assistance services.

Program: Community Services for Older Pennsylvanians (continued)

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	LOTTERY FUND	
	General Government Operations	
\$	-103	—reduction in administrative costs.
	PENNCARE	
\$	4,192	—to continue current program.
	12,900	—annualization of prior year expansion.
	638	—revision of federal financial participation from 53.52% to 51.82%.
	1,100	—Initiative—Expanded Services for Older Pennsylvanians. To provide home and community-based services to 500 individuals on the OPTIONS waiting list.
	1,376	—Initiative—Expanded Services for Older Pennsylvanians. To provide attendant care services for an additional 204 recipients who transfer from the Department of Public Welfare's Attendant Care program at age 60.
\$	<u>20,206</u>	<i>Appropriation Increase</i>
	Grants to Senior Centers	
\$	-150	—program reduction.

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
LOTTERY FUND:							
General Government Operations	\$ 6,705	\$ 8,030	\$ 7,927	\$ 7,927	\$ 7,927	\$ 7,927	\$ 7,927
PENNCARE.....	248,164	275,164	295,370	302,613	302,613	302,613	302,613
Pre-Admission Assessment.....	10,735	10,735	10,735	10,735	10,735	10,735	10,735
Caregiver Support	12,103	12,103	12,103	12,103	12,103	12,103	12,103
Alzheimer's Outreach	250	250	250	250	250	250	250
Grants to Senior Centers.....	<u>0</u>	<u>2,150</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
TOTAL LOTTERY FUND.....	<u>\$ 277,957</u>	<u>\$ 308,432</u>	<u>\$ 328,385</u>	<u>\$ 335,628</u>	<u>\$ 335,628</u>	<u>\$ 335,628</u>	<u>\$ 335,628</u>

PROGRAM OBJECTIVE: To assist eligible older Pennsylvanians who experience difficulty meeting the cost of prescription drugs necessary to maintain healthy lives.

Program: Pharmaceutical Assistance

The pharmaceutical assistance program provides limited pharmaceutical assistance to qualified older Pennsylvanians who are 65 years of age and older and who face the burden of the cost of drugs required to maintain healthy, productive lives.

The Pharmaceutical Assistance Contract for the Elderly (PACE) program has two components, PACE and PACENET. 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, Medicare Part D, which began providing drug coverage in January 2006. Act 111 of 2006 created PACE Plus Medicare, which enables cardholders to take advantage of the features of both PACE and Medicare Part D. With the goal of providing seamless coverage, PACE Plus fills the coverage gaps encountered by cardholders in Medicare Part D, including deductibles, the doughnut hole phase of no Medicare coverage, drugs excluded under MMA, drugs not on a plan's formulary and copayment differentials between the Part D plan coverage and the PACE and PACENET copayments. PACE Plus pays the Medicare premiums for Part D coverage for PACE cardholders, while PACENET cardholders must pay the Part D premiums. Act 111 of 2006 also eliminated the monthly deductible for PACENET cardholders.

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, cosmetic drugs or "less than effective drugs" without certification by a physician. 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.

The department is responsible for ensuring compliance with the program requirements. In addition to careful review of eligibility, including income verification by matching with Pennsylvania income tax returns, the department audits providers to detect and deter fraud and has established both a prospective and a retrospective drug utilization review system to monitor and correct misuse of drug therapies.

The department also serves as the administrative and fiscal agent for other commonwealth-sponsored drug reimbursement programs. It processes claims, adjudicates claims, conducts member enrollment, and/or collects drug rebates from pharmaceutical manufacturers for select programs in the departments of Health and Insurance.

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. A prudent pharmaceutical purchasing program ensures that the program receives a discount from drug manufacturers. PACE pays for drug products from manufacturers that agree to pay a rebate percentage of the average manufacturer price for brand and generic drugs pursuant to the determination established by section 1927(c) (1) of the Social Security Act. In addition, participating manufacturers agree to pay an excessive pharmaceutical price inflation discount equivalent to the difference between the quarterly average manufacturer's price charged for a drug, excluding generics, and the average quarterly price charged for that drug one year earlier inflated by the Consumer Price Index-Urban.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	LOTTERY FUND
	Pharmaceutical Assistance Fund
\$ -25,000	—decrease in Lottery Fund transfer needed to support the PACE program.

Program: Pharmaceutical Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
LOTTERY FUND:							
Pharmaceutical Assistance Fund	\$ <u>190,000</u>	\$ <u>190,000</u>	\$ <u>165,000</u>	\$ <u>170,000</u>	\$ <u>170,000</u>	\$ <u>190,000</u>	\$ <u>190,000</u>

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Community Services for Older Pennsylvanians							
Number of Pennsylvanians age 60 and older	2,829,200	2,895,000	2,958,000	3,021,000	3,084,000	3,148,000	3,211,000
Number of Pennsylvanians age 85 and older	322,050	322,000	325,000	328,000	331,000	334,000	337,000
Number of persons served in the community who are clinically nursing home eligible	11,120	10,750	10,750	10,750	10,750	10,750	10,750
Pre-Admission Assessment							
Assessments/recertifications	109,900	111,270	111,270	111,270	111,270	111,270	111,270
Referrals to nursing homes	40,550	40,770	40,770	40,770	40,770	40,770	40,770
Referrals to community services	45,840	46,260	46,260	46,260	46,260	46,260	46,260
Persons Receiving Assistance							
Congregate meals	115,360	123,440	129,610	133,500	133,500	133,500	133,500
Personal assistance services	1,560	1,670	1,750	1,810	1,810	1,810	1,810
Attendant care services	2,230	2,500	2,700	2,700	2,700	2,700	2,700
Home-delivered meals	32,960	35,270	37,030	38,140	38,140	38,140	38,140
Home support services	5,560	5,950	6,240	6,430	6,430	6,430	6,430
Personal care services	11,400	12,120	12,800	13,200	13,200	13,200	13,200
Protective services	13,110	14,030	14,730	15,170	15,170	15,170	15,170
Families receiving caregiver support	7,130	7,200	7,200	7,200	7,200	7,200	7,200
Program: Pharmaceutical Assistance							
Comprehensive PACE Program							
Number of older Pennsylvanians enrolled (average) in PACE	110,051	104,330	98,905	93,760	88,890	84,260	79,880
Total prescriptions per year - PACE	3,842,120	3,635,860	3,445,850	3,268,570	3,100,420	2,940,920	2,789,620
Average PACE cost per prescription	\$19.28	\$18.23	\$17.93	\$17.71	\$17.47	\$17.64	\$17.81
PACE Needs Enhancement Tier (PACENET)							
Number of older Pennsylvanians enrolled (average) in PACENET	178,594	175,200	171,870	168,610	165,400	162,260	159,180
Total prescriptions per year - PACENET	5,896,960	5,787,470	5,686,480	5,597,560	5,500,330	5,404,780	5,310,880
Average PACENET cost per prescription	\$19.68	\$18.94	\$18.73	\$18.64	\$18.56	\$18.72	\$18.87



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 carries out activities to ensure wholesome and safe agricultural products for consumers; to expand existing and develop new domestic and foreign markets for Pennsylvania's farmers to compete in the global economy; to develop and encourage proper farming and conservation practices; to prevent, control and eradicate diseases among livestock, poultry and plants; to regulate the conduct of horse racing; and to improve the quality of life in rural Pennsylvania.

Programs and Objectives

Protection and Development of Agricultural Industries: *To strengthen the agricultural economy and related enterprises.*

Horse Racing Regulation: *To prevent consumer fraud in the racing industry.*

Emergency Food Assistance: *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.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 26,197	\$ 22,703	\$ 24,738
(F) Plant Pest Detection System.....	1,300	1,300	1,300
(F) Poultry Grading Service.....	100	100	100
(F) Medicated Feed Mill Inspection.....	50	50	50
(F) National School Lunch Administration.....	1,700	1,700	1,700
(F) Emergency Food Assistance.....	4,000	4,000	4,000
(F) Pesticide Control.....	1,000	1,000	1,000
(F) Agricultural Risk Protection.....	1,000	1,000	1,000
(F) Commodity Supplemental Food.....	3,000	3,000	3,000
(F) Organic Cost Distribution.....	250	350	350
(F) Animal Disease Control.....	2,000	2,000	2,000
(F) Food Establishment Inspections.....	800	1,500	1,500
(F) Integrated Pest Management.....	250	250	250
(F) Johnes Disease Herd Project.....	2,000	2,000	2,000
(F) Avian Influenza Surveillance.....	2,000	2,000	2,000
(F) Oral Rabies Vaccine.....	100	100	100
(F) Exotic Newcastle Disease Control.....	300	300	300
(F) Scrapie Disease Control.....	60	60	60
(F) Foot and Mouth Disease Monitoring.....	150	150	150
(F) Wildlife Services.....	800	800	800
(F) Animal Identification.....	2,000	2,000	2,000
(F) Specialty Crops.....	1,500	1,500	1,500
(F) Emerald Ash Borer Mitigation.....	800	800	800
(F) Market Improvement.....	250	250	250
(F) Mediation Grant.....	200	200	200
(F) Farmland Protection.....	6,000	6,000	6,000
(F) Bioterrorism Preparedness (EA).....	325	0	0
(A) Lime Inspection.....	32	23	23
(A) Feed Inspections and Registrations.....	627	601	601
(A) Milk Plant Inspections.....	28	25	25
(A) Mailing List Production.....	0	2	2
(A) Administrative Services.....	2,571	3,605	3,826
(A) Pesticide Regulation.....	832	800	800
(A) Training Rides and Attractions.....	30	25	25
(A) Apiary Registration and Fees.....	15	13	14
(A) Weights and Measures Inspection Services.....	15	15	15
(A) Transfer from Fertilizer Account.....	24	23	23
(A) Consumer Fireworks License.....	395	360	360
(A) Taxidermy Permit Registrations.....	144	100	105
(A) Transfer from Motor License Fund.....	0 ^a	0 ^a	0 ^a
(A) Transfer from Other State Agencies.....	401	132	271
(A) Farm Show Revenue.....	33	0	0
(A) Company Sponsorships.....	1	10	10
(A) Vet Lab Diagnostic Fees.....	680	696	700
(A) Domestic Animal Dealer License.....	56	50	50
(A) Food Site Inspection, License and Registration Fees.....	45	180	41
(A) Transfer from Environmental Stewardship Fund.....	174	212	212
Subtotal.....	\$ 64,235	\$ 61,985	\$ 64,251
Agricultural Excellence.....	270	600	0
Farmers' Market Food Coupons.....	2,079	2,079	2,079
(F) Farmers' Market Food Coupons.....	3,500	3,500	3,500
(F) Senior Farmers' Market Nutrition.....	2,200	2,200	2,200
Agricultural Research.....	787	787	0
Agricultural Promotion, Education and Exports.....	196	196	0

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2012-13	2013-14	2014-15
	ACTUAL	AVAILABLE	BUDGET
Hardwoods Research and Promotion	270	350	0
Subtotal - State Funds.....	\$ 29,799	\$ 26,715	\$ 26,817
Subtotal - Federal Funds.....	37,635	38,110	38,110
Subtotal - Augmentations.....	6,103	6,872	7,103
Total - General Government.....	<u>\$ 73,537</u>	<u>\$ 71,697</u>	<u>\$ 72,030</u>
Grants and Subsidies:			
Animal Health Commission	\$ 4,350	\$ 0	\$ 0
Livestock Show	160	177	0
Open Dairy Show	160	177	0
Youth Shows	127	140	140
State Food Purchase	17,338	17,438	17,338
Food Marketing and Research	494	494	0
Transfer to Nutrient Management Fund	2,714	2,714	2,714
Transfer to Conservation District Fund	1,019	869	869
(F)Crop Insurance.....	2,000	2,000	2,000
Transfer to Agricultural College Land Scrip Fund	44,737	46,237	47,737
PA Preferred Program Trademark Licensing	500	550	0
University of Pennsylvania - Veterinary Activities	27,889	28,000	28,000
University of Pennsylvania - Center for Infectious Disease	248	261	261
Subtotal - State Funds.....	\$ 99,736	\$ 97,057	\$ 97,059
Subtotal - Federal Funds.....	2,000	2,000	2,000
Total - Grants and Subsidies.....	<u>\$ 101,736</u>	<u>\$ 99,057</u>	<u>\$ 99,059</u>
STATE FUNDS.....	\$ 129,535	\$ 123,772	\$ 123,876
FEDERAL FUNDS.....	39,635	40,110	40,110
AUGMENTATIONS.....	6,103	6,872	7,103
GENERAL FUND TOTAL	<u>\$ 175,273</u>	<u>\$ 170,754</u>	<u>\$ 171,089</u>
FARM PRODUCTS SHOW FUND:			
General Government:			
General Operations (EA).....	\$ 9,310	\$ 10,688	\$ 10,800
Grants and Subsidies:			
Payments to Pennsylvania Fairs.....	\$ 2,000	\$ 0	\$ 0
FARM PRODUCTS SHOW FUND TOTAL	<u>\$ 11,310</u>	<u>\$ 10,688</u>	<u>\$ 10,800</u>
MOTOR LICENSE FUND:			
General Government:			
Weights & Measures Administration.....	\$ 4,328	\$ 4,328	\$ 4,328

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
<u>RACING FUND:</u>			
General Government:			
State Racing Commissions (EA).....	\$ 11,981	\$ 12,920	\$ 14,303
Equine Toxicology and Research Laboratory (EA).....	2,539	2,724	3,041
(A)Reimbursements - Out of State Testing.....	25	30	30
Pennsylvania Fairs - Administration (EA).....	247	320	320
Subtotal - State Funds.....	\$ 14,767	\$ 15,964	\$ 17,664
Subtotal - Augmentations.....	25	30	30
Total - General Government.....	<u>\$ 14,792</u>	<u>\$ 15,994</u>	<u>\$ 17,694</u>
Grants and Subsidies:			
Transfer to General Fund (EA).....	\$ 0	\$ 300	\$ 0
STATE FUNDS.....	\$ 14,767	\$ 16,264	\$ 17,664
AUGMENTATIONS.....	25	30	30
RACING FUND TOTAL.....	<u>\$ 14,792</u>	<u>\$ 16,294</u>	<u>\$ 17,694</u>
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
Agriculture Farm Operations.....	\$ 685	\$ 664	\$ 712
Dog Law Administration.....	6,214	7,294	7,811
Pesticide Regulation.....	3,497	4,130	4,280
Plant Pest Management.....	384	436	468
National School Lunch.....	5	60	60
Agronomic Regulatory Account.....	344	344	309
Fruit and Vegetable Inspection and Grading.....	321	419	430
Cervidae Livestock Operations.....	0	24	50
GENERAL FUND TOTAL.....	<u>\$ 11,450</u>	<u>\$ 13,371</u>	<u>\$ 14,120</u>
RACING FUND:			
Sire Stakes Fund.....	\$ 9,385	\$ 11,496	\$ 9,000
Breeders' Fund.....	19,454	19,200	17,300
PA Standardbred Breeders Development Fund.....	8,687	9,000	8,200
RACING FUND TOTAL.....	<u>\$ 37,526</u>	<u>\$ 39,696</u>	<u>\$ 34,500</u>
AGRICULTURAL COLLEGE LAND SCRIP FUND:			
Agricultural Research Programs and Extension Services.....	\$ 0 ^b	\$ 0 ^b	\$ 0 ^b
AGRICULTURAL CONSERVATION EASEMENT PURCHASE FUND:			
Purchase of County Easements (EA).....	\$ 25,000	\$ 35,000	\$ 30,000
CONSERVATION DISTRICT FUND:			
Conservation District Grants (EA).....	\$ 1,089	\$ 2,119	\$ 2,791
ENVIRONMENTAL STEWARDSHIP FUND:			
Transfer to Agricultural Conservation Easement Program (EA).....	\$ 6,973	\$ 8,652	\$ 9,481
NUTRIENT MANAGEMENT FUND:			
Planning, Loans, Grants and Technical Assistance (EA).....	\$ 311	\$ 298	\$ 321
Nutrient Management - Administration (EA).....	464	473	564
NUTRIENT MANAGEMENT FUND TOTAL.....	<u>\$ 775</u>	<u>\$ 771</u>	<u>\$ 885</u>
PA RACE HORSE DEVELOPMENT FUND:			
Animal Health and Diagnostic Commission (R).....	\$ 0	\$ 5,350	\$ 5,350
Payments to Pennsylvania Fairs (R).....	0	3,000	3,000
Pennsylvania Veterinarian Lab (R).....	0	5,309	5,309
Transfer to State Farm Products Show Fund.....	5,000	0	0
Transfer to State Farm Products Show Fund (R).....	0	4,000	4,000
PA RACE HORSE DEVELOPMENT FUND TOTAL.....	<u>\$ 5,000</u>	<u>\$ 17,659</u>	<u>\$ 17,659</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 129,535	\$ 123,772	\$ 123,876
SPECIAL FUNDS.....	30,405	31,280	32,792
FEDERAL FUNDS.....	39,635	40,110	40,110
AUGMENTATIONS.....	6,128	6,902	7,133
OTHER FUNDS.....	87,813	117,268	109,436
TOTAL ALL FUNDS.....	\$ 293,516	\$ 319,332	\$ 313,347

^a Not added 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. 2012-13 Actual is \$44,737,000, 2013-14 Available is \$46,237,000 and 2014-15 Budget is \$47,737,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
PROTECTION AND DEVELOPMENT OF AGRICULTURAL INDUSTRIES							
GENERAL FUND.....	\$ 110,118	\$ 104,255	\$ 104,459	\$ 104,459	\$ 104,459	\$ 104,459	\$ 104,459
SPECIAL FUNDS.....	15,638	15,016	15,128	15,128	15,128	15,128	15,128
FEDERAL FUNDS.....	24,075	24,550	24,550	24,550	24,550	24,550	24,550
OTHER FUNDS.....	56,390	84,444	82,039	84,246	84,246	84,246	84,246
SUBCATEGORY TOTAL.....	\$ 206,221	\$ 228,265	\$ 226,176	\$ 228,383	\$ 228,383	\$ 228,383	\$ 228,383
HORSE RACING REGULATION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	14,767	16,264	17,664	18,097	18,097	18,541	18,541
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	37,551	39,726	34,530	34,530	34,530	34,530	34,530
SUBCATEGORY TOTAL.....	\$ 52,318	\$ 55,990	\$ 52,194	\$ 52,627	\$ 52,627	\$ 53,071	\$ 53,071
EMERGENCY FOOD ASSISTANCE							
GENERAL FUND.....	\$ 19,417	\$ 19,517	\$ 19,417	\$ 19,417	\$ 19,417	\$ 19,417	\$ 19,417
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	15,560	15,560	15,560	15,560	15,560	15,560	15,560
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 34,977	\$ 35,077	\$ 34,977	\$ 34,977	\$ 34,977	\$ 34,977	\$ 34,977
ALL PROGRAMS:							
GENERAL FUND.....	\$ 129,535	\$ 123,772	\$ 123,876	\$ 123,876	\$ 123,876	\$ 123,876	\$ 123,876
SPECIAL FUNDS.....	30,405	31,280	32,792	33,225	33,225	33,669	33,669
FEDERAL FUNDS.....	39,635	40,110	40,110	40,110	40,110	40,110	40,110
OTHER FUNDS.....	93,941	124,170	116,569	118,776	118,776	118,776	118,776
DEPARTMENT TOTAL.....	\$ 293,516	\$ 319,332	\$ 313,347	\$ 315,987	\$ 315,987	\$ 316,431	\$ 316,431

PROGRAM OBJECTIVE: To strengthen the agricultural economy and related enterprises.

Program: Protection and Development of Agricultural Industries

Program Element: Protection of Agricultural Industries and Resources

The Bureaus of Animal Health and Diagnostic Services, Food Safety and Laboratory Services, Plant Industry, and Ride and Measurement Standards are responsible for protecting agriculture and consumers in Pennsylvania. The Bureaus of Farmland Preservation and Market Development are charged with preserving agricultural resources in the commonwealth, promoting Pennsylvania products nationally and internationally, and providing resources to farmers to ensure that they have tools to maintain profitability and transition farms and businesses to the next generation. These seven bureaus, through their regulatory and development programs, are engaged in protecting and developing Pennsylvania's agricultural industries and resources, as well as consumers.

The Bureau of Animal Health and Diagnostic Services (BAHDS), with support from the Pennsylvania Animal Diagnostic Laboratory System (PADLS) and the Animal Health and Diagnostic Commission, is responsible for the detection, identification, containment and eradication of livestock and poultry diseases. Disease control programs for diseases such as brucellosis, avian influenza, rabies and chronic wasting disease seek to reduce significant economic loss to producers and prevent transmission of zoonotic organisms from animals to humans. Each disease control program has field, laboratory and administrative components to ensure the department is complying with mandated responsibilities and animal health is protected. Bureau staff evaluate certificates of veterinary inspection for both interstate and intrastate movement to assure that animals in Pennsylvania have met necessary health requirements. This process is valuable for preventing movement of unhealthy animals into Pennsylvania and for tracking animals at risk for disease because they were potentially exposed to a diseased animal. The bureau also provides quality assurance programs, including the Avian Influenza Monitored Flock Program, Johne's Disease National Status Program, the Dairy Quality Assurance Program and the CWD Monitored Herd Program. BAHDS has invested in the development and implementation of USAHERDS, an animal tracking application and a veterinary laboratory information management system, which allows entities to perform detailed analysis of animal disease and provides the capability to effectively locate and eradicate disease outbreaks.

The Pennsylvania Veterinary Laboratory (PVL) is one of three Pennsylvania laboratories that make up the PADLS. PVL is also part of a nationwide network of state and federal laboratories dedicated to identifying and combating animal diseases. PVL provides rapid and accurate

diagnostic services to clients while maintaining a bio-secure environment. The laboratory provides animal health services for producers' domestic animals with emphasis on infectious, nutritional and toxic diseases. State-of-the-art testing methods help diagnose common diseases and provide surveillance to detect emerging diseases.

The Bureau of Plant Industry inspects all nurseries and greenhouses to determine the presence of regulated plant pests and diseases and potential invasive species that would be harmful to Pennsylvania agriculture. Field staff are supported by plant pathologists, entomologists, and other program and laboratory professionals in Harrisburg. These highly trained professionals ensure correct diagnoses of disease or environmental conditions, identification of insects and other arthropod pests and recommend proper treatment to growers. Program staff issue quarantine orders to ensure plants contaminated with diseases or pests are not relocated, in an attempt to limit the spread of economically detrimental diseases. They also issue certificates which allow plants and plant materials to be exported to other states or countries.

The bureau administers the Pesticide Control Act, which regulates the sale, use, handling, storage and transportation of pesticides. Pesticide enforcement specialists ensure compliance with the Pesticide Control Act by reviewing registration of all pesticide products, test and register all private, commercial and public pesticide applicators to insure minimum competency levels and license pesticide application businesses and dealers. The department also conducts routine and for-cause inspections and investigations of those who manufacture, distribute, transport or use pesticides. Appropriate and effective pesticide use ensures protection of agriculture resources while minimizing adverse effects on human life and the environment.

The Bureau of Farmland Preservation, through administration of the Agricultural Land Preservation section of Act 64 of 1988, purchases development easements on prime agriculture land to assure its continued use for agricultural purposes. More than 4,300 farms have been preserved. The unprecedented investment in farmland preservation has made Pennsylvania's program a national leader in preservation efforts.

The State Conservation Commission, administratively housed within the department, oversees a number of programs that relate to the protection of agricultural resources and the agricultural community. The Nutrient Management program, which seeks to reduce the amount of nutrients that are washed from agricultural soils, provides support for nutrient plan development and reviews grant applications for best management

Program: Protection and Development of Agricultural Industries (continued)

practices and a recognized certification process for nutrient management specialists. Nutrient management plans and implementation of related best practices is critical to Pennsylvania's success in complying with federally mandated nutrient reductions in the Chesapeake Bay watershed. The Resource Enhancement and Protection program awards state tax credits to eligible farmers for planning and implementation of conservation best management practices on agricultural operations. The Odor Management program seeks to reduce the potential of off-site migration of odors from agricultural animal housing and manure storage facilities. This is accomplished through the development and review of odor management plans under a recognized certification process for odor management specialists and implementation of odor best management practices to lessen the impact on the environment and neighboring communities.

Program Element: Protection of Consumers

Among the most significant of the department's consumer protection activities are its inspections and testing activity for food safety. The Bureau of Food Safety and Laboratory Services has primary responsibility for regulating food-related activities in the commonwealth. Food and milk sanitarians license and inspect:

Food and Milk Facility Inspections	
Public eating and drinking establishments	40,000
Manufacturing, warehouses, retail food stores	10,000
Schools	2,735
Camps and summer food sites	600
Seasonal farm labor camps	325
Dairy processing, manufacturing and distribution facilities	400

Pennsylvania has invested significant funding in a web-based reporting system that gives consumers online access to eating and drinking establishment inspection reports. These online reports provide transparency to consumers. The bureau also issues and audits approved dairy inspectors; approves dairy sampler's licenses and dairy laboratory director's certificates; and evaluates and inspects a wide spectrum of dairy equipment, from bulk tanker trucks to commercial pasteurization units. Agricultural commodity inspectors inspect egg processing plants, ensure compliance with state and federal egg regulations at warehouses and grocery stores and grade fruits and vegetables for quality. The bureau is a third

party monitor for the Pennsylvania Egg Quality Assurance Program (PEQAP), ensuring eggs with the PEQAP logo have been tested for food-borne pathogens and handled in a safe manner.

The Bureau of Ride and Measurement Standards regulates and maintains uniform standards of legal weights and measures of commonwealth products through inspections and audits. Devices inspected include fuel dispensers, small/medium/large capacity scales, vehicle tanks meters, propane meters and timing devices, scanners, UPC systems, grain moisture meters, livestock scales and amusement rides. Recent legislation vested the bureau with responsibility for ensuring there is two percent biodiesel in fuel dispensers throughout the commonwealth. Field inspectors collect samples, which are processed in the department's laboratories. The bureau is also responsible for the inspection and licensing of consumer fireworks establishments statewide.

The Bureau of Plant Industry protects consumers through sampling and testing of agronomic products such as fertilizer, lime and seeds. Professional laboratory staff ensure agronomic products such as fertilizers, provide the nutrients they claim on the label. They also ensure the safety of animal feeds through product analysis and feed mill sampling. Seed analysts ensure minimum germination rates and minimum weed seed contaminants in seeds available for purchase.

The Dog Law Enforcement Office conducts inspections of all licensed kennels in the commonwealth, investigates and prosecutes dangerous dog incidents, investigates dog bites, enforces licensing and control of individual dogs, enforces rabies vaccination requirements for dogs and investigates and reimburses claims of livestock or poultry loss caused by dogs and coyotes.

Program Element: Development and Promotion of Agricultural Industries

The Bureau of Market Development promotes Pennsylvania agriculture industries in domestic and international marketplaces. Staff focused on commodity promotions direct consumer market development and creating trade and consumer demands for Pennsylvania agriculture and food products through promotional programs and supporting various Pennsylvania commodity boards. These promotional programs 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.

Program: Protection and Development of Agricultural Industries (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		
	General Government Operations		Open Dairy Show
\$ 2,035	—to continue current program.	\$ -177	—program elimination.
	Agricultural Excellence		Food Marketing and Research
\$ -600	—program elimination.	\$ -494	—program elimination.
	Agricultural Research		Transfer to Agricultural College Land Scrip Fund
\$ -787	—program elimination.	\$ 1,500	—to provide increased resources for agricultural research and extension activities.
	Agricultural Promotion, Education and Exports		PA Preferred Program Trademark Licensing
\$ -196	—program elimination.	\$ -550	—program elimination.
	Hardwoods Research and Promotion		FARM PRODUCTS SHOW FUND
\$ -350	—program elimination.		General Operations (EA)
	Livestock Show	\$ 112	—to continue current program.
\$ -177	—program elimination.		

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 26,197	\$ 22,703	\$ 24,738	\$ 24,738	\$ 24,738	\$ 24,738	\$ 24,738
Agricultural Excellence	270	600	0	0	0	0	0
Agricultural Research	787	787	0	0	0	0	0
Agricultural Promotion, Education and Exports	196	196	0	0	0	0	0
Hardwoods Research and Promotion.....	270	350	0	0	0	0	0
Animal Health Commission	4,350	0	0	0	0	0	0
Livestock Show.....	160	177	0	0	0	0	0
Open Dairy Show	160	177	0	0	0	0	0
Youth Shows.....	127	140	140	140	140	140	140
Food Marketing and Research	494	494	0	0	0	0	0
Transfer to Nutrient Management Fund	2,714	2,714	2,714	2,714	2,714	2,714	2,714
Transfer to Conservation District Fund.....	1,019	869	869	869	869	869	869
Transfer to Agricultural College Land Scrip Fund	44,737	46,237	47,737	47,737	47,737	47,737	47,737
PA Preferred Program Trademark Licensing	500	550	0	0	0	0	0
University of Pennsylvania - Veterinary Activities.....	27,889	28,000	28,000	28,000	28,000	28,000	28,000
University of Pennsylvania - Center for Infectious Disease	248	261	261	261	261	261	261
TOTAL GENERAL FUND	\$ 110,118	\$ 104,255	\$ 104,459	\$ 104,459	\$ 104,459	\$ 104,459	\$ 104,459
FARM PRODUCTS SHOW FUND:							
General Operations (EA).....	\$ 9,310	\$ 10,688	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,800
Payments to Pennsylvania Fairs	2,000	0	0	0	0	0	0
TOTAL FARM PRODUCTS SHOW FUND.....	\$ 11,310	\$ 10,688	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,800
MOTOR LICENSE FUND:							
Weights & Measures Administration.....	\$ 4,328	\$ 4,328	\$ 4,328	\$ 4,328	\$ 4,328	\$ 4,328	\$ 4,328

PROGRAM OBJECTIVE: To prevent consumer fraud in the racing industry.

Program: Horse Racing Regulation

Activities in this program area include the development and implementation of rules, regulations and procedures to ensure the public and harness and horse owners of honest, safe and competitive pari-mutuel harness and horse racing.

Horse racing in Pennsylvania is governed by Act 93 of 1983. This act merged the State Harness Racing Fund and the State Horse Racing Fund into the Racing Fund, adjusted the tax schedule and revised the distribution of funds in order to assist the racing industry by increasing the funds retained by the tracks.

The Racing Fund pays all expenses of the State Racing Commissions. After these obligations have been met, percentages of the amount wagered as specified by law are credited to the Breeders' Fund and to the Sire Stakes Fund. Act 23 of 2000 amended the Race Horse Industry Reform Act to increase the percentage credited to the

Breeder's Fund from 0.7 percent to 1.0 percent of the amount wagered on thoroughbred races. The Sire Stakes Fund is credited with 1.5 percent of wagers on harness races. All remaining monies in the Racing Fund are then transferred to the General Fund in the subsequent fiscal year.

Act 71 of 2004 established the Race Horse Development Fund which receives revenue generated by licensed gaming facilities. Proceeds are distributed to licensees conducting live horse racing for purse augmentation, breeders awards and horsemen's organizations for health and welfare programs.

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.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	RACING FUND		Transfer to General Fund (EA)
	State Racing Commissions (EA)	\$	-300
\$ 1,383	—to continue current program.		—non-recurring loan repayment.
	Equine Toxicology and Research Laboratory (EA)		
\$ 317	—to continue current program.		

Pennsylvania Fairs - Administration (EA) is recommended at current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
RACING FUND:							
State Racing Commissions (EA)	\$ 11,981	\$ 12,920	\$ 14,303	\$ 14,660	\$ 14,660	\$ 15,026	\$ 15,026
Equine Toxicology and Research Laboratory (EA)	2,539	2,724	3,041	3,117	3,117	3,195	3,195
Pennsylvania Fairs - Administration (EA) ..	247	320	320	320	320	320	320
Transfer to General Fund (EA)	0	300	0	0	0	0	0
TOTAL RACING FUND	\$ 14,767	\$ 15,964	\$ 17,664	\$ 18,097	\$ 18,097	\$ 18,541	\$ 18,541

PROGRAM OBJECTIVE: To distribute surplus and donated food through institutions and counties or designated lead agencies to individuals and families who are dependent or disadvantaged to support minimum standards of living and economic independence.

Program: Emergency Food Assistance

The State Food Purchase program provides cash grants to counties 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, eligibility for non-public assistance food stamps and medical assistance. County lead agencies are authorized to expend a percentage of the grant for administrative costs.

Food acquired and donated by the USDA is distributed through the Emergency Food Assistance Program (TEFAP), which 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.

The Farmers Market Nutrition Program (FMNP) provides eligible WIC and senior participants with vouchers to purchase fresh Pennsylvania grown produce at more than 1,500 farm stands and markets. The program is funded by a combination of state and federal funds. FMNP vouchers are allocated to each of the commonwealth’s 67 counties based on the number of eligible participants.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -100 **State Food Purchase**
—non-recurring project.

The Farmers’ Market Food Coupons appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Farmers’ Market Food Coupons.....	\$ 2,079	\$ 2,079	\$ 2,079	\$ 2,079	\$ 2,079	\$ 2,079	\$ 2,079
State Food Purchase.....	17,338	17,438	17,338	17,338	17,338	17,338	17,338
TOTAL GENERAL FUND	\$ 19,417	\$ 19,517	\$ 19,417	\$ 19,417	\$ 19,417	\$ 19,417	\$ 19,417

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Protection and Development of Agricultural Industries							
Development of Pennsylvania's Agriculture Industry							
Dollar value of food and agricultural exports excluding hardwoods (in millions)	\$1,800	\$1,950	\$2,000	\$2,200	\$2,300	\$2,400	\$2,400
Dollar value of Pennsylvania hardwood exports (in millions)	\$1,200	\$1,250	\$1,250	\$1,300	\$1,300	\$1,300	\$1,300
Value of the loan portfolio for the PAgrows Program (in thousands)	\$11,663	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000
Value of crop insurance protection policies (in millions)	\$547	\$553	\$558	\$564	\$575	\$581	\$581
Farm acreage preserved	13,795	17,500	17,500	20,000	20,000	20,000	20,000
Occupancy rate at the Pennsylvania Farm Show Complex and Expo Center	73.70%	77%	77.50%	77.50%	77.50%	77.50%	77.50%
Farms participating in dairy on-farm resource teams	295	355	400	420	460	490	490
Consumer Commodity Inspections							
Number of amusement rides inspected	9,103	9,000	9,000	9,000	9,000	9,000	9,000
Number of fuel dispenser meters certified	88,806	90,000	90,000	90,000	90,000	90,000	90,000
Number of food safety inspection reports available online	94,500	91,000	91,000	92,000	93,000	94,000	94,000
Nutrient Management							
Number of farm acres covered by approved Nutrient Management Plans (in thousands)	732	750	770	770	770	770	770
Nutrient management plans approved	357	365	375	375	375	375	375
Animal Health							
Animal health diagnostic tests performed at the Pennsylvania Veterinary Laboratory (in thousands)	253	340	340	340	340	340	340
Animal health inspections*	6,972	5,750	5,750	5,750	5,750	5,750	5,750
*Fewer deer farm inspections are anticipated in 2013-14 and future years.							
Program: Horse Racing Regulation							
Participant licenses issued by the Pennsylvania Horse and Harness Racing Commissions	12,917	13,500	13,500	13,500	15,800	15,800	15,800
Investigations to ensure compliance with established rules and regulations: harness and horse racing	8,571	9,000	9,000	9,000	9,500	9,500	9,500
Licenses suspended for noncompliance of rules and regulations: harness and horse racing	327	400	400	400	450	450	450
Samples processed at the Equine Toxicology and Research Lab (in thousands)	41	41	41	41	55	55	55

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Emergency Food Assistance							
Improving Participant Access to Pennsylvania fruits and vegetables							
Dollar value of commodities distributed (in thousands)	\$55,777	\$56,000	\$56,000	\$56,000	\$56,000	\$56,000	\$56,000
Persons receiving donated or surplus foods							
State Food Purchase program: Individuals Served (in millions)	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Emergency Food Assistance Program: Individuals Served (in millions)	6.30	6.30	6.30	6.30	6.30	6.30	6.30
Percentage of farmers' market coupons redeemed							
Redemption rate for WIC participants in the Farmers' Market Nutrition program	55%	55%	55%	55%	55%	55%	55%
Redemption rate for senior participants in the Farmers' Market Nutrition program	90%	90%	90%	90%	90%	90%	90%



DEPARTMENT OF BANKING AND SECURITIES

The mission of the Department of Banking and Securities is to foster a strong economy for Pennsylvania by ensuring the safety and soundness of financial institutions, encouraging capital formation, regulating financial services providers, and protecting consumers and investors.

Programs and Objectives

Financial Services Industry Regulation: *To ensure the maintenance of an economically sound and competitive system of state-chartered financial institutions, to protect consumers in the financial marketplace and to protect investors engaged in securities transactions.*

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Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 1 ^a	\$ 0	\$ 0
(A)Consumer Protection	2,005 ^a	0	0
Subtotal - State Funds.....	\$ 1	\$ 0	\$ 0
Subtotal - Augmentations.....	2,005	0	0
Total - General Government.....	<u>\$ 2,006</u>	<u>\$ 0</u>	<u>\$ 0</u>
STATE FUNDS.....	\$ 1	\$ 0	\$ 0
AUGMENTATIONS.....	2,005	0	0
GENERAL FUND TOTAL.....	<u>\$ 2,006</u>	<u>\$ 0</u>	<u>\$ 0</u>
BANKING FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 21,349	\$ 22,912	\$ 21,330
Transfer to Institution Resolution Account (EA).....	0	1,500	1,500
Total - General Government.....	<u>\$ 21,349</u>	<u>\$ 24,412</u>	<u>\$ 22,830</u>
BANKING FUND TOTAL.....	<u>\$ 21,349</u>	<u>\$ 24,412</u>	<u>\$ 22,830</u>
GENERAL FUND:			
<i>General Government:</i>			
(R)Securities Operations.....	\$ 6,291	\$ 7,188	\$ 7,916
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 1	\$ 0	\$ 0
SPECIAL FUNDS.....	21,349	24,412	22,830
AUGMENTATIONS.....	2,005	0	0
RESTRICTED.....	6,291	7,188	7,916
TOTAL ALL FUNDS.....	<u>\$ 29,646</u>	<u>\$ 31,600</u>	<u>\$ 30,746</u>

^a Appropriated in the Securities Commission prior to the merger with the Department of Banking effective October 1, 2012.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
FINANCIAL SERVICES INDUSTRY							
GENERAL FUND.....	\$ 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	21,349	24,412	22,830	21,330	21,330	21,330	21,330
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	8,296	7,188	7,916	7,916	7,916	7,916	7,916
SUBCATEGORY TOTAL.....	\$ 29,646	\$ 31,600	\$ 30,746	\$ 29,246	\$ 29,246	\$ 29,246	\$ 29,246
ALL PROGRAMS:							
GENERAL FUND.....	\$ 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	21,349	24,412	22,830	21,330	21,330	21,330	21,330
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	8,296	7,188	7,916	7,916	7,916	7,916	7,916
DEPARTMENT TOTAL.....	\$ 29,646	\$ 31,600	\$ 30,746	\$ 29,246	\$ 29,246	\$ 29,246	\$ 29,246

PROGRAM OBJECTIVE: To ensure the maintenance of an economically sound and competitive system of state-chartered financial institutions, to protect consumers in the financial marketplace and to protect investors engaged in securities transactions.

Program: Financial Services Industry Regulation

This program fosters a strong economy for Pennsylvania by ensuring the safety and soundness of financial institutions, encouraging capital formation, regulating financial services providers, and protecting consumers and investors. The program achieves these goals through regulatory, registration, licensing and enforcement policies and practices, including the examination of the records, filings, accounts, policies and practices of financial services institutions and professionals.

The department oversees state-chartered banks, bank and trust companies, trust companies, bank holding companies, savings banks, savings associations, credit unions, consumer discount companies, sales finance companies, installment sellers, money transmitters, collector-repossessors, pawnbrokers, check cashers, debt management companies, mortgage bankers, mortgage

brokers, loan originators and loan correspondents, securities agents, broker-dealers, investment advisers and notice filers, and investment adviser representatives.

Act 86 of 2012 created the Institution Resolution Restricted Account to pay costs related to insolvent financial institutions. This account is funded through transfers from the Banking Fund. The act authorizes the Secretary of the Department of Banking and Securities to determine the amount to be transferred from the Banking Fund each fiscal year based upon economic and regulatory conditions.

The department received and responded to more than 5,670 consumer inquiries during the 2012-13 fiscal year. As of June 30, 2013 the department provided regulation and oversight for the following:

Financial Institutions		Non-Depository Licensees		Securities Industry	
Credit unions	58	Mortgage originators	9,777	Securities agents	180,077
Commercial banks	52	Installment sellers	2,892	Investment adviser representatives	16,592
Savings banks	48	Mortgage lenders	1,102	Investment adviser and notice filers	2,914
Bank and trust companies	42	Check cashers	861	Broker-dealers	2,195
Non-depository trust companies	17	Sales finance companies	849	Total Securities Industry	201,778
Savings associations	4	Mortgage brokers	441		
Private banks	1	Debt management services	330		
Total Financial Institutions	222	Mortgage discount companies	239		
		Other licensees	538		
		Total Non-Depository Licensees	17,029		

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

BANKING FUND

General Government Operations

\$ -1,582 —reduction in administrative costs.

In addition, \$7,916,000 for Securities Operations is provided for securities regulation.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
BANKING FUND:							
General Government Operations	\$ 21,349	\$ 22,912	\$ 21,330	\$ 21,330	\$ 21,330	\$ 21,330	\$ 21,330
Transfer to Institution Resolution Account (EA).....	0	1,500	1,500	0	0	0	0
Securities Operations	6,291	7,188	7,916	7,916	7,916	7,916	7,916
TOTAL BANKING FUND	\$ 27,641	\$ 31,600	\$ 30,746	\$ 29,246	\$ 29,246	\$ 29,246	\$ 29,246

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Financial Services Industry Regulation							
Percentage of all non-depository licensees examined	23.81%	20%	20%	20%	20%	20%	20%
Average number of days for turnaround of independent depository institution examinations	28.34	30	30	30	30	30	30
Percentage of depository examiners with the highest certification available for their level of experience	92%	90%	90%	90%	90%	90%	90%
Securities notice filings received and docketed	6,098	5,000	5,000	5,000	5,000	5,000	5,000
Average number of days to respond to consumer complaints	5.58	10	10	10	10	10	10
Compliance examinations conducted	132	110	115	120	130	140	150



CIVIL SERVICE COMMISSION

The mission of the Civil Service Commission is to provide greater efficiency and economy in the government of the commonwealth by establishing conditions of employment that will attract qualified persons of character and ability and appointing and promoting all persons on the basis of merit and fitness.

The commission administers the commonwealth's merit system. The responsibilities of the commission include recruitment of qualified candidates; evaluation of applicants' education and experience to determine if minimum requirements have been met; development and administration of examinations; and certification of eligible candidates to the appointing agencies.

Programs and Objectives

Personnel Selection: *To provide a sufficient number of qualified, available persons to meet agency merit system staffing needs.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 1	\$ 1	\$ 1
(A) Fees From Agencies.....	12,906	12,817	12,640
(A) Special Merit System Services.....	824	818	807
Subtotal - State Funds.....	\$ 1	\$ 1	\$ 1
Subtotal - Augmentations.....	13,730	13,635	13,447
Total - General Government.....	<u>\$ 13,731</u>	<u>\$ 13,636</u>	<u>\$ 13,448</u>
STATE FUNDS.....	\$ 1	\$ 1	\$ 1
AUGMENTATIONS.....	13,730	13,635	13,447
GENERAL FUND TOTAL.....	<u>\$ 13,731</u>	<u>\$ 13,636</u>	<u>\$ 13,448</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 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.....	13,730	13,635	13,447	13,447	13,447	13,447	13,447
SUBCATEGORY TOTAL.....	\$ 13,731	\$ 13,636	\$ 13,448	\$ 13,448	\$ 13,448	\$ 13,448	\$ 13,448
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.....	13,730	13,635	13,447	13,447	13,447	13,447	13,447
DEPARTMENT TOTAL.....	\$ 13,731	\$ 13,636	\$ 13,448	\$ 13,448	\$ 13,448	\$ 13,448	\$ 13,448

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's 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 development of valid evaluations; identification and elimination of discrimination in merit-system-covered human resource systems; 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 application, applicant self-scheduling, examination and imaging and workflow 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 majority of funds supporting this program are received from billing state and local client agencies.

Program Recommendations:

This budget recommends the following changes in augmentations received from agency billings: (Dollar Amounts in Thousands)

		General Government Operations
\$	-629	—to promote administrative efficiencies by consolidating work processes and support functions.
	441	—to continue current program.
<hr/>		
\$	-188	<i>Augmentation Decrease</i>

The 2014-15 budget assumes the commission has authority to contract with outside entities for administrative, information technology and other support functions.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Personnel Selection							
Total eligibles on list	160,895	161,000	161,000	161,000	161,000	161,000	161,000
Persons scheduled for exams	159,669	160,000	160,000	160,000	160,000	160,000	160,000
Persons taking computerized exams	104,277	104,000	104,000	104,000	104,000	104,000	104,000
Certifications audited of eligible individuals for civil service positions	10,509	11,000	11,000	11,000	11,000	11,000	11,000
Appeal requests received and processed	414	415	415	415	415	415	415
Annual cost of merit system per covered employee	\$199	\$206	\$206	\$206	\$206	\$206	\$206



DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

The mission of the Department of Community and Economic Development is to foster opportunities for businesses to grow and for communities to succeed and thrive in a global economy. The department strives to improve the quality of life for Pennsylvania citizens while assuring transparency and accountability in the expenditure of public funds.

Programs and Objectives

- PA Job Creation, Business Growth and Attraction:** *To support and promote initiatives that grow Pennsylvania's economy by partnering with the private sector to create and retain jobs; to ensure that capital for the creation, location, retention and expansion of private business is available at each step of the business life cycle; and to make possible lower capital costs to attract businesses to invest in Pennsylvania.*
- PA Innovation Economy:** *To catalyze growth and competitiveness for Pennsylvania companies and universities by growing venture capital investments to support early stage and emerging technology firms; accelerating technology transfer to commercialize new products and services; and revitalizing Pennsylvania's manufacturing economy.*
- PA Worldwide:** *To contribute to the growth and strength of the commonwealth's economy by attracting foreign direct capital investments to Pennsylvania and providing value-added business development services to Pennsylvania companies to facilitate increased exports from the commonwealth.*
- PA Assets:** *To ensure economic competitiveness and job creation; to increase domestic and international leisure travel to the commonwealth in order to grow the tourism industry's economic impact and position Pennsylvania as a top tourism destination for both domestic and international visitors; and to maximize Pennsylvania's energy resources, including coal, natural gas, water, oil and timber.*
- PA Core Communities:** *To attain more effective delivery of housing and community development services; to provide resources and technical assistance that enhance the performance and quality of local governments, including fiscal stability; and to effectively create attractive, livable communities by revitalizing downtowns and surrounding neighborhoods, while promoting sound land-use practices.*
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Community and Economic Development

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 15,915^a	\$ 13,660^b	\$ 14,302
(F)ARC - Technical Assistance.....	200	225	225
(F)DOE - Weatherization Administration.....	1,258	600	600
(F)ARRA - DOE Weatherization Administration.....	1,500	200	0
(F)SCDBG - Administration.....	1,536	1,680	1,680
(F)SCDBG - Neighborhood Stabilization Administration.....	1,050	800	800
(F)CSBG - Administration.....	1,507	1,507	1,507
(F)LIHEABG - Administration.....	1,000	1,000	1,000
(F)ARRA - Homelessness Prevention Administration.....	100	0	0
(F)ARRA - SCDBG Administration.....	50	0	0
(F)State Small Business Credit Initiative Administration.....	487	487	487
(F)Americorps Training and Technical Assistance.....	128	75	75
(F)EMG Solutions Administration.....	250	250	250
(F)EDA - Emergency Management.....	500	450	450
(F)SCDBG - Disaster Recovery Administration.....	1,358	1,000	1,000
(F)ARRA - Broadband Technology Opportunity Administration (EA).....	81	60	60
(F)ARRA - Broadband Technology Opportunities (EA).....	1,121	800	800
(A)Pennsylvania Industrial Development Authority.....	933	1,072	1,144
(A)Pennsylvania Economic Development Financing Authority.....	447	460	506
(A)Environmental Training Partnership.....	251	0	0
(A)Local Area Transportation.....	84	0	0
(A)State Planning Board Expense.....	100	0	0
(A)Community Development Bank.....	67	54	49
(A)Commonwealth Financing Authority.....	2,547	2,654	2,851
(A)Local Match.....	110	56	56
(A)Transfer Between Governments.....	39	0	0
(R)Small Business Advocate - Utilities.....	1,092	1,092	1,163
Center for Local Government Services.....	0	7,308^b	8,500
(A)Local Government Training.....	0	300	300
(A)State Planning Board Expense.....	0	270	153
Office of Open Records.....	1,374	1,684	1,975
World Trade PA.....	6,143	7,296	7,900
(F)SBA State Trade and Export Promotion (STEP).....	4,035	2,000	2,000
(F)Mining Equipment Export Expansion Initiative.....	190	100	100
(F)EDA - Expanding Exports.....	150	1,000	1,000
Marketing to Attract Tourists.....	5,810	7,435	3,806
(A)Reimbursement for Travel Advertisements.....	60	60	60
(A)Utility Revenue.....	0	115	0
Marketing to Attract Business.....	941	3,442	4,586
Subtotal - State Funds.....	\$ 30,183	\$ 40,825	\$ 41,069
Subtotal - Federal Funds.....	16,501	12,234	12,034
Subtotal - Augmentations.....	4,638	5,041	5,119
Subtotal - Restricted Revenues.....	1,092	1,092	1,163
Total - General Government.....	\$ 52,414	\$ 59,192	\$ 59,385
Grants and Subsidies:			
Transfer to Municipalities Financial Recovery Revolving Fund.....	\$ 12,096	\$ 7,096	\$ 5,250
Transfer to Ben Franklin Tech. Development Authority Fund.....	14,500	14,500	14,500
Transfer to Commonwealth Financing Authority.....	85,519	78,019	82,505
(A)Transfer From the Department of Environmental Protection.....	0	9,517	8,673
Intergovernmental Cooperation Authority-2nd Class Cities.....	228	228	228
Pennsylvania First.....	29,500	37,800	42,500
Municipal Assistance Program.....	642	642	642
(F)FEMA Technical Assistance.....	350	350	350
(F)FEMA - Mapping.....	250	100	100
Keystone Communities.....	10,800	11,300	10,799
(F)DOE - Weatherization.....	20,000	10,000	10,000
(F)ARRA - DOE Weatherization.....	5,000	0	0
(F)Emergency Shelter for the Homeless.....	125	0	0

Community and Economic Development

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
(F)LIHEABG - Weatherization Program.....	31,000	40,000	40,000
(F)SCDBG - HUD Disaster Recovery.....	2,000	2,000	2,000
(F)ARRA - Homelessness Prevention - Legal Services.....	59	0	0
(F)SCDBG - Neighborhood Stabilization Program.....	24,000	17,000	17,000
(F)Assets for Independence.....	1,000	500	500
(F)ESG Program.....	3,200	0	0
(F)EMG Solutions Program.....	10,000	8,000	8,000
(F)SCDBG - Disaster Recovery Grant.....	27,143	56,000	56,000
(F)Community Services Block Grant.....	29,500	29,500	29,500
(F)Centralia Recovery (EA).....	150	430	430
Appalachian Regional Commission.....	1,003	0^c	0^c
Partnerships for Regional Economic Performance.....	11,880	11,880	12,380
(F)State Small Business Credit Initiative.....	13,646	20,000	20,000
Discovered in PA, Developed in PA.....	9,900	9,900	9,900
Tourism - Accredited Zoos.....	450	550	0
Rural Leadership Training.....	0	100	0
Super Computer Center.....	0	500	0
Infrastructure Technology Assistance Program.....	1,500	1,750	0
Early Intervention for Distressed Municipalities.....	1,785	1,785	1,785
Powdered Metals.....	100	100	0
Infrastructure and Facilities Improvement Grants.....	19,409	19,409	19,409
Subtotal - State Funds.....	\$ 199,312	\$ 195,559	\$ 199,898
Subtotal - Federal Funds.....	167,423	183,880	183,880
Subtotal - Augmentations.....	0	9,517	8,673
Total - Grants and Subsidies.....	<u>\$ 366,735</u>	<u>\$ 388,956</u>	<u>\$ 392,451</u>
STATE FUNDS.....	\$ 229,495	\$ 236,384	\$ 240,967
FEDERAL FUNDS.....	183,924	196,114	195,914
AUGMENTATIONS.....	4,638	14,558	13,792
RESTRICTED REVENUES.....	1,092	1,092	1,163
GENERAL FUND TOTAL.....	\$ 419,149	\$ 448,148	\$ 451,836
MOTOR LICENSE FUND:			
<i>General Government:</i>			
Appalachian Regional Commission.....	\$ 0	\$ 1,073	\$ 1,073
OTHER FUNDS:			
GENERAL FUND:			
Industrial Sites Environmental Assessment Fund.....	\$ 1,176	\$ 493	\$ 493
Industrialized Housing.....	424	406	406
GENERAL FUND TOTAL.....	\$ 1,600	\$ 899	\$ 899
BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY FUND:			
Ben Franklin Technology.....	\$ 28,000	\$ 19,000	\$ 19,000
BROADBAND OUTREACH AND AGGREGATION FUND:			
Broadband Outreach Administration (EA).....	\$ 50	\$ 50	\$ 40
Broadband Outreach Grants (EA).....	1,500	1,450	1,260
BROADBAND OUTREACH AND AGGREGATION FUND TOTAL.....	\$ 1,550	\$ 1,500	\$ 1,300
HOME INVESTMENT TRUST FUND:			
HOME Investment Partnership.....	\$ 1,170	\$ 1,486	\$ 1,486
HOMEOWNER ASSISTANCE SETTLEMENT FUND:			
Homeowner's Emergency Mortgage Assistance.....	\$ 22,200	\$ 10,800	\$ 10,800
HOUSING AFFORDABILITY AND REHABILITATION ENHANCEMENT FUND:			
Housing Affordability and Rehabilitation Program.....	\$ 16,643	\$ 5,000	\$ 5,000

Community and Economic Development

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
INDUSTRIAL SITES CLEANUP FUND:			
Industrial Sites Cleanup - Administration (EA).....	\$ 313	\$ 314	\$ 314
Industrial Sites Cleanup - Projects (EA).....	5,000	5,000	5,000
INDUSTRIAL SITES CLEANUP FUND TOTAL.....	\$ 5,313	\$ 5,314	\$ 5,314
LOCAL GOVERNMENT CAPITAL PROJECT LOAN FUND:			
Local Government Capital Project Loans (EA).....	\$ 1,000	\$ 1,000	\$ 1,000
MACHINERY AND EQUIPMENT LOAN FUND:			
General Operations (EA).....	\$ 676	\$ 778	\$ 778
Machinery and Equipment Loans (EA).....	25,000	25,000	25,000
MACHINERY AND EQUIPMENT LOAN FUND TOTAL.....	\$ 25,676	\$ 25,778	\$ 25,778
MARCELLUS LEGACY FUND:			
Energy Development Projects.....	\$ 7,214	\$ 3,902	\$ 0
MINORITY BUSINESS DEVELOPMENT FUND:			
General Operations (EA).....	\$ 271	\$ 302	\$ 302
Minority Business Development Loans (EA).....	1,000	1,000	1,000
MINORITY BUSINESS DEVELOPMENT FUND TOTAL.....	\$ 1,271	\$ 1,302	\$ 1,302
MUNICIPALITIES FINANCIAL RECOVERY REVOLVING AID FUND:			
Distressed Community Assistance (EA).....	\$ 12,000	\$ 9,000	\$ 9,000
SMALL BUSINESS FIRST FUND:			
Administration (EA).....	\$ 1,806	\$ 1,958	\$ 1,958
Loans (EA).....	19,000	19,000	19,000
Pollution Prevention Loans (EA).....	1,500	1,500	1,500
EDA - Loans (EA).....	3,000	0	0
Community Economic Development Loans (EA).....	3,000	3,000	3,000
SMALL BUSINESS FIRST FUND TOTAL.....	\$ 28,306	\$ 25,458	\$ 25,458
TOBACCO SETTLEMENT FUND:			
Tobacco Settlement Investment Board.....	\$ 361	\$ 284	\$ 217 ^d
Life Sciences Greenhouses.....	3,000	3,000 ^e	3,000
TOBACCO SETTLEMENT FUND TOTAL.....	\$ 3,361	\$ 3,284	\$ 3,217
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Underground Storage Tank Administration (EA).....	\$ 24	\$ 0	\$ 0
WORKMEN'S COMPENSATION ADMINISTRATION FUND:			
Small Business Advocate - Workers' Compensation (R).....	\$ 194	\$ 194	\$ 194
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 229,495	\$ 236,384	\$ 240,967
SPECIAL FUNDS.....	0	1,073	1,073
FEDERAL FUNDS.....	183,924	196,114	195,914
AUGMENTATIONS.....	4,638	14,558	13,792
RESTRICTED.....	1,092	1,092	1,163
OTHER FUNDS.....	155,522	113,917	109,748
TOTAL ALL FUNDS.....	\$ 574,671	\$ 563,138	\$ 562,657

^a Includes \$1,025,000 appropriated for General Government Operations in the Tax Equalization Board.

^b Transferred \$2,804,000 from General Government Operations to the Center for Local Government Services.

^c Beginning in 2013-14, Appalachian Regional Commission funding moved from the General Fund to the Motor License Fund.

^d This budget proposes to transfer all remaining private equity investments and cash reserves from the Tobacco Settlement Fund and the Health Venture Investment Account to the Public School Employees' Retirement System. This budget also proposes the elimination of the Tobacco Settlement Investment Board effective January 2015.

^e Includes \$3,000,000 of funding in budgetary reserve due to the anticipated reduction of the April 2014 Master Settlement Agreement payment.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
PA JOB CREATION, BUSINESS GROWTH AND ATTRACTION							
GENERAL FUND.....	\$ 166,038	\$ 174,952	\$ 186,157	\$ 195,652	\$ 195,652	\$ 195,652	\$ 195,652
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	25,772	29,134	28,934	28,074	28,074	28,074	28,074
OTHER FUNDS.....	67,630	74,014	73,434	71,572	64,761	64,761	64,761
SUBCATEGORY TOTAL.....	\$ 259,440	\$ 278,100	\$ 288,525	\$ 295,298	\$ 288,487	\$ 288,487	\$ 288,487
PA INNOVATION ECONOMY							
GENERAL FUND.....	\$ 24,500	\$ 25,000	\$ 24,400	\$ 24,400	\$ 24,400	\$ 24,400	\$ 24,400
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	40,125	27,686	23,517	22,000	22,000	22,000	22,000
SUBCATEGORY TOTAL.....	\$ 64,625	\$ 52,686	\$ 47,917	\$ 46,400	\$ 46,400	\$ 46,400	\$ 46,400
PA WORLDWIDE							
GENERAL FUND.....	\$ 6,143	\$ 7,296	\$ 7,900	\$ 7,900	\$ 7,900	\$ 7,900	\$ 7,900
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	4,375	3,100	3,100	3,100	3,100	3,100	3,100
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 10,518	\$ 10,396	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000
PA ASSETS							
GENERAL FUND.....	\$ 6,260	\$ 7,985	\$ 3,806	\$ 3,806	\$ 3,806	\$ 3,806	\$ 3,806
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	60	175	60	60	60	60	60
SUBCATEGORY TOTAL.....	\$ 6,320	\$ 8,160	\$ 3,866	\$ 3,866	\$ 3,866	\$ 3,866	\$ 3,866
PA CORE COMMUNITIES							
GENERAL FUND.....	\$ 26,554	\$ 21,151	\$ 18,704	\$ 18,704	\$ 18,704	\$ 18,704	\$ 18,704
SPECIAL FUNDS.....	0	1,073	1,073	1,073	1,073	1,073	1,073
FEDERAL FUNDS.....	153,777	163,880	163,880	163,450	163,450	163,450	163,450
OTHER FUNDS.....	53,437	27,692	27,692	27,692	27,692	27,692	27,692
SUBCATEGORY TOTAL.....	\$ 233,768	\$ 213,796	\$ 211,349	\$ 210,919	\$ 210,919	\$ 210,919	\$ 210,919
ALL PROGRAMS:							
GENERAL FUND.....	\$ 229,495	\$ 236,384	\$ 240,967	\$ 250,462	\$ 250,462	\$ 250,462	\$ 250,462
SPECIAL FUNDS.....	0	1,073	1,073	1,073	1,073	1,073	1,073
FEDERAL FUNDS.....	183,924	196,114	195,914	194,624	194,624	194,624	194,624
OTHER FUNDS.....	161,252	129,567	124,703	121,324	114,513	114,513	114,513
DEPARTMENT TOTAL.....	\$ 574,671	\$ 563,138	\$ 562,657	\$ 567,483	\$ 560,672	\$ 560,672	\$ 560,672

Community and Economic Development

PROGRAM OBJECTIVE: To support and promote initiatives that grow Pennsylvania's economy by partnering with the private sector to create and retain jobs; to ensure that capital for the creation, location, retention and expansion of private business is available at each step of the business life cycle; and to make possible lower capital costs to attract businesses to invest in Pennsylvania.

Program: PA Job Creation, Business Growth and Attraction

Program Element: PA First

PA First is a comprehensive program that offers grants for job creation and retention, infrastructure projects and workforce development. PA First provides the flexibility necessary for the commonwealth to rapidly respond to companies' needs, thus facilitating increased investment in the state and enabling Pennsylvania to compete more effectively with neighboring and competitor states.

PA First leverages private dollars, stimulates job creation and encourages development of critical infrastructure and advances workforce development efforts. It secures job creation and economic development opportunities through the preservation and expansion of existing industries and the attraction of additional economic development prospects to the commonwealth. Eligible uses for the grant funding may include customized or advanced training for new, entry-level or existing employees; infrastructure improvements necessary to facilitate planned industrial investment by private companies, to restore blighted land to productive use and to develop the restored land, or to develop local infrastructure at business sites; land and building acquisition and/or improvement costs; machinery and equipment purchases; working capital; and environmental assessment and remediation.

The Department of Community and Economic Development (DCED) monitors PA First projects for compliance with the commitments made by the grantee upon receipt of the funds. If the grantee does not meet its commitments and cannot provide an acceptable reason for its failure to do so, the department may require repayment of some or all of the grant funds.

Program Element: Infrastructure and Facilities Improvement Program

The Infrastructure and Facilities Improvement Program (IFIP), established by 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 project.

Unlike local tax increment financing projects, where incremental tax revenues generated by a project are collected and deposited into a debt service reserve fund for the payment of debt, under IFIP, annual grants

are awarded based on the incremental amount of state personal income tax, sales tax and hotel occupancy tax generated by the project.

Program Element: Partnerships for Regional Economic Performance

Historically, Pennsylvania's economic development efforts have been supported by a number of core service providers, including Industrial Resource Centers, industrial development organizations, Local Development Districts, and Small Business Development Centers. Partnerships for Regional Economic Performance (PREP) is designed to integrate these networks by encouraging regional coordination of economic development efforts, which will yield superior customer service to the business community and a comprehensive, efficient, statewide economic development delivery strategy.

Funding is provided to regional networks to serve current and potential businesses in good standing across the commonwealth. PREP partner organizations deliver a wide array of coordinated business development services designed to encourage the creation of new businesses and increase and strengthen the capacity of all Pennsylvania businesses to compete successfully in the global economy.

Program Element: Marketing to Attract Business

Pennsylvania's key strengths must be regularly and effectively communicated to the national and global business community. Pennsylvania's Marketing to Attract Business program funds the department's economic development marketing and advertising contract, which includes public relations, radio and television advertising, industry trade shows and direct support of DCED and the Governor's Action Team for one-to-one marketing efforts. The Governor's Action Team and DCED's International Office depend on company leads generated by marketing to prepare deals to attract companies to Pennsylvania. DCED's website, newPA.com, received a complete overhaul and is now updated, better organized and easier for our customers to use. The marketing office has also collaborated with Team PA and Journal Multimedia to create and implement the Governor's ImPAct Awards and the soon to be published marketing magazine "Business Today in PA."

Community and Economic Development

Program: PA Job Creation, Business Growth and Attraction (continued)

Program Element: Job Creation Tax Credit

The Job Creation Tax Credit (JCTC) was established for the purpose of securing job-creating economic development opportunities through the expansion of existing businesses and the attraction of economic development prospects to the commonwealth.

The JCTC program is available to eligible businesses that, within three years from a negotiated start date, create 25 or more jobs or increase employment by 20 percent. Every new full-time job, up to a set maximum that meets certain minimum wage standards, will result in a \$1,000 tax credit that the business can use to pay a number of state business taxes. The business may claim these credits only after the jobs are created. A minimum of 25 percent of all tax credits available to be awarded each fiscal year will be allocated to businesses that employ 100 or fewer employees.

Program Element: Film Production Tax Credit

The Pennsylvania Film Production Tax Credit is an economic development tool to foster the growth and development of the commonwealth's film industry. The program provides a tax credit equal to 25 percent of a film production's qualified Pennsylvania production expenses for film productions where at least 60 percent of the total production budget is spent in Pennsylvania. Eligible projects include the production of a feature film, a television film, a television talk or game show series, a television commercial, a television pilot or each episode of a television series intended as programming for a national audience.

The film production tax credit was created to induce filmmakers and production companies to film in the commonwealth. The tax credit was implemented in response to the growing demand for states to offer economic incentives to filmmakers to stem the runaway production to film locales such as Canada, Australia and

the United Kingdom. The program continues to attract top studios to Pennsylvania, bringing productions that rely on Pennsylvania businesses to provide everything from cutting-edge visual effects, lighting and editing services, rental cars, hotel rooms and catering. The film tax production credit has enabled Pennsylvania to solidify its reputation as a destination of choice for domestic and foreign film makers.

Program Element: Opportunity Scholarship Tax Credit Program

The Opportunity Scholarship Tax Credit program provides tax credits to eligible businesses contributing to an opportunity scholarship organization. Business contributions are then used by opportunity scholarship organizations to provide tuition assistance in the form of scholarships to eligible students residing within the boundaries of a low-achieving school to attend another public school outside of their district or nonpublic school. A low-achieving school is defined as a public elementary or secondary school ranking in the bottom 15 percent.

Students who live within the attendance boundaries of a low-achieving school, as determined by the Pennsylvania Department of Education, are eligible to receive a scholarship if their household's annual income is no greater than \$60,000, plus \$12,000 for each dependent member of the household. Tax credits may be applied against the tax liability of a business for the tax year in which the contribution was made. The tax credits awarded to businesses will be equal to 75 percent of their contribution amount, which can be increased to 90 percent upon the business committing for two years. The total may not exceed \$400,000 per taxable year. In 2013, DCED implemented a new online application creating a simplified application for businesses to use.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ 592</p> <p>50</p> <hr/> <p>\$ 642</p>	<p>General Government Operations —to continue current program. —Initiative—Base Realignment and Closure. To provide resources to support the commonwealth's efforts to maintain Pennsylvania's military installations. <i>Appropriation Increase</i></p>	<p>\$ 291</p>	<p>Office of Open Records —to continue current program.</p>
<p>\$ 192</p> <p>1,000</p> <hr/> <p>\$ 1,192</p>	<p>Center for Local Government Services —to continue current program. —Initiative—Municipal and Local Assistance. To increase assistance to local governments. <i>Appropriation Increase</i></p>	<p>\$ 1,144</p>	<p>Marketing to Attract Business —Initiative—JOBS1st PA. To develop and purchase marketing and communication tools to attract business.</p>
		<p>\$ 4,486</p>	<p>Transfer to Commonwealth Financing Authority —to provide debt service for economic development bonds.</p>

Community and Economic Development

Program: PA Job Creation, Business Growth and Attraction (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ -300 2,000</p> <p>3,000</p> <hr/> <p>\$ 4,700</p>	<p>Pennsylvania First —non-recurring project. —Initiative—JOBS1st PA. To increase resources for the WEDnetPA Job Training program. —Initiative—JOBS1st PA. To increase investment and job creation in the commonwealth. <i>Appropriation Increase</i></p> <p>Partnerships for Regional Economic Performance —Initiative—JOBS1st PA. To create jobs through workforce assistance, re-shoring, business incubation and the business calling program.</p>	<p>\$ -1,750</p> <p>Infrastructure Technology Assistance Program —program elimination.</p> <p>The Infrastructure and Facilities Improvement Grants appropriation is recommended at the current year funding level.</p> <p>The Small Business Advocate appropriation is increased by \$71,000 to a total \$1,163,000.</p>
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Appropriations within this Program:

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 15,915	\$ 13,660	\$ 14,302	\$ 14,302	\$ 14,302	\$ 14,302	\$ 14,302
Center for Local Government Services	0	7,308	8,500	8,500	8,500	8,500	8,500
Office of Open Records	1,374	1,684	1,975	1,975	1,975	1,975	1,975
Marketing to Attract Business	941	3,442	4,586	4,586	4,586	4,586	4,586
Transfer to Commonwealth Financing Authority	85,519	78,019	82,505	92,000	92,000	92,000	92,000
Pennsylvania First	29,500	37,800	42,500	42,500	42,500	42,500	42,500
Partnerships for Regional Economic Performance	11,880	11,880	12,380	12,380	12,380	12,380	12,380
Infrastructure Technology Assistance Program	1,500	1,750	0	0	0	0	0
Infrastructure and Facilities Improvement Grants	19,409	19,409	19,409	19,409	19,409	19,409	19,409
TOTAL GENERAL FUND	\$ 166,038	\$ 174,952	\$ 186,157	\$ 195,652	\$ 195,652	\$ 195,652	\$ 195,652

PROGRAM OBJECTIVE: To catalyze growth and competitiveness for Pennsylvania companies and universities by growing venture capital investments to support early stage and emerging technology firms; accelerating technology transfer to commercialize new products and services; and revitalizing Pennsylvania's manufacturing economy.

Program: PA Innovation Economy

Program Element: Discovered in PA, Developed in PA

The Discovered in PA, Developed in PA (D2PA) program was established to build capacity to support Pennsylvania businesses and to spur creativity and innovation in the provision of economic development services, from business incubating, to mentoring, to marketing and beyond. Pennsylvania benefits from several world-class research universities across several disciplines including life sciences, robotics, nanotechnology, energy, advanced materials and manufacturing, and information technologies. Additionally, Pennsylvania benefits from a robust network of economic development partners that focus specifically on the creation of start-up companies and the transfer of new technologies into the marketplace. The D2PA program was created to capitalize on and leverage these assets in an effort to not only encourage entrepreneurship, but also to actively support it.

D2PA funds are used to accomplish the following:

- Promote entrepreneurship – ongoing or innovative new activities, programs or events to promote entrepreneurship;
- Encourage technology transfer – ongoing or innovative new activities, programs or events to encourage and increase technology transfer, commercialization of intellectual property and new product development by Pennsylvania entrepreneurs, businesses, research institutions and colleges and universities;
- Build capacity for regional economic development – ongoing or innovative new activities, programs or events to improve the capacity of economic development organizations to provide the business community with the highest quality and broadest range of services possible;
- Proactively reach out to businesses – ongoing or innovative new activities, programs or events that proactively seek to identify the needs of businesses or that educate businesses about resources available to help them prosper.

Program Element: Ben Franklin Technology Development Authority

The Ben Franklin Technology Development Authority (BFTDA) ensures that Pennsylvania companies and entrepreneurs have the necessary tools to build their businesses. The BFTDA has promoted advanced technology in traditional and emerging industries, as well as small business, through a series of programs that are flexible and dynamic and are built to proactively meet changes in markets and key industry sectors. These initiatives are also tailored to meet companies' needs throughout the business lifecycle, providing support and making services available at each step of the process.

The BFTDA also provides vehicles for investment for university-based and entrepreneurial innovation through the following programs:

- Ben Franklin Technology Partners, which are strategically located throughout the commonwealth to bring together the best of the state's people, ideas and technology.
- Venture Investment, which provides risk capital to venture partnerships that invest in Pennsylvania companies.
- Technology Development Grants, which help position the consortia of Pennsylvania companies at the cutting edge of emerging technologies.
- University Research Commercialization Grants, which promote stronger synergy between university-based research and development and technology transfer for economic and workforce development.

Program Element: The Pennsylvania Life Sciences Greenhouse Initiative

To ensure continued growth and leadership in life sciences, The Pennsylvania Life Sciences Greenhouse (LSG) Initiative supports early-stage risk capital and serves as a catalyst for development and creation of new life-science-related products and companies. Three regionally

Community and Economic Development

Program: PA Innovation Economy (continued)

based organizations in Central Pennsylvania, Pittsburgh and Philadelphia aggressively focus on increasing formation and growth of life sciences companies in the commonwealth.

Over the course of the past decade, the LSG Initiative has established a national reputation and is cited by

the Battelle Technology Partnership as one of only two university/industry funding programs in the U.S. to focus solely on life sciences. The initiative has quickly become a national model for state funding of early stage risk capital in life sciences.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$	-500	Super Computer Center —program elimination.
\$	-100	Powdered Metals —program elimination.

All other appropriations are recommended at the current year funding levels.

In addition, this budget proposes to transfer all remaining private equity investments and cash reserves from the Tobacco Settlement Fund and the Health Venture Investment Account to the Public School Employees' Retirement System. This budget also proposes the elimination of the Tobacco Settlement Investment Board effective January 2015.

Appropriations within this Program:

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Transfer to Ben Franklin Technology Development Authority Fund.....	\$ 14,500	\$ 14,500	\$ 14,500	\$ 14,500	\$ 14,500	\$ 14,500	\$ 14,500
Discovered in PA, Developed in PA.....	9,900	9,900	9,900	9,900	9,900	9,900	9,900
Super Computer Center	0	500	0	0	0	0	0
Powdered Metals.....	100	100	0	0	0	0	0
TOTAL GENERAL FUND	\$ 24,500	\$ 25,000	\$ 24,400	\$ 24,400	\$ 24,400	\$ 24,400	\$ 24,400

Community and Economic Development

PROGRAM OBJECTIVE: To contribute to the growth and strength of the commonwealth's economy by attracting foreign direct capital investments to Pennsylvania and providing value-added business development services to Pennsylvania companies to facilitate increased exports from the commonwealth.

Program: PA Worldwide

Program Element: World Trade PA

In today's increasingly complex global economy, international trade is not simply a trend, but a competitive necessity. The World Trade PA program works to promote Pennsylvania exports in key international markets and to attract foreign investments to Pennsylvania by ensuring that international companies are adequately informed and familiar with Pennsylvania's strengths – leading research institutions; manufacturing, energy and life science industries; competitive business environment; and a skilled workforce.

To build on World Trade PA's success, DCED has improved the existing performance-based compensation

system for its international contractors and regional partners; developed sector-specific, fee-based initiatives such as the PA Mining Equipment Export Initiative, and enhanced private sector participation. By increasing export capacity and establishing new connections between Pennsylvania companies, universities and partners worldwide, Pennsylvania businesses will continue to become more competitive in the global marketplace. At the same time, Pennsylvania communities will become increasingly successful in competing for international investment projects that support existing and new jobs across the commonwealth.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$	604	World Trade PA —Initiative—Promoting PA Abroad. To expand promotion of PA exports in key international markets and to attract foreign investment.
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Appropriations within this Program:

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
World Trade PA.....	\$ 6,143	\$ 7,296	\$ 7,900	\$ 7,900	\$ 7,900	\$ 7,900	\$ 7,900

Community and Economic Development

PROGRAM OBJECTIVE: To ensure economic competitiveness and job creation; to increase domestic and international leisure travel to the commonwealth in order to grow the tourism industry's economic impact and position Pennsylvania as a top tourism destination for both domestic and international visitors; and to maximize Pennsylvania's energy resources, including coal, natural gas, water, oil and timber.

Program: PA Assets

Program Element: Marketing to Attract Tourists

Tourism is a key industry for Pennsylvania, injecting an estimated \$40 billion annually into the commonwealth's economy and generating close to \$4 billion in tax revenues each year. Pennsylvania has invested in tourism marketing for decades in recognition of the industry's substantial contributions to the state's economy, most notably in jobs the industry provides commonwealth residents and tax revenues the industry generates for the state and local governments, which support a host of essential government programs and services. The Pennsylvania Tourism Office's marketing activities provide exposure to out-of-state markets for the many small Pennsylvania tourism businesses that lack the resources to advertise beyond their local area.

Marketing to Attract Tourists has enabled the commonwealth to provide a domestic and international tourism marketing program that helps to attract more than 175 million travelers annually. The funding will support a comprehensive and effective marketing agenda including the popular visitPA.com website and various print and online publications. The tourism office will encourage public/private partnerships within the industry to maximize Pennsylvania's presence on the national and global travel and tourism stage. The tourism office will also continue to leverage online marketing platforms including Twitter, Facebook, YouTube, Flickr, Foursquare and Pinterest, among others to provide highly customized, personalized and targeted information directly to travelers in an authentic and real-time medium, extending the reach of the office's traditional marketing efforts.

Program Element: Marcellus Legacy Fund

The Marcellus Legacy Fund was created by Act 13 of 2012 to provide for the distribution of unconventional gas well impact fees to counties, municipalities and

commonwealth agencies. A portion of the fee revenue will be transferred to the Commonwealth Financing Authority (CFA) for statewide initiatives that will include abandoned mine drainage abatement; abandoned well plugging; sewage treatment; greenways, trails and recreation; baseline water quality data; watershed restoration; and flood control. On January 29, 2013, the CFA approved the opening of the following programs: Abandoned Mine Drainage Abatement & Treatment program; Baseline Water Quality Data program; Flood Mitigation program; Greenways, Trails and Recreation program; Orphan or Abandoned Well Plugging program; and Watershed Restoration Protection program.

Program Element: Alternative Energy

The Alternate Energy Investment Act was signed into law in July 2008. The act is comprised of several components administered in the Departments of Environmental Protection, Public Welfare and Community and Economic Development. The CFA manages programs and funds administered within the DCED Center for Business Financing:

- \$165 million for loans and grants to businesses, non-profit economic development organizations and political subdivisions for clean and alternative energy projects. Projects include buildings, equipment and land development activities.
- \$25 million for loans and grants to individuals and small businesses for high-performance, energy-efficient building projects.
- \$25 million for loans and grants for geothermal and wind energy projects.
- \$80 million for grants and loans for alternative energy production projects involving solar technologies.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ -4,875 -4 1,250</p> <hr/> <p>\$ -3,629</p>	<p>Marketing to Attract Tourists —non-recurring projects. —reduction in administrative costs. —Initiative—PA Tourism. To promote commonwealth-wide tourism efforts.</p> <p><i>Appropriation Decrease</i></p>	<p>\$ -550</p>	<p>Tourism - Accredited Zoos —program elimination.</p>
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Community and Economic Development

Program: PA Assets (continued)

Appropriations within this Program:

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Marketing to Attract Tourists	\$ 5,810	\$ 7,435	\$ 3,806	\$ 3,806	\$ 3,806	\$ 3,806	\$ 3,806
Tourism - Accredited Zoos	450	550	0	0	0	0	0
TOTAL GENERAL FUND	<u>\$ 6,260</u>	<u>\$ 7,985</u>	<u>\$ 3,806</u>	<u>\$ 3,806</u>	<u>\$ 3,806</u>	<u>\$ 3,806</u>	<u>\$ 3,806</u>

PROGRAM OBJECTIVE: To attain more effective delivery of housing and community development services; to provide resources and technical assistance that enhance the performance and quality of local governments, including fiscal stability; and to effectively create attractive, livable communities by revitalizing downtowns and surrounding neighborhoods, while promoting sound land-use practices.

Program: PA Core Communities

Program Element: Keystone Opportunity Zones

The program provides state and local tax abatement to businesses and residents located in one of the 12 designated zones. Businesses, property owners and residents that are located in a Keystone Opportunity Zone (KOZ) are eligible to receive significant state and local tax benefits. Projects in KOZs are given priority consideration for assistance under various community and economic building initiatives.

Pennsylvania businesses relocating to a KOZ must either increase their full-time employment by 20 percent within the first full year of operation or make a 10 percent capital investment in the KOZ property based on their prior year's gross revenues. Eligibility for benefits is based upon annual certification. To receive benefits, any entity applying must be compliant with all local and state taxes and building and zoning codes. Zone acreage ranges up to 5,000 acres and each zone is comprised of parcel-specific subzones in various sizes.

Reviving economically distressed urban and rural communities is critical to the ongoing revitalization of Pennsylvania's economy. KOZs eliminate specific underdeveloped and underutilized areas to assist communities in experiencing economic growth and investment. As established by Act 92 of 1998, these zones are defined, limited areas in communities that have greatly reduced or eliminated tax burdens for residents and businesses within them. KOZs reflect a true sense of partnership among state and local taxing bodies, school districts, economic development agencies and community-based organizations.

Act 119 of 2000 extended the life of a KOZ from 12 to 15 years and authorized DCED to establish 12 smaller zones – Keystone Opportunity Expansion Zones (KOEZ). The act extended the expiration date of the program to 2013, and increased the eligible tax-exempt activity. Act 217 of 2002 provided for designation of subzones within KOZs and KOEZs to enable acreage that remained undesignated within the original limitation to be designated for state and local tax exemption. In accordance with Act 217, the Keystone Opportunity Improvement Zones (KOIZs) were designated by Executive Order in 2002. In July 2008, the KOZ program was enhanced again. Act 79 of 2008 authorized state and local governments to expand existing zones, extend expiration dates and create additional KOEZs. Zone expansions must be contiguous to existing zones and not exceed 15 acres. Time extensions may be

for seven years or 10, depending on the local governments' preference and only unoccupied property may be granted a time extension. The act also authorized 15 additional KOEZs; the new zones cannot exceed 350 acres.

In June 2011, Act 26 of 2011 amended the Fiscal Code and created Keystone Special Development Zones (KSDZ). The KSDZ designation is for parcels of real property certified as brownfields pursuant to the Land Recycling and Environmental Remediation Standards Act. The KSDZ designation is for 15 years. It provides a tax credit of \$2,100 for employers within the KSDZ for each new full-time job created beginning in tax year 2012 and for a period of 10 tax years during the 15 year period of the zone. It allows excess credits to be sold or assigned.

Program Element: Keystone Communities

The Keystone Communities (KC) program is designed to encourage the creation of partnerships between the public (governmental) and private (non-governmental) sectors in communities to support jointly local initiatives such as the growth and stability of neighborhoods and communities, social and economic diversity and a strong and secure quality of life. The KC program offers designation opportunities and financial resources to assist communities in achieving revitalization goals and making physical improvements that support the commonwealth's core communities.

The KC program's new approach offers four designation types and several grant types that can, in most cases, be independently awarded. An applicant for a planning or development grant or accessible housing funding does not have to first seek or ultimately be seeking a designation status. Any community may apply and receive designation or grant funding in whatever order the community deems appropriate depending on its local needs and circumstances. With only two exceptions (Implementation Grants and Enterprise Zone Revolving Loan Fund Grants), designation is not a prerequisite to apply for or to receive KC funding.

Since funding is limited, priority is given to communities administering designated programs. Designation also offers some benefits that may assist a community in non-financial ways, such as providing a roadmap and a process to guide a community's revitalization efforts; however, a community is not required to secure a designation just to access the funding opportunities offered through the KC program. DCED will provide either designation, grant

Program: PA Core Communities (continued)

funding, or both as warranted to help communities achieve their local goals and address specific local revitalization needs.

DCED strongly encourages community-based organizations, public agencies, business leaders, private developers, financial institutions and private citizens to work in partnership with local governments to develop a comprehensive approach to address community development and housing needs. These partnerships can and will create more attractive places to live, and will encourage business and job expansion and retention in Pennsylvania.

Program Element: Municipal Assistance Program

The Municipal Assistance Program (MAP) was created to help local governments plan for and effectively implement a variety of services, improvements and soundly-managed development. The program provides funding for three groups of activities:

- Shared service activities – an activity that provides assistance for high impact projects; regionalization, consolidation or merging of services; boundary change; or shared vehicles/motorized equipment.
- Community planning – an activity that provides assistance for community plans, plan implementation and Transit Revitalization Investment District (TRID) planning studies.
- Floodplain management – a statutorily-mandated activity that provides funds to reimburse municipalities for costs incurred in the preparation, enactment, administration and enforcement of floodplain management regulations.

Any municipality may apply for MAP. Applicants may also be a public or quasi-public body duly authorized to act on behalf of one or more municipalities.

Program Element: Early Intervention Program

In order to assist municipalities experiencing fiscal difficulties, the Early Intervention program provides grants to municipal and county governments to develop and implement a five-year financial management plan and a departmental operational review. The plans supply governments with both short-term and long-term strategies to address fiscal difficulties before they reach a crisis point. The ultimate goal would be to avert an Act 47 Municipality's Financial Recovery Program filing.

In 2012-13, the DCED Center for Local Government Services began to develop a new approach to an early Warning System that will help to determine if a municipality is experiencing fiscal difficulties. The system looks at multiple financial factors to assess a municipality's fiscal position. The Early Intervention program can greatly assist a municipality experiencing fiscal challenges

and can provide the tools needed to improve its fiscal circumstances and move in a positive direction.

Program Element: Municipalities Financial Recovery Program – Act 47

When local governments are facing potential financial insolvency, the Municipalities Financial Recovery program – Act 47 – empowers DCED to issue a distress declaration and assist in the recovery through grants and no-interest loans, as well as extensive technical assistance through the preparation and implementation of comprehensive recovery plans. Act 47 also empowers the governor to issue a declaration of fiscal emergency to enable DCED to prepare an emergency action plan and to appoint a receiver to prepare a recovery plan to be confirmed by Commonwealth Court.

Program Element: Weatherization Assistance Program

In order to help low-income Pennsylvanians reduce energy costs, the Weatherization Assistance program makes homes more energy efficient, saving money and keeping homes warmer. There are two weatherization funding streams from the federal government:

- Funds from the U.S. Department of Energy support activities such as the installation of insulation, shell repairs and heating system improvements.
- Funds from the U.S. Department of Health and Human Services also support home weatherization efforts in addition to a heating crisis program that operates during the winter in coordination with the Pennsylvania Department of Public Welfare's Low-Income Home Energy Assistance program.

Program Element: Small Community Development Block Grant

The federal Small Community Development Block Grant program, commonly known as the Community Development Block Grant program, provides financial assistance to expand low and moderate-income housing opportunities; enhances economic development and job opportunities for low and moderate-income individuals; corrects deficiencies in water and sewer systems; and improves streets, streetscapes, recreational facilities and public facilities in an overall effort to strengthen a pro-growth and pro-business environment.

Program Element: Community Services Block Grant

The federal Community Services Block Grant program administered by DCED provides funds for community-based programs that demonstrate proven expertise in providing health, nutrition and housing, employment/training and asset development services to improve the standard of living for low-income persons and to improve

Community and Economic Development

Program: PA Core Communities (continued)

the communities in which they live. Other CSBG efforts include economic development and revitalization projects that focus on neighborhood preservation and enhance the collaboration of services in communities. By law, 90 percent of the funds must go to the existing network of community action agencies.

Program Element: Empower Individual Investment Program

DCED is launching a new program called Empower Individual Investment program, based on the former Family Savings Accounts program. The program will bring together the commonwealth, community organizations, banks and low-income families to develop assets for economic empowerment. The savings from these accounts, matched 1:1, can be used to finance the purchase of a home, pay for education expenses or start a new business. The program will stimulate economic self-sufficiency by helping qualified low-income participants focus on long and short-term financial skills as it encourages savings and asset development to empower individuals and economically strengthen communities in Pennsylvania.

Program Element: Transportation Projects

Act 89 of 2013 provides for funding to be transferred to the Commonwealth Financing Authority (CFA) each year to assist with the implementation of a variety of transportation projects including: projects that coordinate local land use with transportation assets to enhance existing communities; projects related to streetscape, lighting, sidewalk enhancement and pedestrian safety; projects that will improve connectivity or the use of existing transportation assets; and projects related to transit-oriented development. Financial assistance provided by the CFA will be matched by local funding in an amount not less than 30 percent of the non-federal share of the project costs.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Transfer to Municipalities Financial Recovery Revolving Fund</p> <p>\$ -846 —based on estimates to continue the current program.</p> <p>-1,000 —transfer to Center for Local Government Services appropriation.</p> <hr/> <p>\$ -1,846 <i>Appropriation Decrease</i></p>	<p>Keystone Communities</p> <p>\$ -501 —funding reduction.</p> <p>Rural Leadership Training</p> <p>-100 —program elimination.</p>
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All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Transfer to Municipalities Financial Recovery Revolving Fund	\$ 12,096	\$ 7,096	\$ 5,250	\$ 5,250	\$ 5,250	\$ 5,250	\$ 5,250
Intergovernmental Cooperation							
Authority-2nd Class Cities	228	228	228	228	228	228	228
Municipal Assistance Program	642	642	642	642	642	642	642
Keystone Communities	10,800	11,300	10,799	10,799	10,799	10,799	10,799
Appalachian Regional Commission	1,003	0	0	0	0	0	0
Rural Leadership Training	0	100	0	0	0	0	0
Early Intervention for Distressed Municipalities	1,785	1,785	1,785	1,785	1,785	1,785	1,785
TOTAL GENERAL FUND	\$ 26,554	\$ 21,151	\$ 18,704	\$ 18,704	\$ 18,704	\$ 18,704	\$ 18,704
MOTOR LICENSE FUND:							
Appalachian Regional Commission	\$ 0	\$ 1,073	\$ 1,073	\$ 1,073	\$ 1,073	\$ 1,073	\$ 1,073

Community and Economic Development

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: PA Assets							
Tourism Promotion							
Hotel rooms sold (in thousands)	29,080	29,660	30,260	30,860	31,480	32,110	32,750
Travelers' expenditures (in millions)	\$40,426	\$41,235	\$42,060	\$42,900	\$43,760	\$44,630	\$45,530
Tax revenues generated (in thousands)	\$4,065,087	\$4,146,400	\$4,229,300	\$4,313,900	\$4,400,200	\$4,488,200	\$4,577,900
Program: PA Job Creation, Business Growth and Attraction							
Business Assistance							
Jobs pledged to be created	42,931	43,790	45,670	46,560	47,470	48,400	49,350
Jobs pledged to be retained	106,148	108,270	111,440	113,650	115,900	118,200	120,540
Businesses assisted	19,054	19,435	20,120	20,520	20,930	21,340	21,760
Private funds leveraged (in thousands)	\$2,254,267	\$2,299,352	\$2,345,340	\$2,392,250	\$2,440,090	\$2,488,890	\$2,538,670
Public funds leveraged (in thousands)	\$343,583	\$350,455	\$357,460	\$364,610	\$371,910	\$379,340	\$386,930
Persons receiving job training (CJT/WedNet)	41,776	42,612	53,460	54,330	55,220	56,120	57,050
Brownfield redevelopment projects assisted	32	33	33	34	35	35	36
Technology Investment							
Jobs created	2,395	2,325	2,350	2,350	2,350	2,350	2,350
Jobs retained	3,431	3,400	3,450	3,450	3,450	3,450	3,450
Businesses assisted	3,200	3,500	3,600	3,600	3,600	3,600	3,600
Public funds leveraged (in thousands)	\$133,315	\$130,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
New technology companies established	153	85	100	100	100	100	100
Program: PA Worldwide							
International Business Development							
Tax revenues generated (in thousands)	\$99,554	\$101,545	\$103,580	\$105,650	\$107,760	\$109,920	\$112,110
Export sales facilitated (in thousands)	\$795,862	\$811,779	\$853,020	\$869,580	\$886,470	\$903,700	\$921,270
Foreign direct investments (FDI): Projects completed	25	22	22	23	23	24	24
Businesses assisted	2,097	2,102	2,140	2,190	2,230	2,280	2,320
FDI: Capital investments facilitated (in thousands)	\$74,811	\$76,307	\$77,830	\$79,390	\$80,980	\$82,600	\$84,250
Program: PA Core Communities							
Early Intervention Program							
Act 47: Designated distressed communities assisted	21	20	18	18	18	18	18
Local governments assisted	12	10	16	16	16	16	16
Homes weatherized	1,295	1,529	1,529	1,529	1,529	1,529	1,529
Job training and human services: CSBG: Persons participating	315,000	250,250	250,250	250,250	250,250	250,250	250,250
Keystone Communities Projects	60	60	60	60	60	60	60



DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

The mission of the Department of Conservation and Natural Resources is to maintain, improve and preserve state parks; to manage state forest lands to assure their long-term health, sustainability and economic use; to provide information on Pennsylvania's ecological use; to provide information on ecological and geologic resources; and to administer grant and technical assistance programs to benefit river conservation, trails and greenways, local recreation, regional heritage conservation and environmental education programs across the commonwealth.

Programs and Objectives

Parks and Forests Management: *To manage state park and forest lands for their long-term use and enjoyment; to provide the resources and expertise to help conserve and protect all the commonwealth's natural resources; and to help create and sustain economically vibrant communities through quality recreational resources and investments.*

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Conservation and Natural Resources

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 16,258	\$ 16,258	\$ 15,644
(F)Topographic and Geologic Survey Grants.....	2,055	500	500
(F)Bituminous Coal Resources.....	150	25	25
(F)Land and Water Conservation Fund.....	12,000	12,000	12,000
(F)Highlands Conservation Program.....	1,500	2,000	2,000
(F)Cooperative Endangered Species.....	28	28	28
(F)Intermodal Surface Transportation (EA).....	5,000 ^a	5,000 ^a	5,000
(A)Payment for Department Services.....	100	200	200
(A)Water Well Drillers.....	65	38	38
(A)Keystone Recreation, Park and Conservation Fund.....	1,137	2,453	2,571
(A)Internet Record Imaging System.....	234	200	200
(A)Environmental Stewardship Fund Admin.....	0	353	352
(A)Oil and Gas Lease Fund.....	0 ^b	0	0
Subtotal.....	<u>\$ 38,527</u>	<u>\$ 39,055</u>	<u>\$ 38,558</u>
State Parks Operations.....	26,157	6,153	6,066
(F)PA Recreation Trails (EA).....	6,000 ^c	6,000 ^c	7,000
(F)Lake Erie Lakeside Management (EA).....	25	25	25
(F)PAMAP Geospatial Imaging (EA).....	300	0	0
(F)Presque Isle Road Realignment and Dune Construction (EA).....	967	0	0
(F)Summer 2011 Storm Disaster Relief - Parks (EA).....	2,625	2,625	2,625
(F)Presque Isle Historical Structures Restoration Project (EA).....	0	80	80
(A)State Parks User Fees.....	21,000	23,091	21,091
(A)Donations.....	0	1	1
(A)Reimbursement for Services.....	845	745	819
(A)Oil and Gas Lease Fund.....	0 ^d	0	0
(A)Vehicle Sale.....	44	47	32
Subtotal.....	<u>\$ 57,963</u>	<u>\$ 38,767</u>	<u>\$ 37,739</u>
State Forests Operations.....	7,203^e	2,203	2,178
(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.....	3,800	3,800	3,800
(F)Great Lakes Restoration.....	0	900	900
(F)Aid to Volunteer Fire Companies.....	750	750	750
(F)Forest Insect and Disease Control.....	4,000 ^f	4,000	4,000
(F)Summer 2011 Storm Disaster Relief - Forest (EA).....	2,140	2,140	2,140
(F)Wetlands Program Development (EA).....	0	250	115
(F)Wetland Protection Fund (EA).....	300 ^g	300 ^g	300
(A)Reimbursement for Services.....	204	200	200
(A)Reimbursement - Forest Fires.....	1,752	761	740
(A)Reimbursement from Counties.....	132 ^f	0	275
(A)Sale of Vehicles - Forests.....	220	150	150
(A)Timber Sales.....	27,122	28,000	18,000
(A)Miscellaneous Tickets and Fines.....	4	4	4
(A)Oil and Gas Lease Fund.....	0 ^h	0	0
Subtotal.....	<u>\$ 49,802</u>	<u>\$ 45,633</u>	<u>\$ 35,727</u>
Subtotal - State Funds.....	\$ 49,618	\$ 24,614	\$ 23,888
Subtotal - Federal Funds.....	43,815	42,598	43,463
Subtotal - Augmentations.....	52,859	56,243	44,673
Total - General Government.....	<u>\$ 146,292</u>	<u>\$ 123,455</u>	<u>\$ 112,024</u>

Conservation and Natural Resources

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
Grants and Subsidies:			
Heritage and Other Parks.....	\$ 0	\$ 2,250	\$ 0
Annual Fixed Charges - Flood Lands.....	65	65	65
Annual Fixed Charges - Project 70.....	40	40	40
Annual Fixed Charges - Forest Lands.....	2,600	2,612	2,612
Annual Fixed Charges - Park Lands.....	400	425	425
Total - Grants and Subsidies.....	<u>\$ 3,105</u>	<u>\$ 5,392</u>	<u>\$ 3,142</u>
STATE FUNDS.....	\$ 52,723	\$ 30,006	\$ 27,030
FEDERAL FUNDS.....	43,815	42,598	43,463
AUGMENTATIONS.....	52,859	56,243	44,673
GENERAL FUND TOTAL.....	<u>\$ 149,397</u>	<u>\$ 128,847</u>	<u>\$ 115,166</u>
MOTOR LICENSE FUND:			
General Government:			
Dirt and Gravel Roads.....	\$ 1,000	\$ 1,000	\$ 7,000
Grants and Subsidies:			
(R)Forestry Bridges - Excise Tax (EA).....	\$ 5,300	\$ 5,077	\$ 7,461
STATE FUNDS.....	\$ 1,000	\$ 1,000	\$ 7,000
RESTRICTED REVENUES.....	5,300	5,077	7,461
MOTOR LICENSE FUND TOTAL.....	<u>\$ 6,300</u>	<u>\$ 6,077</u>	<u>\$ 14,461</u>
OTHER FUNDS:			
GENERAL FUND:			
Snowmobile & ATV Regulation.....	\$ 5,049	\$ 8,794	\$ 4,341
Forest Regeneration.....	5,616	7,249	2,436
Forestry Research.....	80	926	0
GENERAL FUND TOTAL.....	<u>\$ 10,745</u>	<u>\$ 16,969</u>	<u>\$ 6,777</u>
ENVIRONMENTAL EDUCATION FUND:			
General Operations (EA).....	\$ 300	\$ 122	\$ 122
ENVIRONMENTAL STEWARDSHIP FUND:			
Parks & Forest Facility Rehabilitation (EA).....	\$ 6,997	\$ 9,549	\$ 10,899
Community Conservation Grants (EA).....	4,058	4,174	4,174
Natural Diversity Conservation Grants (EA).....	300	366	366
ENVIRONMENTAL STEWARDSHIP FUND TOTAL.....	<u>\$ 11,355</u>	<u>\$ 14,089</u>	<u>\$ 15,439</u>
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
Park & Forest Facility Rehabilitation (EA).....	\$ 19,483	\$ 22,650	\$ 23,713
Grants for Local Recreation (EA).....	16,236	18,875	19,762
Grants to Land Trusts (EA).....	6,494	7,550	7,905
KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL.....	<u>\$ 42,213</u>	<u>\$ 49,075</u>	<u>\$ 51,380</u>
OIL AND GAS LEASE FUND:			
State Parks Operations.....	\$ 17,511	\$ 39,160	\$ 41,160
Forest Pest Management.....	2,000	0	0
General Operations (EA).....	50,000 ⁱ	50,000	50,000
State Forest Operations.....	0	17,386	26,386
Transfer to Marcellus Legacy Fund (EA).....	0 ^j	0 ^j	0 ^j
OIL AND GAS LEASE FUND TOTAL.....	<u>\$ 69,511</u>	<u>\$ 106,546</u>	<u>\$ 117,546</u>
STATE GAMING FUND:			
Payments in Lieu of Taxes (EA).....	\$ 5,122	\$ 5,146	\$ 5,146

Conservation and Natural Resources

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
WILD RESOURCE CONSERVATION FUND:			
General Operations (EA).....	\$ 267	\$ 211	\$ 113
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 52,723	\$ 30,006	\$ 27,030
SPECIAL FUNDS.....	1,000	1,000	7,000
FEDERAL FUNDS.....	43,815	42,598	43,463
AUGMENTATIONS.....	52,859	56,243	44,673
RESTRICTED.....	5,300	5,077	7,461
OTHER FUNDS.....	139,513	192,158	196,523
TOTAL ALL FUNDS.....	\$ 295,210	\$ 327,082	\$ 326,150

^a Appropriated as Intermodal Surface Transportation Act.

^b Originally shown as an augmentation of \$4,731,000.

^c Appropriated as Recreational Trails.

^d Originally shown as an augmentation of \$12,518,000.

^e Appropriated as \$5,429,000 for State Forests Operations and \$1,774,000 for Forest Pest Management.

^f Originally appropriated to the Forest Pest Management appropriation.

^g Appropriated as Wetland Protection Fund.

^h Originally shown as an augmentation of \$17,883,000.

ⁱ Includes \$14,868,000 originally shown as General Operations, \$4,731,000 originally shown as an augmentation to General Government Operations, \$12,518,000 originally shown as an augmentation to State Parks Operations and \$17,883,000 originally shown as an augmentation to State Forests Operations.

^j Not added to the total to avoid double counting with the program expenditures from the Environmental Stewardship Fund shown in various agencies: 2012-13 Actual is \$0, 2013-14 Available is \$20,000,000, and 2014-15 Budget is \$35,000,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
PARKS AND FORESTS MANAGEMENT							
GENERAL FUND.....	\$ 52,723	\$ 30,006	\$ 27,030	\$ 27,030	\$ 27,030	\$ 27,030	\$ 27,030
SPECIAL FUNDS.....	1,000	1,000	7,000	7,000	7,000	7,000	7,000
FEDERAL FUNDS.....	43,815	42,598	43,463	43,463	43,463	43,463	43,463
OTHER FUNDS.....	197,672	253,478	248,657	258,112	258,112	258,112	258,112
SUBCATEGORY TOTAL.....	\$ 295,210	\$ 327,082	\$ 326,150	\$ 335,605	\$ 335,605	\$ 335,605	\$ 335,605
ALL PROGRAMS:							
GENERAL FUND.....	\$ 52,723	\$ 30,006	\$ 27,030	\$ 27,030	\$ 27,030	\$ 27,030	\$ 27,030
SPECIAL FUNDS.....	1,000	1,000	7,000	7,000	7,000	7,000	7,000
FEDERAL FUNDS.....	43,815	42,598	43,463	43,463	43,463	43,463	43,463
OTHER FUNDS.....	197,672	253,478	248,657	258,112	258,112	258,112	258,112
DEPARTMENT TOTAL.....	\$ 295,210	\$ 327,082	\$ 326,150	\$ 335,605	\$ 335,605	\$ 335,605	\$ 335,605

PROGRAM OBJECTIVE: To manage state park and forest lands for their long-term use and enjoyment; to provide the resources and expertise to help conserve and protect all the commonwealth's natural resources; and help create and sustain economically vibrant communities through quality recreational resources and investments.

Program: Parks and Forests Management

Program Element: Pursue Excellence in the Management of State Park and Forest Lands

Pennsylvania has a forest and park system that ranks among the top in the nation. Each of our state parks and forests provides proven and beloved benefits to our citizens and to the many visitors who frequent their paths, mountains, streams, lakes and fall foliage to experience the remarkable beauty and rich heritage that make Pennsylvania unique. These treasured assets also provide the catalyst for local community development, attract residents and employers to Pennsylvania, and are critical to economic development and workforce retention.

The commonwealth's 2.2 million state forest acres help to keep Pennsylvania clean and beautiful by protecting our drinking water and air, sequestering carbon, abating floods, absorbing sediment and pollutants, and protecting wildlife. In addition, Penn's Woods continue to attract many outdoor adventure seekers, as they have for centuries, including a growing number of young people increasingly drawn to popular activities like mountain biking, geocaching, rock climbing and trail running. Hunting, one of Pennsylvania's oldest and most popular outdoor recreation activities, is available on 99 percent of state forest land each year.

Pennsylvania's state forests also 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. In fact, Pennsylvania leads the nation in the volume of hardwood growing stock and in the export of hardwood lumber and wood products; as a result, the forest products industry is a vital part of Pennsylvania's economy and jobs in many local communities. The industry, which manufactures in excess of \$15 billion annually, includes more than 2,600 establishments and employs more than 82,000 Pennsylvanians, accounting for one of every nine manufacturing jobs in the state.

The Bureau of Forestry works to maintain high standards that ensure the long-term health and productivity of Pennsylvania's forests by providing fire suppression services, insect and disease control, watershed protection and responsible extraction of natural resources, including forest products and minerals. The bureau educates the public about fire prevention and fights fires on public and private forest lands. Monitoring forest lands for native

and non-native invasive pests, including the gypsy moth, emerald ash borer and hemlock wooly adelgid, which threaten trees, is also an important part of the bureau's work.

Taken together, our 120 state parks are not unlike the exhibits of an outdoor gallery highlighting Pennsylvania's many natural, aesthetic, geologic, scenic and historical treasures that make our commonwealth so unique and diverse. About 39 million visitors visit this gallery annually to participate in a variety of outdoor recreation, environmental education and overnight accommodation opportunities. Our state parks also provide 300,000 acres of outdoor classrooms that draw visitors for both formal and informal education programs, helping Pennsylvania's citizens and visitors understand and better appreciate the natural resources available to us. Nearly 400,000 visitors attended 3,000 individual outdoor education programs in state parks in fiscal year 2012-13, from guided hikes and canoe trips to naturalist lectures and wilderness survival skills. As a result, state parks are heavily integrated into local economies. A 2011 Penn State study found that every \$1 invested in state parks generates \$12 in economic development, contributing sizable collateral benefits for surrounding businesses and communities.

For all of these reasons, state parks are beloved and protected by their local communities. Thanks to many public-private partnerships and the dedication and loyal commitment of many of our citizens to their parks and the work of department staff, the department is able to facilitate and improve services and programs at little cost to the department, but to the great benefit of the public. A growing number of public-private partnerships in state parks have generated about 145 concession contracts, which provide, among other things, food and refreshment sales, watercraft and bicycle rentals, golf course operations, ski facilities, swimming pool and whitewater rafting operations. Where it makes sense to do so, the Bureau of State Parks cooperates with various non-profit organizations and municipalities to operate and protect unique and interesting natural, historical and cultural features without using significant public resources. In addition, state parks have sought to build on the commitment of time, talents and devotion in our communities through the use of volunteers, with more than 40 "friends" groups and 150,000 volunteer hours logged in 2012.

Overall, the department is responsible for nearly 2.5 million acres of state park and forest lands. Key to

Conservation and Natural Resources

Program: Parks and Forests Management (continued)

maintaining these assets and ensuring a high-quality visitor experience on these lands is the responsible maintenance of the extensive system of infrastructure that supports them. The department is continually making improvements and repairs to the following:

State Park and Forest Infrastructure	
Buildings	4,700
Miles of roads	3,720
Bridges	842
Dams	121
Public water supplies	172
Boat Launches	180
Wastewater treatment facilities	68
Ski areas	4

The department continues to use available funding for infrastructure improvements wisely by prioritizing the most urgent projects.

By incorporating sustainable building practices into construction and renovation of facilities on state park and forest lands, the department has the opportunity to demonstrate our commitment to natural resource stewardship, save money on maintenance and support through energy efficiency and also provide opportunities for visitors to learn about important conservation strategies. One way the department does this is by 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. Thus far, the department has 11 LEED-certified park and forest buildings, which are helping to save the commonwealth money for infrastructure maintenance and protect the environment. In fact, Pennsylvania state parks have the largest number of LEED-rated buildings of any state park system in the country. New construction at state parks and forests continues to feature LEED standards, including a new Resource Management Center in Weiser State Forest and new visitor centers at Jacobsburg Environmental Education Center and Ohiopyle State Park, all of which are pursuing LEED certification.

By implementing the latest green technology in construction and land use and by using new forms of alternative energy, such as solar and wind power, state parks are averaging a 25 percent to 33 percent decrease in yearly electrical bills. A recent study found that five state parks saved more than \$27,000 in just three years merely by upgrading their lighting to more efficient bulbs and fixtures.

Program Element: Promote Responsible Stewardship of the Commonwealth's Natural Resources

When created in 1995, the department's charge was to serve as a "cabinet-level advocate for our state parks, forests, rivers, trails, greenways and community recreation and heritage conservation programs to provide more focused management of the commonwealth's recreation, natural and river environments." Although the department is the commonwealth's advocate for our natural resources, it also has a responsibility to manage these resources. The stewardship of Pennsylvania's natural resources is the collective responsibility of local communities, counties, state and federal agencies, businesses, nonprofit conservation organizations, private landowners and every citizen of our commonwealth. The department is uniquely positioned to provide connections between these individuals and organizations, to offer programs and services that facilitate the exchange of information and to provide needed resources, all of which contribute to responsible management of Pennsylvania's natural resources.

The department works with member-supported groups and committees to support land conservation through a number of methods, including acquisition of lands that are added to state parks and forests, funding for acquisition of conservation lands by local government or nonprofit entities and funding of the purchase of easements on privately held property. Since 2011, the department has conserved approximately 12,000 acres of land through these efforts, including the acquisition of more than 1,800 acres to enhance, connect and protect state park and state forest land.

Forest, land and water conservation is multifaceted, and includes developing greenway connectors between conserved lands and communities, protecting open space and ecologically and geologically significant lands, supporting Pennsylvania's private forest resources, and encouraging more environmentally sensitive growth in developing areas. The department contributes to these conservation efforts by helping local communities, counties, regional organizations, not-for-profit stakeholders, private landowners and other governmental entities achieve their conservation goals by providing technical assistance, ecological and geologic information, 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, in an effort to improve conservation efforts. The department's conservation science programs and topographic and geologic resources — digital maps, data and geographic information systems — help communities make wise land

Program: Parks and Forests Management (continued)

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.

In addition, the department performs many other important services for the commonwealth that support industry, research, economic development, permitting and public safety. Its biodiversity and conservation science programs also support the management of our natural resources in many ways. As an example, the Pennsylvania Natural Heritage program inventories significant natural features, evaluates and ranks species of special concern and compiles natural features data in order to provide current, reliable and objective information to inform environmental decision-making. 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 Bureau of Topographic and Geologic Survey provides many unique services and a wealth of information that industries, planners, developers, conservationists, scientists, academics and many others rely on for numerous reasons. The bureau monitors the commonwealth's revenue-producing or critical natural resources such as coal, hydrocarbons (Marcellus Shale), aggregate and other construction resources, cement raw materials and groundwater; maps geologic hazards such as landslides and sinkholes; conducts geologic investigations in support of statewide initiatives; and provides educational information to the public such as seismic data on the earthquakes, or maps and reports that planners can use in making wise decisions on future land use.

Program Element: Improve Communities Through Access to Conservation and Recreation Resources

One of the department's primary goals is to enhance and promote community conservation and economic opportunity throughout Pennsylvania by investing in our communities' natural and recreational resources, and promoting citizen stewardship. The department has built its community work around a landscape-scale approach to conservation, designed to create vibrant communities that are connected to their natural assets.

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 trails, snowmobile and ATV trails and parks, land conservation, river conservation, and rail-trails. These grants, which have assisted every Pennsylvania county and reached more than 50 percent of the commonwealth's

communities, are in great demand for the resources they provide to valuable projects. Economic studies of land and water trails in Pennsylvania show strong community investment and health benefits from the presence and expansion of trails in and around communities. These investments often have strong public-private participation and create and support new jobs. For example, 2013 marked the closing of the final "gap" in the Great Allegheny Passage (GAP). This 150-mile rail-trail from Pittsburgh to Cumberland, MD joins with the C&O Canal Towpath, creating a continuous 335-mile trail to Washington D.C. An estimated 800,000 trips are taken annually on the GAP. Since 2007, a total of 76 new trail-related businesses have opened in the Trail Towns along the trail, creating 93 new jobs.

While natural environs are an important part of many Pennsylvanians' lives, some citizens struggle to connect to the outdoors. The department works to increase enthusiasm for nature and outdoor recreation, provide life-long conservation learning, and generate stewardship activities with the commonwealth's park and forest lands, greenways, heritage areas and community recreation resources. In April 2013, the department expanded the award-winning TreeVitalize community tree-planting and education program to communities across the state. The program, which previously had been a success in 13 major urban areas, has resulted in more than 360,000 new trees planted to make Pennsylvania's cities greener. Funded through Bureau of Forestry grants and municipal, private agency and company involvement, TreeVitalize depends on community support to increase tree canopies across the state and educate and engage citizens in the care and selection of these new trees as well as the tangible benefits of the program to local communities and economies.

Helping to guide the department's outdoor recreation initiatives is the Statewide Comprehensive Outdoor Recreation Plan (SCORP). This is a nationally recognized five-year outdoor recreation strategy intended to improve the health of citizens and the economic vitality of our communities. The plan was last completed by the department in 2009, with the help of a technical advisory committee, and is currently being updated. Among the department's recent accomplishments inspired by the SCORP plan are: establishing a statewide trails committee, standardizing a trail planning guideline and trail funding decision criteria; expanding the successful state parks Get Outdoors PA program into local communities; convening a statewide health summit; conducting economic studies of outdoor recreation impacts; inventorying and mapping local parks; and launching the ExplorePA Trails website. The department is anticipating that many other valuable initiatives will result from the SCORP planning process now taking place, which will help guide the department's outdoor recreation priorities for the next five years.

Conservation and Natural Resources

Program: Parks and Forests Management (continued)

Program Element: Operate Effectively and Efficiently

The department 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. By its very nature a conservation-minded agency, the department's staff is continually looking for ways to avoid unnecessary expenses, save on operating costs, maximize revenue streams and streamline operations.

One other area that permits the department to take advantage of efficiencies, while providing valuable public services, is technology. The Official Pennsylvania State Park and Forest mobile app, provided in partnership with the Parks by Nature Network, is a mobile tour guide that disseminates official information and maps, and keeps citizens and visitors apprised of upcoming events. Since its release in 2011, the app has been downloaded 63,000

times. In 2012, the department deployed its mobile website to make it easier for users of smartphones and tablet devices to connect with Pennsylvania's natural world on-the-go. In addition, its online interactive map, which contains detailed geographic information and driving directions for Pennsylvania state parks and forests, geology, deer management and other assets, is increasingly used by the public as new layers continue to be added. The department also uses social media extensively, taking advantage of nearly 50 accounts to connect a total of 145,000 friends, followers and subscribers to its work. Each of these technology initiatives allows the department to connect in real time with our fellow citizens and visitors, makes greater amounts of information more transparent and readily accessible, and helps minimize the amount of paper needed to communicate important information and opportunities. The department continues to add new features to these projects and explore other technology innovations.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND				Heritage and Other Parks
\$	General Government Operations	\$	-2,250		—funding elimination.
	—reduction in administrative costs.				
	State Parks Operations				MOTOR LICENSE FUND
\$	—reduction in administrative costs.	\$	6,000		Dirt and Gravel Roads
					—additional funding from Act 89 of 2013.
	State Forests Operations				
\$	—reduction in administrative costs.				

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 16,258	\$ 16,258	\$ 15,644	\$ 15,644	\$ 15,644	\$ 15,644	\$ 15,644
State Parks Operations	26,157	6,153	6,066	6,066	6,066	6,066	6,066
State Forests Operations.....	7,203	2,203	2,178	2,178	2,178	2,178	2,178
Heritage and Other Parks.....	0	2,250	0	0	0	0	0
Annual Fixed Charges - Flood Lands.....	65	65	65	65	65	65	65
Annual Fixed Charges - Project 70.....	40	40	40	40	40	40	40
Annual Fixed Charges - Forest Lands.....	2,600	2,612	2,612	2,612	2,612	2,612	2,612
Annual Fixed Charges - Park Lands.....	400	425	425	425	425	425	425
TOTAL GENERAL FUND	\$ 52,723	\$ 30,006	\$ 27,030	\$ 27,030	\$ 27,030	\$ 27,030	\$ 27,030
MOTOR LICENSE FUND:							
Dirt and Gravel Roads.....	\$ 1,000	\$ 1,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000

Conservation and Natural Resources

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Parks and Forests Management							
Pursue Excellence in the Management of State Parks and Forest Lands							
State park attendance	36,400,000	36,900,000	36,950,000	37,000,000	37,050,000	37,100,000	37,150,000
State park campsite nights rented	303,787	310,000	315,000	320,000	325,000	330,000	335,000
State park cabin nights rented	56,498	56,600	56,700	56,800	56,900	57,000	57,100
Acres surveyed for forest pests (in millions of acres)	16.40	16.40	16.40	16.40	16.40	16.40	16.40
Number of state forest land acres treated for certified timber	12,618	14,300	14,300	14,300	14,300	14,300	14,300
Miles of state forest roads maintained	5,863	5,870	5,880	5,890	5,900	5,910	5,920
Promote Responsible Stewardship of the Commonwealth's Natural Resources							
Land conservation through acquisition and easement (acres) - includes additions to parks, forests, and grants to communities	4,300	3,500	3,500	3,500	3,500	3,500	3,500
Total carbon sequestered in state forest timber resources (million standard tons, annual accumulation)	4.24	4.38	4.53	4.68	4.84	5	5.18
Number of firefighters trained by DCNR	4,219	4,500	4,500	4,500	4,500	4,500	4,500
River conservation plan projects completed	10	22	24	26	26	26	26
TreeVitalize – total trees planted (cumulative)	360,683	380,000	400,000	420,000	440,000	460,000	480,000
Forest stewardship plans completed	3,118	3,180	3,190	3,200	3,210	3,220	3,230
Improve Communities Through Access to Conservation and Recreational Resources							
Community Conservation Partnerships Program (C2P2) grants awarded	201	210	225	225	225	225	225
Total Community Conservation Partnerships Program funds awarded	\$27,600,000	\$33,000,000	\$35,000,000	\$35,000,000	\$35,000,000	\$35,000,000	\$35,000,000
Miles of new trails developed	74	65	70	75	75	75	75
Get Outdoors PA recreation programs conducted	2,819	2,840	2,850	2,860	2,870	2,880	2,890
Environmental education and interpretive program attendance	384,956	390,000	390,500	391,000	391,500	392,000	392,500
Social media subscribers (cumulative)	145,000	170,000	190,000	210,000	230,000	250,000	270,000
Operate More Effectively and Efficiently							
State parks and forests mobile app downloads	32,332	34,000	35,000	40,000	45,000	50,000	53,000
LEED registered park and forest buildings (under review and approved)	11	12	13	14	15	16	17

Conservation and Natural Resources

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Pennsylvania Natural Heritage Program online website database searches	48,331	56,000	57,000	58,000	59,000	60,000	61,000
Number of funded C2P2 grants with "green" or energy efficient elements	61	38	40	42	44	46	46



DEPARTMENT OF CORRECTIONS

The mission of the Department of Corrections is to reduce criminal behavior by providing individualized treatment and education to offenders, resulting in successful community reintegration through accountability and positive change.

The department maintains a state system for the custody and rehabilitation of convicted criminals. Included within this system are residential programs to provide inmates with supervision, counseling and treatment, enabling them to satisfactorily adjust to society.

Programs and Objectives

Institutionalization of Offenders: *To decrease the recurrence of crime by replacing criminal behavior with socially acceptable behavior.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>Institutional:</i>			
General Government Operations.....	\$ 29,679	\$ 32,023	\$ 32,877
(A)County Training.....	190	259	259
(A)Miscellaneous.....	5	21	21
Subtotal.....	<u>\$ 29,874</u>	<u>\$ 32,303</u>	<u>\$ 33,157</u>
Medical Care.....	217,445	232,305^a	231,145
(A)AIDS SPBP Rebates.....	0	0	10,000
(A)Medical Co-payment.....	383	480	480
(A)Miscellaneous.....	1	2	2
Subtotal.....	<u>\$ 217,829</u>	<u>\$ 232,787</u>	<u>\$ 241,627</u>
Inmate Education and Training.....	39,925	39,925	39,387
(F)Youth Offenders Education.....	400	100	0
(F)Correctional Education.....	725	725	725
(F)JAG - Culinary Program (EA).....	150	74	40
(F)Offender Workforce Training.....	14	0	0
Subtotal.....	<u>\$ 41,214</u>	<u>\$ 40,824</u>	<u>\$ 40,152</u>
State Correctional Institutions.....	1,579,916	1,657,971^b	1,736,246
(F)SABG - Drug and Alcohol Programs.....	2,100	2,100	1,850
(F)Reimbursement for Alien Inmates.....	4,640	1,350	1,350
(F)Changing Offender Behavior.....	390	1,050	500
(F)Volunteer Support.....	40	50	25
(F)RSAT - State Prisoners (EA).....	1,506	970	475
(F)ARRA - County Jail Reentry Project (EA).....	502	0	0
(F)ARRA - Peer Support (EA).....	70	247	0
(F)Livescan (EA).....	113	0	0
(F)State Intermediate Punishment - HOPE Research (EA).....	0	185	93
(A)Community Service Centers.....	514	739	739
(A)Institutional Reimbursements.....	313	383	382
(A)Social Security.....	232	263	264
Subtotal.....	<u>\$ 1,590,336</u>	<u>\$ 1,665,308</u>	<u>\$ 1,741,924</u>
Transfer to Justice Reinvestment Fund (EA).....	0	43	418
Subtotal - State Funds.....	\$ 1,866,965	\$ 1,962,267	\$ 2,040,073
Subtotal - Federal Funds.....	10,650	6,851	5,058
Subtotal - Augmentations.....	1,638	2,147	12,147
Total - Institutional.....	<u>\$ 1,879,253</u>	<u>\$ 1,971,265</u>	<u>\$ 2,057,278</u>
STATE FUNDS.....	\$ 1,866,965	\$ 1,962,267	\$ 2,040,073
FEDERAL FUNDS.....	10,650	6,851	5,058
AUGMENTATIONS.....	1,638	2,147	12,147
GENERAL FUND TOTAL.....	<u>\$ 1,879,253</u>	<u>\$ 1,971,265</u>	<u>\$ 2,057,278</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
OTHER FUNDS:			
MANUFACTURING FUND:			
General Operations (EA).....	\$ 81,642	\$ 76,041	\$ 75,442
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 1,866,965	\$ 1,962,267	\$ 2,040,073
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	10,650	6,851	5,058
AUGMENTATIONS.....	1,638	2,147	12,147
OTHER FUNDS.....	81,642	76,041	75,442
TOTAL ALL FUNDS.....	\$ 1,960,895	\$ 2,047,306	\$ 2,132,720

^a Includes recommended supplemental appropriation of \$5,000,000.

^b Includes recommended supplemental appropriation of \$15,000,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
INSTITUTIONALIZATION OF OFFENDERS							
GENERAL FUND.....	\$ 1,866,965	\$ 1,962,267	\$ 2,040,073	\$ 2,060,073	\$ 2,095,073	\$ 2,135,073	\$ 2,180,073
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	10,650	6,851	5,058	5,058	5,058	5,058	5,058
OTHER FUNDS.....	83,280	78,188	87,589	87,589	87,589	87,589	87,589
SUBCATEGORY TOTAL.....	\$ 1,960,895	\$ 2,047,306	\$ 2,132,720	\$ 2,152,720	\$ 2,187,720	\$ 2,227,720	\$ 2,272,720
ALL PROGRAMS:							
GENERAL FUND.....	\$ 1,866,965	\$ 1,962,267	\$ 2,040,073	\$ 2,060,073	\$ 2,095,073	\$ 2,135,073	\$ 2,180,073
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	10,650	6,851	5,058	5,058	5,058	5,058	5,058
OTHER FUNDS.....	83,280	78,188	87,589	87,589	87,589	87,589	87,589
DEPARTMENT TOTAL.....	\$ 1,960,895	\$ 2,047,306	\$ 2,132,720	\$ 2,152,720	\$ 2,187,720	\$ 2,227,720	\$ 2,272,720

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 Pennsylvania Board of Probation and Parole (PBPP). The department is charged with maintaining safe and humane prisons while 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 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 bed capacity, which represents the optimal number of inmates that each facility can safely house. The state-administered correctional system includes 26 correctional institutions, 56 state-operated or contracted community corrections centers and a motivational boot camp. There were 51,512 inmates in the state system at the end of December 2013.

There were several significant capacity changes in 2013. SCI-Benner Township, a new 1,900-bed institution, became fully operational and, two older prisons, SCI-Cresson and SCI-Greensburg, with a capacity of 1,563 and 1,143 respectively, were closed during 2013.

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 institutions. The department is fully accredited by the American Correctional Association. 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 randomly testing positive for drug and alcohol use while in prison is 0.15 percent, which is one of the lowest rates in the country for state correctional systems. 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

inmates an opportunity to learn a trade, while constructively occupying their time. Another large support service is health care. A combination of staff and contractors provide health care services. Renal dialysis, geriatric services, infectious care treatment and other necessary services are offered. Approximately 22 percent of the inmate population require 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 released slightly more than 20,500 offenders in 2012-13 with 72 percent exiting to parole supervision. Legislative changes and a series of savings initiatives buffered the rising incarceration rates in 2012-13, and the department expects to see population reductions in the upcoming years. The department provides programming which will enable inmates to leave prison better prepared to adjust to life in the community. A public safety reform package was enacted in 2008 to enhance inmate participation in treatment programs to reduce recidivism and growth of the nonviolent inmate population. Research has shown that inmate participation in appropriately structured interventions can reduce recidivism. In order to increase public safety, the PBPP has implemented changes in parole procedures, particularly affecting inmates classified as violent. Both the department and the PBPP continue to review changes to procedures for violent offenders. Act 95 of 2010 authorized the use of secure parole violator centers for certain offenders. These centers provide the means to reduce the number of technical parole violators returned to prison yet maintain a secured environment for offenders assigned to the centers.

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 re-offense and needs or factors related to criminality such as antisocial attitudes, poor problem solving and decision-making skills, substance abuse, and low levels of education and vocational achievement. This assessment data is used by trained staff and shared with the PBPP, who may provide additional input to develop a meaningful correctional plan. The correctional plan details the recommended treatment and education programs for each individual offender and sets expectations for behavior and work performance throughout incarceration.

Act 112 of 2004 directed the state to create an intermediate punishment program. In this program, eligible

Program: Institutionalization of Offenders (continued)

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 14,000 inmates are recommended to receive alcohol and other drug treatment upon entry into the state prison system, and approximately 3,600 inmates currently receive treatment services. Therapeutic communities provide more intensive alcohol and other drug programming, which is more effective in changing behavior. Approximately 2,000 inmates currently receive this intensive treatment. Other counseling services and programs are available. All facilities offer sex offender treatment, some with special sex offender units.

Educational programs offer inmates the opportunity to obtain high school diplomas or adult basic education skills. A Correctional Education Association study shows that attending educational courses in prison reduces the likelihood of recidivism by 23 percent. New inmates without a high school diploma or GED are required to attend classes. In 2012-13, a total of 8,331 inmates were enrolled in GED or adult basic education classes, and 1,135 inmates received diplomas.

Vocational training is dedicated to the development of marketable job skills so inmates are more employable upon 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. Approximately 96 percent of the vocational training programs offered in institutions provide inmates who complete the program and pass 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 correctional industries provide inmates with the opportunity to learn responsibility, good work habits and skills that can be used to find employment after release. Approximately 77 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. Act 122 of 2012 eliminated inmate pre-release into community corrections centers, although inmates placed into the State Intermediate Punishment (SIP) program can still be housed in these centers. Currently, most community corrections center space houses parolees, including those offenders classified as technical parole violators or part of PBPP's halfway back program as an alternative to a return to prison. In 2014, there will be approximately 3,500 offenders in the community corrections centers, with an additional 700 housed in county jails. Approximately 85 to 90 percent of these offenders are parolees with the remainder consisting of SIP inmates.

Program Element: Justice Reinvestment

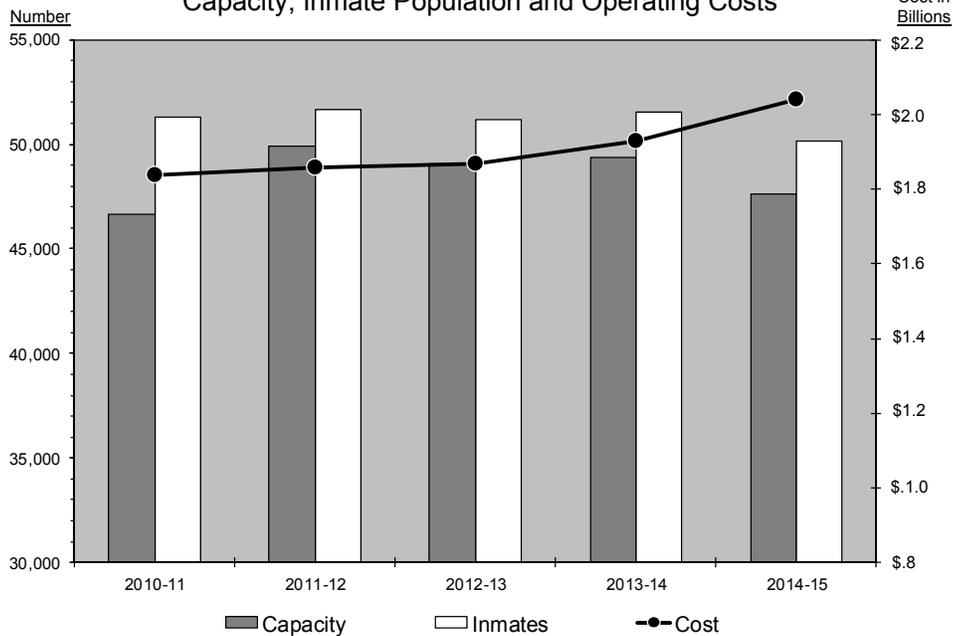
In 2011, the commonwealth launched the Justice Reinvestment Initiative (JRI), a data-driven approach to reduce corrections spending and generate savings to reinvest in strategies and programs that increase public safety. Based on research and findings from a comprehensive working group that included criminal justice stakeholders and experts, the commonwealth enacted two pieces of legislation in 2012 that itemized savings provisions and mandates for distributing savings.

Act 122 of 2012 codified several provisions to increase the effectiveness of Pennsylvania's criminal justice systems. These included recommendations from the JRI working group and other provisions initiated by the department and the PBPP. Act 196 of 2012 mandated provisions to reinvest JRI savings to support local law enforcement, victim services, state and county probation and parole, and other evidence-based programs and services that work to reduce crime.

The JRI legislative package is expected to reduce the prison population by 620 inmates and save the commonwealth approximately \$28 million over five years. Over \$7 million of these savings will be reinvested to generate further savings over the long term.

State Correctional Institutions

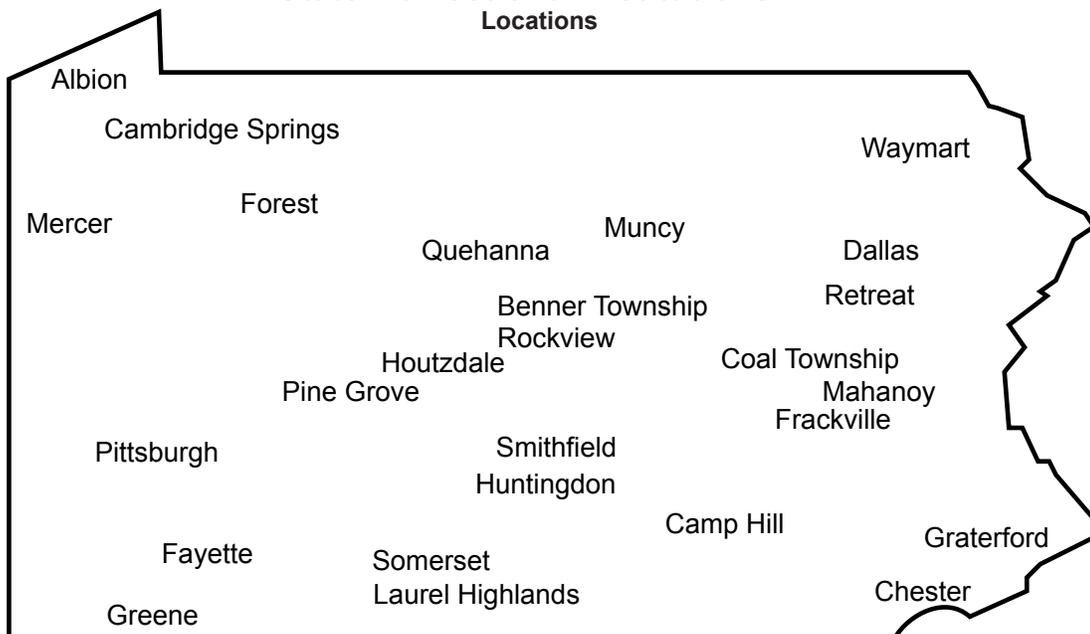
Capacity, Inmate Population and Operating Costs



The cost of operating the state correctional institution system has increased from nearly \$1.84 billion in 2010-11 to \$2.0 billion in 2014-15. During this timeframe, the inmate population has remained relatively constant. The population is expected to decline due to recent legislative changes.

State Correctional Institutions

Locations



Program: Institutionalization of Offenders (continued)

Population and Capacity	Population	Estimated	Capacity	Estimated
Institutions	Dec 2013	Population	Dec 2013	Capacity
		Dec 2014		Dec 2014
Albion.....	2,314	2,231	2,152	2,152
Benner Township.....	2,038	1,891	1,900	1,900
Cambridge Springs.....	990	1,000	1,018	1,018
Camp Hill.....	3,665	3,526	3,272	3,272
Chester.....	1,236	1,220	1,178	1,178
Coal Township.....	2,294	2,213	2,153	2,153
Dallas.....	2,112	2,039	1,941	1,941
Fayette.....	2,034	1,970	1,826	1,826
Forest.....	2,212	2,116	1,961	1,961
Frackville.....	1,157	1,207	1,125	1,125
Graterford.....	3,983	3,762	3,361	3,361
Greene.....	1,741	1,625	1,478	1,478
Houtzdale.....	2,540	2,543	2,365	2,365
Huntingdon.....	2,130	1,979	1,804	1,804
Laurel Highlands.....	1,541	1,633	1,571	1,571
Mahanoy.....	2,516	2,450	2,304	2,304
Mercer.....	1,488	1,580	1,494	1,494
Muncy.....	1,432	1,374	1,410	1,410
Pine Grove.....	1,191	1,227	1,163	1,163
Pittsburgh.....	1,905	1,852	1,803	1,803
Quehanna Boot Camp.....	466	496	565	565
Retreat.....	1,132	1,129	1,104	1,104
Rockview.....	2,463	2,373	2,283	2,283
Smithfield.....	1,399	1,227	1,125	1,125
Somerset.....	2,355	2,372	2,203	2,203
Waymart.....	1,455	1,583	1,522	1,522
Community Centers.....	1,715	1,550	1,715	1,550
Other Jurisdictions.....	8	7	8	7
Total.....	<u>51,512</u>	<u>50,175</u>	<u>47,804</u>	<u>47,638</u>

Other jurisdictions capacity currently consists of federal beds.

Program: Institutionalization of Offenders (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget		2012-13 Actual	2013-14 Available	2014-15 Budget
Albion				Frackville			
State Funds.....	\$ 63,996	\$ 65,987	\$ 67,576	State Funds.....	\$ 43,985	\$ 46,619	\$ 48,308
Federal Funds.....	0	0	0	Federal Funds.....	0	0	0
Augmentations.....	32	31	362	Augmentations.....	14	16	244
TOTAL.....	<u>\$ 64,028</u>	<u>\$ 66,018</u>	<u>\$ 67,938</u>	TOTAL.....	<u>\$ 43,999</u>	<u>\$ 46,635</u>	<u>\$ 48,552</u>
Benner Township				Graterford			
State Funds.....	\$ 784	\$ 65,528	\$ 64,409	State Funds.....	\$ 119,818	\$ 126,657	\$ 133,158
Federal Funds.....	0	0	0	Federal Funds.....	5	1	0
Augmentations.....	1	51	210	Augmentations.....	57	73	927
TOTAL.....	<u>\$ 785</u>	<u>\$ 65,579</u>	<u>\$ 64,619</u>	TOTAL.....	<u>\$ 119,880</u>	<u>\$ 126,731</u>	<u>\$ 134,085</u>
Cambridge Springs				Greene			
State Funds.....	\$ 35,230	\$ 36,269	\$ 40,300	State Funds.....	\$ 73,943	\$ 79,961	\$ 83,410
Federal Funds.....	0	80	88	Federal Funds.....	5	1	0
Augmentations.....	28	37	336	Augmentations.....	15	18	308
TOTAL.....	<u>\$ 35,258</u>	<u>\$ 36,386</u>	<u>\$ 40,724</u>	TOTAL.....	<u>\$ 73,963</u>	<u>\$ 79,980</u>	<u>\$ 83,718</u>
Camp Hill				Greensburg			
State Funds.....	\$ 109,556	\$ 113,468	\$ 117,447	State Funds.....	\$ 42,083	\$ 0	\$ 0
Federal Funds.....	5	20	30	Federal Funds.....	4	0	0
Augmentations.....	44	83	780	Augmentations.....	11	0	0
TOTAL.....	<u>\$ 109,605</u>	<u>\$ 113,571</u>	<u>\$ 118,257</u>	TOTAL.....	<u>\$ 42,098</u>	<u>\$ 0</u>	<u>\$ 0</u>
Chester				Houtzdale			
State Funds.....	\$ 45,691	\$ 49,598	\$ 47,392	State Funds.....	\$ 65,826	\$ 67,800	\$ 72,259
Federal Funds.....	0	0	0	Federal Funds.....	15	97	107
Augmentations.....	13	29	368	Augmentations.....	36	37	416
TOTAL.....	<u>\$ 45,704</u>	<u>\$ 49,627</u>	<u>\$ 47,760</u>	TOTAL.....	<u>\$ 65,877</u>	<u>\$ 67,934</u>	<u>\$ 72,782</u>
Coal Township				Huntingdon			
State Funds.....	\$ 61,323	\$ 63,272	\$ 66,171	State Funds.....	\$ 68,677	\$ 72,387	\$ 75,646
Federal Funds.....	109	145	151	Federal Funds.....	5	1	0
Augmentations.....	40	40	375	Augmentations.....	29	31	322
TOTAL.....	<u>\$ 61,472</u>	<u>\$ 63,457</u>	<u>\$ 66,697</u>	TOTAL.....	<u>\$ 68,711</u>	<u>\$ 72,419</u>	<u>\$ 75,968</u>
Cresson				Laurel Highlands			
State Funds.....	\$ 58,708	\$ 0	\$ 0	State Funds.....	\$ 65,018	\$ 75,703	\$ 76,637
Federal Funds.....	0	0	0	Federal Funds.....	5	1	0
Augmentations.....	13	0	0	Augmentations.....	23	29	711
TOTAL.....	<u>\$ 58,721</u>	<u>\$ 0</u>	<u>\$ 0</u>	TOTAL.....	<u>\$ 65,046</u>	<u>\$ 75,733</u>	<u>\$ 77,348</u>
Dallas				Mahanoy			
State Funds.....	\$ 74,151	\$ 77,038	\$ 78,991	State Funds.....	\$ 65,246	\$ 68,682	\$ 71,950
Federal Funds.....	0	10	10	Federal Funds.....	5	1	0
Augmentations.....	32	42	427	Augmentations.....	41	43	442
TOTAL.....	<u>\$ 74,183</u>	<u>\$ 77,090</u>	<u>\$ 79,428</u>	TOTAL.....	<u>\$ 65,292</u>	<u>\$ 68,726</u>	<u>\$ 72,392</u>
Fayette				Mercer			
State Funds.....	\$ 74,816	\$ 78,405	\$ 83,978	State Funds.....	\$ 45,784	\$ 49,252	\$ 51,369
Federal Funds.....	0	0	0	Federal Funds.....	5	1	0
Augmentations.....	27	29	406	Augmentations.....	32	29	255
TOTAL.....	<u>\$ 74,843</u>	<u>\$ 78,434</u>	<u>\$ 84,384</u>	TOTAL.....	<u>\$ 45,821</u>	<u>\$ 49,282</u>	<u>\$ 51,624</u>
Forest				Muncy			
State Funds.....	\$ 67,468	\$ 69,995	\$ 71,698	State Funds.....	\$ 64,785	\$ 62,281	\$ 68,512
Federal Funds.....	17	30	36	Federal Funds.....	14	20	24
Augmentations.....	22	27	469	Augmentations.....	31	32	691
TOTAL.....	<u>\$ 67,507</u>	<u>\$ 70,052</u>	<u>\$ 72,203</u>	TOTAL.....	<u>\$ 64,830</u>	<u>\$ 62,333</u>	<u>\$ 69,227</u>

Program: Institutionalization of Offenders (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget		2012-13 Actual	2013-14 Available	2014-15 Budget
Pine Grove				Somerset			
State Funds.....	\$ 42,303	\$ 50,225	\$ 51,807	State Funds.....	\$ 63,553	\$ 65,840	\$ 70,381
Federal Funds.....	92	105	111	Federal Funds.....	9	9	9
Augmentations.....	10	11	201	Augmentations.....	28	34	419
TOTAL.....	<u>\$ 42,405</u>	<u>\$ 50,341</u>	<u>\$ 52,119</u>	TOTAL.....	<u>\$ 63,590</u>	<u>\$ 65,883</u>	<u>\$ 70,809</u>
Pittsburgh				Waymart			
State Funds.....	\$ 65,528	\$ 70,233	\$ 76,215	State Funds.....	\$ 73,148	\$ 75,319	\$ 78,797
Federal Funds.....	0	0	0	Federal Funds.....	134	31	0
Augmentations.....	20	24	500	Augmentations.....	22	27	465
TOTAL.....	<u>\$ 65,548</u>	<u>\$ 70,257</u>	<u>\$ 76,715</u>	TOTAL.....	<u>\$ 73,304</u>	<u>\$ 75,377</u>	<u>\$ 79,262</u>
Quehanna Boot Camp				Community Centers			
State Funds.....	\$ 20,762	\$ 21,588	\$ 22,747	State Funds.....	\$ 111,468	\$ 106,501	\$ 110,818
Federal Funds.....	5	5	10	Federal Funds.....	0	70	0
Augmentations.....	6	12	54	Augmentations.....	514	739	747
TOTAL.....	<u>\$ 20,773</u>	<u>\$ 21,605</u>	<u>\$ 22,811</u>	TOTAL.....	<u>\$ 111,982</u>	<u>\$ 107,310</u>	<u>\$ 111,565</u>
Retreat				Training Academy			
State Funds.....	\$ 43,453	\$ 45,094	\$ 45,582	State Funds.....	\$ 6,074	\$ 7,848	\$ 7,768
Federal Funds.....	5	5	5	Federal Funds.....	0	74	40
Augmentations.....	17	17	217	Augmentations.....	190	279	279
TOTAL.....	<u>\$ 43,475</u>	<u>\$ 45,116</u>	<u>\$ 45,804</u>	TOTAL.....	<u>\$ 6,264</u>	<u>\$ 8,201</u>	<u>\$ 8,087</u>
Rockview				Central Office			
State Funds.....	\$ 81,409	\$ 80,056	\$ 86,715	State Funds.....	\$ 46,326	\$ 95,630 ^a	\$ 89,590 ^a
Federal Funds.....	120	81	85	Federal Funds.....	9,835	5,162	3,877
Augmentations.....	43	44	637	Augmentations.....	235	265	263
TOTAL.....	<u>\$ 81,572</u>	<u>\$ 80,181</u>	<u>\$ 87,437</u>	TOTAL.....	<u>\$ 56,396</u>	<u>\$ 101,057</u>	<u>\$ 93,730</u>
Smithfield				Other jurisdictions			
State Funds.....	\$ 53,138	\$ 55,918	\$ 58,323	State Funds.....	\$ 12,915	\$ 19,070	\$ 21,701
Federal Funds.....	4	1	0	Federal Funds.....	252	900	475
Augmentations.....	12	18	316	Augmentations.....	0	0	0
TOTAL.....	<u>\$ 53,154</u>	<u>\$ 55,937</u>	<u>\$ 58,639</u>	TOTAL.....	<u>\$ 13,167</u>	<u>\$ 19,970</u>	<u>\$ 22,176</u>

^a Expenditures include annual maintenance costs for closed institutions as well as development and implementation costs for CAPTOR and other efficiency initiatives.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 854	General Government Operations —to continue current program.	\$ -538	Inmate Education and Training —reduction in administrative costs.
\$ 8,799	Medical Care —to continue current program.	\$ 70,797	State Correctional Institutions —to continue current program.
2,531	—Initiative—Enhanced Mental Health Treatment. To provide enhanced treatment for inmates with serious mental illness.	7,478	—Initiative—Enhanced Mental Health Treatment. To provide enhanced treatment for inmates with serious mental illness.
-2,490	—Initiative—Healthy PA Program Implementation. Savings as a result of transferring eligible recipients into the private coverage option.	\$ 78,275	<i>Appropriation Increase</i>
-10,000	—savings achieved through the use of pharmaceutical rebates provided through the Special Pharmaceutical Benefits Program to mitigate the costs of AIDS medication for inmates.	\$ 375	Transfer to Justice Reinvestment Fund —to distribute prior year savings from the Justice Reinvestment Initiative.
\$ -1,160	<i>Appropriation Decrease</i>		

Program: Institutionalization of Offenders (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 29,679	\$ 32,023	\$ 32,877	\$ 32,877	\$ 32,877	\$ 32,877	\$ 32,877
Medical Care	217,445	232,305	231,145	241,145	241,145	245,145	252,145
Inmate Education and Training.....	39,925	39,925	39,387	39,387	39,387	39,387	39,387
State Correctional Institutions.....	1,579,916	1,657,971	1,736,246	1,745,380	1,779,652	1,813,987	1,855,664
Transfer to Justice Reinvestment Fund (EA).....	0	43	418	1,284	2,012	3,677	0
GENERAL FUND TOTAL	\$ 1,866,965	\$ 1,962,267	\$ 2,040,073	\$ 2,060,073	\$ 2,095,073	\$ 2,135,073	\$ 2,180,073

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Institutionalization of Offenders							
Total inmate population	51,382	50,666	49,684	48,845	48,130	47,363	46,596
Prison operational bed capacity	47,655	47,804	47,804	48,864	48,864	48,864	48,864
Percentage of capacity utilized	108%	106%	104%	100%	98%	97%	95%
Inmates in state intermediate punishment program	799	850	875	900	950	950	950
Inmates employed or in educational programs	33,912	33,400	32,800	32,200	31,800	31,300	30,800
Hours worked in community works projects	452,612	445,900	437,200	429,800	423,500	416,800	410,000
Inmates enrolled in academic educational programs	8,331	8,100	7,900	7,800	7,700	7,600	7,400
Inmates enrolled in vocational programs	2,928	3,020	2,980	2,930	2,890	2,840	2,800
Inmates needing adult basic education or GED upon reception	23,697	20,300	20,300	20,000	19,800	19,500	19,300
Inmates receiving high school diplomas/GED's	1,135	1,080	1,050	1,040	1,020	1,000	990
Inmates assessed as having an alcohol or other drug problem	33,398	32,900	32,300	31,800	31,300	30,800	30,300
Inmates currently in alcohol or other drug treatment programs	3,491	3,575	3,500	3,500	3,500	3,500	3,500
Inmates who have completed alcohol or other drug treatment programs	9,966	9,650	9,650	9,650	9,650	9,650	9,650
Percentage of inmates testing positive for drug and alcohol use while in prison (random test)	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Monies collected from inmates to pay for victim restitution and other fines, fees, costs, penalties, and reparations	\$4,321,000	\$4,950,000	\$5,049,000	\$4,950,000	\$4,851,000	\$4,840,000	\$4,800,000
Cost per inmate per year (state funds)	\$36,300	\$38,700	\$41,100	\$42,100	\$43,500	\$45,000	\$46,800
Cost per inmate per year for health care (state funds)	\$4,230	\$4,590	\$4,650	\$4,940	\$5,010	\$5,180	\$5,410
Ratio of inmates to custody staff	5.20	5.10	5.10	5.10	5.10	5.10	5.10
Ratio of inmates to all Department of Corrections staff	3.50	3.40	3.40	3.40	3.40	3.40	3.40

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DEPARTMENT OF DRUG AND ALCOHOL PROGRAMS

The mission of the Department of Drug and Alcohol Programs is to engage, coordinate and lead the commonwealth's effort to prevent and reduce drug, alcohol and gambling addiction and abuse; and to promote recovery, thereby reducing the human and economic impact of the disease.

The department develops and implements programs to reduce substance abuse and dependency through quality prevention, intervention, rehabilitation and treatment programs. These programs are designed to educate all population segments on the effects and dangers drug and alcohol abuse and dependency pose to public health and to mitigate the economic impact of substance abuse for the citizens of Pennsylvania.

Programs and Objectives

Drug and Alcohol Abuse Prevention and Treatment: *To provide education, intervention and treatment programs to reduce drug, alcohol and gambling addiction, abuse and dependence.*

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Drug and Alcohol Programs

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 466	\$ 470	\$ 620
(F)SABG - Administration and Operation.....	8,203	7,520	7,640
(F)Substance Abuse Special Projects - Admin & Operation.....	903	759 ^a	2,480
Subtotal.....	<u>\$ 9,572</u>	<u>\$ 8,749</u>	<u>\$ 10,740</u>
Subtotal - State Funds.....	\$ 466	\$ 470	\$ 620
Subtotal - Federal Funds.....	9,106	8,279	10,120
Total - General Government.....	<u>\$ 9,572</u>	<u>\$ 8,749</u>	<u>\$ 10,740</u>
<i>Grants and Subsidies:</i>			
Assistance to Drug and Alcohol Programs.....	\$ 41,232	\$ 41,232	\$ 41,232
(F)SABG - Drug and Alcohol Services.....	54,188	54,195	53,197
(F)Substance Abuse Special Projects Grants.....	1,449	1,562 ^b	11,237
(F)Access to Recovery.....	5,358	5,624	2,959
(A)Community Restitution Payments.....	4	4	4
(A)State Stores Fund Transfer (EA).....	2,070	2,567	2,567
Subtotal - State Funds.....	\$ 41,232	\$ 41,232	\$ 41,232
Subtotal - Federal Funds.....	60,995	61,381	67,393
Subtotal - Augmentations.....	2,074	2,571	2,571
Total - Grants and Subsidies.....	<u>\$ 104,301</u>	<u>\$ 105,184</u>	<u>\$ 111,196</u>
STATE FUNDS.....	\$ 41,698	\$ 41,702	\$ 41,852
FEDERAL FUNDS.....	70,101	69,660	77,513
AUGMENTATIONS.....	2,074	2,571	2,571
GENERAL FUND TOTAL.....	<u>\$ 113,873</u>	<u>\$ 113,933</u>	<u>\$ 121,936</u>
OTHER FUNDS:			
COMPULSIVE AND PROBLEM GAMBLING TREATMENT FUND:			
Drug and Alcohol Treatment Services (EA).....	\$ 3,000	\$ 3,000	\$ 3,000
Compulsive and Problem Gambling Treatment (EA).....	8,163	5,800	6,800
COMPULSIVE AND PROBLEM GAMBLING TREATMENT FUND TOTAL.....	<u>\$ 11,163</u>	<u>\$ 8,800</u>	<u>\$ 9,800</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 41,698	\$ 41,702	\$ 41,852
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	70,101	69,660	77,513
AUGMENTATIONS.....	2,074	2,571	2,571
OTHER FUNDS.....	11,163	8,800	9,800
TOTAL ALL FUNDS.....	<u>\$ 125,036</u>	<u>\$ 122,733</u>	<u>\$ 131,736</u>

^a Includes recommended supplemental appropriation of \$392,000.

^b Includes recommended supplemental appropriation of \$1,476,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
DRUG AND ALCOHOL ABUSE PREVENTION AND TREATMENT							
GENERAL FUND.....	\$ 41,698	\$ 41,702	\$ 41,852	\$ 41,852	\$ 41,852	\$ 41,852	\$ 41,852
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	70,101	69,660	77,513	77,513	77,513	77,513	77,513
OTHER FUNDS.....	13,237	11,371	12,371	12,371	12,371	12,371	12,371
SUBCATEGORY TOTAL.....	\$ 125,036	\$ 122,733	\$ 131,736	\$ 131,736	\$ 131,736	\$ 131,736	\$ 131,736
ALL PROGRAMS:							
GENERAL FUND.....	\$ 41,698	\$ 41,702	\$ 41,852	\$ 41,852	\$ 41,852	\$ 41,852	\$ 41,852
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	70,101	69,660	77,513	77,513	77,513	77,513	77,513
OTHER FUNDS.....	13,237	11,371	12,371	12,371	12,371	12,371	12,371
DEPARTMENT TOTAL.....	\$ 125,036	\$ 122,733	\$ 131,736	\$ 131,736	\$ 131,736	\$ 131,736	\$ 131,736

Drug and Alcohol Programs

PROGRAM OBJECTIVE: To provide education, intervention and treatment programs to reduce drug, alcohol and gambling addiction, abuse and dependence.

Program: Drug and Alcohol Abuse Prevention and Treatment

The Department of Drug and Alcohol Programs is tasked with the development and implementation of a comprehensive state plan to reduce substance abuse and dependency through quality prevention, intervention, rehabilitation and treatment programs. The department provides education on the effects of drug and alcohol abuse and the dangers abuse and dependency pose to public health in an effort to mitigate the economic and health impact of substance abuse on the citizens of Pennsylvania.

In addition to state funding, the department receives federal and compulsive and problem gambling treatment funds for drug and alcohol treatment services. The department provides county-based agencies with funding to deliver or purchase drug and alcohol services, including treatment services for Pennsylvanians who do not have insurance or resources to pay for treatment. Single County Authorities prepare prevention, intervention and treatment plans tailored to meet the needs of their respective communities. 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 individuals affected by drug or alcohol problems. Services include information hotlines, drop-in centers, alcohol safety programs and employee assistance programs.

Surveys and inspections of drug and alcohol program facilities are conducted to determine compliance with state and federal standards and regulations and as a condition of receiving federal Medicare and Medicaid financial support.

Treatment services are funded in hospitals, prisons, shelters, residential facilities and outpatient programs. Treatment often consists of short-term detoxification followed by 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.

The department also provides public education, awareness and training regarding both the problem of compulsive and problem gambling and its treatment and prevention with the income it receives from the Compulsive and Problem Gambling Treatment Fund.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations
\$ 150 —to continue current program.

The Assistance to Drug and Alcohol Programs appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 466	\$ 470	\$ 620	\$ 620	\$ 620	\$ 620	\$ 620
Assistance to Drug and Alcohol Programs	41,232	41,232	41,232	41,232	41,232	41,232	41,232
TOTAL GENERAL FUND	\$ 41,698	\$ 41,702	\$ 41,852	\$ 41,852	\$ 41,852	\$ 41,852	\$ 41,852

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Drug and Alcohol Abuse Prevention and Treatment							
Admissions to treatment	54,769	50,354	49,345	48,360	47,395	46,445	45,515
Average length of outpatient treatment (days)	65	65	65	65	65	65	65
Average length of inpatient treatment (days)	15	15	15	15	15	15	15
Licensure and/or Federal Certification Surveys Completed							
Residential drug and alcohol programs licensed/approved	179	179	179	179	179	179	179
Nonresidential drug and alcohol programs licensed/approved	495	495	495	495	495	495	495



DEPARTMENT OF EDUCATION

The mission of the Department of Education is to academically prepare children and adults to succeed as productive citizens. The department seeks to ensure that the technical support, resources and opportunities 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 and 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 via a network of Intermediate Units. The department operates a major research library and leads the development of the state's public, school, academic and special libraries to meet the information, education and enrichment needs of citizens. 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.

Programs and Objectives

Education Support Services: *To provide an effective administrative system through which the substantive programs of the agency can be achieved.*

PreK–12 Education (Basic Education): *To provide students with the skills, attitudes and abilities needed for effective living in our complex society.*

Library Services: *To provide and improve library services to citizens of the commonwealth, special libraries and government agencies and employees.*

Higher Education: *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.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 23,414	\$ 23,608	\$ 23,454
(F)Adult Basic Education - Administration.....	1,987	945	945
(F)Education of Exceptional Children.....	10,000	10,000	10,000
(F)Special Education - State Personnel Development.....	2,394	2,394	2,394
(F)ESEA - Title I - Administration.....	12,000	12,000	12,000
(F)State Approving Agency (VA).....	1,400	1,400	1,660
(F)Food and Nutrition Service.....	9,167	11,429	12,504
(F)Migrant Education - Administration.....	600	600	600
(F)Vocational Education - Administration.....	3,910	3,910	3,910
(F)Improving Teacher Quality - Title II - Administration/State.....	5,400	5,400	5,400
(F)Homeless Assistance.....	4,275	4,275	4,275
(F)Preschool Grant.....	687	750	750
(F)School Health Education Programs.....	450	450	450
(F)Environmental Education Workshops.....	150	0	0
(F)Charter Schools Initiatives.....	8,000	8,000	0
(F)Educational Technology - Administration.....	36	0	0
(F)Advanced Placement Testing.....	600	600	600
(F)Medical Assistance - Nurses' Aide Training.....	300	300	300
(F)State and Community Highway Safety.....	1,205	987	980
(F)Title IV - 21st Century Community Learning Centers - Admin.....	4,000	4,000	755
(F)National Assessment of Educational Progress (NAEP).....	148	188	148
(F)Striving Readers.....	50,156	50,156	50,156
(F)Refugee School Impact Development (EA).....	375	566	375
(F)Migrant Education Coordination Program.....	130	130	130
(F)College Access Challenge Grant Program.....	7,034	3,935	7,870
(F)School Improvement Grants.....	60,000	60,000	60,000
(F)Foreign Language Assistance.....	400	0	0
(F)Refugee School Assistance Program.....	200	200	0
(F)WIA - Dislocated Workers Incentive Grant (EA).....	0	325	0
(A)Management Services.....	7	7	7
(A)Approved Private Schools.....	462	462	462
(A)National Center for Educational Statistics.....	12	104	104
(A)Teenage Parenting.....	1,947	1,947	1,947
(A)EPSDT Administration.....	871	1,250	1,250
(A)Services to Nonpublic Schools - Administration.....	863	864	864
(A)National Assn. of State Boards of Education.....	16	16	16
(A)Teacher of the Year.....	0	5	0
(A)Teacher Certification Fees.....	0	775	775
(A)Nonpublic Textbook Administration.....	0	566	651
(A)Improving Early Learning Outcomes.....	0	25	0
Subtotal.....	<u>\$ 212,596</u>	<u>\$ 212,569</u>	<u>\$ 205,732</u>
Information and Technology Improvement.....	4,181	4,181	4,181
(F)Statewide Data Systems.....	1,188	628	0
(F)ARRA - Statewide Longitudinal Data Systems.....	8,871	9,049	0
PA Assessment.....	52,191	53,691	58,291
(F)Title VI - Part A State Assessments.....	16,000	16,000	16,000
Subtotal.....	<u>\$ 82,431</u>	<u>\$ 83,549</u>	<u>\$ 78,472</u>
State Library.....	1,946	1,957	1,938
(F)LSTA - Library Development.....	8,432	8,500	8,500
(F)National Endowment for the Humanities.....	268	176	0
(A)Penalties and Reimbursements.....	1	1	1
(A)Photocopy Service.....	5	6	6
(A)Keystone Fund.....	85	92	97
Subtotal.....	<u>\$ 10,737</u>	<u>\$ 10,732</u>	<u>\$ 10,542</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
Subtotal - State Funds.....	\$ 81,732	\$ 83,437	\$ 87,864
Subtotal - Federal Funds.....	219,763	217,293	200,702
Subtotal - Augmentations.....	4,269	6,120	6,180
Total - General Government.....	\$ 305,764	\$ 306,850	\$ 294,746
Institutional:			
Youth Development Centers - Education.....	\$ 10,185	\$ 10,187	\$ 7,928
Subtotal.....	\$ 10,185	\$ 10,187	\$ 7,928
Grants and Subsidies:			
Support of Public Schools:			
Basic Education Funding.....	\$ 5,403,629	\$ 5,526,129	\$ 5,526,129
Basic Ed Formula Enhancements.....	2,500	2,500	2,500
Ready to Learn Block Grant.....	100,000 ^a	100,000 ^a	341,000
Hybrid Learning.....	0	0	10,000
Pre-K Counts.....	82,784	87,284	97,284
Head Start Supplemental Assistance.....	37,278	39,178	39,178
Mobile Science and Math Education Programs.....	650	864	0
Teacher Professional Development.....	6,459	6,459	6,459
Adult and Family Literacy.....	11,675	12,075	11,675
(F)Adult Basic Education - Local.....	21,605	20,000 ^b	20,500
Career and Technical Education.....	62,000	62,000	62,000
(F)Vocational Education Act - Local.....	49,000	49,000	49,000
Career and Technical Education Equipment Grants.....	0	3,000	0
Authority Rentals and Sinking Fund Requirements.....	296,198	296,198	296,198
Pupil Transportation.....	542,255	547,386	546,677
Nonpublic and Charter School Pupil Transportation.....	77,664	78,614	78,614
Special Education.....	1,026,815	1,026,815	1,046,815
(F)Individuals with Disabilities Education - Local.....	435,000	435,000	457,000
Early Intervention.....	216,973	236,675 ^c	237,516
(F)Individuals with Disabilities Education.....	16,000	16,000	16,000
Tuition for Orphans and Children Placed in Private Homes.....	58,610	58,672	48,506
Payments in Lieu of Taxes.....	194	197	163
Education of Migrant Laborers' Children.....	853	853	853
PA Charter Schools for the Deaf and Blind.....	40,602	41,709	41,709
Special Education - Approved Private Schools.....	93,947	98,347	98,347
School Food Services.....	31,259	32,021	32,488
(F)Food and Nutrition - Local.....	588,279	635,341	673,462
School Employees' Social Security.....	544,438	486,298 ^d	482,506
School Employees' Retirement.....	856,052	1,007,000 ^e	1,112,265
(A)Tobacco and Health Venture Investment Account.....	0	0	225,000
Subtotal.....	\$ 10,602,719	\$ 10,905,615	\$ 11,559,844
(F)ESEA - Title I - Local.....	625,000	625,000	625,000
(F)Improving Teacher Quality - Title II - Local.....	130,000	130,000	130,000
(F)Educational Technology - Local.....	900	0	0
(F)Title IV 21st Century Community Learning Centers - Local.....	85,000	90,000	57,622
(F)Title III - Language Instruction for LEP & Immigrant Student.....	20,000	20,000	20,000
(F)Title VI - Rural & Low Income School - Local.....	1,700	1,700	1,700
(F)ARRA - ESEA - Title I - School Improvement.....	67,119	35,000	0
(F)Race to the Top.....	41,500	38,804	29,366
(F)TANF - Teenage Parenting Education (EA).....	11,094	11,094	11,094
(F)Teenage Parenting - Food Stamps (EA).....	863	863	863
(F)Early Learning Challenge Grant (EA).....	0	783	2,761
Subtotal.....	\$ 983,176	\$ 953,244	\$ 878,406

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
Other Grants and Subsidies:			
Services to Nonpublic Schools.....	86,384	86,384	86,384
Textbooks, Materials and Equipment for Nonpublic Schools.....	26,278	26,278	26,278
Public Library Subsidy.....	53,507	53,507	54,007
Library Services for the Visually Impaired and Disabled.....	2,567	2,567	2,567
Library Access.....	2,821	3,071	2,821
Job Training and Education Programs.....	7,250	8,050	0
Safe School Initiative.....	2,022	8,522	8,522
Governor's Schools.....	0	0	350
Subtotal.....	\$ 180,829	\$ 188,379	\$ 180,929
Higher Education - Other Grants and Subsidies:			
Community Colleges.....	212,167	212,167	212,167
Transfer to Community College Capital Fund.....	47,869	48,869	47,869
Regional Community Colleges Services.....	1,200	1,200	1,200
Community Education Councils.....	1,800	2,300	2,300
Thaddeus Stevens College of Technology.....	10,332	10,332	10,332
Subtotal.....	\$ 273,368	\$ 274,868	\$ 273,868
State System of Higher Education:			
State Universities.....	412,751	412,751	412,751
Subtotal.....	\$ 412,751	\$ 412,751	\$ 412,751
The Pennsylvania State University:			
General Support.....	214,110	214,110	214,110
Pennsylvania College of Technology.....	13,584	15,584	15,584
Subtotal.....	\$ 227,694	\$ 229,694	\$ 229,694
University of Pittsburgh:			
General Support.....	133,993	133,993	133,993
Rural Education Outreach.....	2,083	2,300	2,300
Subtotal.....	\$ 136,076	\$ 136,293	\$ 136,293
Temple University:			
General Support.....	139,917	139,917	139,917
Subtotal.....	\$ 139,917	\$ 139,917	\$ 139,917
Lincoln University:			
General Support.....	11,163	13,163	13,163
Subtotal.....	\$ 11,163	\$ 13,163	\$ 13,163
Subtotal - State Funds.....	\$ 10,874,633	\$ 11,145,339	\$ 11,505,497
Subtotal - Federal Funds.....	2,093,060	2,108,585	2,094,368
Subtotal - Augmentations.....	0	0	225,000
Total - Grants and Subsidies.....	\$ 12,967,693	\$ 13,253,924	\$ 13,824,865
STATE FUNDS.....	\$ 10,966,550	\$ 11,238,963	\$ 11,601,289
FEDERAL FUNDS.....	2,312,823	2,325,878	2,295,070
AUGMENTATIONS.....	4,269	6,120	231,180
GENERAL FUND TOTAL.....	\$ 13,283,642	\$ 13,570,961	\$ 14,127,539
MOTOR LICENSE FUND:			
Grants and Subsidies:			
Safe Driving Course.....	\$ 1,103	\$ 1,100	\$ 1,100

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
OTHER FUNDS:			
GENERAL FUND:			
Private Licensed Schools.....	\$ 759	\$ 860	\$ 887
Empowerment School Districts.....	1,372	4,500	4,500
Medical Assistance Reimbursements.....	118,704	190,000	195,000
GENERAL FUND TOTAL.....	\$ 120,835	\$ 195,360	\$ 200,387
COMMUNITY COLLEGE CAPITAL FUND:			
Community College Capital.....	\$ 0 ^f	\$ 0 ^f	\$ 0 ^f
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND:			
Governor Casey Organ and Tissue Donation Awareness Fund (EA).....	\$ 200	\$ 200	\$ 200
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
Local Libraries Rehabilitation and Development (EA).....	\$ 2,597	\$ 3,019	\$ 3,162
SSHE - Deferred Maintenance (EA).....	11,690	13,590	14,229
KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL.....	\$ 14,287	\$ 16,609	\$ 17,391
PROPERTY TAX RELIEF FUND:			
Property Tax Relief Payments (EA).....	\$ 615,600	\$ 611,600	\$ 611,600
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 10,966,550	\$ 11,238,963	\$ 11,601,289
SPECIAL FUNDS.....	1,103	1,100	1,100
FEDERAL FUNDS.....	2,312,823	2,325,878	2,295,070
AUGMENTATIONS.....	4,269	6,120	231,180
OTHER FUNDS.....	750,922	823,769	829,578
TOTAL ALL FUNDS.....	\$ 14,035,667	\$ 14,395,830	\$ 14,958,217

^a 2012-13 Actual and 2013-14 Available include \$100,000,000 appropriated as Pennsylvania Accountability Grants.

^b Includes recommended supplemental appropriation of \$2,858,000.

^c Includes recommended supplemental appropriation of \$14,702,000.

^d Includes recommended appropriation reduction of \$8,702,000.

^e Includes recommended appropriation reduction of \$10,000,000.

^f Not added to the total to avoid double counting: 2012-13 Actual is \$47,869,000, 2013-14 Available is \$48,869,000, and 2014-15 Budget is \$47,869,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
EDUCATION SUPPORT SERVICES							
GENERAL FUND.....	\$ 27,595	\$ 27,789	\$ 27,635	\$ 27,635	\$ 27,635	\$ 27,635	\$ 27,635
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	135,063	132,617	116,202	115,447	65,291	65,291	65,291
OTHER FUNDS.....	4,937	6,881	6,963	6,963	6,963	6,963	6,963
SUBCATEGORY TOTAL.....	\$ 167,595	\$ 167,287	\$ 150,800	\$ 150,045	\$ 99,889	\$ 99,889	\$ 99,889
BASIC EDUCATION							
GENERAL FUND.....	\$ 9,677,145	\$ 9,943,386	\$ 10,306,635	\$ 10,785,516	\$ 11,094,370	\$ 11,468,604	\$ 11,848,031
SPECIAL FUNDS.....	1,103	1,100	1,100	1,100	1,100	1,100	1,100
FEDERAL FUNDS.....	2,169,060	2,184,585	2,170,368	2,111,961	2,082,289	2,080,619	2,080,619
OTHER FUNDS.....	735,876	806,300	1,036,300	811,300	811,300	811,300	811,300
SUBCATEGORY TOTAL.....	\$ 12,583,184	\$ 12,935,371	\$ 13,514,403	\$ 13,709,877	\$ 13,989,059	\$ 14,361,623	\$ 14,741,050
LIBRARY SERVICES							
GENERAL FUND.....	\$ 60,841	\$ 61,102	\$ 61,333	\$ 61,333	\$ 61,333	\$ 61,333	\$ 61,333
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	8,700	8,676	8,500	8,500	8,500	8,500	8,500
OTHER FUNDS.....	2,688	3,118	3,266	3,522	3,526	3,602	3,634
SUBCATEGORY TOTAL.....	\$ 72,229	\$ 72,896	\$ 73,099	\$ 73,355	\$ 73,359	\$ 73,435	\$ 73,467
HIGHER EDUCATION							
GENERAL FUND.....	\$ 1,200,969	\$ 1,206,686	\$ 1,205,686	\$ 1,205,686	\$ 1,205,686	\$ 1,205,686	\$ 1,205,686
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	11,690	13,590	14,229	15,382	15,397	15,740	15,887
SUBCATEGORY TOTAL.....	\$ 1,212,659	\$ 1,220,276	\$ 1,219,915	\$ 1,221,068	\$ 1,221,083	\$ 1,221,426	\$ 1,221,573
ALL PROGRAMS:							
GENERAL FUND.....	\$ 10,966,550	\$ 11,238,963	\$ 11,601,289	\$ 12,080,170	\$ 12,389,024	\$ 12,763,258	\$ 13,142,685
SPECIAL FUNDS.....	1,103	1,100	1,100	1,100	1,100	1,100	1,100
FEDERAL FUNDS.....	2,312,823	2,325,878	2,295,070	2,235,908	2,156,080	2,154,410	2,154,410
OTHER FUNDS.....	755,191	829,889	1,060,758	837,167	837,186	837,605	837,784
DEPARTMENT TOTAL.....	\$ 14,035,667	\$ 14,395,830	\$ 14,958,217	\$ 15,154,345	\$ 15,383,390	\$ 15,756,373	\$ 16,135,979

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 enhance its information technology support of program and fiscal applications

permitting 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.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations
 \$ -154 —reduction in administrative costs.

The Information and Technology Improvement appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 23,414	\$ 23,608	\$ 23,454	\$ 23,454	\$ 23,454	\$ 23,454	\$ 23,454
Information and Technology Improvement	4,181	4,181	4,181	4,181	4,181	4,181	4,181
TOTAL GENERAL FUND	\$ 27,595	\$ 27,789	\$ 27,635	\$ 27,635	\$ 27,635	\$ 27,635	\$ 27,635

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. Nearly three-quarters of Pennsylvania's public schools are doing well and preparing students to be successful adults.

Program Element: Basic Education Funding

The commonwealth and local school districts share the financing of public elementary and secondary education in Pennsylvania. There are 500 local school districts, each governed by a locally elected school board that is responsible for the administration of the public schools in the district. Funding provided to the school districts by the commonwealth supplements the funds raised locally.

The Basic Education Funding appropriation is the largest subsidy the commonwealth provides to local school districts. 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 and efficiency through targeted initiatives.

Program Element: Early Childhood Learning

Early learning for Pennsylvania's youngest children is crucial for both their short-term and long-term success. The benefits of a strong foundation in early childhood education has been recognized as one of the best economic development investments that a state can make. Early childhood programs supported through the Department of Education appropriations include:

Pre-K Counts. This program provides high-quality early childhood education to approximately 15,700 Pennsylvania children in diverse settings, ranging from school-based programs to Keystone STARS child care centers. The percentage of four-year olds with proficient academic and social skills tripled to 82 percent after participating in PA Pre-K Counts programs in 2012-13.

Head Start. Pennsylvania's Head Start Supplemental Assistance program is based on the federal model of Head Start, providing services to three and four-year-old children and their families with family incomes up to 130 percent of the federal poverty guidelines. The Head Start model provides comprehensive education, health, nutrition and parent involvement services. This program has demonstrated a positive impact for children with personal and social development challenges.

Program Element: Transforming Pennsylvania's High Schools

It is critically important that all Pennsylvania students who graduate from high school are college or career ready. The commonwealth strives to create high school environments that are rigorous, results-focused, data informed and personalized in a way that is seamlessly supported by systems, resources, technology and shared leadership.

In order to improve student achievement, the Standards Aligned System has been implemented to provide a portal for educator and parent access to curriculum, assessment information and tools, and instructional resources.

Career and Technical Education. Career and Technical Education serves approximately 65,000 secondary students enrolled in approved career and technical education programs at school districts, charter schools and career and technical centers. Career and Technical Education provides a rigorous high school education to students while delivering skilled technical education designed with input from incumbent workers and employers in high-demand employment fields. Wherever possible, students earn real-world, industry-based certifications at the end of their programs, which enhance their employment opportunities.

Program Element: Special Education

Special education serves approximately 262,000 school-aged students in Pennsylvania school districts, charter schools, intermediate units, approved private schools and private residential facilities (excluding gifted students).

The special education appropriation provides support for programs for students with disabilities served by the public schools of the commonwealth. Public school special education programs are administered by all school districts and charter schools. These programs may be directly operated by the districts or contracted with other school districts, intermediate units or other providers. If appropriate public education is not available, Individualized Education Plan teams may determine an appropriate public education can only be provided by department-approved private schools or other private agency.

Funds are also provided for Early Intervention and Approved Private Schools/Charter Schools for the Deaf and Blind.

Program: PreK–12 Education (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND				
	PA Assessment		\$	9,543	Early Intervention
\$	4,600	—Initiative—Improving Student Achievement and Academic Success. To support existing state and federally mandated tests.			—Initiative—Improving Early Childhood Education. To provide services to approximately 1,500 additional children ages 3 through 5.
				<u>-8,702</u>	—nonrecurring audit settlement.
			\$	841	<i>Appropriation Increase</i>
	Youth Development Centers — Education				
\$	-2,259	—funding reduction due to closure of New Castle Youth Development Center.			Tuition for Orphans and Children Placed in Private Homes
					—to continue current program based on historical program utilization.
	Ready to Learn Block Grant		\$	-10,166	
\$	241,000	—Initiative—Ready to Learn Block Grant. To implement a student-focused formula to enhance learning opportunities for students, provide resources for schools to innovate and to enable schools to share best practices.			Payments in Lieu of Taxes
			\$	-34	—to continue current program.
					School Food Services
			\$	467	—to continue current program.
	Hybrid Learning				School Employees' Social Security
\$	10,000	—Initiative—Hybrid Learning. To provide resources for blending traditional and digital learning in the classroom.			—to continue current program.
			\$	-3,792	
					School Employees' Retirement
	Pre-K Counts		\$	-62,735	—Initiative—Eliminate Charter School Double Payment. To eliminate the commonwealth's duplicate retirement contribution to charter and cyber-charter schools.
\$	10,000	—Initiative—Improving Early Childhood Education. To provide additional resources in the Pre-K Counts program to serve an additional 1,670 children in full- and part-day programs.			—to provide funding for the commonwealth's share of the employer contribution rate.
				168,000	
			\$	105,265	<i>Appropriation Increase</i>
	Mobile Science and Math Education Programs				Job Training and Education Programs
\$	-864	—program elimination.			—program elimination.
			\$	-8,050	
	Adult and Family Literacy				Governor's Schools
\$	-400	—funding reduction.			—Initiative—Governor's Schools. To provide support for three Governor's Schools of Academic Excellence in agricultural sciences, STEM and engineering.
			\$	350	
	Career and Technical Education Equipment Grants				
\$	-3,000	—program elimination.			
					All other appropriations are recommended at the current year funding levels.
	Pupil Transportation				
\$	-709	—to continue current program.			
					MOTOR LICENSE FUND
	Special Education				Safe Driving Course
\$	20,000	—Initiative—Special Education. To provide increased resources for special education instruction based on three tiers of instructional support.			The Safe Driving Course appropriation is recommended at the current year funding level.

This budget recommends \$2,761,000 in Federal funds to develop a Kindergarten Entry Inventory, to support Governor's Institutes for Educators Pre-K to Grade 3, and to revise pre-kindergarten early learning standards in all content areas to fully align with Pennsylvania's education standards.

Please see the *Healthy Pennsylvania* and Enhancing Human Services theme in the Overview and Summaries Section for additional information on the Early Learning Challenge Grant.

In addition, the budget proposes \$225,000,000 in augmentations provided through the transfer of all remaining private equity investments and cash reserves from the Tobacco Settlement Fund and the Health Venture Investment Account to the Public School Employees' Retirement System.

For additional information on Education initiatives, please see the Ready to Learn – Educational Excellence in Pennsylvania theme in the Overview and Summaries Section.

Program: PreK–12 Education (Basic Education) (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
PA Assessment.....	52,191	53,691	58,291	58,291	58,291	58,291	58,291
Youth Development Centers - Education ..	10,185	10,187	7,928	7,928	7,928	7,928	7,928
Basic Education Funding.....	5,403,629	5,526,129	5,526,129	5,526,129	5,526,129	5,526,129	5,526,129
Basic Ed Formula Enhancements	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Ready to Learn Block Grant.....	100,000	100,000	341,000	341,000	341,000	341,000	341,000
Hybrid Learning	0	0	10,000	10,000	10,000	10,000	10,000
Pre-K Counts.....	82,784	87,284	97,284	97,284	97,284	97,284	97,284
Head Start Supplemental Assistance	37,278	39,178	39,178	39,178	39,178	39,178	39,178
Mobile Science and Math Education Programs	650	864	0	0	0	0	0
Teacher Professional Development.....	6,459	6,459	6,459	6,459	6,459	6,459	6,459
Adult and Family Literacy	11,675	12,075	11,675	11,675	11,675	11,675	11,675
Career and Technical Education.....	62,000	62,000	62,000	62,000	62,000	62,000	62,000
Career and Technical Education Equipment Grants.....	0	3,000	0	0	0	0	0
Authority Rentals and Sinking Fund Requirements.....	296,198	296,198	296,198	296,198	296,198	296,198	296,198
Pupil Transportation.....	542,255	547,386	546,677	546,677	546,677	546,677	546,677
Nonpublic and Charter School Pupil Transportation	77,664	78,614	78,614	78,614	78,614	78,614	78,614
Special Education.....	1,026,815	1,026,815	1,046,815	1,046,815	1,046,815	1,046,815	1,046,815
Early Intervention.....	216,973	236,675	237,516	237,516	237,516	237,516	237,516
Tuition for Orphans and Children Placed in Private Homes.....	58,610	58,672	48,506	48,506	48,506	48,506	48,506
Payments in Lieu of Taxes.....	194	197	163	163	163	163	163
Education of Migrant Laborers' Children ...	853	853	853	853	853	853	853
PA Charter Schools for the Deaf and Blind Special Education - Approved Private Schools	93,947	98,347	98,347	98,347	98,347	98,347	98,347
School Food Services.....	31,259	32,021	32,488	32,488	32,488	32,488	32,488
School Employees' Social Security	544,438	486,298	482,506	486,387	490,441	494,675	499,102
School Employees' Retirement	856,052	1,007,000	1,112,265	1,587,265	1,892,265	2,262,265	2,637,265
Services to Nonpublic Schools.....	86,384	86,384	86,384	86,384	86,384	86,384	86,384
Textbooks, Materials and Equipment for Nonpublic Schools	26,278	26,278	26,278	26,278	26,278	26,278	26,278
Job Training and Education Programs	7,250	8,050	0	0	0	0	0
Safe School Initiative.....	2,022	8,522	8,522	8,522	8,522	8,522	8,522
Governor's Schools	0	0	350	350	150	150	150
TOTAL GENERAL FUND	\$ 9,677,145	\$ 9,943,386	\$10,306,635	\$10,785,516	\$ 11,094,370	\$ 11,468,604	\$ 11,848,031
MOTOR LICENSE FUND:							
Safe Driving Course	\$ 1,103	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100

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 2014-15 budget offers a variety of valued public library services to all Pennsylvanians.

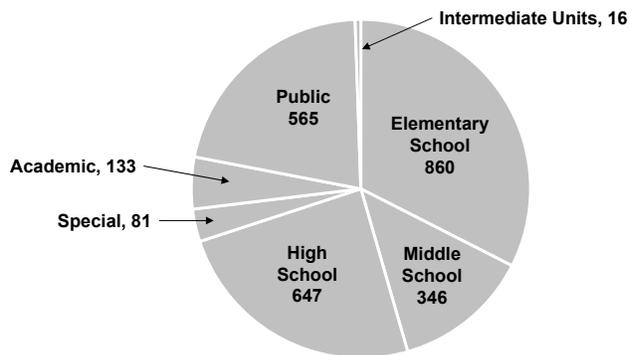
Public Library Subsidy. The commonwealth helps defray the cost of basic operations of Pennsylvania's more than 600 local public libraries. Through participation in this program, libraries provide a common denominator of services statewide, and in so doing, help meet the information, education and enrichment needs of Pennsylvania's pre-kindergarten children, students and lifelong learners.

The public library subsidy also supports a structure of libraries and programs that together provide resources and specialized services to local libraries and all residents. This funding provides every Pennsylvanian with access to the vast and historic resources of four major research libraries: 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 also across the commonwealth. This funding supports four distinct programs. 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 network provides vetted online magazine and reference materials for Pennsylvania residents to use in the library or remotely from home. This program remains a valued 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 approximately 2,700 Pennsylvania school, public, college, university and special libraries and intermediate units. Once an item is located, it can be "ordered" from the source library online. This is the largest online catalog of its type in North America. As part of the Library Access program, Pennsylvanians have online access to professional reference librarians 24 hours a day, 7 days a week through Pennsylvania's virtual reference service called Ask Here PA.

Number of Libraries in Access PA Database



Pennsylvania is fortunate to have two libraries providing invaluable services to persons with visual and physical limitations. In partnership with the National Library Service for the Blind and Physically Handicapped, recorded and Braille materials are available by direct mail or downloaded to students and residents of all ages who cannot use a traditional book, magazine or newspaper. Pennsylvania was a pioneer offering state-level library services to the visually impaired over 100 years ago.

State Library. This appropriation supports the services and operations of the Office of Commonwealth Libraries and is a primary source of funding for the State Library. Located in Harrisburg, the State Library of Pennsylvania is a major resource library established by statute to provide reference service to all branches of state government, as well as to libraries and residents of the commonwealth. An extensive general and legal reference collection, comprehensive collections of Pennsylvania newspapers, Pennsylvania state and U.S. government publications and 90 databases are available. The State Library is home to the Rare Collections Library, which is organized around the Assembly Collection that was purchased beginning in 1745 by Ben Franklin when he was Clerk of the Assembly. The collection includes newspapers from colonial times through 1860. The Rare Collections Library is the premier library environment in the nation incorporating systems and techniques to preserve historic, paper-based collections.

Program: Library Services (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ -19</p> <p>\$ 500</p>	<p>State Library —reduction in administrative costs.</p> <p>Public Library Subsidy —Initiative—Library Support. To support Pennsylvania’s public libraries.</p>	<p>\$ -250</p>	<p>Library Access —funding reduction.</p>
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The Library Services for the Visually Impaired and Disabled appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
State Library	1,946	1,957	1,938	1,938	1,938	1,938	1,938
Public Library Subsidy	53,507	53,507	54,007	54,007	54,007	54,007	54,007
Library Services for the Visually Impaired and Disabled	2,567	2,567	2,567	2,567	2,567	2,567	2,567
Library Access	2,821	3,071	2,821	2,821	2,821	2,821	2,821
TOTAL GENERAL FUND	\$ 60,841	\$ 61,102	\$ 61,333	\$ 61,333	\$ 61,333	\$ 61,333	\$ 61,333

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 270 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 appropriations and state-funded student grant programs administered by the Pennsylvania Higher Education Assistance Agency.

Table 1
Full-Time Enrollments
at State-Supported Institutions of Higher Education
(Actual and Projected)

Institutional Category	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
State System of Higher Education.....	107,012	104,588	103,815	104,223	104,873	105,563	106,295
Community Colleges	97,981	97,494	98,266	98,600	99,138	99,836	100,543
State-Related Universities.....	160,589	162,313	164,151	166,173	168,429	170,791	173,774
Thaddeus Stevens College of Technology	806	833	838	878	878	878	878
TOTAL	366,388	365,228	367,070	369,874	373,318	377,068	381,490

Program Element: Institutional Support for Pennsylvania's Institutions of Higher Education

State System of Higher Education. Funding for the 14 universities of the State System of Higher Education is distributed through the Office of the Chancellor to the individual universities in accordance with a formula that consists of student enrollment, programs of the school, performance measures, and the operational cost of the individual campuses. Although each university has an individual mission, they all provide a broad liberal arts curriculum and most offer the master degree level of study in their programs.

Community Colleges. Funding is shared by sponsoring counties or school districts, students through tuition payments, and the commonwealth. Commonwealth appropriations are based on base operating funding, enrollment growth, 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. Non-degree programs are also offered.

State-Related Universities. Funding for the four state-related universities — the Pennsylvania State University, the University of Pittsburgh, Temple University and Lincoln University — provides basic support for educational

programs. The first three universities are major research universities that provide programs up to the doctoral level in varied academic disciplines and professional schools. The fourth, Lincoln University, provides programs in numerous disciplines at the baccalaureate and master degree levels.

Thaddeus Stevens College of Technology. The college provides two-year, technical education programs for qualified students. These programs are provided both on a tuition basis and at no cost for financially disadvantaged students. Thaddeus Stevens is dedicated to growing Pennsylvania's technical workforce and preparing students for high demand jobs within the commonwealth.

Impact: Number of Degrees Awarded

The state-supported universities and colleges graduated 88,971 students in 2012-13 with degrees ranging from the two-year associate degree to doctoral and professional degrees.

Program Element: Increasing Access to Higher Education

In 2012, of 131,733 public high school graduates, 97,304, or approximately 73.9 percent, planned to attend an academic degree-granting post-secondary institution. To better serve the needs of all Pennsylvania students, the Department of Education administers a comprehensive system that enables students to easily transfer up to

Program: Higher Education (continued)

Table 2
Higher Education Degrees Awarded
by State-Supported Institutions of Higher Education
(Actual and Projected)

Institutional Category	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
State-Supported:							
State System of Higher Education.....	30,623	30,780	31,146	31,382	31,646	31,706	31,798
Community Colleges	16,948	16,896	17,057	17,163	17,333	17,498	17,664
State-Related Universities.....	41,151	41,476	42,051	42,351	43,169	44,136	45,274
Thaddeus Stevens College of Technology	249	280	303	306	336	336	336
TOTAL	<u>88,971</u>	<u>89,432</u>	<u>90,557</u>	<u>91,202</u>	<u>92,484</u>	<u>93,676</u>	<u>95,072</u>

60 credit hours of foundation coursework among 35 participating colleges and universities in Pennsylvania, including all of the commonwealth’s community colleges, State System of Higher Education institutions and state-related institutions.

Program Element: Diversity in Disciplines

The diversity of enrollments by discipline will shape the future of higher education. Enrollments in career-oriented disciplines such as business management, data processing, health professions and majors in the STEM fields — science, technology, engineering and math — are increasing. Providing access to these professions is vital to ensuring the long-term economic health of the commonwealth.

Program Element: Support for Minority 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. The 2014-15 budget continues operating support for Cheyney and Lincoln Universities, funding is also included in the capital budget for infrastructure improvements at Lincoln University.

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 continued state general support for research at Pennsylvania State University, University of Pittsburgh and Temple 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.

Program Element: Community Service

Public and community services are provided through Community Education Councils. These councils enhance Pennsylvania’s rural economic engine by acting as facilitators and brokers of employer driven educational programs, and continue to be an integral partner in building a more competitive rural workforce.

Program Element: Support Services

The department provides leadership and support services to all sectors of higher education. Responsibilities include acting as a liaison with the national accrediting agencies, the State Board of Education, the State Board of Private Licensed Schools and other governing boards; policy review and development based on comprehensive planning and research; and implementation of the Higher Education Master Plan. The department also partners with other commonwealth agencies on workforce development strategies. Additionally, the department awards teaching certificates to those seeking certification in Pennsylvania.

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	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Percent Change
		Actual	Projected	Projected	Projected	Projected	Projected	Projected	
Agricultural and Natural Resources	# %	3,958 1.08%	3,955 1.08%	3,978 1.08%	4,014 1.08%	4,078 1.09%	4,157 1.10%	4,278 1.12%	8.08%
Arts and Letters	# %	67,331 18.32%	66,983 18.29%	66,899 18.17%	66,928 18.05%	67,171 17.94%	67,635 17.89%	68,190 17.83%	1.28%
Business, Management and Data Processing	# %	50,576 13.76%	50,375 13.75%	51,179 13.90%	52,077 14.04%	53,118 14.19%	54,200 14.34%	55,511 14.51%	9.76%
Communications and Related Technologies	# %	14,479 3.94%	13,854 3.78%	13,643 3.71%	13,522 3.65%	13,444 3.59%	13,370 3.54%	13,310 3.48%	-8.07%
Computer and Information Sciences	# %	11,151 3.03%	11,358 3.10%	11,465 3.11%	11,647 3.14%	11,762 3.14%	11,915 3.15%	12,098 3.16%	8.49%
Education	# %	24,973 6.80%	23,893 6.52%	23,454 6.37%	23,291 6.28%	23,193 6.20%	23,182 6.13%	23,234 6.07%	-6.96%
Engineering, Architecture and Environmental Design	# %	20,351 5.54%	21,239 5.80%	21,609 5.87%	21,980 5.93%	22,237 5.94%	22,467 5.94%	22,712 5.94%	11.60%
Engineering Technologies and Related Technologies	# %	5,891 1.60%	5,836 1.59%	5,792 1.57%	5,776 1.56%	5,773 1.54%	5,779 1.53%	5,790 1.51%	-1.71%
Health Professions, Health Sciences and Biological Sciences	# %	60,810 16.55%	61,107 16.68%	61,898 16.82%	62,561 16.87%	63,346 16.92%	63,972 16.92%	64,826 16.95%	6.60%
Home Economics, Human Services and Public Affairs	# %	35,182 9.57%	34,557 9.44%	34,528 9.38%	34,572 9.32%	34,710 9.27%	34,860 9.22%	35,031 9.16%	-0.43%
Industrial, Repair, Construction and Transport Technologies	# %	4,474 1.22%	4,474 1.22%	4,496 1.22%	4,564 1.23%	4,597 1.23%	4,636 1.23%	4,677 1.22%	4.54%
Law	# %	3,728 1.01%	3,585 0.98%	3,587 0.97%	3,594 0.97%	3,620 0.97%	3,649 0.97%	3,681 0.96%	-1.26%
Physical Sciences, Mathematics and Related Technologies	# %	19,420 5.29%	19,604 5.35%	19,679 5.35%	19,803 5.34%	19,953 5.33%	20,122 5.32%	20,294 5.31%	4.50%
Social Sciences, Psychology, Area Studies and Foreign Languages	# %	38,619 10.51%	38,764 10.58%	38,990 10.59%	39,407 10.63%	39,878 10.65%	40,356 10.67%	40,727 10.65%	5.46%
Multi-Interdisciplinary Studies/ Military Studies	# %	4,932 1.34%	5,114 1.40%	5,333 1.45%	5,558 1.50%	5,877 1.57%	6,195 1.64%	6,547 1.71%	32.75%
Basic Skills and Developmental/ Remedial Education	# %	494 0.13%	512 0.14%	522 0.14%	532 0.14%	543 0.15%	555 0.15%	566 0.15%	14.57%
High School/ Secondary Diplomas and Certificates	# %	19 0.01%	18 0.00%	18 0.00%	18 0.00%	18 0.00%	18 0.00%	18 0.00%	-5.26%
TOTAL		366,388	365,228	367,070	369,844	373,318	377,068	381,490	4.12%

Percentages in some columns may not total to 100% due to rounding.

Program: Higher Education (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Transfer to Community College Capital Fund
 \$ -1,000 —funding reduction.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Community Colleges	\$ 212,167	\$ 212,167	\$ 212,167	\$ 212,167	\$ 212,167	\$ 212,167	\$ 212,167
Transfer to Community College Capital Fund.....	47,869	48,869	47,869	47,869	47,869	47,869	47,869
Regional Community Colleges Services ...	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Community Education Councils.....	1,800	2,300	2,300	2,300	2,300	2,300	2,300
Thaddeus Stevens College of Technology	10,332	10,332	10,332	10,332	10,332	10,332	10,332
State System of Higher Education.....	412,751	412,751	412,751	412,751	412,751	412,751	412,751
Pennsylvania State University	227,694	229,694	229,694	229,694	229,694	229,694	229,694
University of Pittsburgh.....	136,076	136,293	136,293	136,293	136,293	136,293	136,293
Temple University	139,917	139,917	139,917	139,917	139,917	139,917	139,917
Lincoln University	11,163	13,163	13,163	13,163	13,163	13,163	13,163
TOTAL GENERAL FUND	\$ 1,200,969	\$ 1,206,686	\$ 1,205,686	\$ 1,205,686	\$ 1,205,686	\$ 1,205,686	\$ 1,205,686

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: PreK-12 Education (Basic Education)							
Basic Education Targeted Investment							
Public school enrollment (K-12)	1,764,000	1,764,000	1,763,000	1,762,000	1,761,000	1,760,000	1,759,000
Early Childhood Education							
School districts offering pre-kindergarten	84	82	82	82	82	82	82
Students enrolled in pre-kindergarten (excluding Head Start)	25,000	25,700	25,700	25,700	25,700	25,700	25,700
Students in state-funded Head Start Supplemental	5,219	5,590	5,590	5,590	5,590	5,590	5,590
Students in PA Pre-K Counts program	11,344	14,027	15,697	15,697	15,697	15,697	15,697
Early Intervention							
Children participating in Early Intervention	49,970	50,844	52,344	52,344	52,344	52,344	52,344
Children on their 3rd birthday who transitioned from infant/toddler Early Intervention to preschool Early Intervention	6,346	7,900	7,900	7,900	7,900	7,900	7,900
Children who met their individual goals and no longer need Early Intervention prior to school age	1,737	1,800	1,800	1,800	1,800	1,800	1,800
Children receiving early intervention in typical early childhood educational settings such as home, child care or Head Start	72%	72%	73%	74%	75%	76%	76%
Secondary Education-Transforming Pennsylvania's High Schools							
High schools offering at least one Advanced Placement course	99%	99%	99%	99%	99%	99%	99%
Advanced Placement tests given in high schools	86,815	93,065	99,855	107,145	114,970	123,360	135,360
Advanced Placement tests with scores of "3" or higher demonstrating mastery of the course	71%	72%	73%	74%	75%	76%	77%
Accountability							
Students proficient/advanced in mathematics PSSAs	74.70%	80%	70%	75%	80%	85%	90%
Percentage gains in mathematics PSSA proficiency from 5th to 8th grade-same students	4%	4%	0%	1%	3%	5%	8%
Students proficient/advanced in reading PSSAs	69.10%	81%	70%	75%	80%	85%	90%
Percentage gains in reading proficiency from 5th to 8th grade-same students	13.40%	19%	0%	1%	3%	5%	8%
Career & Technical (Vocational) Education							
Enrollment	64,431	64,755	65,075	65,400	65,730	66,060	66,390
Vocational education program completers	71%	74%	77%	80%	83%	86%	89%
Skilled workforce--percentage of PA Skills Certificates awarded	63%	63%	64%	65%	66%	67%	68%
Special Education							
Pupils with disabilities enrolled in special education programs	262,461	262,460	262,400	262,400	262,400	262,400	262,400

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Special education incidence rate	15%	15%	15%	15%	15%	15%	15%
Other Education Programs							
Nonpublic school enrollment	238,500	234,900	232,100	230,200	229,100	228,600	228,100
Program: Library Services							
Items accessed-State Library of Pennsylvania	280,000	285,000	290,000	295,000	300,000	305,000	310,000
Visits to public libraries (in thousands)	46,540	47,000	47,230	47,490	47,720	47,790	48,000
Materials borrowed from public libraries (in thousands)	70,419	71,830	73,265	74,730	76,225	77,750	79,305
Items borrowed from public libraries children's collections- included above (in thousands)	25,845	26,360	26,890	27,425	27,975	28,535	29,105
Materials borrowed from libraries for blind and physically handicapped-included above (in thousands)	1,600	1,680	1,765	1,850	1,945	2,040	2,145
POWER Library use - items examined (in thousands)	28,000	28,440	28,725	29,010	29,300	29,595	29,995
Online inquiries by consumers to professional reference librarians (Ask Here PA)	136,560	139,290	142,075	149,915	150,075	153,075	156,140
Public library internet computer sessions	8,350	8,335	8,330	8,325	8,320	8,310	8,305
Program: Higher Education							
Access & Affordability							
Minority enrollment at public institutions	83,415	88,495	93,885	99,605	105,670	112,105	118,930
Outcomes							
Six-year graduation rate (percent) for full-time, first-time students at state system institutions	56%	56%	56%	56%	56%	56%	57%
Six-year graduation rate (percent) for full-time, first-time students at state-related institutions	70%	71%	71%	72%	73%	74%	75%
Three-year graduation rate (percent) for full-time, first-time students at community colleges	15%	15%	15%	15%	15%	15%	15%

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eHEALTH PARTNERSHIP AUTHORITY

The mission of the eHealth Partnership Authority is to improve health care delivery and health care outcomes in Pennsylvania by enabling the secure exchange of health information.

The authority provides leadership and strategic direction for public and private, federally funded and state-funded investments in health information technology initiatives, including health information exchange capabilities and other related health information technology efforts. The authority works with various stakeholders, including health care providers, insurers, academics and consumer advocates, toward the ultimate goal of improving patient health. Based on existing legislation, the authority will expire on July 5, 2017.

Programs and Objectives

Health Information Technology: *To strengthen the health care system and improve both health care delivery and outcomes through the timely, secure and authorized exchange of patient health information among health care providers.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Transfer to PA eHealth Partnership Fund.....	\$ 804 ^a	\$ 2,200	\$ 2,000
(F)ARRA - Health Information Exchange (EA).....	16,749 ^a	0	0
Subtotal - State Funds.....	\$ 804	\$ 2,200	\$ 2,000
Subtotal - Federal Funds.....	16,749	0	0
Total - General Government.....	<u>\$ 17,553</u>	<u>\$ 2,200</u>	<u>\$ 2,000</u>
<i>Grants and Subsidies:</i>			
(F)State Health Care Innovation Model (EA).....	\$ 50	\$ 21	\$ 0
STATE FUNDS.....	\$ 804	\$ 2,200	\$ 2,000
FEDERAL FUNDS.....	16,799	21	0
GENERAL FUND TOTAL.....	<u>\$ 17,603</u>	<u>\$ 2,221</u>	<u>\$ 2,000</u>
OTHER FUNDS:			
PENNSYLVANIA EHEALTH PARTNERSHIP FUND:			
General Operations (EA).....	\$ 2,100	\$ 3,000 ^b	\$ 0 ^b
(F)ARRA - Health Information Exchange (EA).....	0 ^c	8,837 ^c	0
(A)Fees.....	0	0	3,100
PENNSYLVANIA EHEALTH PARTNERSHIP FUND TOTAL.....	<u>\$ 2,100</u>	<u>\$ 11,837</u>	<u>\$ 3,100</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 804	\$ 2,200	\$ 2,000
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	16,799	21	0
OTHER FUNDS.....	2,100	11,837	3,100
TOTAL ALL FUNDS.....	<u>\$ 19,703</u>	<u>\$ 14,058</u>	<u>\$ 5,100</u>

^a Originally appropriated in Executive Offices – Health Information Exchange.

^b Transfer from the General Fund is excluded to avoid double counting: 2013-14 Available is \$2,200,000 and 2014-15 Budget is \$2,000,000. Includes \$1,346,000 in grantee contributions in 2013-14.

^c Not added to the total to avoid double-counting: 2012-13 Actual is \$10,000,000 and 2013-14 Available is \$8,837,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
eHEALTH PARTNERSHIP AUTHORITY							
GENERAL FUND.....	\$ 804	\$ 2,200	\$ 2,000	\$ 1,500	\$ 750	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	16,799	21	0	0	0	0	0
OTHER FUNDS.....	2,100	11,837	3,100	4,000	4,000	0	0
SUBCATEGORY TOTAL.....	\$ 19,703	\$ 14,058	\$ 5,100	\$ 5,500	\$ 4,750	\$ 0	\$ 0
ALL PROGRAMS:							
GENERAL FUND.....	\$ 804	\$ 2,200	\$ 2,000	\$ 1,500	\$ 750	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	16,799	21	0	0	0	0	0
OTHER FUNDS.....	2,100	11,837	3,100	4,000	4,000	0	0
DEPARTMENT TOTAL.....	\$ 19,703	\$ 14,058	\$ 5,100	\$ 5,500	\$ 4,750	\$ 0	\$ 0

PROGRAM OBJECTIVE: To strengthen the health care system and improve both health care delivery and outcomes through the timely, secure and authorized exchange of patient health information among health care providers.

Program: Health Information Technology

The Pennsylvania eHealth Partnership Authority, authorized by Act 121 of 2012, was established to build and maintain a health information exchange (HIE) infrastructure and to coordinate health information exchange projects statewide.

The authority is in the process of developing policies and procedures to govern the electronic exchange of health information within the commonwealth. It is also responsible for developing standards to ensure interoperability, overseeing the security and privacy of the exchange and conducting public information programs to educate consumers about the health information exchange.

The authority is developing policies and establishing an HIE infrastructure that complies with federal and state laws. The authority will also build and maintain a master index of patients and a record locator service that will allow all participants to match patient records effectively and transmit them to and from the proper locations. Act 121 also mandates that the authority build and maintain an opt-out registry that allows citizens to decide if they want their electronic health records shared and to have their preferences available to their health care providers.

The authority will establish and collect fees, including transaction, subscription or other fees or in-kind donations,

to cover implementation and operational costs of the system, or for other services provided by the authority. Participation in the electronic record exchange by any health care provider, payer, consumer or any other entity is voluntary.

The authority is in the final stages of developing and maintaining certified participant programs and will require certification for any entity accessing the system. These stakeholder-informed certification programs will establish a secure network for the personal health information of Pennsylvania's citizens.

The authority also will offer health care capacity building grants through leveraging of federal grant monies to help expand the use of electronic technology. This includes smaller health care entities where exchange infrastructure may be lacking. In addition, grants will support development of a commonwealth internal HIE to facilitate sharing of health information among state agencies and between state and private sector entities. These efforts are expected to improve long-term health care outcomes through the more timely and accurate availability of patient information for patients and health care providers.

Based on existing legislation, the authority will expire on July 5, 2017.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -200 **Transfer to PA eHealth Partnership Fund**
—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Transfer to PA eHealth Partnership Fund..	\$ 804	\$ 2,200	\$ 2,000	\$ 1,500	\$ 750	\$ 0	\$ 0

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EMERGENCY MANAGEMENT AGENCY

The mission of the Pennsylvania Emergency Management Agency is to save lives, reduce suffering and protect property and the environment by leading and coordinating commonwealth agencies and resources to prevent, protect, prepare, respond and recover from any man-made or natural disaster.

The agency 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 agency, through the Office of the State Fire Commissioner, provides loans to volunteer fire, ambulance and rescue companies, and coordinates state fire services. The agency also administers post-disaster aid to affected localities and citizens.

Programs and Objectives

Emergency Management: *To develop and maintain a statewide emergency preparedness and response program capable of immediate and effective action and rapid organizational expansion in the event of natural, technological or other man-made disasters.*

Fire Prevention and Safety: *To minimize the loss of life and property due to fire by developing and maintaining statewide municipal fire and emergency service capability and to promote citizen awareness to support community fire prevention and control efforts.*

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Emergency Management Agency

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 8,831 a	\$ 8,834	\$ 8,891
(F)Civil Preparedness.....	21,000	21,000	21,000
(F)Hazardous Materials Planning and Training.....	1,416	1,024	900
(F)Wireless E-911 Grant.....	2,479	0	0
(F)Domestic Preparedness - First Responders (EA).....	180,000	180,000	130,000
(A)Miscellaneous.....	11	0	0
Subtotal.....	<u>\$ 213,737</u>	<u>\$ 210,858</u>	<u>\$ 160,791</u>
State Fire Commissioner.....	1,994	2,032	2,018
(F)Fire Prevention.....	42	42	42
(A)Fire Academy Fees.....	16	40	20
(A)Volunteer Company Loan Program.....	250	250	250
(A)Volunteer Company Grant Program.....	250	250	250
(A)Arson Fines.....	0	1	1
Subtotal.....	<u>\$ 2,552</u>	<u>\$ 2,615</u>	<u>\$ 2,581</u>
Subtotal - State Funds.....	\$ 10,825	\$ 10,866	\$ 10,909
Subtotal - Federal Funds.....	204,937	202,066	151,942
Subtotal - Augmentations.....	527	541	521
Total - General Government.....	<u>\$ 216,289</u>	<u>\$ 213,473</u>	<u>\$ 163,372</u>
<i>Grants and Subsidies:</i>			
(F)June 2006 Summer Storm - Public Assistance (EA).....	\$ 5,100	\$ 1,000	\$ 0
(F)November 2006 Winter Storm Disaster - Public Assistance (EA).....	1,000	1,000	0
(F)February 2010 Winter Snowstorms - Public Assistance (EA).....	30	0	0
(F)February 2010 Winter Snowstorms - Hazard Mitigation (EA).....	6,000	3,500	2,500
(F)April 2011 Flooding - Public Assistance (EA).....	10,000	4,500	3,000
Hazard Mitigation.....	11,740	3,000	0
Summer 2011 Storm Disaster Relief.....	30,931	3,100	0
(F)Summer 2011 Storm Disaster Relief (EA).....	190,000	100,000	50,000
Hurricane Sandy - Disaster Relief.....	5,000	0	250
(F)Hurricane Sandy Disaster Relief (EA).....	9,000	5,000	3,000
October 2012 Hurricane Sandy - EMAC.....	4,483	0	0
February 2013 Snowstorm - EMAC.....	517	0	0
Summer 2013 Storm Disaster Relief.....	0	5,000	0
(F)Summer 2013 Storm Disaster Relief (EA).....	0	15,000	10,000
Firefighters' Memorial Flag.....	10	10	10
Red Cross Extended Care Program.....	100	150	0
Subtotal - State Funds.....	\$ 52,781	\$ 11,260	\$ 260
Subtotal - Federal Funds.....	221,130	130,000	68,500
Total - Grants and Subsidies.....	<u>\$ 273,911</u>	<u>\$ 141,260</u>	<u>\$ 68,760</u>
STATE FUNDS.....	\$ 63,606	\$ 22,126	\$ 11,169
FEDERAL FUNDS.....	426,067	332,066	220,442
AUGMENTATIONS.....	527	541	521
GENERAL FUND TOTAL.....	<u>\$ 490,200</u>	<u>\$ 354,733</u>	<u>\$ 232,132</u>

Emergency Management Agency

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
OTHER FUNDS:			
GENERAL FUND:			
VoIP Emergency Services Fund.....	\$ 16,913	\$ 16,650	\$ 16,650
Radiological Emergency Response Planning.....	1,078	1,300	1,200
Radiation Emergency Response Fund.....	693	820	820
Radiation Transportation Emergency Response Fund.....	3	100	64
GENERAL FUND TOTAL.....	<u>\$ 18,687</u>	<u>\$ 18,870</u>	<u>\$ 18,734</u>
HAZARDOUS MATERIAL RESPONSE FUND:			
General Operations.....	\$ 230	\$ 230	\$ 200
Hazardous Materials Response Team.....	230	230	200
Grants to Counties.....	1,610	1,610	1,400
Public and Facilities Owners Education.....	230	230	200
HAZARDOUS MATERIAL RESPONSE FUND TOTAL.....	<u>\$ 2,300</u>	<u>\$ 2,300</u>	<u>\$ 2,000</u>
PROPERTY TAX RELIEF FUND:			
Transfer to Volunteer Company Grants Program (EA).....	\$ 5,000	\$ 5,000	\$ 5,000
STATE GAMING FUND:			
Transfer to Volunteer Company Grants Program (EA).....	\$ 25,000	\$ 25,000	\$ 25,000
UNCONVENTIONAL GAS WELL FUND:			
Emergency Response Planning.....	\$ 1,500	\$ 750	\$ 750
First Responders Equipment and Training.....	1,500	750	750
UNCONVENTIONAL GAS WELL FUND TOTAL.....	<u>\$ 3,000</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>
VOLUNTEER COMPANIES LOAN FUND:			
Volunteer Company Loans.....	\$ 7,972	\$ 17,500	\$ 20,000
WIRELESS E-911 EMERGENCY SERVICES FUND:			
General Operations (EA).....	\$ 3,314	\$ 2,320	\$ 2,200
Wireless E-911 Emergency Services Grants (EA).....	114,986	118,096	115,000
WIRELESS E-911 EMERGENCY SERVICES FUND TOTAL.....	<u>\$ 118,300</u>	<u>\$ 120,416</u>	<u>\$ 117,200</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 63,606	\$ 22,126	\$ 11,169
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	426,067	332,066	220,442
AUGMENTATIONS.....	527	541	521
OTHER FUNDS.....	180,259	190,586	189,434
TOTAL ALL FUNDS.....	<u>\$ 670,459</u>	<u>\$ 545,319</u>	<u>\$ 421,566</u>

^a Appropriated as \$7,830,000 for General Government Operations and \$1,001,000 for Security and Emergency Preparedness.

Emergency Management Agency

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
EMERGENCY MANAGEMENT							
GENERAL FUND.....	\$ 61,502	\$ 19,934	\$ 9,141	\$ 8,891	\$ 8,891	\$ 8,891	\$ 8,891
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	426,025	332,024	220,400	182,700	166,900	157,950	153,150
OTHER FUNDS.....	31,085	30,770	30,334	30,334	30,334	30,334	30,334
SUBCATEGORY TOTAL.....	\$ 518,612	\$ 382,728	\$ 259,875	\$ 221,925	\$ 206,125	\$ 197,175	\$ 192,375
FIRE PREVENTION AND SAFETY							
GENERAL FUND.....	\$ 2,104	\$ 2,192	\$ 2,028	\$ 2,028	\$ 2,028	\$ 2,028	\$ 2,028
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	42	42	42	42	42	42	42
OTHER FUNDS.....	149,701	160,357	159,621	159,621	159,621	159,621	159,621
SUBCATEGORY TOTAL.....	\$ 151,847	\$ 162,591	\$ 161,691	\$ 161,691	\$ 161,691	\$ 161,691	\$ 161,691
ALL PROGRAMS:							
GENERAL FUND.....	\$ 63,606	\$ 22,126	\$ 11,169	\$ 10,919	\$ 10,919	\$ 10,919	\$ 10,919
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	426,067	332,066	220,442	182,742	166,942	157,992	153,192
OTHER FUNDS.....	180,786	191,127	189,955	189,955	189,955	189,955	189,955
DEPARTMENT TOTAL.....	\$ 670,459	\$ 545,319	\$ 421,566	\$ 383,616	\$ 367,816	\$ 358,866	\$ 354,066

PROGRAM OBJECTIVE: To develop and maintain a statewide emergency preparedness and response program capable of immediate and effective action and rapid organizational expansion in the event of natural, technological or other man-made disasters.

Program: Emergency Management

The Pennsylvania Emergency Management Agency (PEMA) was created in 1951 to address civil defense related public planning and preparedness. Over the last 60 years, PEMA's responsibilities have evolved, and the agency's mission has grown into that of a statewide all-hazards emergency management agency. The agency's mission to save lives and reduce suffering is accomplished through systematic preparation for the threats that pose the greatest risk to the safety and security of the commonwealth, including natural and man-made disasters, pandemics and acts of terrorism. PEMA has adopted the "Whole Community" approach to emergency management that recognizes it takes all aspects of a community to effectively prepare for, protect against, respond to, recover from and mitigate against any disaster. This includes an entire spectrum of emergency management partners, both traditional and nontraditional, including volunteer, faith, and community-based organizations, the private sector and the public.

Pennsylvania preparedness occurs as the result of actions taken to plan, train and equip to build and sustain the capabilities and capacity to protect our state during emergency events. The agency has several objectives that help meet the statewide preparedness goal: increase community outreach to better prepare citizens to appropriately respond to all-hazard threats within their community; increase capabilities of emergency management within the commonwealth; increase the efficiency of federal and state grant administration; provide wireless 911 callers the enhanced benefits traditionally available to landline 911 callers; and reduce the risks to critical infrastructure from acts that would severely diminish the ability of government to perform essential health and safety missions and negatively impact our people, vital interests and way of life.

Pennsylvania's "Whole Community" public preparedness program is based on inter and intra governmental coordination, communication and cooperation and a team approach involving state, county, municipal and federal elected leaders, the private sector owners of our critical infrastructure, emergency managers and first responders. At its core is a multi-agency coordination and 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.

PEMA's responsibilities also include programs concerning prison/community safety, wireless Enhanced 911 (E-911) implementation and maintenance, statewide chemical and nuclear power safety, hazardous materials transportation and individual emergency preparedness. PEMA also assists local governments with hazard assessments, emergency planning, warning systems and emergency communications, and ongoing training programs to help them maintain their readiness. PEMA also maintains and operates Pennsylvania's emergency response and command center on a 24/7 basis. In times of disaster, PEMA is responsible for all actions related to gubernatorial emergency declarations, presidential disaster declarations and all coordination with the Federal Emergency Management Agency as it relates to each specific declaration.

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. Counties are also required to have current hazard mitigation plans. 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 agency 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 agency also coordinates nine regional counter-terrorism task forces and incident support teams. PEMA acts as the federally designated state administrative agency and is responsible for managing congressionally mandated and first responder preparedness support programs.

The agency is 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.

Act 9 of 2012 requires the operator of an unconventional well site to develop an emergency response plan

Emergency Management Agency

Program: Emergency Management (continued)

that provides for equipment, procedures, training and documentation to properly respond to emergencies that threaten human health and safety for each well site or planned well site. The operator is required to submit a copy of the current emergency response plan for that well site and review the plan and submit an update annually.

PEMA is also responsible for the administration of the Public Safety Emergency Telephone Act which established the Wireless E-911 Emergency Services Fund. This fund

provides for the collection of a one dollar per device monthly surcharge on wireless telephone customers to support a statewide integrated wireless E-911 system. The wireless surcharge funds are disbursed to public safety answering points to upgrade E-911 technologies by providing 911 telecommunicators with location information for wireless E-911 callers. Additional amendments to the act have added fees for voice over internet protocol phones and prepaid wireless phones.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	General Government Operations		Hurricane Sandy - Disaster Relief
\$ 121	—Initiative - to provide additional staffing for the State Emergency Operations Center.	\$ 250	—state match for federally funded projects.
<u>-64</u>	—reduction in administrative costs.		
\$ 57	<i>Appropriation Increase</i>	\$ -5,000	Summer 2013 Storm Disaster Relief
			—nonrecurring state match for federally funded projects.
	Hazard Mitigation		
\$ -3,000	—nonrecurring state match for federally funded projects.		
	Summer 2011 Storm Disaster Relief		
\$ -3,100	—nonrecurring state match for federally funded projects.		

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 8,831	\$ 8,834	\$ 8,891	\$ 8,891	\$ 8,891	\$ 8,891	\$ 8,891
Hazard Mitigation	11,740	3,000	0	0	0	0	0
Summer 2011 Storm Disaster Relief	30,931	3,100	0	0	0	0	0
Hurricane Sandy - Disaster Relief	5,000	0	250	0	0	0	0
October 2012 Hurricane Sandy - EMAC ...	4,483	0	0	0	0	0	0
February 2013 Snowstorm - EMAC.....	517	0	0	0	0	0	0
Summer 2013 Storm Disaster Relief	0	5,000	0	0	0	0	0
TOTAL GENERAL FUND	\$ 61,502	\$ 19,934	\$ 9,141	\$ 8,891	\$ 8,891	\$ 8,891	\$ 8,891

PROGRAM OBJECTIVE: To minimize the loss of life and property due to fire by developing and maintaining statewide municipal fire and emergency service capability and to promote citizen awareness to support community fire prevention and control efforts.

Program: Fire Prevention and Safety

Act 118 of 2010, 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; the Volunteer Loan Assistance Program (VLAP); the Fire Company and Volunteer Ambulance Service Grant program; the Pennsylvania Fire Information Reporting System; an alternative energy curriculum that specifically addresses gas production from Marcellus Shale wells; a variety of public education/information programs; and the administration of the Firefighters' Memorial Flag program.

The commissioner is also 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 commissioner's office provides 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 service community.

The State Fire Academy in Lewistown is the catalyst for the delivery of training and certification to the commonwealth's fire and emergency response community. The Local Level Training program, a unique system involving the academy, 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 departments.

The academy's training facilities and staff support the Resident Training programs offering mid-level, advanced and specialty training in fire, rescue, hazardous material and officer development courses aimed at providing professional development opportunities for the commonwealth's fire service, state certified instructors and employees from other state agencies. As resources allow, selected programs of timely interest and concern

are made available to the emergency services through the academy's "Academy on the Road" program. The academy manages the Firefighter Certification program that measures individual knowledge and skills against nationally accepted professional standards to assist responders in maximizing their training and experience credentials.

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. Act 129 of 2013 modified loan amount, loan periods and the number of loans allowed for emergency service providers.

The Fire Company and Volunteer Ambulance Service Grant program was extended through June 30, 2016 and annually transfers \$25 million from the State Gaming Fund and \$5 million from the Property Tax Relief Fund to the grants program to provide grant funding to all fire companies and volunteer ambulance services to assist in maintaining or improving capability to provide fire, ambulance and rescue services.

The Pennsylvania Fire and Rescue Mutual Aid System (PA-FaRMAS) provides a statewide fire service mutual aid system. The system was developed to identify and deploy emergency resources when an incident expands beyond the capabilities of local jurisdictions and resources.

Act 168 of 1990, which provides for a flag to honor firefighters who have died in the line of duty, assigns the Office of the Pennsylvania State Fire Commissioner the responsibility to implement the provisions of the act. As part of its involvement in this program, the fire commissioner's office provides personal support and assistance to fire departments and surviving relatives immediately following such deaths and attempts to ascertain and use lessons learned to reduce the number of firefighter deaths in the future.

Act 13 of 2012 establishes the development, delivery and sustainment of training and grant programs for first responders and the acquisition of specialized equipment for response to emergencies relating to natural gas production from unconventional wells.

Emergency Management Agency

Program: Fire Prevention and Safety (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$	-14	State Fire Commissioner —reduction in administrative costs.
\$	-150	Red Cross Extended Care Program —program elimination.

The Firefighters' Memorial Flag appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
State Fire Commissioner	\$ 1,994	\$ 2,032	\$ 2,018	\$ 2,018	\$ 2,018	\$ 2,018	\$ 2,018
Firefighters' Memorial Flag	10	10	10	10	10	10	10
Red Cross Extended Care Program	100	150	0	0	0	0	0
TOTAL GENERAL FUND	\$ 2,104	\$ 2,192	\$ 2,028	\$ 2,028	\$ 2,028	\$ 2,028	\$ 2,028

Emergency Management Agency

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Emergency Management							
State and local emergency management personnel trained	3,033	3,100	3,100	3,100	3,100	3,100	3,100
Percentage of residents prepared for a disaster	37%	38%	40%	41%	42%	43%	44%
Percentage of counties that request funding for Citizen Corps programs or outreach materials	51%	55%	60%	65%	70%	75%	80%
State and federal emergency management grant funds disbursed (in thousands)	\$85,078	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Program: Fire Prevention and Safety							
Fire departments participating in Fire Department Recognition program	401	475	535	600	650	700	750
State Fire Academy entry level training graduates	7,900	8,800	9,700	10,000	10,250	10,500	10,500
Individuals nationally certified at Firefighter I or higher at the State Fire Academy Certification Program	3,415	3,650	3,900	3,900	4,100	4,200	4,200
Incidents reports entered into the PA Fire Information Reporting System	386,290	405,000	425,000	447,000	469,000	492,000	517,000
Volunteer company loans approved (in thousands)	\$11,000	\$17,500	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Fire company and volunteer ambulance service grants awarded	2,665	2,750	2,750	2,750	2,750	2,750	2,750



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.

Programs and Objectives

Environmental Support Services: *To provide administrative and technical support for the commonwealth's environmental protection programs.*

Environmental Protection and Management: *To protect and improve the quality of the air, water and environment for the health and safety of the citizens of the commonwealth, to protect people from dangerous or unnecessary radiation from natural and manmade sources, including occupational and medical exposure and to manage water and mineral resources in a way that protects their undue destruction and depletion while allowing economic benefits from their use.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 10,642	\$ 10,642	\$ 12,309
(A)Reimbursement - EDP Services.....	8,903	8,760	8,760
(A)Department Services.....	204	175	175
Subtotal.....	<u>\$ 19,749</u>	<u>\$ 19,577</u>	<u>\$ 21,244</u>
Environmental Hearing Board.....	1,977	2,158	2,228
Subtotal.....	<u>\$ 1,977</u>	<u>\$ 2,158</u>	<u>\$ 2,228</u>
Environmental Program Management.....	24,965	26,297	28,048
(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.....	5,500	5,500	5,500
(F)Air Pollution Control Grants - Management.....	3,200	3,200	3,200
(F)Surface Mine Conservation.....	6,500	6,500	6,500
(F)Wetland Protection Fund.....	840	840	840
(F)Diagnostic X-Ray Equipment Testing.....	550	550	550
(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.....	300	300	300
(F)Wellhead Protection Fund.....	250	250	250
(F)Indoor Radon Abatement.....	600	600	700
(F)Non-Point Source Implementation.....	12,800	12,800	12,800
(F)Hydroelectric Power Conservation Fund.....	51	51	51
(F)Survey Studies.....	5,000	5,000	5,000
(F)National Dam Safety.....	150	300	300
(F)Training Reimbursement for Small Systems.....	3,500	3,500	3,500
(F)State Energy Program.....	15,000	15,000	15,000
(F)ARRA - State Energy Program.....	35,000	0	0
(F)Pollution Prevention.....	800	800	800
(F)Energy & Environmental Opportunities.....	1,200	1,200	1,200
(F)Surface Mine Conservation.....	680	680	680
(F)Abandoned Mine Reclamation (EA).....	55,000	55,000	55,000
(F)Nuclear and Chemical Security (EA).....	122	132	20
(F)Homeland Security Initiative (EA).....	2,000	2,000	2,000
(A)Payments - Department Services.....	85	406	494
(A)Vehicle Sales.....	30	5	5
(A)PA DOT ISTEPA Program.....	7	10	10
(A)Clean Water Fund.....	0	838	838
(A)Reimbursement from Water Pollution Control Revolving Fund.....	154	200	200
(A)Safe Drinking Water Revolving Fund Administration.....	268	300	300
(R)Sewage Facilities Program Administration (EA).....	1,500	1,500	1,500
(R)Used Tire Pile Remediation (EA).....	1,253	1,253	1,253
Subtotal.....	<u>\$ 192,555</u>	<u>\$ 160,262</u>	<u>\$ 162,089</u>
Chesapeake Bay Agricultural Source Abatement.....	2,667	2,667	2,655
(F)Chesapeake Bay Pollution Abatement.....	6,200	6,200	7,200
Subtotal.....	<u>\$ 8,867</u>	<u>\$ 8,867</u>	<u>\$ 9,855</u>
Environmental Protection Operations.....	74,547	76,221	83,535
(F)EPA Planning Grant - Administration.....	8,400	8,400	8,400
(F)Water Pollution Control Grants.....	8,900	8,900	8,900
(F)Air Pollution Control Grants.....	4,075	5,010	5,010
(F)Surface Mine Control and Reclamation.....	11,344	11,344	11,344
(F)Training & Education of Underground Coal Miners.....	1,700	1,700	1,700
(F)Construction Management Assistance Grants.....	350	350	350
(F)Safe Drinking Water.....	5,700	5,700	5,700
(F)Oil Pollution Spills Removal.....	1,000	1,000	1,000
(F)Emergency Disaster Relief (EA).....	213	0	0

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
(F) Technical Assistance to Small Systems (EA).....	1,000	1,000	1,000
(F) Assistance to State Programs (EA).....	4,500	4,500	4,500
(F) Local Assistance and Source Water Protection (EA).....	6,000	6,000	6,000
(A) Clean Air Fund.....	2,244	3,182	3,860
(A) Vehicle Sale.....	181	80	80
(A) Reimbursement from Water Pollution Control Revolving Fund.....	125	145	145
(A) Safe Drinking Water Account.....	200	200	200
(A) Solid Waste Abatement.....	500	145	500
(A) Reimbursement - PENNVEST.....	2	0	0
(A) Reimbursement - Department Services.....	100	2,719	6,390
(A) PADOT ISTEA Program.....	825	825	825
(A) Safe Drinking Water Revolving Fund.....	645	615	615
(A) Reimbursement - Laboratory Services.....	9,587	10,506	10,506
(A) Lab Accreditation.....	1,631	1,610	1,610
Subtotal.....	\$ 143,769	\$ 150,152	\$ 162,170
Black Fly Control and Research.....	3,314	3,314	3,309
(A) County Contributions.....	798	725	725
Subtotal.....	\$ 4,112	\$ 4,039	\$ 4,034
West Nile Virus Control.....	3,824	3,824	3,812
(A) Vehicle Sales.....	0	5	0
(A) Reimbursement for Spraying.....	0	2	0
Subtotal.....	\$ 3,824	\$ 3,831	\$ 3,812
Subtotal - State Funds.....	\$ 121,936	\$ 125,123	\$ 135,896
Subtotal - Federal Funds.....	223,675	189,557	190,545
Subtotal - Augmentations.....	26,489	31,453	36,238
Subtotal - Restricted Revenues.....	2,753	2,753	2,753
Total - General Government.....	\$ 374,853	\$ 348,886	\$ 365,432
Grants and Subsidies:			
Sewage Facilities Planning Grants.....	\$ 0	\$ 200	\$ 0
Delaware River Master.....	76	76	76
Susquehanna River Basin Commission.....	573	573	573
Interstate Commission on the Potomac River.....	46	46	46
Delaware River Basin Commission.....	934	934	434
Ohio River Valley Water Sanitation Commission.....	136	136	136
Chesapeake Bay Commission.....	227	227	227
Transfer to Conservation District Fund.....	2,856	2,506	2,506
Interstate Mining Commission.....	30	30	30
Total - Grants and Subsidies.....	\$ 4,878	\$ 4,728	\$ 4,028
STATE FUNDS.....	\$ 126,814	\$ 129,851	\$ 139,924
FEDERAL FUNDS.....	223,675	189,557	190,545
AUGMENTATIONS.....	26,489	31,453	36,238
RESTRICTED REVENUES.....	2,753	2,753	2,753
GENERAL FUND TOTAL.....	\$ 379,731	\$ 353,614	\$ 369,460
MOTOR LICENSE FUND:			
General Government:			
Dirt and Gravel Roads.....	\$ 4,000	\$ 4,000	\$ 28,000

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
OTHER FUNDS:			
GENERAL FUND:			
Safe Drinking Water Account.....	\$ 887	\$ 1,204	\$ 1,163
Radiation Protection Fund.....	10,460	13,606	13,840
Clean Water Fund.....	11,875	22,865	19,989
Solid Waste Abatement Fund.....	2,139	4,340	3,265
Well Plugging Account.....	15,745	18,571	19,708
Abandoned Well Plugging.....	205	482	350
Orphan Well Plugging.....	1,016	1,528	710
Alternative Fuels.....	7,716	12,095	6,095
Industrial Land Recycling.....	189	200	212
Waste Transportation Safety Account.....	1,961	2,682	2,797
GENERAL FUND TOTAL.....	\$ 52,193	\$ 77,573	\$ 68,129
ACID MINE DRAINAGE ABATEMENT AND TREATMENT FUND:			
Acid Mine Drainage Abatement and Treatment (EA).....	\$ 7,385	\$ 11,493	\$ 13,192
CLEAN AIR FUND:			
Major Emission Facilities (EA).....	\$ 18,464	\$ 21,330	\$ 22,137
Mobile and Area Facilities (EA).....	10,198	8,610	9,502
(A) Reimbursement for Services.....	2	0	0
CLEAN AIR FUND TOTAL.....	\$ 28,664	\$ 29,940	\$ 31,639
COAL AND CLAY MINE SUBSIDENCE INSURANCE FUND:			
General Operations (EA).....	\$ 3,629	\$ 3,728	\$ 3,977
Payment of Claims (EA).....	2,040	2,040	2,040
COAL AND CLAY MINE SUBSIDENCE INSURANCE FUND TOTAL.....	\$ 5,669	\$ 5,768	\$ 6,017
COAL LANDS IMPROVEMENT FUND:			
Coal Lands Restoration (EA).....	\$ 250	\$ 250	\$ 100
CONSERVATION DISTRICT FUND:			
Conservation District Grants (EA).....	\$ 4,106	\$ 3,756	\$ 4,428
ENERGY DEVELOPMENT FUND:			
Energy Development - Administration (EA).....	\$ 75	\$ 90	\$ 95
Energy Development Loans/Grants (EA).....	0	3,962	0
ENERGY DEVELOPMENT FUND TOTAL.....	\$ 75	\$ 4,052	\$ 95
ENVIRONMENTAL EDUCATION FUND:			
General Operations (EA).....	\$ 1,039	\$ 712	\$ 666
ENVIRONMENTAL STEWARDSHIP FUND:			
Abandoned Mine Reclamation and Remediation (EA).....	\$ 1,285	\$ 1,099	\$ 0
Watershed Protection and Restoration (EA).....	16,336	20,765	23,960
ENVIRONMENTAL STEWARDSHIP FUND TOTAL.....	\$ 17,621	\$ 21,864	\$ 23,960
HAZARDOUS SITES CLEANUP FUND:			
General Operations (EA).....	\$ 19,491	\$ 19,553	\$ 24,122
Hazardous Sites Cleanup (EA).....	23,000	23,000	27,000
Host Municipality Grants (EA).....	75	75	75
Transfer to Industrial Sites Cleanup Fund (EA).....	2,000	2,000	0
Small Business Pollution Prevention (EA).....	1,000	1,000	500
Transfer-Industrial Sites Environmental Assessment Fund (EA).....	2,000	2,000	2,000
Transfer to Household Hazardous Waste Account (EA).....	1,000	1,000	500
HAZARDOUS SITES CLEANUP FUND TOTAL.....	\$ 48,566	\$ 48,628	\$ 54,197
MARCELLUS LEGACY FUND:			
Natural Gas Energy Development Program.....	\$ 17,500	\$ 2,500	\$ 0
MINE SAFETY FUND:			
General Operations (EA).....	\$ 1	\$ 61	\$ 61
NON-COAL SURFACE MINING CONSERVATION & RECLAMATION FUND:			
General Operations (EA).....	\$ 3,059	\$ 3,415	\$ 3,686

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
NUTRIENT MANAGEMENT FUND:			
Education, Research and Technical Assistance (EA).....	\$ 2,053	\$ 2,073	\$ 2,073
RECYCLING FUND:			
Recycling Coordinator Reimbursement (EA).....	\$ 1,600	\$ 2,000	\$ 2,000
Reimbursement for Municipal Inspection (EA).....	400	400	400
Reimburse-Host Municipality Permit Applications Review (EA).....	10	10	10
Administration of Recycling Program (EA).....	1,222	1,493	1,640
County Planning Grants (EA).....	2,000	2,000	2,000
Municipal Recycling Grants (EA).....	19,610	19,600	19,600
Municipal Recycling Performance Program (EA).....	16,500	16,500	16,500
Public Education/Technical Assistance (EA).....	3,310	3,725	4,325
Transfer to Used Tire Pile Remediation.....	1,250	0	0
RECYCLING FUND TOTAL.....	\$ 45,902	\$ 45,728	\$ 46,475
REMINING FINANCIAL ASSURANCE FUND:			
Remining Financial Assurance (EA).....	\$ 151	\$ 228	\$ 50
STORAGE TANK FUND:			
General Operations (EA).....	\$ 5,842	\$ 6,981	\$ 7,535
(A) Investment/Closing Cost Reimbursement.....	2,626	2,700	2,650
Underground Storage Tanks (EA).....	1,750	1,750	1,750
Leaking Underground Storage Tanks (EA).....	2,990	2,990	2,990
STORAGE TANK FUND TOTAL.....	\$ 13,208	\$ 14,421	\$ 14,925
SURFACE MINING CONSERVATION & RECLAMATION FUND:			
General Operations (EA).....	\$ 6,526	\$ 9,929	\$ 4,663
UNCONVENTIONAL GAS WELL FUND:			
Transfer to Well Plugging Account.....	\$ 12,000	\$ 6,000	\$ 6,000
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Environmental Cleanup Program (EA).....	\$ 5,298	\$ 5,296	\$ 5,296
Pollution Prevention Program (EA).....	1,000	1,000	1,000
Catastrophic Release Program (EA).....	5,202	5,201	5,201
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL.....	\$ 11,500	\$ 11,497	\$ 11,497
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 126,814	\$ 129,851	\$ 139,924
SPECIAL FUNDS.....	4,000	4,000	28,000
FEDERAL FUNDS.....	223,675	189,557	190,545
AUGMENTATIONS.....	26,489	31,453	36,238
RESTRICTED.....	2,753	2,753	2,753
OTHER FUNDS.....	277,468	299,888	291,853
TOTAL ALL FUNDS.....	\$ 661,199	\$ 657,502	\$ 689,313

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
ENVIRONMENTAL SUPPORT SERVICES							
GENERAL FUND.....	\$ 12,619	\$ 12,800	\$ 14,537	\$ 14,537	\$ 14,537	\$ 14,537	\$ 14,537
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	9,107	8,935	8,935	8,935	8,935	8,935	8,935
SUBCATEGORY TOTAL.....	\$ 21,726	\$ 21,735	\$ 23,472	\$ 23,472	\$ 23,472	\$ 23,472	\$ 23,472
ENVIRONMENTAL PROTECTION AND MANAGEMENT							
GENERAL FUND.....	\$ 114,195	\$ 117,051	\$ 125,387	\$ 125,387	\$ 125,387	\$ 125,387	\$ 125,387
SPECIAL FUNDS.....	4,000	4,000	28,000	28,000	28,000	28,000	28,000
FEDERAL FUNDS.....	223,675	189,557	190,545	190,545	190,545	190,545	190,545
OTHER FUNDS.....	297,603	325,159	321,909	323,735	323,735	323,735	323,735
SUBCATEGORY TOTAL.....	\$ 639,473	\$ 635,767	\$ 665,841	\$ 667,667	\$ 667,667	\$ 667,667	\$ 667,667
ALL PROGRAMS:							
GENERAL FUND.....	\$ 126,814	\$ 129,851	\$ 139,924	\$ 139,924	\$ 139,924	\$ 139,924	\$ 139,924
SPECIAL FUNDS.....	4,000	4,000	28,000	28,000	28,000	28,000	28,000
FEDERAL FUNDS.....	223,675	189,557	190,545	190,545	190,545	190,545	190,545
OTHER FUNDS.....	306,710	334,094	330,844	332,670	332,670	332,670	332,670
DEPARTMENT TOTAL.....	\$ 661,199	\$ 657,502	\$ 689,313	\$ 691,139	\$ 691,139	\$ 691,139	\$ 691,139

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)

\$	1,667	General Government Operations —to continue current program and account for a planned reduction in federal indirect revenues.
\$	70	Environmental Hearing Board —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 10,642	\$ 10,642	\$ 12,309	\$ 12,309	\$ 12,309	\$ 12,309	\$ 12,309
Environmental Hearing Board	1,977	2,158	2,228	2,228	2,228	2,228	2,228
TOTAL GENERAL FUND	\$ 12,619	\$ 12,800	\$ 14,537	\$ 14,537	\$ 14,537	\$ 14,537	\$ 14,537

PROGRAM OBJECTIVE: To protect and improve the quality of the air, water and environment for the health and safety of the citizens of the commonwealth, to protect people from dangerous or unnecessary radiation from natural and man-made sources, including occupational and medical exposure and to manage water and mineral resources in a way that protects their undue destruction and depletion while allowing economic benefits from their use.

Program: Environmental Protection and Management

This program encompasses the major program elements that help to protect the health and safety of the citizens of the commonwealth as well as the quality of their environment and economic health. These activities are all associated with the department's goals for clean air, clean water, land protection, community health and safety and identifying alternative energy opportunities.

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 areas are affected: water quality protection, water allocation, mine safety and safe drinking water. 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. The primary revenue source for the Environmental Stewardship Fund is a \$4 tipping fee per ton of solid waste disposed in Pennsylvania's municipal waste landfills. This fee is currently in effect until 2020. The budget includes funds from the Growing Greener II bond initiative, approved by the voters May 17, 2005. Growing Greener II provided the department with \$230 million to clean up rivers and streams, address 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. An accredited lab, the Bureau of Laboratories reviews 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.

In November 2012, the department instituted the permit review process and permit decision guarantee, moving away from the former money back guarantee process. This effort results in more timely permitting decisions, provides

clear expectations for applicants to improve the quality of permit applications, establishes performance measures for the department's permit review staff, and implements electronic permitting tools to enhance internal operations.

Efficiencies were quickly realized after just one year: 97 percent of all permits were reviewed within the target timeframes and 96 percent of all permits that qualified for the permit decision guarantee met target decision timeframes. Increases in efficiency have been found across all programs for permits included in the permit decision guarantee. The department has also rigorously worked to clear the back log of permits pending, decreasing pending authorizations by 66 percent.

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, particulate matter, sulfur and nitrogen oxides, volatile organic compounds and toxic air pollutants. These small particles and the toxic air pollutants they carry with them can aggravate or cause respiratory ailments.

Many of the volatile organic compounds and heavy metals resulting from industrial processes and combustion sources are toxic air pollutants. Emissions of these pollutants must be controlled under federal maximum achievable control technology requirements.

The department's system of 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 and operated in accordance with air quality regulations. The department regulates more than 3,000 sources of air emissions. The department approves plans for new construction or modification of existing

Program: Environmental Protection and Management (continued)

facilities and issues operating permits for major sources. 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 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 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.

Funding from the Growing Greener II bond is helping to improve water quality by restoring or improving approximately 16,787 acres of stream buffers installed and installing 326 acid mine drainage treatment systems (active and passive). Seven active systems treat more than seven billion gallons of acid mine drainage annually.

Through its various oversight activities, the department regulates water pollution control facilities and maintains a statewide surface and groundwater quality monitoring program. The National Pollutant Discharge Elimination System, a delegated program under the federal Clean Water Act, requires the commonwealth to permit and monitor point source discharges.

The Clean Water State Revolving Fund 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, managing and inspecting projects during construction.

Mining activities can degrade water quality through erosion and sediment runoff. The department requires applicants for mining permits to provide detailed information about hydrology, geology and proposed operations in order to demonstrate that the mining activity will not adversely impact water quality. In addition, the department launched a process to encourage the use of mine-influenced water by the oil and gas industry, such as acid mine drainage in oil and gas operations for hydraulic fracturing.

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. In 2013, the department launched eWell, an electronic well permitting process, which streamlines the current oil and gas permitting process by converting a paper-based permit to an online process that includes an electronic application submission, online fee payment and electronic review by department staff. The eWell permit will result in improved data quality of submitted permit applications, reduced physical storage space needs and increased ability to locate records to provide timely responses to right-to-know requests. Department staff is also able to quickly route permit applications for review and approval, resulting in a more efficient review process.

Program Element: Water Allocation

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.

The department coordinates interstate and international 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 multiple organizations related to the Great Lakes including the Great Lakes Commission, the Council of Great Lakes Governors and the Great Lakes Regional Body.

Program: Environmental Protection and Management (continued)

Working with the Pennsylvania Fish and Boat Commission, the Susquehanna River Basin Commission and the United States Geological Survey, staff have undergone a comprehensive, fact and science-based approach to gather the information needed to ensure the Susquehanna River and its many tributaries are healthy.

The Water Resources Planning Act of 2002 required the department to complete a State Water Plan. The plan identifies 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 waste. 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 478 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. 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.

The department regulates new and existing landfills to ensure they are designed, constructed and operated with minimal risk to nearby residents and 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 residual waste generators and treatment, storage and disposal facilities, municipal waste facilities and transporters. The department performs permitting and routine 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. 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 protects health, safety and the environment by preventing releases of dangerous materials from Pennsylvania's 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 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 Board. The growth in the number and value of policies has steadily increased since the program's inception in 1961.

The department regulates the exploration, development and operation of more than 100,000 oil and gas wells and gas storage reservoirs, and production of oil and gas resources under a comprehensive network of environmental laws.

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. More than 13,000 sites in Pennsylvania are known to be contaminated by hazardous substances.

The department's Land Recycling program, which promotes voluntary cleanups, identifies risk-based standards for cleanups, simplifying the approval process and limiting future liability. 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.

The department's Hazardous Sites Cleanup program provides funding to conduct cleanups where there is no known responsible party. The department also has enforcement authority to force persons who are responsible for releases of hazardous substances to conduct cleanup actions or repay cleanup funds spent by the department.

Program: Environmental Protection and Management (continued)

Program funds are also used to pay Pennsylvania's share of cleanup costs for sites in the federal Superfund program. The program has been funded through an annual \$40 million transfer from Capital Stock and Franchise Tax revenues. The program will receive 5 percent of Marcellus Legacy Fund revenue starting in 2015 as established by Act 13 of 2012 that imposed the unconventional gas drilling impact fee.

The department's Storage Tank Cleanup program, authorized by the Pennsylvania Storage Tank and Spill Prevention Act, Act 32 of 1989, controls the corrective action of releases from regulated above and underground storage tanks.

The department resolves environmental degradation and health and safety problems resulting from inactive and abandoned coal mines. The Remining Operator Assistance program provides assistance and funding to coal operators who mine and reclaim abandoned mine lands by paying for the cost of data collection and permit application. The department also provides direct funding from the federal Office of Surface Mining for the reclamation of abandoned mines, abatement and treatment of acid mine drainage, control of underground mine fires and refuse bank fires and control of surface subsidence from abandoned deep mines.

Act 13 of 2012 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.

SAFE AND HEALTHY COMMUNITIES

Program Element: Safe Drinking Water

The department protects public health by regulating nearly 9,200 public water systems serving 10.7 million Pennsylvanians. The department also provides consultative services for the 700,000 private residential water supplies in Pennsylvania. The department carries out its duties and responsibilities through various programs and activities related to permitting, monitoring, compliance, enforcement and technical assistance. As a primacy state, the department implements all aspects of the federal Safe Drinking Water Act, including drinking water standards, source water protection, operator training and certification, and capability enhancement programs for public water systems to address technical, managerial and financial issues.

The department also implements water infrastructure financing programs like the Safe Drinking Water State Revolving Fund, which is jointly administered by the department and PENNVEST. As a result of these programs, great strides have been made in ensuring that drinking water consistently meets all health-based drinking water standards and that the public is protected from waterborne disease.

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 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.

Pennsylvania is one of the most severely affected states in the country for radon problems with approximately 40 percent of our homes and buildings testing greater than the EPA guideline. 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.

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 reduces the black fly population and gives relief to citizens and visitors of the commonwealth by treating 514,867 acres along 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 thousands of environmental

Program: Environmental Protection and Management (continued)

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 develops 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 Element: Dam Safety, Flood Protection, Water Obstructions and Encroachments

The department's stream improvement programs 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 from the 100-year, 24-hour flood event.

The department inspects currently serviceable flood protection projects located in approximately 113 communities within the commonwealth. The department regulates dams and reservoirs, including an engineering and environmental technical review of dam projects meeting the scope of the act, inspection of existing dams and dams under construction, an annual review of high-hazard dams, and less frequent periodic review of non-high hazard dams. Approximately 800 of the more than 3,300 dams regulated by the department are considered high hazard, meaning the failure of these dams would endanger populated areas downstream. The engineering review assesses conformance to the current standards accepted by the engineering profession. The environmental review assures that adverse impacts to the environment are avoided and if avoidance is not feasible, then the adverse impacts are mitigated. The department is also active in facilitating the removal of dams which are no longer used for their intended purpose to restore the stream through the dam and impoundment area.

In addition, the department regulates construction and maintenance of any obstructions or encroachments that change the course, current or cross section of a watercourse.

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 approximately 3,800 coal

and industrial mineral mining operations, in addition to safety and emergency medical training and certifications for underground mine workers. Of this total, 100 are underground operations.

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.

ALTERNATIVE ENERGY OPPORTUNITIES

Program Element: Advanced Energy Development

The department promotes renewable and advanced energy development through grants, financing and technical support for projects that 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.

Significant increases in natural gas production have occurred in Pennsylvania since 2008 as a result of the use of horizontal drilling and hydraulic fracturing techniques that are now commonly used by oil and gas operators throughout the shale plays in Pennsylvania. The department permits and inspects oil and gas sites and natural gas gathering pipelines. The department conducted 12,660 unconventional well inspections in 2012, up from 1,310 in 2008. At the same time, violations and enforcements have steadily declined with the introduction of better technology and more rigorous regulations that industry is complying with and in many cases, exceeding.

Act 13 of 2012 imposed an impact fee on unconventional gas drilling in Pennsylvania and which has helped develop alternative energy opportunities across the commonwealth, the nation, and the world. The impact fee has produced \$407 million in state revenue to date, and the department has been allocated a portion of the funds to support oil and gas inspections and permitting. In the 2012-13 fiscal year, the Natural Gas Energy Development Fund dispersed more than \$6.7 million to assist businesses and transit organizations convert vehicle fleets to operate on natural gas. This program helps to spur the development of natural gas fueling infrastructure for public and private interests. Another \$1.5 million was awarded through the Alternative Fuel Incentive Grant rebate program.

Program Element: Energy Conservation, Efficiency, and Education

The department provides technical support to thousands of companies and other entities each year for the design and installation of technologies to promote energy conservation and efficiency. The department launched a new education initiative call the "DEP at Home" exhibit. The exhibit is a mock home that is taken across the state to educate Pennsylvanians of all ages about the simple

Environmental Protection

Program: Environmental Protection and Management (continued)

steps they can take to incorporate Pennsylvania produced energy efficient and green products into their own home. The exhibit was seen by more than 950,000 citizens in the last year. The exhibit features energy efficient appliances, a radon mitigation system, recycled flooring and countertops, energy efficient lighting, green building products, a mock

natural gas fueling station that can be handled and used by the visitors, and an all-electric vehicle including at home plug in station. Visitors can take home information on department programs and learn how to purchase and incorporate the products they see featured in their home.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND						
	Environmental Program Management						West Nile Virus Control
\$	1,751	—to continue current program and account for a planned reduction in federal indirect revenues.	\$	-12	—reduction in administrative costs.		
							Sewage Facilities Planning Grants
			\$	-200	—funding elimination.		
	Chesapeake Bay Agricultural Source Abatement						Delaware River Basin Commission
\$	-12	—reduction in administrative costs.	\$	-500	—program reduction.		
							MOTOR LICENSE FUND
	Environmental Protection Operations						Dirt and Gravel Roads
\$	7,314	—to continue current program and account for a planned reduction in federal indirect revenues.	\$	24,000	—additional funding from Act 89 of 2013.		
	Black Fly Control and Research						
\$	-5	—reduction in administrative costs.					

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Environmental Program Management.....	\$ 24,965	\$ 26,297	\$ 28,048	\$ 28,048	\$ 28,048	\$ 28,048	\$ 28,048
Chesapeake Bay Agricultural Source Abatement	2,667	2,667	2,655	2,655	2,655	2,655	2,655
Environmental Protection Operations.....	74,547	76,221	83,535	83,535	83,535	83,535	83,535
Black Fly Control and Research.....	3,314	3,314	3,309	3,309	3,309	3,309	3,309
West Nile Virus Control	3,824	3,824	3,812	3,812	3,812	3,812	3,812
Sewage Facilities Planning Grants.....	0	200	0	0	0	0	0
Delaware River Master.....	76	76	76	76	76	76	76
Susquehanna River Basin Commission ...	573	573	573	573	573	573	573
Interstate Commission on the Potomac River	46	46	46	46	46	46	46
Delaware River Basin Commission	934	934	434	434	434	434	434
Ohio River Valley Water Sanitation Commission.....	136	136	136	136	136	136	136
Chesapeake Bay Commission	227	227	227	227	227	227	227
Transfer to Conservation District Fund.....	2,856	2,506	2,506	2,506	2,506	2,506	2,506
Interstate Mining Commission	30	30	30	30	30	30	30
TOTAL GENERAL FUND	\$ 114,195	\$ 117,051	\$ 125,387	\$ 125,387	\$ 125,387	\$ 125,387	\$ 125,387
MOTOR LICENSE FUND:							
Dirt and Gravel Roads.....	\$ 4,000	\$ 4,000	\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Environmental Protection and Management							
Protection of Air Quality							
Percentage of population in counties attaining the ambient PM-2.5 (fine particles) annual standard	58%	58%	58%	58%	58%	100%	100%
Percentage of population in counties attaining the 1997 ambient ozone standard	88%	88%	88%	100%	100%	100%	100%
Percentage of population in counties attaining the 2008 ambient ozone standard	34%	34%	68%	100%	100%	100%	100%
Percentage of hazardous air pollutant reductions	14.20%	7.60%	9.90%	12.20%	0%	0%	0%
Protection of Water Quality							
Acres of stream buffers installed	891	1,500	1,500	1,500	1,500	1,500	1,500
Miles of impaired streams restored to attaining their designated use	232	50	50	50	50	50	50
Acres of impaired lakes restored to attaining their designated use**	12,251	1,000	1,000	1,000	1,000	1,000	1,000
Acres of existing stream buffers protected	126	1,000	1,000	1,000	1,000	1,000	1,000
Total number of treatment systems treating Acid Mine Drainage	326	340	345	360	375	390	400
Safe Waste Management							
Tons of municipal solid waste recycled (in millions)***	N/A	5.80	5.90	5.90	6	6	6
Tons of municipal solid waste disposed per capita	0.67	0.66	0.65	0.64	0.63	0.62	0.61
Number of wastewater facility inspections	5,754	6,000	6,000	6,000	6,000	6,000	6,000
Percentage of wastewater inspections with no recorded violations	78%	72.30%	72.30%	72.30%	72.30%	72.30%	72.30%
Percentage of wastewater violations that were remedied	74%	85.50%	85.50%	85.50%	85.50%	85.50%	85.50%
Number of wastewater systems with improved operational capability through optimization or other compliance assistance	16	34	50	50	50	50	50
Number of waste facility inspections	4,465	4,500	4,500	4,500	4,500	4,500	4,500
Percentage of waste facilities complying with environmental regulations	78.40%	79%	80%	81%	82%	83%	84%
Restoration of Land							
Leaking storage tank cleanups completed	429	400	400	350	300	300	300
Sites currently in Environmental Cleanup and Brownfields Voluntary Cleanup program	1,520	1,400	1,200	1,100	1,000	1,000	1,000
Site cleanups completed under the Environmental Cleanup and Brownfields Voluntary Cleanup program	315	350	350	350	350	350	350
Response actions to hazardous substances completed	133	100	100	100	100	100	100
Percentage of storage tank releases cleaned up	84.70%	85.90%	86.80%	87.60%	87.60%	87.60%	87.60%

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Number of acres reclaimed (Government Financed Construction Contract Program)	93	90	90	90	90	90	90
Number of reining projects completed	9	10	10	10	10	10	10
Number of acres reclaimed (reining)	71	100	100	100	100	100	100
Abandoned Mineland (AML) acres reclaimed	777	600	600	600	600	600	600
Cumulative acres of AML reclaimed since inception of AML program in 1977	28,852	29,500	30,100	30,700	31,300	31,900	32,500
Safe Drinking Water							
Percentage of community water systems that meet health based drinking water standards	91%	95%	95%	95%	95%	95%	95%
Percentage of public water systems with no reported cases of waterborne disease outbreaks	99.90%	100%	100%	100%	100%	100%	100%
Number of water samples tested for private well owners	2,269	3,000	3,000	3,000	3,000	3,000	3,000
Number of sanitary survey inspections conducted at public water systems	2,310	2,000	2,000	2,000	2,000	2,000	2,000
Radiation Protection							
Residential and commercial buildings with radon mitigated by certified installers	10,837	11,200	11,600	12,000	12,400	12,900	13,300
Nuisance and Vector Control							
Acres treated for black fly control	514,867	700,000	700,000	700,000	700,000	700,000	700,000
Acres treated for West Nile Virus control	73,663	50,000	50,000	50,000	50,000	50,000	50,000
Dam Safety							
Dam Emergency Action Plan compliance rate	92%	94%	96%	98%	99%	99%	99%
Percentage of deficient high-hazard dams	67.40%	62%	58.10%	54.20%	50.30%	50.30%	50.30%
Population at risk downstream of deficient high-hazard dams	1,429,000	1,350,000	1,300,000	1,250,000	1,200,000	1,200,000	1,200,000
Percentage of high-hazard dams classified as safe	86.10%	87.10%	87.50%	88%	88.50%	88.50%	88.50%
Capital budget flood protection projects: Total authorized funds for projects under design/construction	\$263,731,220	\$298,011,000	\$331,301,000	\$331,301,000	\$286,539,000	\$262,195,000	\$238,695,000
Capital budget flood protection projects: Total construction cost of projects completed****	\$10,800,756	\$0	\$3,000,000	\$44,562,000	\$27,094,000	\$25,000,000	\$25,800,000
Mine Safety							
Lost-time accidents per 200,000 employee hours of exposure	1.72	2	2	2	2	2	2
People educated in mine safety through the "Stay Out Stay Alive" program	78,508	100,000	100,000	100,000	100,000	100,000	100,000
Mine subsidence policies issued	56,628	58,000	60,000	62,000	64,000	66,000	68,000
Mine subsidence policies renewed	52,002	53,500	55,000	57,000	59,000	61,000	62,800
Number of mine inspections	23,193	23,200	23,200	23,200	23,200	23,200	23,200
Oil and Gas Management							
Number of oil and gas drilling permits processed	4,332	4,330	4,330	4,330	4,330	4,330	4,330

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Number of oil and gas well inspections (conventional wells)	11,540	11,540	11,540	11,540	11,540	11,540	11,540
Number of oil and gas violations (conventional wells)	1,485	1,490	1,490	1,490	1,490	1,490	1,490
Number of oil and gas enforcement actions (conventional wells)	413	410	410	410	410	410	410
Number of oil and gas enforcement actions (unconventional wells)	221	220	220	220	220	220	220
Number of oil and gas violations (unconventional wells)	565	565	565	565	565	565	565
Number of oil and gas well inspections (unconventional wells)	12,660	12,780	13,000	13,250	14,000	14,250	14,640
Department-wide Totals							
Percentage of violations resolved	95.80%	95%	95%	95%	95%	95%	95%
Percentage of inspections with violations noted	14.30%	15%	15%	15%	15%	15%	15%
Percentage of sites with full compliance with environmental regulations	80%	81%	82%	83%	84%	85%	86%
Number of permits issued department-wide*	33,315	34,000	34,500	35,000	35,500	36,000	36,500
Percentage of permits processed on time (Permit Decision Guarantee)*	96.70%	98%	99%	100%	100%	100%	100%
Percentage of permits returned or denied due to incompleteness or technical deficiencies*	2.70%	2.50%	2%	1.50%	1%	0.50%	0.50%

* New Program Measure

**Fiscal year 2012-13 includes one large project totaling 10,735 acres.

***Calendar year measure. Data not yet available.

****No projects scheduled for completion in fiscal year 2013-14. Multiple projects are in process with an estimated completion in fiscal year 2015-16.

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ETHICS COMMISSION

The mission of the State Ethics Commission is to promote public confidence in state and local government through its enforcement of the Ethics Act and related legislation.

The responsibilities of the commission include rendering advisory opinions to present or former public officials and public employees, or their appointing authorities, regarding such individuals' duties and responsibilities under the Ethics Act. The commission also investigates alleged violations of the Ethics Act and prescribes rules and regulations to implement the provisions of the act.

Programs and Objectives

Executive Direction: *To promote public confidence in state and local government through its enforcement of the Ethics Act and related legislation.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

2012-13 2013-14 2014-15
ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

State Ethics Commission.....	\$	1,768	\$	1,868	\$	1,868
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Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
ETHICS COMMISSION							
GENERAL FUND.....	\$ 1,768	\$ 1,868	\$ 1,868	\$ 1,868	\$ 1,868	\$ 1,868	\$ 1,868
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.....	\$ 1,768	\$ 1,868	\$ 1,868	\$ 1,868	\$ 1,868	\$ 1,868	\$ 1,868
ALL PROGRAMS:							
GENERAL FUND.....	\$ 1,768	\$ 1,868	\$ 1,868	\$ 1,868	\$ 1,868	\$ 1,868	\$ 1,868
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.....	\$ 1,768	\$ 1,868	\$ 1,868	\$ 1,868	\$ 1,868	\$ 1,868	\$ 1,868

PROGRAM OBJECTIVE: To promote public confidence in state and local government through its enforcement of the Ethics Act and related legislation.

Program: Executive Direction

The Pennsylvania State Ethics Commission is an independent state agency established by Act 170 of 1978 and is charged with the responsibility of enforcing the Public Official and Employee Ethics Act. The Ethics Act applies to public officials, public employees and candidates and nominees for public office. The commission's responsibilities under the act include rendering advisory opinions, enforcing the act as it relates to the filing of Statements of Financial Interests forms, investigating alleged violations of the act, issuing decisions in relation to such investigations and providing guidance and education to public officials and public employees regarding their duties and responsibilities under the law.

The commission also has additional responsibilities under the Lobbying Disclosure Law. These responsibilities include enforcing the reporting and registration provisions of the law as well as investigating alleged violations. The commission is also required to issue advisory opinions under the law.

Pursuant to the Pennsylvania Race Horse Development and Gaming Act, the commission is vested with responsibilities which include generating a public listing of all state, county, municipal, and other government positions meeting the definitions of the terms "public official" or "executive-level public employee" as set forth in the Gaming Act.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

State Ethics Commission

The State Ethics Commission is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
State Ethics Commission.....	\$ 1,768	\$ 1,868	\$ 1,868	\$ 1,868	\$ 1,868	\$ 1,868	\$ 1,868

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FISH AND BOAT COMMISSION

The mission of the Fish and Boat Commission is to protect, conserve and enhance the commonwealth's aquatic resources and provide fishing and boating opportunities.

Programs and Objectives

Recreational Fishing and Boating: *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.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
BOAT FUND:			
<i>General Government:</i>			
General Operations (EA).....	\$ 13,066 ^a	\$ 13,095	\$ 13,085
(F)US Coast Guard Grant - Boating Safety.....	3,741	0	0
(F)Miscellaneous Boat Grants (EA).....	0	7,621	5,493
Subtotal - State Funds.....	\$ 13,066	\$ 13,095	\$ 13,085
Subtotal - Federal Funds.....	3,741	7,621	5,493
Total - General Government.....	<u>\$ 16,807</u>	<u>\$ 20,716</u>	<u>\$ 18,578</u>
STATE FUNDS.....	\$ 13,066	\$ 13,095	\$ 13,085
FEDERAL FUNDS.....	3,741	7,621	5,493
BOAT FUND TOTAL.....	<u>\$ 16,807</u>	<u>\$ 20,716</u>	<u>\$ 18,578</u>
FISH FUND:			
<i>General Government:</i>			
General Operations (EA).....	\$ 34,213 ^b	\$ 34,352	\$ 33,979
(F)Miscellaneous Fish Grants (EA).....	0	8,880	7,319
(F)Sport Fish Restoration (EA).....	7,527	0	0
(A)High Hazard Dams.....	9,674	2,270	0
Subtotal - State Funds.....	\$ 34,213	\$ 34,352	\$ 33,979
Subtotal - Federal Funds.....	7,527	8,880	7,319
Subtotal - Augmentations.....	9,674	2,270	0
Total - General Government.....	<u>\$ 51,414</u>	<u>\$ 45,502</u>	<u>\$ 41,298</u>
STATE FUNDS.....	\$ 34,213	\$ 34,352	\$ 33,979
FEDERAL FUNDS.....	7,527	8,880	7,319
AUGMENTATIONS.....	9,674	2,270	0
FISH FUND TOTAL.....	<u>\$ 51,414</u>	<u>\$ 45,502</u>	<u>\$ 41,298</u>
OTHER FUNDS:			
BOAT FUND:			
Improvement of Hazardous Dams.....	\$ 0	\$ 1,630	\$ 4,530
STATE GAMING FUND:			
Payments in Lieu of Taxes (EA).....	\$ 40	\$ 40	\$ 40
UNCONVENTIONAL GAS WELL FUND:			
Gas Well Fee Administration.....	\$ 2,000	\$ 1,000	\$ 1,000
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	47,279	47,447	47,064
FEDERAL FUNDS.....	11,268	16,501	12,812
AUGMENTATIONS.....	9,674	2,270	0
OTHER FUNDS.....	2,040	2,670	5,570
TOTAL ALL FUNDS.....	<u>\$ 70,261</u>	<u>\$ 68,888</u>	<u>\$ 65,446</u>

^a Includes \$24,000 of augmentations.

^b Includes \$464,000 of augmentations.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
RECREATIONAL FISHING AND BOATING							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	47,279	47,447	47,064	47,064	47,064	47,064	47,064
FEDERAL FUNDS.....	11,268	16,501	12,812	12,812	12,812	12,812	12,812
OTHER FUNDS.....	11,714	4,940	5,570	5,570	5,570	5,570	5,570
SUBCATEGORY TOTAL.....	\$ 70,261	\$ 68,888	\$ 65,446	\$ 65,446	\$ 65,446	\$ 65,446	\$ 65,446
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	47,279	47,447	47,064	47,064	47,064	47,064	47,064
FEDERAL FUNDS.....	11,268	16,501	12,812	12,812	12,812	12,812	12,812
OTHER FUNDS.....	11,714	4,940	5,570	5,570	5,570	5,570	5,570
DEPARTMENT TOTAL.....	\$ 70,261	\$ 68,888	\$ 65,446	\$ 65,446	\$ 65,446	\$ 65,446	\$ 65,446

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.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	BOAT FUND		FISH FUND
	General Operations (EA)		General Operations (EA)
\$	-10	—reduction in administrative costs.	\$
			-373
			—reduction in administrative costs.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
FISH FUND:							
General Operations (EA).....	\$ 34,213	\$ 34,352	\$ 33,979	\$ 33,979	\$ 33,979	\$ 33,979	\$ 33,979
BOAT FUND:							
General Operations (EA).....	\$ 13,066	\$ 13,095	\$ 13,085	\$ 13,085	\$ 13,085	\$ 13,085	\$ 13,085

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Recreational Fishing and Boating							
Fishing licenses sold	852,944	870,000	887,000	887,000	887,000	887,000	887,000
Cost per fishing licenses sold	\$0.70	\$0.70	\$0.70	\$0.70	\$0.70	\$0.70	\$0.70
Pounds of fish stocked in commonwealth streams and lakes	1,941,861	2,150,000	2,150,000	2,150,000	2,150,000	2,150,000	2,150,000
Cost per pound of fish stocked in commonwealth streams and lakes	\$5.72	\$5.15	\$5.25	\$5.35	\$5.45	\$5.55	\$5.65
Actively registered boats	332,000	333,000	333,000	333,000	333,000	333,000	333,000
Warnings issued for violations of fishing and boating laws	37,557	34,000	34,000	34,000	34,000	34,000	34,000
Convictions for violations of fishing and boating laws	7,134	6,000	6,000	6,000	6,000	6,000	6,000



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.

Programs and Objectives

Wildlife Management: *To establish habitats and environments that will sustain wildlife populations for recreational uses and for the perpetuation of species.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GAME FUND:			
<i>General Government:</i>			
General Operations (EA)	\$ 77,906	\$ 82,700	\$ 78,709
(F)Pittman Robinson Act (EA).....	16,000	19,500	28,000
(F)ARRA - Capital Improvement and Maintenance (EA).....	250	0	0
(F)Miscellaneous Wildlife Grants (EA).....	3,000	873	815
(F)Disaster Assistance Reimbursement.....	4,315	0	0
Subtotal.....	\$ 101,471	\$ 103,073	\$ 107,524
Land Acquisition and Development (EA)	150	150	150
Subtotal.....	\$ 150	\$ 150	\$ 150
Subtotal - State Funds.....	\$ 78,056	\$ 82,850	\$ 78,859
Subtotal - Federal Funds.....	23,565	20,373	28,815
Total - General Government.....	\$ 101,621	\$ 103,223	\$ 107,674
STATE FUNDS.....	\$ 78,056	\$ 82,850	\$ 78,859
FEDERAL FUNDS.....	23,565	20,373	28,815
GAME FUND TOTAL	\$ 101,621	\$ 103,223	\$ 107,674
OTHER FUNDS:			
GAME FUND:			
Resident License Fee-Natural Propagation of Wildlife.....	\$ 7,500	\$ 7,000	\$ 7,000
STATE GAMING FUND:			
Payments in Lieu of Taxes (EA).....	\$ 3,515	\$ 3,550	\$ 3,550
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	78,056	82,850	78,859
FEDERAL FUNDS.....	23,565	20,373	28,815
OTHER FUNDS.....	11,015	10,550	10,550
TOTAL ALL FUNDS	\$ 112,636	\$ 113,773	\$ 118,224

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
WILDLIFE MANAGEMENT							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	78,056	82,850	78,859	78,859	78,859	78,859	78,859
FEDERAL FUNDS.....	23,565	20,373	28,815	28,815	28,815	28,815	28,815
OTHER FUNDS.....	11,015	10,550	10,550	10,550	10,550	10,550	10,550
SUBCATEGORY TOTAL.....	\$ 112,636	\$ 113,773	\$ 118,224	\$ 118,224	\$ 118,224	\$ 118,224	\$ 118,224
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	78,056	82,850	78,859	78,859	78,859	78,859	78,859
FEDERAL FUNDS.....	23,565	20,373	28,815	28,815	28,815	28,815	28,815
OTHER FUNDS.....	11,015	10,550	10,550	10,550	10,550	10,550	10,550
DEPARTMENT TOTAL.....	\$ 112,636	\$ 113,773	\$ 118,224	\$ 118,224	\$ 118,224	\$ 118,224	\$ 118,224

PROGRAM OBJECTIVE: To establish habitats and environments that 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 approximately 1.5 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 wildlife 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 Allegheny woodrats, osprey and peregrine falcons.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GAME FUND
General Operations (EA)
 \$ -3,991 —reduction in administrative costs.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GAME FUND:							
General Operations (EA).....	\$ 77,906	\$ 82,700	\$ 78,709	\$ 78,709	\$ 78,709	\$ 78,709	\$ 78,709
Land Acquisition and Development (EA)...	150	150	150	150	150	150	150
TOTAL GAME FUND.....	\$ 78,056	\$ 82,850	\$ 78,859	\$ 78,859	\$ 78,859	\$ 78,859	\$ 78,859

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Wildlife Management							
Hunting licenses sold	925,000	925,000	925,000	925,000	925,000	925,000	925,000
Citations for violation of game laws	6,758	7,000	7,000	7,000	7,000	7,000	7,000
Development of wildlife management plans	2	2	2	2	2	2	2



GAMING CONTROL BOARD

The Gaming Control Board regulates the implementation and operation of gaming that is intended to generate revenues that provide assistance to the commonwealth's horse racing industry, tax relief and economic development opportunities.

Programs and Objectives

Gaming Regulation: *To provide a revenue stream that supports property tax relief, wage tax reduction in Philadelphia, economic development and the commonwealth's horse racing industry through the implementation and oversight of gaming.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
<u>OTHER FUNDS:</u>			
STATE GAMING FUND:			
(R)Administration.....	\$ 25,142	\$ 31,153	\$ 30,990
(R)General Operations.....	10,956	5,755	7,000
(R)Tavern Games - Investigations.....	0	310	934
Local Law Enforcement Grants (EA).....	2,000	2,000	2,000
STATE GAMING FUND TOTAL.....	\$ 38,098	\$ 39,218	\$ 40,924

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 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.....	38,098	39,218	40,924	40,924	40,924	40,924	40,924
SUBCATEGORY TOTAL.....	\$ 38,098	\$ 39,218	\$ 40,924	\$ 40,924	\$ 40,924	\$ 40,924	\$ 40,924
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.....	38,098	39,218	40,924	40,924	40,924	40,924	40,924
DEPARTMENT TOTAL.....	\$ 38,098	\$ 39,218	\$ 40,924	\$ 40,924	\$ 40,924	\$ 40,924	\$ 40,924

PROGRAM OBJECTIVE: To provide a revenue stream that supports property tax relief, wage tax reduction in Philadelphia, economic development and the commonwealth's horse racing industry through the implementation and oversight of 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 slot machines 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 State Gaming Fund was established in the act to receive all license fees provided in the act and 34 percent of the gross terminal revenue (GTR) generated by licensed gaming facilities. These proceeds are disbursed on an annual basis as follows:

- \$2 million or .002 multiplied by the GTR, whichever is greater, to the Compulsive and Problem Gambling Treatment Fund in the Department of Health;
- Payments in lieu of taxes to the Department of Conservation and Natural Resources, the Fish and Boat Commission and the Game Commission;
- \$25 million to the Emergency Management Agency for the Volunteer Company Grants program;
- \$2 million for the Local Law Enforcement Grants program; and
- \$3 million to the Department of Health for drug and alcohol addiction treatment services.

The remaining balance is used to fund property tax relief as provided in Act 1 of Special Session 1 of 2006. In addition, 4 percent of GTR is distributed as a local share where gaming facilities are located.

Act 71 of 2004 established the Gaming Economic Development and Tourism Fund and the Race Horse Development Fund. The Gaming Economic Development and Tourism Fund, administered by the Department of

Community and Economic Development, receives 5 percent of the GTR and provides for additional uses of gaming revenues as specified in Act 53 of 2007 and Act 63 of 2008. The Race Horse Development Fund receives a maximum of 12 percent of the GTR generated at each licensed facility.

Act 1 of 2010 authorized table games at licensed gaming facilities. Table games license fees and 14 percent of gross table game revenue (GTGR) are deposited into the General Fund. After two years of operation, a facility's assessment rate will be reduced to 12 percent of GTGR. When the balance in the Budget Stabilization Reserve Fund exceeds \$750 million, the state share of GTGR will then be deposited into the Property Tax Relief Fund. A 2 percent local share distribution of GTGR is also included in Act 1 of 2010.

Act 78 of 2012 authorized an additional \$5 million from the Property Tax Relief Reserve Fund to the Emergency Management Agency for the Volunteer Company Grants program.

Several state agencies provide support to the Gaming Control Board. The Department of Revenue manages 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 enforcement and oversight responsibilities.

Act 90 of 2013 authorized the Gaming Control Board to provide background checks for tavern games applicants for the Liquor Control Board. The State Gaming Fund is shown in the Other Special Funds Appendix section of this budget.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

STATE GAMING FUND

This budget recommends a total of \$37,990,000 from restricted accounts in the State Gaming Fund for the operation of the Gaming Control Board in the 2014-15 fiscal year..

In addition, \$934,000 of tavern games investigations revenue will support this program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
STATE GAMING FUND:							
(R)Administration.....	\$ 25,142	\$ 31,153	\$ 30,990	\$ 30,990	\$ 30,990	\$ 30,990	\$ 30,990
(R)General Operations.....	10,956	5,755	7,000	7,000	7,000	7,000	7,000
(R)Tavern Games - Investigations.....	0	310	934	934	934	934	934
Local Law Enforcement Grants (EA).....	2,000	2,000	2,000	2,000	2,000	2,000	2,000
TOTAL STATE GAMING FUND.....	\$ 38,098	\$ 39,218	\$ 40,924	\$ 40,924	\$ 40,924	\$ 40,924	\$ 40,924

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DEPARTMENT OF GENERAL SERVICES

The mission of the Department of General Services is to deliver innovative services and solutions to support cost-effective operations and responsible public stewardship in state government. As the agency responsible for providing essential functions, such as procurement of goods and services, oversight of the vehicle fleet, management of state property and facilities and construction of the commonwealth's buildings and non-highway infrastructure, the department reaches for unparalleled customer service and continuous improvement while fostering sensible, sustainable and transparent government.

Programs and Objectives

Facility, Property and Commodity Management: *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.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 54,824 a	\$ 59,178	\$ 61,732
(A) Federal Surplus Property.....	2,179	1,707	1,709
(A) State Surplus Property.....	701	350	449
(A) State Buildings Use.....	123	105	105
(A) BRIM Settlement Agreement.....	66	0	0
(A) Employee Liability Self Insurance Program.....	386	410	437
(A) Newsroom Services.....	6	6	5
(A) Administrative Services.....	147	113	86
(A) Plans and Specifications.....	16	10	10
(A) Media Center Reimbursements.....	1,123	2,116	2,116
(A) Recycling Program.....	441	450	430
(A) Metrology Fees.....	218	203	228
(A) CoStar Program.....	2,035	1,310	1,424
(A) Centralized Procurement.....	12,226	9,498	9,489
(A) Energy Office Management Fees.....	275	0	0
(A) DGS Annex.....	396	488	418
(A) E-Verify.....	4	0	5
(A) Small Business Opportunities.....	50	50	0
(A) Real Estate.....	0	705	786
Subtotal.....	<u>\$ 75,216</u>	<u>\$ 76,699</u>	<u>\$ 79,429</u>
Capitol Police Operations.....	11,099 b	11,484	11,719
(A) Capitol Police Services.....	85	90	90
Subtotal.....	<u>\$ 11,184</u>	<u>\$ 11,574</u>	<u>\$ 11,809</u>
Rental and Municipal Charges.....	22,969	22,969	24,162
(A) Agency Rental Charges.....	389	425	0
(A) Real Estate Lease Reimbursements.....	25,102	23,631	23,078
Subtotal.....	<u>\$ 48,460</u>	<u>\$ 47,025</u>	<u>\$ 47,240</u>
Utility Costs.....	24,574	21,141	20,281
(A) ESCO Interest.....	0	21	0
(A) DGS Annex.....	239	358	215
Subtotal.....	<u>\$ 24,813</u>	<u>\$ 21,520</u>	<u>\$ 20,496</u>
Excess Insurance Coverage.....	1,624	1,211	1,099
Subtotal - State Funds.....	\$ 115,090	\$ 115,983	\$ 118,993
Subtotal - Augmentations.....	46,207	42,046	41,080
Total - General Government.....	<u>\$ 161,297</u>	<u>\$ 158,029</u>	<u>\$ 160,073</u>
<i>Grants and Subsidies:</i>			
Capitol Fire Protection.....	\$ 2,500	\$ 496	\$ 496
STATE FUNDS.....	\$ 117,590	\$ 116,479	\$ 119,489
AUGMENTATIONS.....	46,207	42,046	41,080
GENERAL FUND TOTAL.....	<u>\$ 163,797</u>	<u>\$ 158,525</u>	<u>\$ 160,569</u>
MOTOR LICENSE FUND:			
<i>General Government:</i>			
Harristown Rental Charges (EA).....	\$ 88	\$ 92	\$ 92
Harristown Utility and Municipal Charges (EA).....	189	200	207
Total - General Government.....	<u>\$ 277</u>	<u>\$ 292</u>	<u>\$ 299</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
Grants and Subsidies:			
Tort Claims Payments.....	\$ 12,500	\$ 10,000	\$ 10,000
MOTOR LICENSE FUND TOTAL.....	\$ 12,777	\$ 10,292	\$ 10,299
 OTHER FUNDS:			
GENERAL FUND:			
Temporary Fleet Vehicles.....	\$ 403	\$ 1,500	\$ 1,455
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 117,590	\$ 116,479	\$ 119,489
SPECIAL FUNDS.....	12,777	10,292	10,299
AUGMENTATIONS.....	46,207	42,046	41,080
OTHER FUNDS.....	403	1,500	1,455
TOTAL ALL FUNDS.....	\$ 176,977	\$ 170,317	\$ 172,323

^a Appropriated as \$65,923,000. Amount shown is net of transfer to Capitol Police Operations.

^b Appropriated as part of the \$65,923,000 General Government Operations appropriation.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
FACILITY, PROPERTY AND COMMODITY MANAGEMENT							
GENERAL FUND.....	\$ 117,590	\$ 116,479	\$ 119,489	\$ 119,489	\$ 119,489	\$ 119,489	\$ 119,489
SPECIAL FUNDS.....	12,777	10,292	10,299	10,299	10,299	10,299	10,299
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	46,610	43,546	42,535	42,535	42,535	42,535	42,535
SUBCATEGORY TOTAL.....	\$ 176,977	\$ 170,317	\$ 172,323	\$ 172,323	\$ 172,323	\$ 172,323	\$ 172,323
ALL PROGRAMS:							
GENERAL FUND.....	\$ 117,590	\$ 116,479	\$ 119,489	\$ 119,489	\$ 119,489	\$ 119,489	\$ 119,489
SPECIAL FUNDS.....	12,777	10,292	10,299	10,299	10,299	10,299	10,299
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	46,610	43,546	42,535	42,535	42,535	42,535	42,535
DEPARTMENT TOTAL.....	\$ 176,977	\$ 170,317	\$ 172,323	\$ 172,323	\$ 172,323	\$ 172,323	\$ 172,323

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 oversees the procurement of goods and services, manages non-highway capital projects and is responsible for numerous core operations of state government, including management of the vehicle fleet, Capitol Police force and state buildings and facilities, disposition of surplus property and general printing operations. The department also serves as the state's real estate agent and insurance broker and oversees the commonwealth's media services and minority and women-owned business programs.

Procurement

The Bureau of Procurement is responsible for purchasing and contracting for services, equipment and supplies for the commonwealth and establishing procurement policy for all state agencies. In total, the bureau oversees more than \$3.5 billion in goods and services for the commonwealth each year, ranging from office supplies to computers to vehicles. Contracts are negotiated to leverage the aggregate purchasing power of commonwealth agencies for best pricing.

Public Works

The department's public works bureaus coordinate and oversee the design and construction of all non-highway capital construction projects for the commonwealth. The scope of responsibilities includes new construction and all types of alterations and renovations to existing 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. The department also administers the selection of architects and engineers, advertises projects for bid, obtains construction bids, executes construction contracts and manages budgets for construction projects.

The public works bureaus maximize efficiency and monitor performance through a series of criteria focused on reducing change order rates, increasing the number of construction projects completed on time and on budget and reducing the number of claims filed against the commonwealth.

Priorities include the appropriate use of competitive request for proposals or best value contracting to ensure timely delivery of quality construction projects by qualified vendors and the annual update of the commonwealth's five year capital plan. The goal of the capital plan is to better manage limited dollars by developing a comprehensive and strategic approach to releasing capital projects.

Vehicles

The Bureau of Vehicle Management maintains and oversees the commonwealth automotive fleet. All commonwealth vehicles and equipment requiring a license plate, with the exception of vehicles owned by the Department of Transportation and the Turnpike Commission, are titled and registered to the Department of General Services. The bureau approves and tracks the maintenance and repairs of all fleet vehicles to ensure compliance with manufacturers' suggested service programs and monitors operating costs.

The bureau is responsible for the cost effective management of the state fleet by establishing thresholds for permanently assigned vehicles to state employees, minimizing the use of personal vehicle mileage reimbursement and determining optimum vehicle repair schedules.

Capitol Police

The Pennsylvania Capitol Police are responsible for protecting and serving state employees, public officials and visitors to the Capitol Complex as well as department-managed state office buildings and grounds. This mission is accomplished with security guards and sworn police officers. The Pennsylvania Capitol Police is a state and internationally accredited law enforcement agency, receiving certifications by the Commission on Accreditation for Law Enforcement Agencies and the Pennsylvania Law Enforcement Accreditation Commission. Capitol Police Officers are certified police officers with the Municipal Police Officers Education and Training Commission.

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 2012-13, federal property originally valued at \$12.2 million was distributed to eligible organizations. The State Surplus Division distributes this property among commonwealth and local agencies. Thereafter, goods are recycled or sold to the public through on-site auctions or internet sales. This division also conducts private sales of Department of Transportation heavy equipment to municipalities in compliance with Title 4 of the Pennsylvania Code. Revenue generated from the recycling or sale of state surplus property was more than \$12.1 million in 2012-13.

Program: Facility, Property and Commodity Management (continued)

Publications

The Bureau of Publications provides web graphics, graphic design, printing, mailing and signage services to all state agencies and commissions. Projects include annual reports, brochures, newsletters, logos, stationery, book covers, variable data printing and mass mailings. The printing operation provides a variety of printing services including graphic design, security printing, application programming, envelope insertion and mailing services. The State Sign Shop delivers signage, engraving and banner services. The bureau also produces the Pennsylvania Manual and the Commonwealth Telephone Directory. In addition, the bureau hosts a web application <http://www.papublisher.com> used by commonwealth agencies, commissions and offices. The site maintains digital catalogs for on demand printing and direct distribution to any location. The Bureau of Publications completes mission critical and deadline-driven services 24 hours per day / five days per week.

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. The Leasing Division reviews, analyzes, negotiates and administers leases on behalf of the commonwealth including retail leases needed by the PLCB. The Space Management Division analyzes space requests and allocates space to departments, boards and commissions in state-owned and leased facilities. The Real Estate Acquisitions and Dispositions Land Management Division acquires real property for capital projects and disposes of real property owned by the commonwealth and designated as surplus. This division also prepares the surplus annual real property disposition plan and administers all leases, licenses and easements involving commonwealth property. The Real Estate Services Division maintains an inventory of facility and building information, a portfolio of commonwealth leases and building maintenance records.

Risk and Insurance

The department handles approximately 6,700 tort claims each year, in conjunction with the Office of Attorney General, brought against the commonwealth, its officials and employees. Act 152 of 1978 and Act 151 of 1986 restricted the commonwealth's use of sovereign immunity as a defense against tort claims by establishing criteria for limited amounts of liability in 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.

Facilities

The department is responsible for the management and maintenance of 20 state-owned office buildings in and around the Capitol Complex, two executive residences, two Harristown leased buildings, the master lease of Forum Place and 53 buildings on the former Harrisburg State Hospital complex. Outside of the Harrisburg area, the department operates the Scranton and Reading state office buildings and master leased buildings in Philadelphia and Pittsburgh. In total, these facilities contain nearly 7.5 million square feet of office space, with 280.3 acres of grounds, parking and roadway areas.

Small Business Opportunities

The Bureau of Small Business Opportunities is committed to implementing programs and policies that increase contracting opportunities for self-certified small and verified small diverse businesses. The Small Business Procurement Initiative provides the impetus for promoting the economic growth and success of small businesses. The Small Diverse Business program streamlines the process for minority, women, veteran and service-disabled veteran-owned small businesses to participate as prime contractors, subcontractors, suppliers and professional service providers. The Bureau also focuses on contract compliance to ensure commitments are realized and allegations of abuse, false certification or discriminatory practices are investigated.

Commonwealth Media Services

The Bureau of Commonwealth Media Services provides studio and remote broadcast television services, fixed and remote satellite uplinking, electronic asset management and archiving, web animation and graphics, website and application development, electronic signage and a host of other services. News conferencing facilities and services are provided both at the Capitol Media Center and remotely. Additionally, the bureau provides a full range of creative services incorporated into the production of documentaries, educational, promotional, training and public service programs. The bureau is part of the commonwealth's emergency communications infrastructure, providing broadcast video, audio, photographic and web streaming services on a continuous basis during commonwealth emergencies.

Program: Facility, Property and Commodity Management (continued)

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		MOTOR LICENSE FUND
	General Government Operations		Harristown Utility and Municipal Charges (EA)
\$ 2,554	—to continue current program.	\$ 7	—increased pro rata share of charges.
	Capitol Police Operations		
\$ 235	—to continue current program.		
	Rental and Municipal Charges		
\$ 1,193	—increased lease costs.		
	Utility Costs		
\$ -860	—based on current estimates.		
	Excess Insurance Coverage		
\$ -112	—reduced insurance costs.		

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 54,824	\$ 59,178	\$ 61,732	\$ 61,732	\$ 61,732	\$ 61,732	\$ 61,732
Capitol Police Operations	11,099	11,484	11,719	11,719	11,719	11,719	11,719
Rental and Municipal Charges	22,969	22,969	24,162	24,162	24,162	24,162	24,162
Utility Costs.....	24,574	21,141	20,281	20,281	20,281	20,281	20,281
Excess Insurance Coverage.....	1,624	1,211	1,099	1,099	1,099	1,099	1,099
Capitol Fire Protection	2,500	496	496	496	496	496	496
TOTAL GENERAL FUND	\$ 117,590	\$ 116,479	\$ 119,489	\$ 119,489	\$ 119,489	\$ 119,489	\$ 119,489
MOTOR LICENSE FUND:							
Harristown Rental Charges (EA)	\$ 88	\$ 92	\$ 92	\$ 92	\$ 92	\$ 92	\$ 92
Harristown Utility and Municipal Charges (EA)	189	200	207	207	207	207	207
Tort Claims Payments.....	12,500	10,000	10,000	10,000	10,000	10,000	10,000
TOTAL MOTOR LICENSE FUND	\$ 12,777	\$ 10,292	\$ 10,299	\$ 10,299	\$ 10,299	\$ 10,299	\$ 10,299

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Facility, Property and Commodity Management							
Procurement							
Annual DGS procurement related savings (in thousands)	\$40,000	\$31,000	\$32,000	\$33,000	\$34,000	\$35,000	\$36,000
Public Works							
Maintain Error/Omission changes to no more than 15 percent of total change order cost	20%	10%	9.50%	9%	8.50%	8%	7.50%
Percentage of projects within the original scheduled completion date, while allowing extensions of time only for severe weather.	75%	76%	80%	80%	85%	85%	100%
Percentage of all construction contracts executed within 45 days of the Notice of Award	100%	100%	100%	100%	100%	100%	100%
Percentage of projects completed annually with final project contract costs within 105 percent of the original project award	49%	90%	90%	90%	90%	90%	90%
Vehicles							
Percentage decrease in the number of state-owned, non law enforcement passenger vehicles from January 2011 number	15%	20%	20%	20%	20%	25%	25%
Real Estate							
Total square footage reduced each year	98,100	153,200	112,000	100,000	100,000	100,000	100,000
Torts							
Average cost per insurance settlement	\$488	\$508	\$525	\$545	\$565	\$585	\$605
Insurance claims settled per year	2,416	2,500	2,600	2,700	2,800	2,900	3,000
Energy							
Percentage reduction in utility costs	9%	10%	10%	10%	10%	10%	10%
Small Diverse Businesses							
Annual percentage of commonwealth contract spending awarded to small and small diverse businesses	4%	14%	14%	14%	14%	14%	14%

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DEPARTMENT OF HEALTH

The mission of the Department of Health is to promote healthy lifestyles, prevent injury and disease, and to ensure the safe delivery of quality health care for all commonwealth citizens.

To accomplish this mission, the department works collaboratively with public and private community partners to facilitate the development of an effective public health system. The department licenses and regulates a variety of health facilities, and provides outreach, education, prevention and treatment services. Community-based groups receive grants to provide essential services to the commonwealth's citizens including programs for women and children, nutrition, immunization, diagnosis and treatment of certain blood and communicable diseases, cancer control and prevention.

Programs and Objectives

Health Support Services: *To provide effective administration and support systems through which the substantive programs of the health delivery system and the department can be achieved.*

Health Research: *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.*

Preventive Health: *To reduce morbidity and mortality through the early detection of disease and health defects and the promotion of sound health practices and remedial care.*

Health Treatment Services: *To maximize the individual's capacity for independent living through the provision of an array of service and support programs.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 21,918	\$ 22,118	\$ 21,861
(F)WIC Administration and Operation.....	39,655	18,565	19,128
(F)Health Assessment.....	535	535	535
(F)PHHSBG - Administration and Operation.....	2,381	2,211	1,941
(F)SABG - DDAP Support Services (EA).....	200	238	436
(F)MCHSBG - Administration and Operation.....	16,673	16,173	15,472
(F)Adult Blood Lead Epidemiology.....	108	108	108
(F)EMS for Children.....	155	155	155
(F)TB - Administration and Operation.....	1,232	1,232	1,232
(F)Lead - Administration and Operation.....	988	1,120	1,832
(F)AIDS Health Education - Administration and Operation.....	7,129	6,453	6,506
(F)Primary Care Cooperative Agreements.....	313	313	313
(F)HIV / AIDS Surveillance.....	1,610	1,610	1,610
(F)HIV Care - Administration and Operation.....	6,331	6,331	5,331
(F)Rural Access to Emergency Devices.....	160	0	0
(F)Cancer Prevention and Control.....	8,359	8,154	8,338
(F)Environmental Public Health Tracking.....	1,100	1,100	840
(F)Health Equity.....	225	225	225
(F)Strengthening Public Health Infrastructure.....	763	863	863
(F)Special Preparedness Initiatives.....	0	500	500
(F)State Innovation Models.....	1,600	50,000	60,000
(F)Public Health Emergency Preparedness and Response (EA).....	72,674	64,675	54,358
(F)Learning Management System (EA).....	75	60	60
(A)Data Center Services.....	44	45	45
(A)Departmental Services.....	1	1	1
(A)NACDD Epidemiologist.....	63	20	0
(A)Council of State and Territorial Epidemiologists (CSTE).....	21	0	0
Subtotal.....	<u>\$ 184,313</u>	<u>\$ 202,805</u>	<u>\$ 201,690</u>
Quality Assurance.....	18,878	18,878	18,666
(F)Medicare - Health Service Agency Certification.....	11,364	11,364	11,364
(F)Medicaid Certification.....	7,800	7,800	7,800
(F)ARRA - Ambulatory Surgical Infection Prevention.....	200	0	0
(A)Publication Fees.....	6	6	6
Subtotal.....	<u>\$ 38,248</u>	<u>\$ 38,048</u>	<u>\$ 37,836</u>
Chronic Care Management.....	970	970	970
(F)ARRA - Health Information Exchange Capacity (EA).....	10,000	0	0
Subtotal.....	<u>\$ 10,970</u>	<u>\$ 970</u>	<u>\$ 970</u>
Vital Statistics.....	5,965	5,965	5,913
(F)Cooperative Health Statistics.....	1,540	1,540	1,800
(F)Health Statistics.....	164	80	84
(F)Behavioral Risk Factor Surveillance System.....	674	712	703
(F)Birth Certificate Verification (EA).....	600	0	0
(A)Reimbursement for Microfilming.....	110	110	42
(A)VitalChek Surcharge.....	602	766	903
(R)County Coroner/Medical Examiner Distribution (EA).....	1,145	1,194	1,241
(R)Vital Statistics Improvement Administration (EA).....	2,825	6,920	3,268
Subtotal.....	<u>\$ 13,625</u>	<u>\$ 17,287</u>	<u>\$ 13,954</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
State Laboratory	3,168	3,168	3,140
(F)Clinical Laboratory Improvement.....	678	678	678
(F)Epidemiology and Laboratory Surveillance and Response.....	3,433	3,433	3,433
(F)Food Emergency Response.....	290	290	249
(A)Blood Lead Testing.....	17	16	16
(A)Blood Lead Specimen Testing.....	8	8	8
(A)Erythrocyte Protoporphyrin Testing.....	11	11	11
(A)Alcohol Proficiency Testing.....	66	66	66
(A)Drug Abuse Proficiency.....	147	147	147
(A)Licensure for Clinical Laboratories.....	1,474	1,474	1,474
(A)Low Volume Proficiency Testing.....	1	1	1
(A)Training Course Fees.....	2	2	2
(A)Viral Load Testing.....	0	176	176
Subtotal.....	\$ 9,295	\$ 9,470	\$ 9,401
State Health Care Centers	20,753	20,500	20,291
(F)Disease Control Immunization.....	11,571	11,571	11,571
(F)PHHSBG - Block Program Services.....	2,972	3,020	3,691
(F)Preventive Health Special Projects.....	2,500	1,954	2,377
(F)Collaborative Chronic Disease Programs.....	13,177	6,744	7,277
(F)Sexual Violence Prevention and Education.....	1,869	1,592	1,707
(F)ARRA - Prevention and Wellness.....	86	0	0
(F)Refugee Health Program (EA).....	4,000	3,262	3,980
Subtotal.....	\$ 56,928	\$ 48,643	\$ 50,894
Sexually Transmitted Disease Screening and Treatment	1,729	1,729	1,729
(F)Survey and Follow-Up - Sexually Transmitted Diseases.....	2,741	2,741	2,835
Subtotal.....	\$ 4,470	\$ 4,470	\$ 4,564
Subtotal - State Funds.....	\$ 73,381	\$ 73,328	\$ 72,570
Subtotal - Federal Funds.....	237,925	237,402	239,332
Subtotal - Augmentations.....	2,573	2,849	2,898
Subtotal - Restricted Revenues.....	3,970	8,114	4,509
Total - General Government.....	\$ 317,849	\$ 321,693	\$ 319,309
Grants and Subsidies:			
Diabetes Programs	\$ 100	\$ 100	\$ 0
Primary Health Care Practitioner	3,671	3,671	7,671
(F)Loan Repayment Program.....	312	312	312
(F)Rural Hospital Flexibility Program.....	481	0	0
(F)ARRA - Health Professions Workforce Development.....	243	150	0
Subtotal.....	\$ 4,707	\$ 4,133	\$ 7,983
Community-Based Health Care Subsidy	0	4,000	8,000
Newborn Screening	4,110	4,110	4,110
Cancer Screening Services	2,563	2,563	2,563
AIDS Programs and Special Pharmaceutical Services	17,436^a	17,436^a	17,436
(F)AIDS Health Education Program.....	2,380 ^b	3,056 ^c	3,113
(F)AIDS Ryan White and HIV Care.....	46,011 ^d	46,011 ^d	56,669
(F)Housing for Persons with AIDS.....	2,347 ^e	2,538 ^f	2,538
(A)AIDS SPBP Rebates.....	19,159 ^g	2,702 ^h	2,795
Subtotal.....	\$ 87,333	\$ 71,743	\$ 82,551
Regional Cancer Institutes	450	600	450
School District Health Services	36,620	36,620	36,620
Local Health Departments	25,421	25,421	25,421
Local Health - Environmental	6,989	6,989	6,989

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
Maternal and Child Health	822	766	651
(F)MCH Lead Poisoning Prevention and Abatement.....	2,683	2,050	2,050
(F)MCHSBG - Program Services.....	17,180	17,030	17,035
(F)Women, Infants and Children (WIC).....	336,920	276,112	276,112
(F)Abstinence Education.....	2,486	2,628	2,576
(F)Traumatic Brain Injury.....	344	327	330
(F)Environmental Assessment - Child Lead Poisoning.....	105	0	0
(F)Family Health Special Projects.....	3,537	1,429	600
(F)Screening Newborns.....	874	881	744
(F)Newborn Hearing Screening and Intervention.....	336	330	316
(F)Teenage Pregnancy Prevention.....	4,089	4,159	3,892
Subtotal.....	\$ 369,376	\$ 305,712	\$ 304,306
Tuberculosis Screening and Treatment	874	874	874
(F)Tuberculosis Control Program.....	318	318	385
Subtotal.....	\$ 1,192	\$ 1,192	\$ 1,259
Renal Dialysis	6,779	6,779	6,779
Services for Children with Special Needs	1,551	1,551	1,551
Adult Cystic Fibrosis & Other Chronic Respiratory Illnesses	650	750	450
Cooley's Anemia	100	100	100
Hemophilia	949	959	949
Lupus	100	100	0
Sickle Cell	1,200	1,260	1,200
Regional Poison Control Centers	700	700	0
Trauma Prevention	390	425	0
Epilepsy Support Services	400	550	0
Bio-Technology Research	4,236	5,300	0
Tourette Syndrome	75	150	0
Amyotrophic Lateral Sclerosis Support Services	300	350	350
Subtotal - State Funds.....	\$ 116,486	\$ 122,124	\$ 122,164
Subtotal - Federal Funds.....	420,646	357,331	366,672
Subtotal - Augmentations.....	19,159	2,702	2,795
Total - Grants and Subsidies.....	\$ 556,291	\$ 482,157	\$ 491,631
STATE FUNDS.....	\$ 189,867	\$ 195,452	\$ 194,734
FEDERAL FUNDS.....	658,571	594,733	606,004
AUGMENTATIONS.....	21,732	5,551	5,693
RESTRICTED REVENUES.....	3,970	8,114	4,509
GENERAL FUND TOTAL	\$ 874,140	\$ 803,850	\$ 810,940
OTHER FUNDS:			
TOBACCO SETTLEMENT FUND:			
Tobacco Use Prevention and Cessation (EA).....	\$ 14,221	\$ 14,212 ⁱ	\$ 13,830
Health Research - Health Priorities (EA).....	39,819	39,794 ^j	38,723
Health Research - National Cancer Institute (EA).....	3,159	3,158 ^k	3,073
TOBACCO SETTLEMENT FUND TOTAL.....	\$ 57,199	\$ 57,164	\$ 55,626
EMERGENCY MEDICAL SERVICES OPERATING FUND:			
Emergency Medical Services.....	\$ 10,975	\$ 10,975	\$ 10,500
Catastrophic Medical and Rehabilitation.....	5,250	5,250	5,100
EMERGENCY MEDICAL SERVICES OPERATING FUND TOTAL.....	\$ 16,225	\$ 16,225	\$ 15,600

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND:			
Implementation Costs (EA).....	\$ 96	\$ 96	\$ 99
Hospital and Other Medical Costs (EA).....	100	115	115
Grants to Certified Procurement Organizations (EA).....	609	577	577
Project Make-A-Choice (EA).....	198	173	173
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND TOTAL.....	\$ 1,003	\$ 961	\$ 964
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 189,867	\$ 195,452	\$ 194,734
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	658,571	594,733	606,004
AUGMENTATIONS.....	21,732	5,551	5,693
RESTRICTED.....	3,970	8,114	4,509
OTHER FUNDS.....	74,427	74,350	72,190
TOTAL ALL FUNDS.....	\$ 948,567	\$ 878,200	\$ 883,130

^a Appropriated as \$7,169,000 for AIDS Programs and \$10,267,000 for AIDS Special Pharmaceutical Services.

^b Appropriated as \$2,380,000 for AIDS Health Education.

^c Appropriated as \$3,056,000 for AIDS Health Education.

^d Appropriated as \$11,477,000 for HIV Care and \$34,534,000 for AIDS Ryan White.

^e Appropriated as \$2,347,000 for Housing Opportunities for People with AIDS.

^f Appropriated as \$2,538,000 for Housing Opportunities for People with AIDS.

^g Includes \$281,000 for ADAP Rebate Funding and \$18,878,000 for AIDS - Pharmacy Rebates.

^h Includes \$2,702,000 for ADAP Rebate Funding. Reflects change in federal requirements for use of rebates.

ⁱ Includes \$7,200,000 in budgetary reserve due to the anticipated reduction in the April 2014 Master Settlement Agreement payment.

^j Includes \$39,021,000 in budgetary reserve due to the anticipated reduction in the April 2014 Master Settlement Agreement payment.

^k Includes \$3,158,000 in budgetary reserve due to the anticipated reduction in the April 2014 Master Settlement Agreement payment.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
HEALTH SUPPORT SERVICES							
GENERAL FUND.....	\$ 43,964	\$ 44,164	\$ 43,667	\$ 43,667	\$ 43,667	\$ 43,667	\$ 43,667
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	185,831	203,948	202,871	202,871	202,871	202,871	202,871
OTHER FUNDS.....	1,861	1,973	1,953	1,953	1,953	1,953	1,953
SUBCATEGORY TOTAL.....	\$ 231,656	\$ 250,085	\$ 248,491	\$ 248,491	\$ 248,491	\$ 248,491	\$ 248,491
HEALTH RESEARCH							
GENERAL FUND.....	\$ 10,751	\$ 11,965	\$ 6,363	\$ 6,363	\$ 6,363	\$ 6,363	\$ 6,363
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,978	2,332	2,587	2,587	2,587	2,587	2,587
OTHER FUNDS.....	47,660	51,942	47,250	47,250	47,250	47,250	47,250
SUBCATEGORY TOTAL.....	\$ 61,389	\$ 66,239	\$ 56,200	\$ 56,200	\$ 56,200	\$ 56,200	\$ 56,200
PREVENTIVE HEALTH							
GENERAL FUND.....	\$ 122,358	\$ 126,199	\$ 133,325	\$ 133,325	\$ 133,325	\$ 133,325	\$ 133,325
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	469,762	388,453	400,546	400,546	400,546	400,546	400,546
OTHER FUNDS.....	33,380	16,914	16,625	16,625	16,625	16,625	16,625
SUBCATEGORY TOTAL.....	\$ 625,500	\$ 531,566	\$ 550,496	\$ 550,496	\$ 550,496	\$ 550,496	\$ 550,496
HEALTH TREATMENT SERVICES							
GENERAL FUND.....	\$ 12,794	\$ 13,124	\$ 11,379	\$ 11,379	\$ 11,379	\$ 11,379	\$ 11,379
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	17,228	17,186	16,564	16,564	16,564	16,564	16,564
SUBCATEGORY TOTAL.....	\$ 30,022	\$ 30,310	\$ 27,943	\$ 27,943	\$ 27,943	\$ 27,943	\$ 27,943
ALL PROGRAMS:							
GENERAL FUND.....	\$ 189,867	\$ 195,452	\$ 194,734	\$ 194,734	\$ 194,734	\$ 194,734	\$ 194,734
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	658,571	594,733	606,004	606,004	606,004	606,004	606,004
OTHER FUNDS.....	100,129	88,015	82,392	82,392	82,392	82,392	82,392
DEPARTMENT TOTAL.....	\$ 948,567	\$ 878,200	\$ 883,130	\$ 883,130	\$ 883,130	\$ 883,130	\$ 883,130

PROGRAM OBJECTIVE: To provide effective administration and support systems through which the substantive programs of the health delivery system and the department can be achieved.

Program: Health Support Services

Health Support Services provides administrative and technical systems that support disease prevention and treatment. Also included in this program are quality assurance activities and state laboratory facilities.

The department provides epidemiologic assessment of health problems that include communicable diseases, environmental conditions, occupational hazards and health risk behaviors of the general public or selected populations. The department issues guidelines and recommendations for prevention and control of these diseases and provides professional consultation and technical support for health care providers and institutions, other agencies, county health departments and local municipalities.

The Quality Assurance program conducts surveys and inspections of health care facilities, home care agencies, psychiatric residential treatment facilities, intermediate care facilities and others to determine compliance with state and federal standards and regulations and as a condition of receiving federal Medicare and Medicaid financial support. The surveys determine compliance with various standards including sanitation, fire safety, health and level of care. Facilities unable or unwilling to correct deficiencies according to a plan agreeable to the department are subject to various penalties. The department's website displays completed surveys for public access.

The frequency of inspections varies by type of facility as required by either state or federal law or regulation. Initial inspections are conducted prior to issuances of licenses. More frequent inspections are made in response to complaints or life-threatening situations.

Facility Inspection Frequency	
Facility Type	Frequency
Abortion facilities	Inspected annually
Acute care hospitals	Surveyed and licensed on a three-year cycle
Ambulatory surgical facilities	Inspected annually
Birth centers	Inspected annually
End-stage renal disease facilities	One-third of facilities are surveyed annually
Home care agencies	Inspected on a 12 to 36 month schedule based on compliance history and federal requirements
Hospice agencies	Inspected biennially
Nursing homes	Inspected annually
Pediatric extended care centers	Inspected annually

In addition to inspections of health care facilities for compliance with state licensure and federal certification requirements, the Quality Assurance program 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 Healthcare-Associated Infections Prevention program supports hospitals, nursing care facilities and ambulatory surgical facilities in reducing the occurrence of healthcare-associated infections through implementing effective identification and reporting; reviewing and approving individual facility infection control plans; developing best practices for monitoring, surveillance and response; and maintaining a reporting program that will establish benchmarks and monitor performance in hospitals and nursing homes.

The Managed Care program is responsible for oversight and regulation of managed care plans including health maintenance organizations (HMOs), gatekeeper preferred provider organizations (PPOs) and point of service products. It licenses new plans, ensures availability and accessibility of health services in plan service areas and monitors quality of care through periodic inspections and external quality reviews. This program 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). In accordance with Act 68 of 1998, known as the Insurance Company Law, it certifies managed care utilization review organizations and monitors compliance with utilization review standards. The program also reviews complaints under Act 68 and coordinates third level grievance reviews conducted by certified external review entities.

The department operates the state public health laboratory, which maintains a state of readiness to support the investigation of disease outbreaks and other threats to public health. The state laboratory performs approximately 200,000 tests each year for diseases such as HIV, rabies, meningitis, influenza, tuberculosis, botulism, Lyme disease, West Nile Virus, drugs of abuse, alcohol and blood lead. The state laboratory is designated by the Federal Bureau of Investigation as the primary laboratory for the detection and identification of biological and chemical terrorism agents and is the state's reference laboratory in the national Laboratory Response Network

Program: Health Support Services (continued)

and the Food Emergency Response Network. The state laboratory houses and supports the federal BioWatch program, which operates 365 days a year, to ensure the safety of the citizens of Pennsylvania. It licenses more than 8,000 laboratories, including independent labs and those located within hospitals and physicians' offices, establishes performance standards and monitors compliance through on-site inspections. Most of these laboratories are located in Pennsylvania; however, clinical lab permits are also issued to out-of-state labs wishing to perform testing on specimens originating in Pennsylvania. The state laboratory also recommends certification of clinical laboratories under the requirements of the federal Clinical Laboratory Improvement Amendments.

The federal Department of Health and Human Services provides funding to the department to strengthen public health and health care emergency preparedness and

response capabilities through increased infrastructure and program capacity, improved scientific and technical capabilities and enhanced professional training and public education. The Public Health Preparedness program coordinates preparedness actions that ensure state and local readiness, interagency collaboration and the capability to respond to the public health and medical consequences of all disasters and emergencies. Public health preparedness activities across the commonwealth include upgrading infectious disease surveillance and investigation, expanding public health laboratory capacity, developing medical countermeasure distribution and dispensing plans, enhancing communications systems and facilitating regional health care facility preparedness planning and response efforts.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$	-257	General Government Operations —reduction in administrative costs.	\$	-28	State Laboratory —reduction in administrative costs.
\$	-212	Quality Assurance —reduction in administrative costs.			

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 21,918	\$ 22,118	\$ 21,861	\$ 21,861	\$ 21,861	\$ 21,861	\$ 21,861
Quality Assurance.....	18,878	18,878	18,666	18,666	18,666	18,666	18,666
State Laboratory	3,168	3,168	3,140	3,140	3,140	3,140	3,140
TOTAL GENERAL FUND	\$ 43,964	\$ 44,164	\$ 43,667	\$ 43,667	\$ 43,667	\$ 43,667	\$ 43,667

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 Health Statistics and Research program is the focal point in Pennsylvania for coordinating the collection, analysis and dissemination of health statistics and information. Its function is to collect statistical information on the health status of the population such as infant mortality, birth to teens and leading causes of death. This program 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 Health Statistics and Research program oversees several statewide data collection systems and registries, such as the Behavioral Risk Factor Surveillance System, the statewide immunization registry and the Pennsylvania Cancer Registry. All of the program's publications and statistics are available on the department's website, which includes an interactive health statistics tool.

The Health Statistics and Research program also maintains a central repository for more than 33.5 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 more than 500,000 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 reporting of missing children. Birth and death records are stored on microfilm for preservation and are available for retrieval if required.

The Commonwealth Universal Research Enhancement (CURE) 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. Performance reviews are conducted to evaluate the effectiveness of each research project funded by a grant.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -52	Vital Statistics —reduction in administrative costs.	\$ -150	Regional Cancer Institutes —funding reduction.
\$ -100	Diabetes Programs —program elimination.	\$ -5,300	Bio-Technology Research —program elimination.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Vital Statistics	\$ 5,965	\$ 5,965	\$ 5,913	\$ 5,913	\$ 5,913	\$ 5,913	\$ 5,913
Diabetes Programs	100	100	0	0	0	0	0
Regional Cancer Institutes	450	600	450	450	450	450	450
Bio-Technology Research.....	4,236	5,300	0	0	0	0	0
TOTAL GENERAL FUND	\$ 10,751	\$ 11,965	\$ 6,363	\$ 6,363	\$ 6,363	\$ 6,363	\$ 6,363

PROGRAM OBJECTIVE: To reduce morbidity and mortality through the early detection of disease and health defects and the promotion of sound health practices and remedial care.

Program: Preventive Health

A key to the promotion of sound health practices is ensuring that all Pennsylvanians are able to access a range of preventive health and early disease detection services.

The department provides public health services through its network of district offices, state health centers, county and municipal health departments, community-based organizations and other public health clinical providers. These programs include communicable disease tracking and prevention; investigation, intervention and control services; family health and chronic disease prevention, assessment and intervention services; and special environmental health services. The six county and four city health departments also provide a range of individual and environmental public health services within their jurisdictions and are funded through grants and contracts awarded by the department.

To improve the availability of health care in underserved rural and urban areas, the department has established grant programs that enhance the recruitment and retention of primary health care physicians, dentists and other health professionals. Programs include grant awards to establish or expand medical and dental clinics (which require matching funds), educational loan repayment and visa waivers for healthcare professionals practicing in designated shortage areas, and support for the stabilization of small rural hospitals.

In addition to these general activities to promote sound health practices, the department provides a variety of programs targeted to specific populations and diseases that represent significant health risks.

Program Element: Women and Infant Programs

The department administers the federally funded Women, Infants and Children (WIC) program. WIC serves pregnant, breast-feeding and postpartum women, infants and children up to five years of age who are at risk due to medical conditions and/or inadequate diet and low income. The program supplies supplemental foods that are rich in nutrients frequently lacking in the diets of the target population. The program ensures that WIC participants receive routine health care and that nutrition education and counseling are made available on a regular basis. Participants are also referred to other appropriate local medical, health and social services. Program benefits promote optimal pregnancy outcomes, improve participant use of pediatric and obstetrical services and enhance early interventions for potential health problems.

To minimize severe health risks to infants, the department conducts a Newborn Screening and Follow-Up program. The department assures appropriate follow-up

services for all newborns with abnormal or inconclusive test results. In addition, these newborns and their families are linked with treatment specialists who conduct diagnostic testing and coordinate the required care. The department also distributes specialized metabolic products statewide for children and pregnant women with phenylketonuria or maple syrup urine disease to lessen the adverse effects of those conditions.

The department facilitates a number of programs designed to help improve the health status of women. The Breast and Cervical Cancer Early Detection program (HealthyWoman Program) provides free mammograms, breast exams, Pap tests, pelvic exams, and treatment to eligible women, ages 40 – 64, who are low income and have limited or no insurance.

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 federally funded 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 younger than two years. The program 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 vaccines and guidance to school districts for the provision of hepatitis B, measles/mumps/rubella, varicella, tetanus/diphtheria/pertussis and meningococcal immunizations for students.

The health hazards of environmental lead are addressed through the department's Childhood Lead Poisoning Prevention program. The program identifies children with, or at risk for, lead poisoning. It assures timely medical follow-up, environmental investigation and reduction of lead hazards to prevent adverse effects on intellectual functioning, behavior and overall health status attributable to lead exposure. Appropriate educational, medical and environmental follow-up is provided for the family of each child with a positive screening test result.

The School Health program supports health services for all children who are attending elementary or secondary school, either public or private. The program reimburses 500 school districts, 160 charter schools and 10 vocational

Program: Preventive Health (continued)

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 promotes appropriate adult immunizations by providing information to community based and public organizations and makes available vaccines to uninsured and underinsured adults through state health centers, county and municipal health departments and federally qualified and rural health clinics. The department ensures that all residents of the commonwealth are served through an infectious disease epidemiological surveillance, investigation and control system. Reported cases of infectious diseases are investigated by the department to determine the infection source, transmission mode and control measures to prevent additional cases. The department also provides a secure, confidential statewide disease surveillance system. This computerized system compares incidence and prevalence rates and identifies risk factors. Disease trends are determined and corrective action recommended to reduce or to ameliorate public health risks. Diseases investigated range from giardiasis, hepatitis, salmonellosis, shigellosis, rabies and Lyme disease, to tuberculosis, HIV/AIDS and the other prevalent sexually transmitted diseases.

Chronic disease remains one of the leading causes of preventable morbidity and premature death in the commonwealth. The PA Center for Practice Transformation and Innovation continues to work with healthcare providers, commercial and public insurance payers, consumers, and the Centers for Medicare and Medicaid Services (CMS) to transform the way patient care is managed, delivered, documented and advanced in primary care settings, with the goal of improving health outcomes and reducing the cost of care. The department continues its multi-payer, multi-state and regional collaboratives and supports and promotes the patient centered medical home concept.

The department's HIV/AIDS program is a coordinated and integrated strategy to prevent, test, link, treat and engage/retain individuals across the continuum of HIV prevention and care services. Emphasis is placed on the three primary goals aligned with the National HIV/AIDS Strategy: 1) reducing the number of people who become infected with HIV, 2) increasing access to care and optimizing health outcomes for people living with HIV, and 3) reducing HIV-related health disparities. The program includes: prevention activities; capacity-building activities; program planning, monitoring, evaluation, and quality improvement; coordination and delivery of HIV/AIDS medical care and support services; housing assistance; and an AIDS drug assistance program.

The goal of the Sexually Transmitted Diseases (STD) program is to reduce the incidence of syphilis, gonorrhea, chlamydia and other STDs. The STD program supports a

statewide network of clinical service sites that offer testing, treatment and risk-reduction information and conduct contact elicitation interviews and related investigative services. Special attention and follow-up is provided to those ages 15 and under whom have an STD, or those who are a sexual partner of a person who has 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 a person who has an STD. In addition to traditional clinical STD services, the STD Program is expanding STD testing services in non-traditional venues to include high-risk individuals as determined by local disease burdens.

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 department manages the following federally funded programs that also support health promotion and injury prevention activities:

Cancer Prevention and Control programs promote cancer education, awareness and services through policy system and environmental approaches to reduce cancer mortality and provide a better quality of life for Pennsylvanians dealing with the effects of cancer. The programs coordinate cancer prevention, detection, treatment, quality of life services and resources. This is accomplished through statewide partnership development and engaging the cancer and chronic disease community to implement the directives of the statewide Cancer Control Plan. Further, the programs oversee breast, cervical and colorectal population-based screenings and diagnostic services to eligible uninsured and underinsured Pennsylvanians.

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 materials designed to promote the prevention of tooth decay, periodontal disease and other oral diseases. The program also promotes the beneficial health effects of fluoridation of public water systems.

The Cardiovascular Health, program in conjunction with the Obesity Prevention program, promotes healthy active lifestyles through systems, policies and environmental changes in four target environments - communities, health care systems, schools and worksites. These changes support the development of positive individual behaviors to reduce and control diabetes and hypertension, and to prevent heart disease, obesity, stroke and related chronic diseases.

The Asthma Control program provides education and information to persons with asthma, caregivers and health

Program: Preventive Health (continued)

professionals that support the identification of triggers and self-management of asthma.

The Violence and Injury Prevention program is designed to reduce the incidence of unintentional injuries, violence and injury-related fatalities through the development of surveillance systems, education programs for at-risk populations and training of health professionals. The department provides funding to organizations to support safer communities by addressing childhood injuries, motor vehicle safety, falls prevention among older adults, prevention of drug overdoses and child maltreatment prevention.

Pennsylvania's arthritis programs substantially expand the access, availability, and use of arthritis-appropriate evidence-based interventions and embed them into multi-site delivery systems and conduct surveillance for informed decision-making. The program is working with sister agencies and statewide partners to increase the number of adults who are first-time arthritis program participants to improve health status and to promote behavioral change, improved self-efficacy, and reduced healthcare utilization.

The Tobacco Use Prevention and Control program seeks to control the epidemic of disease, disability and death related to tobacco use. The goals of the department are to change community norms through state-advised,

community-driven systems that create environments where it is uncommon to see, use and be negatively impacted by tobacco products and tobacco smoke pollution, and to reduce the consumption of tobacco by youth and adults. The program is also responsible for education regarding and enforcement of the provisions of the Clean Indoor Air Act, Act 27 of 2008, which prohibits smoking in a public place with certain exemptions. The statewide Tobacco Use Prevention and Control program is consistent with best practices as defined by the federal Centers for Disease Control and Prevention's Best Practices for Comprehensive Tobacco Control Programs. State funds are provided through grants to regional primary contractors (lead agencies) to implement the components of tobacco control programs in all 67 counties. Activities include community and school programs, enforcement of Pennsylvania's youth access to tobacco law and counter-marketing to prevent initiation of tobacco use by youth; cessation programs to help youth and adults quit tobacco use; awareness education and community outreach to protect non-smokers from secondhand smoke; chronic disease programs and initiatives to address tobacco-related health disparities; surveillance and evaluation programs; and administration and management.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ -209 State Health Care Centers —reduction in administrative costs.</p> <p>\$ 4,000 Primary Health Care Practitioner —Initiative—Healthy PA Program Implementation. To provide an additional 12 hospital residency grants and 70 loan repayment awards to recruit and retain health care professionals in underserved areas of the state.</p>	<p>\$ 4,000 Community-Based Health Care Subsidy —Initiative—Healthy PA Program Implementation. To provide grants for four new health care centers and to 36 existing health care entities to increase access to preventive primary care services for uninsured individuals in underserved areas of the state.</p> <p>\$ -115 Maternal and Child Health —reflects maximized utilization of federal funds.</p> <p>\$ -550 Epilepsy Support Services —program elimination.</p>
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All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Chronic Care Management	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970
State Health Care Centers	20,753	20,500	20,291	20,291	20,291	20,291	20,291
Sexually Transmitted Disease Screening and Treatment.....	1,729	1,729	1,729	1,729	1,729	1,729	1,729
Primary Health Care Practitioner.....	3,671	3,671	7,671	7,671	7,671	7,671	7,671
Community-Based Health Care Subsidy...	0	4,000	8,000	8,000	8,000	8,000	8,000

Program: Preventive Health (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Newborn Screening	4,110	4,110	4,110	4,110	4,110	4,110	4,110
Cancer Screening Services	2,563	2,563	2,563	2,563	2,563	2,563	2,563
AIDS Programs and Special Pharmaceutical Services	17,436	17,436	17,436	17,436	17,436	17,436	17,436
School District Health Services	36,620	36,620	36,620	36,620	36,620	36,620	36,620
Local Health Departments	25,421	25,421	25,421	25,421	25,421	25,421	25,421
Local Health - Environmental	6,989	6,989	6,989	6,989	6,989	6,989	6,989
Maternal and Child Health	822	766	651	651	651	651	651
Tuberculosis Screening and Treatment	874	874	874	874	874	874	874
Epilepsy Support Services	400	550	0	0	0	0	0
TOTAL GENERAL FUND	\$ 122,358	\$ 126,199	\$ 133,325	\$ 133,325	\$ 133,325	\$ 133,325	\$ 133,325

PROGRAM OBJECTIVE: To maximize the individual's capacity for independent living through the provision of an array of service and support programs.

Program: Health Treatment Services

The department has responsibility for coordinating a variety of specialized medical services for commonwealth patients. The department also pays for these services in cases where all other available resources, including Medical Assistance (MA) and the Children's Health Insurance Program (CHIP), have been used.

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 hospitalization.

Outpatient treatment services are more economical and cost-effective than inpatient care and are used whenever possible to provide needed treatment services for chronic diseases.

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 minor's provisions of the Disease Prevention and Control Law.

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 Bureau of Health Promotion and Risk Reduction conducts a public information and education program utilizing The Governor Robert P. Casey Memorial Organ and Tissue Donation Awareness Trust Fund to encourage organ and tissue donation as one means of managing this disease and increasing the quality of life.

The specialty care programs provide children and adults with a variety of services for certain health conditions including adult cystic fibrosis, Cooley's anemia, hemophilia, sickle cell and home ventilator care for children with chronic respiratory failure. Services

include diagnosis, direct medical care, case management, comprehensive evaluations and rehabilitative services, including pharmaceuticals and blood products. In a joint effort to improve utilization of state funds, individuals who appear to be eligible for MA and CHIP are referred to those programs.

Federal funding is also available to facilitate connections to services for children and youth with special health care needs through the Special Kids Network. The Special Kids Network connects families and health care providers with information, referral services and system of care activities. The Special Kids Network provides community-based and family-focused services for children and youth with special health care needs and their families by participating in and facilitating activities such as in-home service coordination, community engagement, and a toll-free helpline, which is staffed by a trained nurse.

The department is the lead agency for the commonwealth's emergency medical services (EMS) system as defined in Act 37 of 2009, known as the Emergency Medical Services Act. This includes planning, coordinating, developing, implementing and evaluating the statewide EMS system (including emergency preparedness and response) through regional councils and a statewide advisory council. This program is responsible for licensure of ambulance services, assuring availability of training, certification of EMS personnel, medical command facility accreditation, medical command physician recognition, training institute accreditation, integration of the poison information system with the EMS system and distribution of funding. Regulations and implementation of the pre-hospital "Do Not Resuscitate" program are managed through the department 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.

Program: Health Treatment Services (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -300	Adult Cystic Fibrosis —funding reduction.	\$ -700	Regional Poison Control Centers —program elimination.
\$ -10	Hemophilia —funding reduction.	\$ -425	Trauma Prevention —program elimination.
\$ -100	Lupus —program elimination.	\$ -150	Tourette Syndrome —program elimination.
\$ -60	Sickle Cell —funding reduction.		

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
General Fund:							
Renal Dialysis.....	\$ 6,779	\$ 6,779	\$ 6,779	\$ 6,779	\$ 6,779	\$ 6,779	\$ 6,779
Services for Children with Special Needs..	1,551	1,551	1,551	1,551	1,551	1,551	1,551
Adult Cystic Fibrosis & Other Chronic							
Respiratory Illnesses.....	650	750	450	450	450	450	450
Cooley's Anemia.....	100	100	100	100	100	100	100
Hemophilia.....	949	959	949	949	949	949	949
Lupus.....	100	100	0	0	0	0	0
Sickle Cell.....	1,200	1,260	1,200	1,200	1,200	1,200	1,200
Regional Poison Control Centers.....	700	700	0	0	0	0	0
Trauma Prevention.....	390	425	0	0	0	0	0
Tourette Syndrome.....	75	150	0	0	0	0	0
Amyotrophic Lateral Sclerosis							
Support Services.....	300	350	350	350	350	350	350
TOTAL GENERAL FUND.....	\$ 12,794	\$ 13,124	\$ 11,379	\$ 11,379	\$ 11,379	\$ 11,379	\$ 11,379

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Health Support Services							
Licensure and/or Federal Certification Surveys Completed Prior to Licensure Expiration by Facility Type							
Ambulatory Surgery Center within 12 months*	325	330	335	340	345	350	355
Hospitals within 36 months	245	235	225	205	205	205	205
Nursing homes within 12 months	742	739	739	739	739	739	739
Intellectual Disabilities - Intermediate Care Facilities within 12 months	179	177	177	177	177	177	177
Home health agencies within 12 months	477	500	500	500	500	500	500
Hospices within 12 months	183	185	185	185	185	185	185
Home Care Agencies/Registries within 12 months	1,203	1,270	1,270	1,270	1,270	1,270	1,270
Birth Centers within 12 months	5	5	5	5	5	5	5
Pediatric Extended Care Centers within 12 months	13	14	14	14	14	14	14
Laboratory Services							
Clinical laboratories licensed	8,503	8,775	8,775	8,775	8,775	8,775	8,775
Specimens tested by the state laboratory per year	42,728	55,000	55,000	55,000	55,000	55,000	55,000
Rabies tests by the state laboratory per year	3,435	3,500	3,750	3,750	3,750	3,750	3,750
West Nile Virus tests by the state laboratory per year	3,824	4,000	4,000	4,000	4,000	4,000	4,000
Public Health Preparedness							
Percentage of eligible hospitals registered to use PA National Electronic Disease Surveillance System (PA-NEDSS)	98%	98%	98%	98%	98%	98%	98%
Percentage of eligible laboratories registered to use PA National Electronic Disease Surveillance System (PA-NEDSS)	80%	81%	81%	81%	81%	81%	81%

* New Program Measure

Specimens tested by the state laboratory measure reflects the number of specimens tested; multiple tests are performed on each specimen.

West Nile Virus tests by the state laboratory measure reflects the number of specimens tested; multiple tests are performed on each specimen. Prior year measures included all mosquito pools tested. In 2009, primary responsibility for mosquito testing transferred to the Department of Environmental Protection.

Program: Health Research

Vital Events (births, deaths and fetal deaths)

Vital events registered (calendar year)	272,054	269,500	269,500	269,500	268,500	268,500	268,500
Percentage of vital events registered according to Vital Statistics Law and Title 28 of the PA Code	95%	95%	95%	95%	95%	95%	95%

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Applications for certified copies of birth and death records filled (calendar year)	518,348	480,000	510,000	510,000	510,000	510,000	510,000
Percentage of cancer abstracts processed within 24 months of diagnosis	99%	99%	99%	99%	99%	99%	99%
Health Research							
New formula and non-formula grants awarded	28	0	28	28	28	28	28
Percentage of completed state-funded research grants that have received a favorable or outstanding performance evaluation from expert peer reviewers	91%	95%	95%	95%	95%	95%	95%
Percentage of completed CURE grants exceeding \$100,000 that have leveraged additional outside funding	68%	70%	70%	70%	70%	70%	70%

The "Application for certified copies" of vital records measure reflects fluctuations due to changes in passport requirements, economical effects on travel and an increase in baby boomers requesting records for social security or Medicare.

Program: Preventive Health

State Health Care Centers

Total encounters by State Health Care Centers	589,167	618,700	618,700	618,700	618,700	618,700	618,700
Family health encounters including immunizations, injury prevention, and special health care needs	27,824	27,825	27,825	27,825	27,825	27,825	27,825
Communicable disease encounters including adult immunizations, HIV/AIDS, STD, tuberculosis and epidemiology	33,075	34,580	34,580	34,580	34,580	34,580	34,580
Chronic disease encounters including cancer, diabetes and tobacco	206	305	305	305	305	305	305

Community-Based Health

Number of new patient visits in underserved areas*	675,623	682,100	783,000	783,000	783,000	783,000	783,000
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Women and Children's Programs

Average number of persons participating in women, infants, and children (WIC) programs each month	267,000	267,500	268,000	268,500	269,000	269,500	270,000
Average actual food cost per WIC participant, per month	\$51.45	\$52.65	\$53.90	\$55.17	\$56.44	\$57.74	\$59.11
Average Nutrition Services and Administration (NSA) operational costs per WIC participant, per month	\$17.31	\$17.83	\$18.36	\$18.91	\$19.46	\$20	\$20.60
Percentage of WIC-enrolled breastfeeding mothers who breastfed their infants for the first six months	19.12%	22.50%	22.75%	23%	23%	23%	23%
Newborns receiving state-mandated screening for genetic conditions	141,699	137,200	137,200	137,200	137,200	137,200	137,200

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
High-risk uninsured women aged 40 to 49 who receive breast and cervical cancer screening as determined by state funding	3,835	3,900	3,900	3,900	3,900	3,900	3,900
Privately owned housing units in targeted geographical areas that are remediated for the presence of lead hazards	54	50	46	50	50	50	50
School Health							
Percentage of school districts, charter schools, and comprehensive vocational technical schools in compliance with certified school nurse coverage requirements	96.50%	96.50%	96.50%	96.50%	96.50%	96.50%	96.50%
Other Communicable Disease Programs and Incidences Reported							
HIV tests at publicly-funded sites	82,557	55,000	55,000	55,000	55,000	55,000	55,000
Percentage of clients testing positive for HIV at department-supported HIV counseling and testing sites returning for results	95.47%	95%	95%	95%	95%	95%	95%
Incidences of Gonorrhea	8,552	8,875	7,900	7,200	7,200	7,200	7,200
Incidences of Infectious Syphilis	196	140	140	120	110	99	99
Tuberculosis (per 100,000 in population)	2	2	2	2	2	2	2
Injury Prevention							
Children and adults receiving injury prevention education and awareness	17,378	11,545	11,545	11,545	11,545	11,545	11,545
Tobacco Program							
Percentage of callers to the FREE Quitline who received counseling and reported that they have stopped the use of tobacco products at the 7-month follow-up	30%	32%	32%	34%	34%	34%	34%
Percentage of adults (age 18+) who are current cigarette smokers	20%	19%	19%	18%	18%	18%	18%
Percentage of high school students who smoke	16%	16%	15%	15%	14%	14%	14%

* New Program Measure

The State Health Care Centers measures reflect a change to data collection in the Community Health Daily Reporting System.

The "Privately owned housing units" measure represents projections as shown in three-year federal grant application.

The HIV tests at publicly-funded sites 2012-13 measure reflects an increased number of tests attributable to the Centers for Disease Control funded PA Expanded HIV Testing Initiative.

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Health Treatment Services							
Minimum Number of Children and Adults Receiving Outpatient Treatment Through Department-Supported Programs							
Phenylketonuria, Maple Syrup Urine Disease, Galactosemia	1,850	1,850	1,850	1,850	1,850	1,850	1,850
Renal disease	5,529	5,490	5,490	5,490	5,490	5,460	5,490
Specialty Care Programs							
Sickle Cell disease	8,143	8,140	8,140	8,140	8,140	8,140	8,140
Hemophilia	1,656	1,655	1,655	1,655	1,655	1,655	1,655
Cooley's Anemia	71	70	70	70	70	70	70
Spina Bifida	1,385	1,385	1,385	1,385	1,385	1,385	1,385
Services for children with special needs (home ventilators)	256	255	255	255	255	255	255
Services for children with special needs (children's rehabilitation services)	2,441	2,440	2,440	2,440	2,440	2,440	2,440
Emergency Medical Services							
Ambulances licensed annually	1,050	1,100	1,100	1,100	1,100	1,100	1,100
Quick response services recognized to provide medical command annually	500	500	500	500	500	500	500
Hospitals recognized to provide medical command annually	165	165	165	165	165	165	165



HEALTH CARE COST CONTAINMENT COUNCIL

The mission of the Pennsylvania Health Care Cost Containment Council is to empower purchasers of health care benefits with information that can be used to improve quality and restrain costs.

The council is charged with collecting, analyzing and reporting information that can be used to improve the quality and restrain the cost of health care in the commonwealth. The council provides purchasers of health care benefits with information they can use to improve quality and restrain costs. The council is governed by a 25-member board of directors, representing business, labor, consumers, health care providers, insurers, and state government.

Programs and Objectives

Health Care Reporting: *To facilitate the continuing provision of quality, cost effective health services throughout the commonwealth by providing current data and information to the purchasers, providers, insurers, policy makers and consumers of health care services.*

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Health Care Cost Containment Council

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Health Care Cost Containment Council.....	\$ 2,683	\$ 2,683	\$ 2,683
(F)CMS Planning Grant (EA).....	132	56	0
Subtotal - State Funds.....	\$ 2,683	\$ 2,683	\$ 2,683
Subtotal - Federal Funds.....	132	56	0
Total - General Government.....	<u>\$ 2,815</u>	<u>\$ 2,739</u>	<u>\$ 2,683</u>
STATE FUNDS.....	\$ 2,683	\$ 2,683	\$ 2,683
FEDERAL FUNDS.....	132	56	0
GENERAL FUND TOTAL.....	<u>\$ 2,815</u>	<u>\$ 2,739</u>	<u>\$ 2,683</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
HEALTH CARE REPORTING							
GENERAL FUND.....	\$ 2,683	\$ 2,683	\$ 2,683	\$ 2,683	\$ 2,683	\$ 2,683	\$ 2,683
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	132	56	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 2,815	\$ 2,739	\$ 2,683	\$ 2,683	\$ 2,683	\$ 2,683	\$ 2,683
ALL PROGRAMS:							
GENERAL FUND.....	\$ 2,683	\$ 2,683	\$ 2,683	\$ 2,683	\$ 2,683	\$ 2,683	\$ 2,683
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	132	56	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 2,815	\$ 2,739	\$ 2,683	\$ 2,683	\$ 2,683	\$ 2,683	\$ 2,683

Health Care Cost Containment Council

PROGRAM OBJECTIVE: To facilitate the continuing provision of quality, cost effective health services throughout the commonwealth by providing current data and information to the purchasers, providers, insurers, policy makers and consumers of health care services.

Program: Health Care Reporting

The Pennsylvania Health Care Cost Containment Council (PHC4) is an independent state agency first established by Act 89 of 1986 and is responsible for collecting, analyzing and issuing public reports and data about the quality and cost of health care in Pennsylvania. It is governed by a 25-member board that represents health care purchasers (business and labor), consumers, health care providers, insurers and state government.

The council uses advanced statistical and research methodologies including the use of risk-adjusted data which accounts for the severity of patient illness and other risk factors to produce reports on common illnesses that affect Pennsylvanians. These reports have included analysis of heart disease, diabetes and asthma and include treatment options and outcomes. Publicly reported medical costs and outcomes not only help improve patient care but also help consumers make informed choices about where to seek medical treatment.

Data from nearly four million inpatient and outpatient records from hospitals and ambulatory surgery centers is collected by the council each year in Pennsylvania. This data, which includes detailed financial information about these hospitals and surgery centers, is verified and shared

with the public through free public reports. The council also collects payment data from Medicare, Medicaid and commercial health insurance plans and is working to incorporate the Medicare payment data on public reports, updating and expanding an interactive consumer friendly online database of Medicare payments for common outpatient services and treatments.

The council produces various customized reports on hospital performance, healthcare associated infections, facility finances and patient safety. These reports provide the public and policy makers information on infections, mortality rates, length of hospitalizations and readmissions; and on payments, performance and profitability of the various health care facilities. The council is working to create a value-based payment system that would pay more for quality care and less for sub-standard care to make health care organizations more accountable and integrate delivery systems and health insurance exchanges. The council seeks to optimize the health system performance for chronic disease management by applying a Triple Aim Approach, which includes improving patient experience of care, reducing cost of care and improving the health of populations.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Health Care Cost Containment Council

The Health Care Cost Containment Council appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Health Care Cost Containment Council.....	\$ 2,683	\$ 2,683	\$ 2,683	\$ 2,683	\$ 2,683	\$ 2,683	\$ 2,683

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HIGHER EDUCATION ASSISTANCE AGENCY

The mission of the Pennsylvania Higher Education Assistance Agency is to provide affordable access to postsecondary education while helping to secure a strong economic future for the commonwealth through the development of a highly skilled workforce.

The agency provides 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.

Programs and Objectives

Financial Assistance to Students: *To provide financial assistance to commonwealth residents in order to promote access to institutions of higher education.*

Financial Aid to Institutions: *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.*

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Higher Education Assistance Agency

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>Grants and Subsidies:</i>			
Grants to Students.....	\$ 344,888	\$ 344,888	\$ 344,888
(A)Grants to Students Supplement.....	75,000	85,000	85,000
Ready to Succeed Scholarships.....	0	0	25,000
Higher Education for the Disadvantaged.....	2,246	2,246	2,246
Higher Education of Blind or Deaf Students.....	47	47	47
Pennsylvania Internship Program Grants.....	0	350	0
Matching Payments for Student Aid.....	12,496	12,496	12,496
Institutional Assistance Grants.....	24,389	24,389	24,389
Bond-Hill Scholarships.....	534	534	534
Cheyney Keystone Academy.....	1,525	1,525	1,525
Subtotal - State Funds.....	\$ 386,125	\$ 386,475	\$ 411,125
Subtotal - Augmentations.....	75,000	85,000	85,000
Total - Grants and Subsidies.....	\$ 461,125	\$ 471,475	\$ 496,125
STATE FUNDS.....	\$ 386,125	\$ 386,475	\$ 411,125
AUGMENTATIONS.....	75,000	85,000	85,000
GENERAL FUND TOTAL.....	\$ 461,125	\$ 471,475	\$ 496,125
OTHER FUNDS:			
HIGHER EDUCATION ASSISTANCE FUND:			
Targeted Industry Cluster Scholarship Program.....	\$ 5,000	\$ 5,000	\$ 6,000
Educational Training Vouchers Program.....	1,677	1,589	1,600
Primary Health Care.....	565	504	695
HIGHER EDUCATION ASSISTANCE FUND TOTAL.....	\$ 7,242	\$ 7,093	\$ 8,295
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 386,125	\$ 386,475	\$ 411,125
SPECIAL FUNDS.....	0	0	0
AUGMENTATIONS.....	75,000	85,000	85,000
OTHER FUNDS.....	7,242	7,093	8,295
TOTAL ALL FUNDS.....	\$ 468,367	\$ 478,568	\$ 504,420

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
FINANCIAL ASSISTANCE TO STUDENTS							
GENERAL FUND.....	\$ 361,736	\$ 362,086	\$ 386,736	\$ 386,736	\$ 386,736	\$ 386,736	\$ 386,736
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	82,242	92,093	93,295	93,295	93,295	93,295	93,295
SUBCATEGORY TOTAL.....	\$ 443,978	\$ 454,179	\$ 480,031	\$ 480,031	\$ 480,031	\$ 480,031	\$ 480,031
FINANCIAL AID TO INSTITUTIONS							
GENERAL FUND.....	\$ 24,389	\$ 24,389	\$ 24,389	\$ 24,389	\$ 24,389	\$ 24,389	\$ 24,389
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.....	\$ 24,389	\$ 24,389	\$ 24,389	\$ 24,389	\$ 24,389	\$ 24,389	\$ 24,389
ALL PROGRAMS:							
GENERAL FUND.....	\$ 386,125	\$ 386,475	\$ 411,125	\$ 411,125	\$ 411,125	\$ 411,125	\$ 411,125
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	82,242	92,093	93,295	93,295	93,295	93,295	93,295
DEPARTMENT TOTAL.....	\$ 468,367	\$ 478,568	\$ 504,420	\$ 504,420	\$ 504,420	\$ 504,420	\$ 504,420

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.

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 Other Special Funds Appendix.

Direct grants to students are funded by an annual appropriation from the General Fund, a portion of PHEAA's business earnings and interest earnings from the Higher Education Assistance Fund. 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. Beginning with the 2013-14 academic year, PHEAA offered a State Grant Distance Education program to provide grant awards to online students at participating institutions.

The objective of the program is to reduce financial barriers and provide greater access to higher education for all commonwealth residents and, within the limits of the resources available, help to provide freedom of choice between public and private institutions.

The Targeted Industry Cluster Scholarship program provides grants to students enrolled in certificate programs

in the energy, advanced materials and diversified manufacturing and agricultural and food production fields.

The Higher Education Equal Opportunity program provides tutoring and counseling services to economically and educationally disadvantaged students to aid them in succeeding in college.

The Higher Education of Blind or Deaf Students program provides assistance to any blind or deaf student who is a Pennsylvania resident and is enrolled in an approved institution of higher education.

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. Matching funds also leverage private foundation scholarships.

The Horace Mann Bond-Leslie Pinckney Hill Scholarship 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 Cheyney Keystone Honors Academy program provides scholarships to attract academically talented students to enroll at Cheyney University of Pennsylvania.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Ready to Succeed Scholarships \$ 25,000 —Initiative—Ready to Succeed Scholarships. To provide funds for students from middle income families to make attending two and four-year institutions more affordable.</p>	<p>Pennsylvania Internship Program Grants \$ —350 —program elimination.</p>
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All other appropriations are recommended at the current year funding levels.

Please see the Ready to Learn – Educational Excellence in Pennsylvania theme in the Overview and Summaries section for additional information.

In addition, the budget provides \$6,000,000 for the Targeted Industry Cluster Scholarship program, an increase of \$1,000,000 from 2013-14.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Grants to Students.....	\$ 344,888	\$ 344,888	\$ 344,888	\$ 344,888	\$ 344,888	\$ 344,888	\$ 344,888
Ready to Succeed Scholarships.....	0	0	25,000	25,000	25,000	25,000	25,000
Higher Education for the Disadvantaged...	2,246	2,246	2,246	2,246	2,246	2,246	2,246
Higher Education of Blind or Deaf Students	47	47	47	47	47	47	47
Pennsylvania Internship Program Grants..	0	350	0	0	0	0	0
Matching Payments for Student Aid	12,496	12,496	12,496	12,496	12,496	12,496	12,496
Bond-Hill Scholarships	534	534	534	534	534	534	534
Cheyney Keystone Academy.....	1,525	1,525	1,525	1,525	1,525	1,525	1,525
TOTAL GENERAL FUND.....	\$ 361,736	362,086	\$ 386,736	\$ 386,736	\$ 386,736	\$ 386,736	\$ 386,736

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 not-for-profit, nondenominational and non-recipients of direct state appropriations.

The program provides equal per capita grants to the schools based on the number of full-time equivalent state grant recipients enrolled during the academic year. Eighty-eight institutions are eligible to participate in the program.

The program helps to preserve and develop the diverse system of higher education in Pennsylvania by allowing Pennsylvania's independent colleges and universities to stabilize their educational costs and maintain enrollments. It recognizes the desirability of helping independent institutions remain fiscally sound and serves to promote student access to institutions in all sectors.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

The Institutional Assistance Grants appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Institutional Assistance Grants	\$ 24,389	\$ 24,389	\$ 24,389	\$ 24,389	\$ 24,389	\$ 24,389	\$ 24,389

Higher Education Assistance Agency

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Financial Assistance to Students							
Grants to Students							
Applications for grants	610,092	615,000	621,000	626,000	631,000	636,000	642,000
Applications complete and needs tested for eligibility	366,370	402,000	406,000	409,000	413,000	416,000	420,000
Eligible applicants meeting qualifications	236,654	221,000	223,000	225,000	227,000	229,000	231,000
Eligible applicants enrolled and accepting grants	192,385	173,000	174,000	175,000	177,000	178,000	180,000
Eligible applicants not enrolled at a college/university	44,269	49,000	49,000	49,000	50,000	50,000	50,000
Grant amount as percentage of applicant's total educational cost	11.77%	11.66%	11.55%	11.44%	11.33%	11.22%	11.11%
Students receiving Blind or Deaf Scholarships	72	106	110	110	110	110	110
Number of PA Targeted Industry Program (PA-TIP) participants	1,289	1,300	1,560	1,560	1,560	1,560	1,560
Number of PA Targeted Industry Program (PA-TIP) applicants	2,938	2,940	2,940	2,940	2,940	2,940	2,940
Average Award for PA Targeted Industry Program (PA-TIP)	\$3,417	\$3,420	\$3,420	\$3,420	\$3,420	\$3,420	\$3,420
Work Study							
Students assisted by federal, state and private funds	35,000	35,000	36,000	36,000	36,000	36,000	36,000
Student work study earnings (in millions)	\$62.18	\$63	\$63	\$63	\$63	\$63	\$63
Program: Financial Aid to Institutions							
Eligible grant recipients enrolled at eligible independent institutions	45,073	47,000	48,000	47,000	51,000	53,000	54,000
Per capita grant	\$544	\$526	\$511	\$496	\$481	\$466	\$451
Institutions aided	38	35	35	35	35	35	35

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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.

Programs and Objectives

State Historic Preservation: *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.*

Museum Assistance: *To assure provision of representative artifacts, specimens of history, art and science for all citizens through the support of museums within the commonwealth.*

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Historical and Museum Commission

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 16,700^a	\$ 17,293	\$ 18,744
(F)Historic Preservation.....	1,181	1,181	1,231
(F)Surface Mining Review.....	140	178	195
(F)Environmental Review.....	315	353	353
(F)Pennsylvania Archaeology (EA).....	170	0	0
(F)Institute of Museum Library Services.....	150	150	150
(F)Lumber Museum.....	198	198	0
(F)Preserve America.....	210	0	0
(F)Coastal Zone Management.....	50	40	40
(F)Highway Planning and Construction.....	105	130	100
(F)National Endowment for the Humanities.....	0	150	150
(F)National Endowment for the Arts.....	0	150	150
(F)Structure Preservation.....	0	0 ^b	0
(F)American Battlefield Protection Program.....	0	0	4,300
(F)Hurricane Sandy Disaster Relief (EA).....	0	1,500	1,500
(A)State Records Center.....	530	585	611
(A)Keystone Recreation, Park & Conservation Fund.....	275	491	514
Subtotal.....	<u>\$ 20,024</u>	<u>\$ 22,399</u>	<u>\$ 28,038</u>
Subtotal - State Funds.....	\$ 16,700	\$ 17,293	\$ 18,744
Subtotal - Federal Funds.....	2,519	4,030	8,169
Subtotal - Augmentations.....	805	1,076	1,125
Total - General Government.....	<u>\$ 20,024</u>	<u>\$ 22,399</u>	<u>\$ 28,038</u>
<i>Grants and Subsidies:</i>			
Cultural and Historical Support.....	\$ 1,100^c	\$ 2,000	\$ 2,000
STATE FUNDS.....	\$ 17,800	\$ 19,293	\$ 20,744
FEDERAL FUNDS.....	2,519	4,030	8,169
AUGMENTATIONS.....	805	1,076	1,125
GENERAL FUND TOTAL.....	<u>\$ 21,124</u>	<u>\$ 24,399</u>	<u>\$ 30,038</u>
OTHER FUNDS:			
GENERAL FUND:			
Historical Preservation Act of 1966 (F).....	\$ 83	\$ 120	\$ 120
Rent and Other Income.....	56	35	35
GENERAL FUND TOTAL.....	<u>\$ 139</u>	<u>\$ 155</u>	<u>\$ 155</u>
HISTORICAL PRESERVATION FUND:			
Historical Preservation Fund.....	\$ 1,424	\$ 1,513	\$ 1,635
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
Historic Site Development (EA).....	\$ 8,443	\$ 9,815	\$ 10,276
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 17,800	\$ 19,293	\$ 20,744
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	2,519	4,030	8,169
AUGMENTATIONS.....	805	1,076	1,125
OTHER FUNDS.....	10,006	11,483	12,066
TOTAL ALL FUNDS.....	<u>\$ 31,130</u>	<u>\$ 35,882</u>	<u>\$ 42,104</u>

^a Appropriated as \$17,800,000. Amount shown is net of transfer to Cultural and Historical Support.

^b Appropriated as \$1,500,000. The department received notification that federal funding was not awarded.

^c Appropriated as part of the \$17,800,000 General Government Operations appropriation.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
STATE HISTORIC PRESERVATION							
GENERAL FUND.....	\$ 16,700	\$ 17,293	\$ 18,744	\$ 18,744	\$ 18,744	\$ 18,744	\$ 18,744
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,519	4,030	8,169	3,869	3,869	3,869	3,869
OTHER FUNDS.....	2,368	2,744	2,915	2,956	2,957	2,969	2,975
SUBCATEGORY TOTAL.....	\$ 21,587	\$ 24,067	\$ 29,828	\$ 25,569	\$ 25,570	\$ 25,582	\$ 25,588
MUSEUM ASSISTANCE							
GENERAL FUND.....	\$ 1,100	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	8,443	9,815	10,276	11,109	11,120	11,368	11,474
SUBCATEGORY TOTAL.....	\$ 9,543	\$ 11,815	\$ 12,276	\$ 13,109	\$ 13,120	\$ 13,368	\$ 13,474
ALL PROGRAMS:							
GENERAL FUND.....	\$ 17,800	\$ 19,293	\$ 20,744	\$ 20,744	\$ 20,744	\$ 20,744	\$ 20,744
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,519	4,030	8,169	3,869	3,869	3,869	3,869
OTHER FUNDS.....	10,811	12,559	13,191	14,065	14,077	14,337	14,449
DEPARTMENT TOTAL.....	\$ 31,130	\$ 35,882	\$ 42,104	\$ 38,678	\$ 38,690	\$ 38,950	\$ 39,062

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 program 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 program supports the operation of the State Archives and the State Records Center. The State Archives is responsible for identifying, acquiring, preserving and providing public access to the permanently valuable and historical records created by government. This responsibility extends to electronic records and to the use of electronic and web technology to facilitate public access. The archives maintains and preserves program files, maps, correspondence, reports, photographs, minutes, case files and various records that document the significant activities of Pennsylvania's proprietary and state governments, including the records of the land office and hundreds of existing and defunct governmental agencies. The State Records Center is the official repository for inactive records that must be maintained by state agencies for administrative, fiscal or legal purposes.

This program 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 program supports the operation of numerous historic sites and museums throughout the commonwealth that are open to the public, including the State Museum of Pennsylvania. This program provides educational collections and exhibition programs and living history and other types of tours to interpret Pennsylvania history; it also utilizes cooperative initiatives with associate organizations to further provide for educational and public programs. This program 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 program supports a property management and lease function through cooperative agreements with management groups, for-profit and not-for-profit organizations to operate, maintain and utilize historic sites, buildings and agricultural lands under the custody of the commission.

Program Element: Historic Preservation

This program is responsible for the identification, protection and enhancement of buildings, structures and districts of historic and architectural significance within the commonwealth. It provides for the infusion of federal funds from the Department of the Interior to enhance the economic base of many communities in Pennsylvania; provides a survey and National Register nomination program; maintains an information network providing direction and assistance to local preservation organizations; administers an archaeological program to protect resources and improve policies and procedures and provide direction to the professional and advocate communities; and preserves and protects endangered historic public and private buildings, structures and landmarks through a not-for-profit statewide revolving fund.

Historical and Museum Commission

Program: State Historic Preservation (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 1,451 **General Government Operations**
—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 16,700	\$ 17,293	\$ 18,744	\$ 18,744	\$ 18,744	\$ 18,744	\$ 18,744

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 the Keystone Recreation, Park and Conservation Fund Grant program that provides financial assistance designed to enhance the quality of history and museum activities in Pennsylvania. The Keystone Recreation, Park and Conservation Fund Grant program is a competitive grants process created by Act 50 of 1993. Funding is available to Pennsylvania not-for-profit organizations and public agencies that operate a publicly

accessible historic property listed in or eligible for the National Register of Historic Places, or to organizations that operate a contributing historic property in a National Register Historic District. Grants are awarded on a 50-50 matching basis and support projects in redevelopment, preservation, rehabilitation, restoration and other related areas. The Keystone Recreation, Park and Conservation fund is shown in the Other Special Funds Appendix.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

The Cultural and Historical Support appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Cultural and Historical Support.....	\$ 1,100	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000

Historical and Museum Commission

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: State Historic Preservation							
State and Local Records							
Pages of archives and historical manuscripts (in thousands)	226,000	228,000	230,000	232,000	234,000	234,000	234,000
Records maintained by the State Records Center (number of boxes)	239,002	240,000	240,000	240,000	240,000	240,000	240,000
Data requests from other State agencies made to the State Records Center	16,909	20,000	20,000	20,000	20,000	20,000	20,000
Historic Site and Museum Operations							
Annual ticketed visits to commission historical sites and museums (in thousands)	260	270	275	280	285	290	300
Annual nonticketed visitors to commission historical sites and museums (in thousands)	800	800	800	800	800	800	800
Historic Preservation							
Buildings maintained and conserved	456	456	456	456	456	456	456
Historic markers	2,359	2,400	2,425	2,450	2,475	2,500	2,525
Evaluations for the National Register of Historic Properties	457	500	500	500	500	500	500
Program value of private investment projects in Rehabilitation Investment Tax Credit program (in millions)	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Rehabilitation Investment Tax Credit approved projects	33	50	50	50	50	50	50
Historic Preservation Projects and Environmental Reviews performed	6,911	6,900	6,900	6,900	6,900	6,900	6,900
Professional History and Museum Support Services							
Historic artifacts maintained and conserved (in thousands)	4,800	4,800	4,800	4,800	4,800	4,800	4,800
Program: Museum Assistance							
Museum support and Keystone project grants awarded	85	200	200	200	200	200	200



INFRASTRUCTURE INVESTMENT AUTHORITY

The mission of the Infrastructure Investment Authority is to serve the communities and citizens of Pennsylvania by funding sewer, storm water, drinking water and various other types of projects that solve water problems not associated with traditional infrastructure systems, such as brownfields, acid mine drainage and homeowner septic problems.

The authority administers the PENNVEST program authorized by Act 16 of 1988 that provides an investment pool of capital to rebuild and expand community drinking water systems and municipal sewage treatment facilities in the commonwealth.

Programs and Objectives

PENNVEST: *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 storm water control projects.*

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Infrastructure Investment Authority

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>Grants and Subsidies:</i>			
(F)Sewage Projects Revolving Loan Fund.....	\$ 160,050	\$ 160,050	\$ 150,050
(F)Drinking Water Projects Revolving Loan Fund.....	73,857	83,430	63,282
(F)ARRA – Sewage Projects Revolving Loan Fund.....	14,000	5,000	0
(F)ARRA – Drinking Water Projects Revolving Loan Fund.....	3,000	1,750	0
Total - Grants and Subsidies.....	\$ 250,907	\$ 250,230	\$ 213,332
GENERAL FUND TOTAL.....	\$ 250,907	\$ 250,230	\$ 213,332
OTHER FUNDS:			
ENVIRONMENTAL STEWARDSHIP FUND:			
Storm Water, Water and Sewer Grants (EA).....	\$ 11,167	\$ 13,855	\$ 15,183
MARCELLUS LEGACY FUND:			
Water and Sewer Projects (EA).....	\$ 18,034	\$ 9,755	\$ 9,871
PENNVEST FUND:			
PENNVEST Operations (EA).....	\$ 2,723	\$ 3,894	\$ 4,561
Grants - Other Revenue Sources (EA).....	2,000	2,000	1,000
Revenue Bond Loan Pool (EA).....	10	10	10
Revolving Loans and Administration.....	58,055	150,000 ^a	150,000 ^a
Growing Greener Grants.....	8,309	14,000	15,000
Revolving Loans - Conditional Funds.....	2,181	3,000	10,000
Marcellus Grants (Marcellus Legacy Fund).....	0 ^b	0 ^b	0 ^b
PENNVEST FUND TOTAL.....	\$ 73,278	\$ 172,904	\$ 180,571
PENNVEST DRINKING WATER REVOLVING FUND:			
PENNVEST Drinking Water Project Revolving Fund.....	\$ 30,061	\$ 0 ^c	\$ 0 ^c
Additional Drinking Water Projects Revolving Loans (EA).....	75,000	75,000	75,000
Transfer to PENNVEST Water Pollution Control Revolving Fund.....	0	10,000	20,000
(F)Drinking Water Projects Revolving Loan Fund (EA).....	0 ^d	0 ^d	0 ^d
(F)Loan Program Administration (EA).....	0 ^e	0 ^e	0 ^e
(F)Technical Assistance to Small Systems (EA).....	0 ^f	0 ^f	0 ^f
(F)Assistance to State Programs (EA).....	0 ^g	0 ^g	0 ^g
(F)Local Assistance and Source Water Pollution (EA).....	0 ^h	0 ^h	0 ^h
(F)ARRA - Drinking Water Projects Revolving Loan Fund.....	0 ⁱ	0 ⁱ	0
(F)ARRA - Principal Forgiveness Drinking Water Fund.....	0 ^j	0 ^j	0
Revolving Loans - Conditional Funds.....	992	1,000	1,000
PENNVEST DRINKING WATER REVOLVING FUND TOTAL.....	\$ 106,053	\$ 86,000	\$ 96,000
PENNVEST WATER POLLUTION CONTROL REVOLVING FUND:			
PENNVEST Water Pollution Control Revolving Fund.....	\$ 31,204 ^c	\$ 0 ^c	\$ 0 ^c
Additional Sewage Projects Revolving Loans (EA).....	200,000	200,000	200,000
Transfer to Drinking Water Revolving Fund (EA).....	20,000	26,300	20,000
(F)Sewage Projects Revolving Loan Fund (EA).....	0 ^k	0 ^k	0 ^k
(F)On-lot Sewage Disposal Systems (EA).....	0 ^l	0 ^l	0 ^l
(F)ARRA - Sewage Projects Revolving Loan Fund.....	0 ^m	0 ^m	0
(F)ARRA - Principal Forgiveness Sewage Projects Fund.....	0 ⁿ	0 ⁿ	0
Revolving Loans - Conditional Funds.....	14,692	5,000	10,000
PENNVEST WATER POLLUTION CONTROL REVOLVING FUND TOTAL.....	\$ 265,896	\$ 231,300	\$ 230,000
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	250,907	250,230	213,332
OTHER FUNDS.....	474,428	513,814	531,625
TOTAL ALL FUNDS.....	\$ 725,335	\$ 764,044	\$ 744,957

Summary by Fund and Appropriation

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- ^a Includes \$31,771,000 for Water Pollution Control Projects and \$10,000,000 for Drinking Water Projects in 2013-14 Available and \$10,722,000 for Water Pollution Control Projects and \$5,000,000 for Drinking Water Projects in 2014-15 Budget.
- ^b Project funding included in the Marcellus Legacy Fund – Water and Sewer Projects appropriation.
- ^c Project funding included in the PENNVEST Fund – Revolving Loans and Administration appropriation.
- ^d Not added to the total to avoid double counting: 2012-13 Actual is \$60,000,000, 2013-14 Available is \$70,000,000 and 2014-15 Budget is \$50,000,000.
- ^e Not added to the total to avoid double counting: 2012-13 Actual is \$2,357,000, 2013-14 Available is \$1,930,000 and 2014-15 Budget is \$1,782,000.
- ^f Not added to the total to avoid double counting: 2012-13 Actual is \$1,000,000, 2013-14 Available is \$1,000,000 and 2014-15 Budget is \$1,000,000.
- ^g Not added to the total to avoid double counting: 2012-13 Actual is \$4,500,000, 2013-14 Available is \$4,500,000 and 2014-15 Budget is \$4,500,000.
- ^h Not added to the total to avoid double counting: 2012-13 Actual is \$6,000,000, 2013-14 Available is \$6,000,000 and 2014-15 Budget is \$6,000,000.
- ⁱ Not added to the total to avoid double counting: 2012-13 Actual is \$1,000,000 and 2013-14 Available is \$750,000.
- ^j Not added to the total to avoid double counting: 2012-13 Actual is \$2,000,000 and 2013-14 Available is \$1,000,000.
- ^k Not added to the total to avoid double counting: 2012-13 Actual is \$160,000,000, 2013-14 Available is \$160,000,000 and 2014-15 Budget is \$150,000,000.
- ^l Not added to the total to avoid double counting: 2012-13 Actual is \$50,000, 2013-14 Available is \$50,000 and 2014-15 Budget is \$50,000.
- ^m Not added to the total to avoid double counting: 2012-13 Actual is \$4,000,000 and 2013-14 Available is \$2,000,000.
- ⁿ Not added to the total to avoid double counting: 2012-13 Actual is \$10,000,000 and 2013-14 Available is \$3,000,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
PENNVEST							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	250,907	250,230	213,332	150,050	150,050	150,050	150,050
OTHER FUNDS.....	474,428	513,814	531,625	533,196	531,514	532,159	534,073
SUBCATEGORY TOTAL.....	\$ 725,335	\$ 764,044	\$ 744,957	\$ 683,246	\$ 681,564	\$ 682,209	\$ 684,123
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	250,907	250,230	213,332	150,050	150,050	150,050	150,050
OTHER FUNDS.....	474,428	513,814	531,625	533,196	531,514	532,159	534,073
DEPARTMENT TOTAL.....	\$ 725,335	\$ 764,044	\$ 744,957	\$ 683,246	\$ 681,564	\$ 682,209	\$ 684,123

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 storm water 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 storm water control projects. Funding these needed improvements has often proved difficult, especially for small communities. In 2004, the program was expanded to include the funding of brownfield reclamation and remediation projects to revitalize further Pennsylvania's older, established communities. In 2013, legislation was enacted that improves PENNVEST's ability, consistent with the state's Nonpoint Source Management Plan, to implement agricultural and other rural projects designed to control runoff of nutrients and other contaminants into streams in rural areas.

Initial funding for the PENNVEST Fund came from several sources: a \$300 million bond issue approved by voter referendum; the balance of approved Water Facilities Loan Fund bonds; federal seed money for a sewage treatment facilities revolving loan fund and a drinking water project revolving loan fund; and some available Capital Facilities bonds. Act 5 of 1992 authorized a \$350 million bond issue, which was approved by referendum, to provide additional funding for the program. In 1990-91, the PENNVEST Revenue Bond Pool program began providing funding. Act 68 of 1999 provided additional grant funds for 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. Act 64 of 2008 authorized a \$400 million bond issue, which was approved by referendum, to provide grants and loans to municipalities and public utilities for the acquisition, repair, construction, reconstruction, rehabilitation, extension, expansion and improvement of water supply and sewage treatment systems as well as the purchase or trading of nutrient credits. Added to

this are interest earnings on the fund's cash flow, interest and principal payments made on loans and grant funds received through the Environmental Stewardship Fund, which is primarily funded from tipping fee revenue.

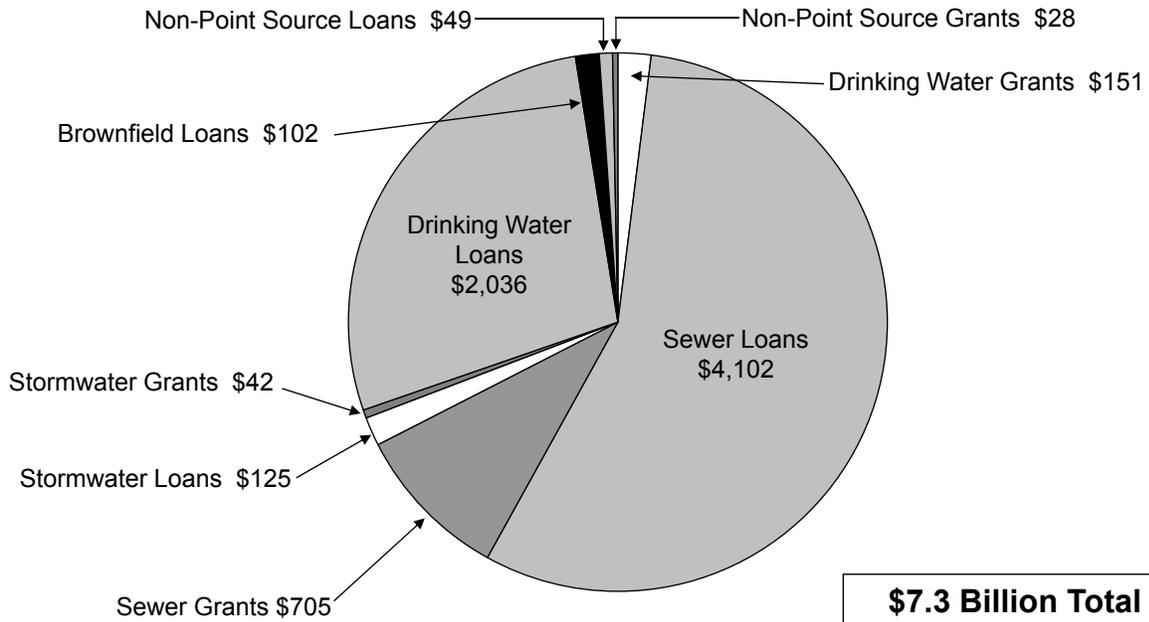
Act 13 of 2012 authorized distributions of the proceeds received from the Marcellus Legacy Fund to the Environmental Stewardship Fund, thus increasing the amount that PENNVEST receives from the Environmental Stewardship Fund. The act further distributes a percentage of the Marcellus Legacy funds to PENNVEST for water and sewer projects. Act 147 of 2012 distributes a percentage of the payments to the Department of General Services from leases on state-owned land to PENNVEST for projects.

PENNVEST funds are used for loans and grants to municipalities, municipal authorities and private firms to improve water, sewage and storm water systems they own. Loans are available to individual homeowners to upgrade their on-lot septic systems. The Pennsylvania Infrastructure Investment Authority, supported by the Department of Environmental Protection, helps system owners apply for funding, provides technical assistance in planning and designing projects and, if necessary, reviews applicants' operations to improve efficiency.

To facilitate fund management and accounting, several separate funds have been established. The PENNVEST Fund serves as the repository of interest and investment income and loan repayments. Loans, grants and administrative costs are paid from this fund. The PENNVEST Water Pollution Control Revolving Fund combines federal seed money and the commonwealth's required matching funds to create a revolving loan fund for sewage treatment facilities construction. The PENNVEST Drinking Water Revolving Fund combines federal seed money and the commonwealth's required matching funds to create a revolving loan fund for drinking water projects and technical assistance. The PENNVEST Revolving Fund receives the proceeds from the sale of bonds mentioned above. The PENNVEST revenue bond pool is supported by loan interest and principal repayments from loans and disburses the proceeds from the sale of PENNVEST revenue bonds. The Water and Sewer Systems Assistance Bond Fund serves as the repository of interest and investment income and loan repayments related to Act 64; loans and grants are paid from this fund.

Program: PENNVEST (continued)

Total Loans and Grants Approved
1988 through June 2013
(millions of dollars)



Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

PENNVEST FUND
PENNVEST Operations (EA)
\$ 667 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
PENNVEST FUND:							
PENNVEST Operations (EA)	\$ 2,723	\$ 3,894	\$ 4,561	\$ 4,561	\$ 4,561	\$ 4,561	\$ 4,561

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: PENNVEST							
Drinking water projects approved that will maintain or bring customers' water into compliance with commonwealth drinking water standards	12	20	20	20	20	20	20
Dollars disbursed to drinking water projects that will maintain or bring customers' water into compliance with commonwealth drinking water standards	\$62,666,611	\$61,000,000	\$61,000,000	\$61,000,000	\$61,000,000	\$61,000,000	\$61,000,000
Sustainable jobs created by PENNVEST - funded projects	379	500	500	500	500	500	500
Grant equivalent subsidy per household served	\$35.69	\$70	\$70	\$70	\$70	\$70	\$70
Percentage of total project funding allocated to projects that would otherwise have higher financing rates	27%	30%	30%	30%	30%	30%	30%



INSURANCE DEPARTMENT

The mission of the Insurance Department is to provide a premier regulatory environment that promotes a competitive marketplace and serves the best interest of Pennsylvania consumers.

The department enforces 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 department manages the Children's Health Insurance Program, the Medical Care Availability and Reduction of Error program, the Underground Storage Tank Indemnification Fund, the Catastrophic Loss Benefits Continuation Fund, the Workers' Compensation Security Fund and the Insurance Regulation and Oversight Fund.

Programs and Objectives

Insurance Industry Regulation: *To serve Pennsylvania's insurance consumers through fair and efficient regulation of the insurance industry.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 17,947	\$ 0	\$ 0
(A)Companies in Liquidation.....	465	0	0
(A)Duplicating and Mailing Services.....	6	0	0
(A)Reimbursements - Examination Travel.....	1,338	0	0
(A)Reimbursements - Market Conduct Travel.....	104	0	0
Subtotal.....	<u>\$ 19,860</u>	<u>\$ 0</u>	<u>\$ 0</u>
Children's Health Insurance Administration.....	3,640	7,400	6,473
(F)Children's Health Insurance Administration.....	7,911	15,707	13,503
Subtotal.....	<u>\$ 11,551</u>	<u>\$ 23,107</u>	<u>\$ 19,976</u>
(F)High Risk Pool Administration.....	6,730	6,730	100
(F)Consumer Assistance Program.....	1,545	1,098	1,098
(F)PA Exchange Grant.....	30,000	30,000	1,900
Subtotal.....	<u>\$ 38,275</u>	<u>\$ 37,828</u>	<u>\$ 3,098</u>
Subtotal - State Funds.....	\$ 21,587	\$ 7,400	\$ 6,473
Subtotal - Federal Funds.....	46,186	53,535	16,601
Subtotal - Augmentations.....	1,913	0	0
Total - General Government.....	<u>\$ 69,686</u>	<u>\$ 60,935</u>	<u>\$ 23,074</u>
<i>Grants and Subsidies:</i>			
Children's Health Insurance.....	\$ 101,608	\$ 111,094	\$ 116,670
(F)Children's Health Insurance Program.....	293,939	309,764	307,536
(F)CHIPRA - Prospective Payment System Grant.....	427	0	0
(F)CHIP Outreach & Enrollment Grant.....	0	590	0
Subtotal.....	<u>\$ 395,974</u>	<u>\$ 421,448</u>	<u>\$ 424,206</u>
(F)High Risk Pool.....	82,260	41,130	3,000
(F)Health Insurance Premium Review.....	1,656	1,437	1,437
Subtotal - State Funds.....	\$ 101,608	\$ 111,094	\$ 116,670
Subtotal - Federal Funds.....	378,282	352,921	311,973
Total - Grants and Subsidies.....	<u>\$ 479,890</u>	<u>\$ 464,015</u>	<u>\$ 428,643</u>
STATE FUNDS.....	\$ 123,195	\$ 118,494	\$ 123,143
FEDERAL FUNDS.....	424,468	406,456	328,574
AUGMENTATIONS.....	1,913	0	0
GENERAL FUND TOTAL.....	<u>\$ 549,576</u>	<u>\$ 524,950</u>	<u>\$ 451,717</u>
OTHER FUNDS:			
GENERAL FUND:			
Anti-Fraud Prevention (R).....	\$ 191	\$ 297	\$ 297
Children's Health Insurance Program (R).....	32,440	28,035	37,699
GENERAL FUND TOTAL.....	<u>\$ 32,631</u>	<u>\$ 28,332</u>	<u>\$ 37,996</u>
CATASTROPHIC LOSS BENEFITS CONTINUATION FUND:			
CAT Administration (EA).....	\$ 776	\$ 776	\$ 776
CAT Claims (EA).....	5,789	5,789	5,500
CATASTROPHIC LOSS BENEFITS CONTINUATION FUND TOTAL.....	<u>\$ 6,565</u>	<u>\$ 6,565</u>	<u>\$ 6,276</u>
INSURANCE REGULATION AND OVERSIGHT FUND:			
General Government Operations.....	\$ 0	\$ 22,330	\$ 22,757

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
MEDICAL CARE AVAILABILITY AND REDUCTION OF ERROR FUND:			
General Operations (EA).....	\$ 15,326	\$ 14,613	\$ 14,866
Payment of Claims (EA).....	195,742	195,742	195,742
MEDICAL CARE AVAILABILITY AND REDUCTION OF ERROR FUND TOTAL.....	\$ 211,068	\$ 210,355	\$ 210,608
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Administration (EA).....	\$ 11,631	\$ 11,641	\$ 11,647
Claims (EA).....	57,353	57,353	50,000
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL.....	\$ 68,984	\$ 68,994	\$ 61,647
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 123,195	\$ 118,494	\$ 123,143
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	424,468	406,456	328,574
AUGMENTATIONS.....	1,913	0	0
OTHER FUNDS.....	319,248	336,576	339,284
TOTAL ALL FUNDS.....	\$ 868,824	\$ 861,526	\$ 791,001

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
INSURANCE INDUSTRY							
REGULATION							
GENERAL FUND.....	\$ 123,195	\$ 118,494	\$ 123,143	\$ 50,512	\$ 25,244	\$ 26,845	\$ 28,549
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	424,468	406,456	328,574	404,947	444,313	457,637	471,809
OTHER FUNDS.....	321,161	336,576	339,284	332,315	332,315	332,315	332,315
SUBCATEGORY TOTAL.....	\$ 868,824	\$ 861,526	\$ 791,001	\$ 787,774	\$ 801,872	\$ 816,797	\$ 832,673
ALL PROGRAMS:							
GENERAL FUND.....	\$ 123,195	\$ 118,494	\$ 123,143	\$ 50,512	\$ 25,244	\$ 26,845	\$ 28,549
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	424,468	406,456	328,574	404,947	444,313	457,637	471,809
OTHER FUNDS.....	321,161	336,576	339,284	332,315	332,315	332,315	332,315
DEPARTMENT TOTAL.....	\$ 868,824	\$ 861,526	\$ 791,001	\$ 787,774	\$ 801,872	\$ 816,797	\$ 832,673

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 core mission is the regulation of the insurance industry and the protection of insurance consumers. To meet its mission, the department:

- provides adequate safeguards related to the solicitation and sale of insurance products and services;
- closely monitors the financial stability of insurance companies to minimize insurance insolvencies;
- ensures that suitable products are available and rated appropriately; and
- provides a fair regulatory environment that will encourage insurance companies to conduct business in the commonwealth.

In conjunction with its core mission, the department also shares responsibility to implement aspects of, the federal Affordable Care Act and administers special funds, including the Children's Health Insurance Program, the Medical Care Availability and Reduction of Error Fund, the Catastrophic Loss Benefits Fund, and the Underground Storage Tank Indemnification Fund.

This budget continues the implementation of the department's dedicated funding source, created in 2013-14. The Insurance Regulation and Oversight Fund is designated for the administration of the Insurance Department in order to provide increased flexibility in the regulation, management, development and oversight of the commonwealth's insurance industry.

The Insurance Department is responsible for regulating the fifth largest insurance market in the country and the 14th largest in the world. The department is the lead regulator for many significant national and regional insurers, as well as some of the largest international insurance conglomerates, and operates in an increasingly complex, global and inter-connected regulatory landscape. Following the failure of AIG and the passage of the Dodd-Frank Act, insurance regulators have adapted just as the industry itself evolved in this new regulatory environment. As each state has its own insurance needs and unique marketplace, the department works to enhance the state-based regulation of insurance while staying abreast of the national and global marketplaces.

Program Element: Regulation and Protection

The Insurance Department regulates all aspects of the insurance industry in Pennsylvania. The financial condition of insurers licensed to transact business in Pennsylvania is monitored and regulated through the department's examination and financial analysis functions. The department prioritizes solvency regulation in response to concerns of the quality of state regulation and insurer solvency. Resources continue to be focused on improving

the effectiveness of regulatory actions taken to correct problems before they lead to insolvency. In the event of an insurer insolvency, the insurance commissioner serves as statutory liquidator/receiver for Pennsylvania domestic insurers found to be insolvent by the Commonwealth Court.

The department oversees 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 approximately 12,000 rate and policy form filings each year. The department analyzes annual and quarterly financial statements and other corporate transactions filed by regulated entities; conducts on-site financial examinations of domestic insurance companies annually; conducts adjudicatory hearings; and handles more than 250,000 consumer and producer interventions and inquiries annually.

The Insurance Department provides the public with insurance information, education and complaint resolution services. The department also conducts investigations of insurance law violations and undertakes on-site market conduct examinations of insurance company records, files and operations.

Since the passage of the Patient Protection and Affordable Care Act (ACA) in 2010, the Insurance Department has undertaken a significant role in determining Pennsylvania's path to compliance with the ACA. Initially, the department's role focused on extensive evaluation and consumer outreach to determine what type of insurance marketplace would operate in Pennsylvania. In 2010, the department also received federal health care reform grants to review unreasonable health insurance premium increases, to provide consumer assistance to individuals and small employers, and to develop a health insurance exchange strategy. Beginning January 2014, access to health insurance coverage for uninsured and underinsured individuals was made available through the Health Insurance Marketplace.

The department also took on the administration of PA Fair Care – a temporary high-risk pool created by the ACA. Pennsylvania received an award of \$160 million to provide eligible uninsured adults with federally subsidized health insurance coverage; however, federal authorities halted enrollment in the program in February 2013 and took responsibility of the program in June 2013. The federally-run Pre-Existing Condition Insurance Plan continues to provide coverage to a limited number of individuals through March 31, 2014.

Even though Pennsylvania currently elected to operate a federal marketplace, the ACA has required tremendous resources be redirected from their designated

Program: Insurance Industry Regulation (continued)

responsibilities to work on ACA compliance. As the ACA continues to face delays in implementation, the department works diligently to maintain a stable insurance market within the commonwealth.

Program Element: Special Programs

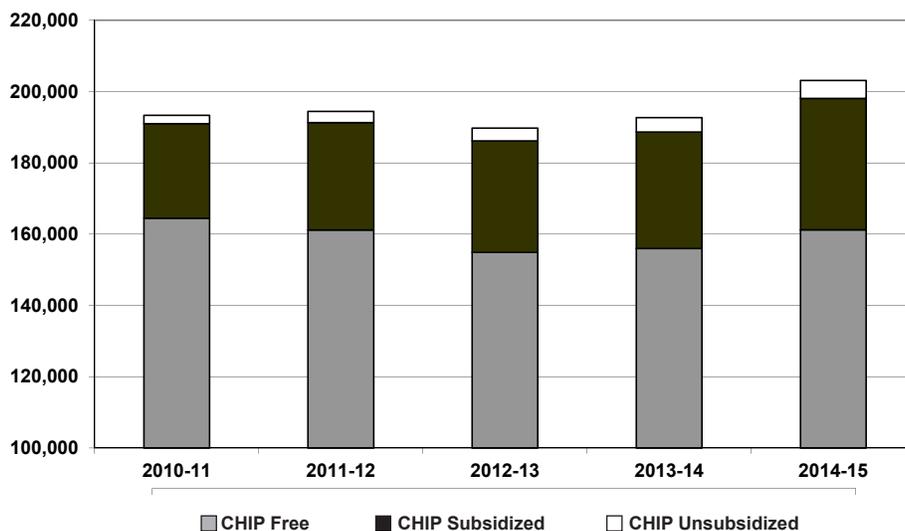
Children's Health Insurance Program. The Children's Health Insurance Program (CHIP), established by Act 113 of 1992, provides free or low-cost health insurance coverage to uninsured children whose families earn too much to qualify for Medical Assistance. CHIP offers a comprehensive package of benefits, including well child visits, immunizations, prescription coverage, emergency care, inpatient services, mental health services, hearing, vision, and dental services. Act 136 of 2006 enhanced the program by creating Cover All Kids, which provides access to health insurance coverage for all uninsured children. The income eligibility limit for subsidized coverage, with cost-sharing on a sliding scale, is 300 percent of the federal poverty level with higher-income families able to purchase health care coverage at the commonwealth's cost. The coverage is funded from a portion of cigarette tax receipts, a state appropriation, the federal matching funds under Title XXI of the Social Security Act and payments by participating working families. The federal Children's Health Insurance Program Reauthorization Act of 2009 extends federal funding for CHIP through September 30, 2015. The Pennsylvania General Assembly passed Act 74 of 2013 to reauthorize and extend the life of the CHIP program through December 31, 2015 and eliminate the six-month waiting period for enrollment.

Medical Care Availability and Reduction of Error Fund. The Medical Care Availability and Reduction of Error Fund, established pursuant to Act 13 of 2002, established requirements for basic medical professional liability insurance coverage for health care providers. The Mcare program is responsible for payment of losses or damages awarded in medical professional liability actions against participating health care providers, in excess of basic insurance coverage. Revenue for the fund is derived by levying an annual surcharge on health care providers.

Catastrophic Loss Benefits Continuation Fund. The Catastrophic Loss Benefits Continuation Fund, funded through investment income, provides up to \$1 million in benefits to Pennsylvanians catastrophically injured in motor vehicle accidents between October 1, 1984 and December 31, 1989 after exceeding a threshold of \$100,000 in medical payments. Payments from the fund are projected until 2088.

Underground Storage Tank Indemnification Fund. The Underground Storage Tank Indemnification Fund provides reimbursement of remediation to eligible 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 or the tank's capacity. In addition to reimbursing eligible tank owners or operators for damages caused by releases from their tanks, the fund also provides similar benefits to tank installers under the Tank Installation Indemnification program. Additionally, the fund makes annual allocations to the Department of Environmental Protection under four separate categories. Since inception, allocations under all categories have totaled in excess of \$60 million.

Children's Health Insurance Children Served



Pennsylvania's Children's Health Insurance Program has been a national leader in ensuring that access to free or subsidized health care is available for children of low-income families. It is projected that an average of 203,100 uninsured children will be served by the program in 2014-15.

Program: Insurance Industry Regulation (continued)

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Children's Health Insurance Administration —nonrecurring prior year funding. —Initiative—CHIP Centralized Eligibility Determination. To implement a centralized eligibility determination system to reduce administrative costs to insurers and meet federally mandated Affordable Care Act requirements.</p> <p><u> </u> \$ -927 <i>Appropriation Decrease</i></p>	<p>Children's Health Insurance —Initiative—CHIP Expansion. To provide health insurance coverage for an additional 10,419 children. —Initiative—Affordable Care Act. Reduction from transferring 4,944 children to the commonwealth's Medicaid program as a result of the federally mandated Affordable Care Act.</p> <p><u> </u> \$ 5,576 <i>Appropriation Increase</i></p>
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This budget includes \$22,757,000 for General Government Operations in the Insurance Regulation and Oversight Fund.

In addition, this budget recommends \$37,699,000 in restricted cigarette tax revenue for the Children's Health Insurance program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 17,947	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Children's Health Insurance Administration	3,640	7,400	6,473	3,218	3,218	3,218	3,218
Children's Health Insurance	101,608	111,094	116,670	47,294	22,026	23,627	25,331
TOTAL GENERAL FUND	<u>\$ 123,195</u>	<u>\$ 118,494</u>	<u>\$ 123,143</u>	<u>\$ 50,512</u>	<u>\$ 25,244</u>	<u>\$ 26,845</u>	<u>\$ 28,549</u>

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Insurance Industry Regulation							
Companies on a watch list	39	40	40	40	40	40	40
Insurance company reviews initiated and conducted to investigate areas of concern	35	35	35	35	35	35	35
Disciplinary / administrative actions conducted against insurance producers	127	120	120	120	120	120	120
Children's Health Insurance Program (CHIP) enrollment (monthly average)	189,727	192,674	203,093	202,395	201,750	201,640	202,140
Percentage of CHIP enrolled children two years of age who are immunized	75.75%	77%	77%	77%	77%	77%	77%
Percentage of CHIP enrolled children ages 3 to 6 years who receive a well child visit with a primary care physician	80.60%	80.60%	80.60%	80.60%	80.60%	80.60%	80.60%

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DEPARTMENT OF LABOR AND INDUSTRY

The mission of the Department of Labor and Industry is to improve the quality of life and the economic security of Pennsylvania's workers and businesses, encourage labor-management cooperation and prepare the commonwealth's workforce for the jobs of the future.

The mission is accomplished through programs that protect the health, welfare and safety of workers, provide meaningful job training and placement services, stabilize the incomes of injured, disabled or unemployed workers and facilitate labor-management cooperation.

Programs and Objectives

Community and Occupational Safety and Stability: *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.*

Workers' Compensation and Assistance: *To further economic development in the commonwealth by stabilizing the incomes of employees who become unemployed.*

Workforce Investment: *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.*

Vocational Rehabilitation: *To enable eligible persons with disabilities to obtain competitive employment.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 12,510	\$ 12,760	\$ 12,469
(F)Workforce Investment Act - Administration.....	11,129	11,000	11,000
(F)ARRA-Workforce Investment Act - Administration.....	6,000	0	0
(F)Community Service and Corps.....	11,355	11,608	11,608
(F)Disability Determination.....	134,474	134,474	133,474
(F)New Hires.....	1,581	1,581	1,581
(A)Interpreter Registry.....	47	20	3
(A)Pa One Call Fees.....	22	50	50
Subtotal.....	<u>\$ 177,118</u>	<u>\$ 171,493</u>	<u>\$ 170,185</u>
Occupational and Industrial Safety.....	10,203	11,187	11,228
(F)Underground Utility Line Protection.....	500	0	0
(R)Asbestos and Lead Certification (EA).....	1,907	1,968	2,025
(R)Asbestos Abatement.....	0	100	0
Subtotal - State Funds.....	\$ 22,713	\$ 23,947	\$ 23,697
Subtotal - Federal Funds.....	165,039	158,663	157,663
Subtotal - Augmentations.....	69	70	53
Subtotal - Restricted Revenues.....	1,907	2,068	2,025
Total - General Government.....	<u>\$ 189,728</u>	<u>\$ 184,748</u>	<u>\$ 183,438</u>
Grants and Subsidies:			
Occupational Disease Payments.....	\$ 882	\$ 805	\$ 678
Transfer to Vocational Rehabilitation Fund.....	40,473	40,473	41,473
Supported Employment.....	397	397	397
Centers for Independent Living.....	1,912	1,912	1,912
Workers' Compensation Payments.....	957	960	799
Keystone Works.....	2,500	1,000	1,000
New Choices / New Options.....	500	500	0
Assistive Technology Devices.....	244 a	400	400
Assistive Technology Demonstration and Training.....	399 a	399	399
(F)Reed Act - Unemployment Insurance.....	11,000	6,000	6,000
(F)Reed Act - Employment Services.....	30,000	22,000	22,000
(F)WIA - Adult Employment and Training.....	60,000	50,000	50,000
(F)WIA - Youth Employment and Training.....	52,000	52,000	52,000
(F)WIA - Statewide Activities.....	23,000	18,000	18,000
(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)Comprehensive Workforce Development (EA).....	1,149	1,665	1,665
Subtotal.....	<u>\$ 302,049</u>	<u>\$ 274,565</u>	<u>\$ 274,565</u>
Industry Partnerships.....	1,613	1,813	1,613
Subtotal - State Funds.....	\$ 49,877	\$ 48,659	\$ 48,671
Subtotal - Federal Funds.....	302,049	274,565	274,565
Total - Grants and Subsidies.....	<u>\$ 351,926</u>	<u>\$ 323,224</u>	<u>\$ 323,236</u>
STATE FUNDS.....	\$ 72,590	\$ 72,606	\$ 72,368
FEDERAL FUNDS.....	467,088	433,228	432,228
AUGMENTATIONS.....	69	70	53
RESTRICTED REVENUES.....	1,907	2,068	2,025
GENERAL FUND TOTAL.....	<u>\$ 541,654</u>	<u>\$ 507,972</u>	<u>\$ 506,674</u>

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
<u>MOTOR LICENSE FUND:</u>			
<i>Grants and Subsidies:</i>			
(F)ARRA - Highway Infrastructure Improvement Training (F) (EA).....	\$ 300	\$ 300	\$ 0
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
Vending Machine Proceeds.....	\$ 239	\$ 466	\$ 466
ADMINISTRATION FUND:			
Administration of Unemployment.....	\$ 245,108	\$ 275,000	\$ 277,620
EMPLOYMENT FUND FOR THE BLIND:			
General Operations.....	\$ 399	\$ 800	\$ 800
HAZARDOUS MATERIAL RESPONSE FUND:			
Hazardous Material Response Administration.....	\$ 84	\$ 170	\$ 120
JOB TRAINING FUND:			
Job Training (EA).....	\$ 3,600	\$ 5,000	\$ 5,000
REHABILITATION CENTER FUND:			
General Operations.....	\$ 19,766	\$ 22,910	\$ 23,566
UNEMPLOYMENT COMPENSATION CONTRIBUTION:			
Reemployment Services.....	\$ 0	\$ 10,000	\$ 0
VOCATIONAL REHABILITATION FUND:			
General Operations (EA).....	\$ 32 ^b	\$ 32 ^b	\$ 30 ^b
Vocational Rehabilitation Services (EA).....	137,299	137,299	140,999
VOCATIONAL REHABILITATION FUND TOTAL.....	\$ 137,331	\$ 137,331	\$ 141,029
WORKMEN'S COMPENSATION ADMINISTRATION FUND:			
Administration of Workers' Compensation.....	\$ 81,896	\$ 76,028	\$ 70,666
(A) Conference Fees.....	261	400	400
WORKMEN'S COMPENSATION ADMINISTRATION FUND TOTAL.....	\$ 82,157	\$ 76,428	\$ 71,066
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 72,590	\$ 72,606	\$ 72,368
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	467,388	433,528	432,228
AUGMENTATIONS.....	69	70	53
RESTRICTED.....	1,907	2,068	2,025
OTHER FUNDS.....	488,684	528,105	519,667
TOTAL ALL FUNDS.....	\$ 1,030,638	\$ 1,036,377	\$ 1,026,341

^a Appropriated as part of the \$643,000 Assistive Technology appropriation.

^b Transfer to Vocational Rehabilitation Fund not added to the total to avoid double counting: 2012-13 Actual is \$40,505,000, 2013-14 Available is \$40,505,000, and 2014-15 Budget is \$41,503,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
COMMUNITY AND OCCUPATIONAL SAFETY AND STABILITY							
GENERAL FUND.....	\$ 22,713	\$ 23,947	\$ 23,697	\$ 23,697	\$ 23,697	\$ 23,697	\$ 23,697
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	6,500	0	0	0	0	0	0
OTHER FUNDS.....	2,060	2,308	2,198	2,198	2,198	2,198	2,198
SUBCATEGORY TOTAL.....	\$ 31,273	\$ 26,255	\$ 25,895	\$ 25,895	\$ 25,895	\$ 25,895	\$ 25,895
WORKERS COMPENSATION AND ASSISTANCE							
GENERAL FUND.....	\$ 1,839	\$ 1,765	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	136,055	136,055	135,055	135,055	135,055	135,055	135,055
OTHER FUNDS.....	330,865	356,428	353,686	353,686	353,686	353,686	353,686
SUBCATEGORY TOTAL.....	\$ 468,759	\$ 494,248	\$ 490,218	\$ 490,218	\$ 490,218	\$ 490,218	\$ 490,218
WORKFORCE INVESTMENT							
GENERAL FUND.....	\$ 4,613	\$ 3,313	\$ 2,613	\$ 2,613	\$ 2,613	\$ 2,613	\$ 2,613
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	324,833	297,473	297,173	297,173	297,173	297,173	297,173
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 329,446	\$ 300,786	\$ 299,786	\$ 299,786	\$ 299,786	\$ 299,786	\$ 299,786
VOCATIONAL REHABILITATION							
GENERAL FUND.....	\$ 43,425	\$ 43,581	\$ 44,581	\$ 44,581	\$ 44,581	\$ 44,581	\$ 44,581
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	157,735	171,507	165,861	165,861	165,861	165,861	165,861
SUBCATEGORY TOTAL.....	\$ 201,160	\$ 215,088	\$ 210,442	\$ 210,442	\$ 210,442	\$ 210,442	\$ 210,442
ALL PROGRAMS:							
GENERAL FUND.....	\$ 72,590	\$ 72,606	\$ 72,368	\$ 72,368	\$ 72,368	\$ 72,368	\$ 72,368
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	467,388	433,528	432,228	432,228	432,228	432,228	432,228
OTHER FUNDS.....	490,660	530,243	521,745	521,745	521,745	521,745	521,745
DEPARTMENT TOTAL.....	\$ 1,030,638	\$ 1,036,377	\$ 1,026,341	\$ 1,026,341	\$ 1,026,341	\$ 1,026,341	\$ 1,026,341

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 administers and enforces a wide range of laws designed to enhance income security, safeguard the health of workers and the general public, protect workers' rights and promote stable labor relations and labor-management cooperation.

Program Element: Income Security and Workers' Rights

The Bureau of Labor Law Compliance monitors and enforces Pennsylvania's laws relating to minimum wage, wage payment and collection and prevailing wage. The department also enforces several laws which protect workers' rights, those regulating child labor, seasonal farm labor, industrial homework, equal pay, medical pay, apprenticeship and training, misclassification of construction employees as independent contractors and mandatory overtime in health care. The bureau executes these responsibilities by providing employees and employers with information about the laws, conducting investigations and resolving disputes.

Program Element: Labor Relations

The Bureau of Mediation promotes stable labor relations by mediating public and private disputes. It provides mandatory mediation services pursuant to the Public Employee Relations Act, which requires parties to a public sector contract to notify the department when contract negotiations fail to yield an agreement. It also provides optional mediation services in the private sector pursuant to the National Labor Relations Act, which requires parties to file dispute notices with the department in the event of unsuccessful contract negotiations. In total, the department mediates more than 800 cases per year. Additionally, the bureau provides grievance mediation services, assists public and private sector employers and unions in forming and operating labor-management committees and offers labor-management communications training. The bureau also maintains and administers the grievance arbitration roster for Pennsylvania's public employers.

The Pennsylvania Labor Relations Board enforces and implements Pennsylvania laws which relate to collective bargaining in both the public and private sectors. Such laws include the Pennsylvania Labor Relations Act, the Public Employee Relations Act, and Act 111 of 1968 (police and firefighter collective bargaining). The Board also selects collective bargaining representatives, prevents unfair practices in the public sector and helps to resolve collective bargaining disputes by creating arbitration panels and appointing fact finders.

Program Element: Public Health and Safety

The Bureau of Occupational and Industrial Safety enforces and administers a variety of statutes and regulations which relate to public safety issues, including the Uniform Construction Code, which regulates building construction, accessibility, and elevators. The bureau also enforces Pennsylvania laws regulating boilers and unfired pressure vessels, liquefied petroleum gas, flammable and combustible liquids, bedding and upholstery, stuffed toys, private employment agencies, public employee safety and accreditation and certification in lead-based paint and asbestos occupations.

These laws are enforced by establishing necessary regulations, and by conducting plan reviews, specialized field inspections, licensing and certification reviews and renewals and complaint and accident investigations and audits. The bureau also monitors all inspectors' reporting activities in order to ensure both that inspectors are discharging their duties properly and that regulated devices, equipment and construction continue to operate safely.

Additionally, the bureau maintains various training, continuing education, and testing and certification programs for all persons charged with enforcement of the Uniform Construction Code and laws regulating boilers and unfired pressure vessels, elevators and passenger ropeways and lead-based paint and asbestos abatement occupations. Such programs enable the bureau to fulfill its duties under the Pennsylvania Construction Code Act, which mandates adoption of the International Construction Codes. The programs relate to all seven areas in which a building must comply with the codes in order to be approved for occupancy: building; electrical; mechanical; plumbing; energy; accessibility; and fire protection. The bureau also administers and enforces code requirements for elevators and other lifting devices. Inspectors certified by the department ensure compliance with approved plans before issuing occupancy permits.

In Pennsylvania's 2,562 municipalities, 2,407 have opted to enforce the Uniform Construction Code locally. The bureau enforces the code as it applies to all commercial buildings within the 155 municipalities which have not opted for local enforcement. The bureau also enforces accessibility laws in municipalities that do not have officials properly certified to provide such enforcement. The bureau also has sole enforcement jurisdiction over all state-owned buildings.

Program: Community and Occupational Safety and Stability (continued)

The bureau administers the Worker and Community Right-to-Know Act and the Hazardous Material Emergency Planning & Response Act. Under these two laws, every employer doing business in Pennsylvania is required to provide information about hazardous chemicals located in its workplace or released into the environment and also to ensure the availability of information regarding chemicals on-site to emergency response organizations. The bureau collects tier II hazardous chemical inventory report data, and material safety data sheets and site plans and manages them through a secure online reporting program. In the event of an emergency incident at a reporting facility, the state Emergency Operations Center can access the online

system and retrieve needed information. Data sharing agreements also enable county and local emergency response agencies to access such data for local facilities. The bureau provides training and education on hazardous chemical reporting requirements to both facilities and county and local emergency planning committees. The bureau also processes and deposits hazardous chemical reporting fees into the Hazardous Materials Response Fund. Additionally, the bureau enforces the worker right-to-know law as it applies to public employees, and provides public workers with education and training on the law.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations
 \$ -291 —reduction in administrative costs.

Occupational and Industrial Safety
 \$ 41 —to continue current program

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 12,510	\$ 12,760	\$ 12,469	\$ 12,469	\$ 12,469	\$ 12,469	\$ 12,469
Occupational and Industrial Safety	10,203	11,187	11,228	11,228	11,228	11,228	11,228
TOTAL GENERAL FUND	\$ 22,713	\$ 23,947	\$ 23,697	\$ 23,697	\$ 23,697	\$ 23,697	\$ 23,697

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.

Through private insurance companies, the State Workers' Insurance Fund and self-insured employers, workers' compensation insurance provides wage loss benefits and payments for medical services to employees for injuries or diseases sustained during the course of their 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 Employers 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 through the insurance industry and self-insurers. This act also made changes to the workers' compensation litigation process by requiring a worker's compensation judge to impose specific scheduling orders at the first hearing, mandating mediation unless it would be futile and requiring a resolution hearing procedure to expedite consideration of settlements.

Occupational disease payments are made under the Workers' Compensation Act and the Occupational Disease Act, primarily to workers with silicosis and related diseases, commonly referred to as "black lung." Workers with these diseases are generally covered based on their date of last exposure and disability. Injured workers proceeding under the Workers' Compensation Act where exposure occurred after July 1, 1973 and which resulted in disability or death occurring between July 1, 1973 and June 30, 1976 are paid a proportional amount by the commonwealth. Those exposed on or after June 30, 1976 receive benefits paid entirely by their employer. Those who do not meet the eligibility requirements under the Workers' Compensation Act may file claims pursuant to the Occupational Disease Act.

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.

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.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND	
	Occupational Disease Payments	
\$	-127	—to continue current program based on payment requirements.
	Workers' Compensation Payments	
\$	-161	—to continue current program based on payment requirements.

In addition, this budget recommends the following change to the Workers' Compensation Program through the Workmen's Compensation Administration Fund.

	WORKMEN'S COMPENSATION ADMINISTRATION FUND:	
	Administration of Workers' Compensation	
\$	-5,362	—nonrecurring project.

Program: Workers' Compensation and Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Occupational Disease Payments.....	\$ 882	\$ 805	\$ 678	\$ 678	\$ 678	\$ 678	\$ 678
Workers' Compensation Payments	957	960	799	799	799	799	799
TOTAL GENERAL FUND	\$ 1,839	\$ 1,765	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477
 WORKMEN'S COMPENSATION ADMINISTRATION FUND:							
Administration of Workers' Compensation.	\$ 81,896	\$ 76,028	\$ 70,666	\$ 70,666	\$ 70,666	\$ 70,666	\$ 70,666
(A) Conference Fees	261	400	400	400	400	400	400
TOTAL WORKMEN'S COMPENSATION ADMINISTRATION FUND.....	\$ 82,157	\$ 76,428	\$ 71,066	\$ 71,066	\$ 71,066	\$ 71,066	\$ 71,066

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, training and labor market information services administered by the Bureau of Workforce Development Partnership and the Center for Workforce Information and Analysis. The Department of Labor & Industry is the lead agency in administering interagency employment and training programs for Pennsylvania's adult labor force and youth. Programs assist people who are looking for work, including Temporary Assistance for Needy Families clients and unemployed individuals, in skill development and in finding suitable employment, as well as assisting working Pennsylvanians with career advancements into family sustaining jobs. In addition, youth programs provide at risk youth with skill development, career education and job placement.

In July 2012, the department developed and launched the first of three phases of a comprehensive job-matching system: JobGatewaySM. Through the modernization and improvement of the existing system, cutting-edge technologies will be introduced in phases to benefit both job seekers and employers alike. Through this initiative, a job-matching system will be created that matches job-seekers with employment opportunities and presents employers with a system to find candidates who fit their needs.

While most workforce training funds are federal, several state programs have been created to enhance workforce service delivery. Act 5 of 2005 created the Job Training Fund to provide grants to entities in specified rural counties that run workforce education programs and services for job training assistance to incumbent workers, dislocated workers, adult and youth workers and other workforce development programs.

Act 67 of 2011 put the Industry Partnership program into statute. The Industry Partnership program was created in 2005-2006 to support employer led consortiums within industry sectors in meeting their training and workforce development needs.

Act 107 of 2012 created the Keystone Works program to provide employer driven training opportunities for unemployed workers. Employers are offered an incentive if the participant completes the training and is hired. Keystone Works is a means to get unemployed Pennsylvanians back to work while strengthening the workforce through job-specific training. Businesses are able to find skilled workers to meet their needs while limiting up front risk and cost associated with hiring a new employee. Unemployment

compensation claimants are able to obtain occupational skills to add to their resume, maintain a connection to the workforce, and have opportunity for full-time employment.

In addition to training programs, the Center for Workforce Information and Analysis provides labor market information to students, job seekers, employers, economic developers and the public at large. This includes career exploration tools for job seekers and students. The Pennsylvania Fast Facts publication provides a snapshot of labor market data from across the state including employment data, hiring trends and other economic indicators. The center also develops, in consultation with education and economic development partners, the High Priority Occupation (HPO) list. HPOs are occupations that are in demand by employers, have higher skill needs and are likely to provide family-sustaining wages. Statewide and local HPO lists are published annually. The HPO list and corresponding training programs drive Pennsylvania's investments in workforce education and training.

Program Element: Workforce Investment Act

The Federal Workforce Investment Act (WIA) of 1998 was enacted to improve the delivery of job training and employment services. Funding for numerous programs was 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. Ninety-five percent of the federal funds appropriated for adult and youth services are allotted to local workforce investment areas. The remainder is reserved for statewide activities.

Local Workforce Investment Boards plan and oversee the local delivery of workforce development activities and services in line with the governor's vision and strategy as outlined in the WIA strategic plan. The boards, in partnership with local elected officials, identify eligible providers of training services, monitor system performance and help develop the regional labor market information system.

Program Element: PA CareerLink

PA CareerLink® is a one-stop workforce development system that has improved service for businesses, job seekers and other customers by integrating systems and coordinating services. Services available at the PA CareerLink® for individuals include job search and placement assistance, labor market information, initial assessment of skills and needs and information about

Program: Workforce Investment (continued)

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 that the business may be eligible for by employing certain target groups, assessment for occupational and training needs and provision of labor market information. In addition to physical locations, the PA CareerLink® also offers an Internet-based system that both employer and job seeker customers can access.

The PA CareerLink® system is a cooperative effort involving the Departments of Education, Labor & Industry, Public Welfare and Local Workforce Investment Boards in partnership with training providers, employers and various system users.

Program Element: Dislocated Workers

The department provides assistance to dislocated workers through training programs, rapid response efforts, support services and needs-based payments.

Twenty percent of federal funds appropriated for dislocated workers are retained at the federal level to provide national emergency grants, dislocated worker demonstration projects and technical assistance.

The remaining 80 percent of the funds for dislocated workers are allotted to states. Of this allotment, 70 percent is allocated to local areas and 30 percent is retained at the state level (5 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: unemployment insurance; training opportunities; job search assistance; Trade Act programs; health insurance and pension benefits; social services; and emergency assistance. The Rapid Response program also offers referrals to state and local economic development services designed to help businesses that are at risk of closing remain in operation.

Rapid Response program activities are triggered when the department learns of a planned closure or layoff either by receiving a notice under the Federal Worker Adjustment and Retraining Notification Act, through the media or by information provided by community and business leaders. Services may also be offered when Pennsylvania experiences significant employment displacement as a 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: Industry Partnerships

Industry Partnerships are employer/worker consortiums that bring together companies with similar products, markets and human resource needs. They are organized by industry sector based on an analysis of where Pennsylvania and/or multi-county regions appear to have a competitive advantage. The intent is to make intelligent and prudent investments to develop the human capital that will lead to greater productivity, enlightened human resource practices and innovation, thereby helping these industries to survive and grow. Most importantly, by bringing together employers committed to the development of their workforce, these partnerships develop a deep and thorough understanding of their industry. Management and employees gain insight by researching the future of the industry. Government also uses this industry intelligence to help its education and training partners better understand the future needs of industry.

Industry Partnerships uncover common challenges within industries and, using economies of scale, apply private and public resources across numerous employers to develop incumbent workers' skills. Tax dollars and matching employer investments support the entire industry, not just one company's needs. Through these partnerships, industry-recognized credentials can be developed that enable workers to advance with their current employers or seek better opportunities with those who reward their educational investment. Training needs are communicated to educational partners who develop curricula for new college courses, high school and career and technical education programs and other training programs.

Program Element: Keystone Works

The Keystone Works program allows claimants collecting regular state unemployment compensation benefits to participate in training opportunities with businesses looking to hire in high priority occupations. The maximum length of training is eight weeks, up to 24 hours per week. The Bureau of Workforce Development works with businesses and claimants to enroll them in the program. Upon completion of training, a business that hires a claimant into the job opening being trained for is eligible to receive incentive payments of \$375 for every four consecutive work weeks the claimant remains employed at least 35 hours per week. These incentive payments are available for up to four consecutive periods of four consecutive work weeks for a maximum of \$1,500 in total incentive payments per claimant.

Program: Workforce Investment (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>New Choices / New Options \$ -500 —program elimination.</p>	<p>Industry Partnerships \$ -200 —funding reduction.</p>
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The Keystone Works appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Keystone Works	\$ 2,500	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
New Choices / New Options.....	500	500	0	0	0	0	0
Industry Partnerships.....	1,613	1,813	1,613	1,613	1,613	1,613	1,613
TOTAL GENERAL FUND	\$ 4,613	\$ 3,313	\$ 2,613	\$ 2,613	\$ 2,613	\$ 2,613	\$ 2,613

PROGRAM OBJECTIVE: To enable eligible persons with disabilities to obtain competitive employment.

Program: Vocational Rehabilitation

The mission of the Office of Vocational Rehabilitation (OVR) is to assist Pennsylvanians with disabilities secure and maintain employment and independence. During 2013, approximately 90,000 customers with disabilities were referred to and/or served by OVR programs.

The office administers a number of programs to achieve its mission, but a significant emphasis is placed on vocational rehabilitation services. That means helping people with disabilities find or keep jobs. These efforts target the estimated 540,000 citizens of the commonwealth who have physical or mental impairments that present a substantial impediment to employment. The federal Rehabilitation Act of 1973 as amended in 1992, provided funding and 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 significant 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. Supported employment services improve employment opportunities for those previously considered to have disabilities so significant 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.

Pursuant to Act 15 of 1999, the OVR oversees the Bureau of Blind and Visual Services which provides services

to persons who are blind or visually impaired. In addition to vocational rehabilitation services, qualified applicants may receive specialized services through programs that are fully state-funded or through the Independent Living for Older Blind program within the federal Rehabilitation Act. Services may coincide with vocational rehabilitation services or be provided separately, depending on the needs of the individual.

The Hiram G. Andrews Center in Johnstown is administered through OVR. The center provides adults with disabilities a wide array of job training and vocational rehabilitation services in a campus-like environment. The center draws funds from the federal/state vocational rehabilitation program as well as from numerous grants and special projects.

Independent living services are provided through the nine Centers for Independent Living (CILs) created by Act 139 of 1994. CILs are non-profit community-based organizations that provide information and referral services, peer counseling, independent living skills training and other services to Pennsylvanians with disabilities. Programs that increase the availability of assistive technology for people with disabilities are also administered. Assistive technology is any device that helps a person with a disability achieve a more independent and productive life. The proliferation of assistive technology is achieved through two third-party programs that make financing available and affordable to people with disabilities and enable them to “test drive” the technology before making what can be a major, irreversible purchase.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Transfer to the Vocational Rehabilitation Fund
 \$ 1,000 —Initiative—Jobs for All. To provide on-the-job training for young people with disabilities ages 18-25.

All other appropriations in this program are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Transfer to Vocational Rehabilitation Fund	\$ 40,473	\$ 40,473	\$ 41,473	\$ 41,473	\$ 41,473	\$ 41,473	\$ 41,473
Supported Employment	397	397	397	397	397	397	397
Centers for Independent Living	1,912	1,912	1,912	1,912	1,912	1,912	1,912
Assistive Technology Devices	244	400	400	400	400	400	400
Assistive Technology Demonstration and Training	399	399	399	399	399	399	399
TOTAL GENERAL FUND	\$ 43,425	\$ 43,581	\$ 44,581	\$ 44,581	\$ 44,581	\$ 44,581	\$ 44,581

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Community and Occupational Safety and Stability							
Income Security - Workers' Rights							
Minimum wage violations cited	501	450	450	450	450	450	450
Child Labor Law violations	162	200	200	200	200	200	200
Nonpayment of wage violations	6,750	6,000	6,000	6,000	6,000	6,000	6,000
Prevailing Wage Law violations	580	500	500	500	500	500	500
Prevailing Wage Law violations cases closed	236	300	300	300	300	300	300
Prevailing Wage Law violations cases closed-average number of days	239	180	180	180	180	180	180
Labor Relations							
Mediated cases for public sector bargaining units involving work stoppages	0%	2%	2%	2%	2%	2%	2%
Mediated cases for private sector bargaining units involving work stoppages	0%	10%	10%	10%	10%	10%	10%
Unfair Labor Practice Cases Opened	329	375	375	375	375	375	375
Unfair Labor Practice Cases Concluded	291	325	325	325	325	325	325
Union Representation Cases Opened	101	150	150	150	150	150	150
Union Representation Cases Concluded	66	100	100	100	100	100	100
Public Health and Safety Inspections							
Building inspections performed	40,207	37,300	37,000	37,000	37,000	37,000	37,000
Elevator inspections performed	11,947	12,000	12,500	13,800	14,600	14,600	14,600
Boiler inspections performed	24,613	28,500	34,000	34,000	34,000	34,000	34,000
Other inspections performed	4,951	5,000	5,000	5,000	5,000	5,000	5,000
Building approvals issued	3,929	3,200	3,200	3,200	3,200	3,200	3,200
New buildings certified and renovations of existing buildings certified	2,027	2,100	2,100	2,100	2,100	2,100	2,100
Municipalities choosing to provide their own enforcement under the Uniform Construction Code Act	2,407	2,407	2,407	2,407	2,407	2,407	2,407
Certifications, accreditations & licensing (Asbestos/Lead/Private Employment Agency Licensing/Uniform Construction Code)	7,347	3,500	3,500	6,000	3,500	3,500	6,000
Incident reports received	622	650	650	650	600	600	600
Program: Workers' Compensation and Assistance							
Reportable injuries arising in the course of employment under the Workers' Compensation Act	88,087	91,000	91,000	91,000	91,000	91,000	91,000
Number of final decisions in litigated workers' compensation claims	47,501	48,000	48,000	48,000	48,000	48,000	48,000
Claimants qualifying for occupational disease payments from commonwealth funds	344	304	274	244	214	184	154
New claims for unemployment compensation	732,988	728,000	722,000	716,000	710,000	705,000	705,000

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Workforce Investment							
Work Investment Act Title I							
Workforce Investment Act Adult Entered Employment Rate	71.20%	73%	75%	77%	77%	77%	77%
Dislocated Worker Entered Employment Rate	75.80%	77%	79%	80%	82%	82%	82%
Youth Placement Rate	63.30%	64%	66%	67%	67%	67%	67%
Workforce Investment Act Adult Employment Retention	85.40%	86%	87%	88%	88%	88%	88%
Dislocated Worker Employment Retention	88.60%	89%	90%	90%	90%	90%	90%
Youth Attainment (Individuals attaining a high school diploma, GED, postsecondary degree, or certification while enrolled in training)	84.60%	86%	88%	88%	88%	88%	88%
Number of Rapid Response Activities	258	250	200	200	150	150	150
Number of Individuals Trained by Individual Training Accounts	4,509	4,000	4,000	4,000	4,000	4,000	4,000
Wagner Peyser							
Wagner-Peyser Entered Employment Rate	53.60%	55%	57%	58%	60%	60%	60%
Wagner-Peyser Employment Retention	82.50%	83%	84%	84%	84%	84%	84%
Incumbent Workers							
Incumbent Worker Employment Retention Rate (Industry Partnership Participants)	82%	82%	83%	84%	84%	84%	84%
Incumbent Worker Wage Change (Industry Partnership Participants)	5%	5%	5%	5%	5%	5%	5%
Number of Incumbent Workers Trained (Industry Partnership Participants)	7,222	4,000	4,000	4,000	4,000	4,000	4,000
Apprentice completions-graduations	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Registered Apprentices	11,186	14,500	15,000	15,000	15,000	15,000	15,000
Minorities Registered for Apprenticeship	1,367	1,500	1,500	1,500	1,500	1,500	1,500
Program: Vocational Rehabilitation							
Number of eligible participants with active plans	52,354	52,000	50,000	50,000	50,000	50,000	50,000
Number of participants closed as employed	9,512	10,000	10,000	10,000	10,000	10,000	10,000
Number of persons successfully completing independent living/specialized services	1,479	1,500	1,500	1,500	1,500	1,500	1,500
Number of persons moving into employment who received postsecondary education and who were referred to OVR while in secondary education	1,166	1,200	1,200	1,200	1,200	1,200	1,200
Number of persons moving into employment without receiving postsecondary education and who were referred to OVR while in secondary education	1,285	1,255	1,255	1,255	1,255	1,255	1,255

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LIQUOR CONTROL BOARD

The mission of the Liquor Control Board is to regulate the alcohol beverage industry in a fair and consistent manner; to provide the best service to its customers through modern, convenient outlets, superior product selection and competitive prices in a controlled environment; and to provide factual information on alcohol and its effects through a comprehensive alcohol education program.

The board controls the manufacture, possession, sale, consumption, importation, use, storage, transportation and delivery of liquor, alcohol and malt or brewed beverages in the commonwealth.

Programs and Objectives

Liquor Control: *To control the manufacture, distribution and sale of alcoholic beverages in Pennsylvania.*

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Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2012-13	2013-14	2014-15
	ACTUAL	AVAILABLE	BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
(F)Enforcing Underage Drinking Laws (EA).....	\$ 46	\$ 0	\$ 0
	<u> </u>	<u> </u>	<u> </u>
<u>OTHER FUNDS:</u>			
STATE STORES FUND:			
General Operations (EA).....	\$ 446,700	\$ 455,970	\$ 509,857
(A)Sale of Automobiles.....	18	0	0
Purchase of Liquor (EA).....	1,150,000	1,250,000	1,323,000
Comptroller Operations (EA).....	6,000	6,000	5,500
Transfer of Profits to General Fund (EA).....	80,000	80,000	80,000
STATE STORES FUND TOTAL.....	<u>\$ 1,682,718</u>	<u>\$ 1,791,970</u>	<u>\$ 1,918,357</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	46	0	0
OTHER FUNDS.....	1,682,718	1,791,970	1,918,357
TOTAL ALL FUNDS.....	<u><u>\$ 1,682,764</u></u>	<u><u>\$ 1,791,970</u></u>	<u><u>\$ 1,918,357</u></u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
LIQUOR CONTROL							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	46	0	0	0	0	0	0
OTHER FUNDS.....	1,682,718	1,791,970	1,918,357	1,918,357	1,918,357	1,918,357	1,918,357
SUBCATEGORY TOTAL.....	\$ 1,682,764	\$ 1,791,970	\$ 1,918,357	\$ 1,918,357	\$ 1,918,357	\$ 1,918,357	\$ 1,918,357
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	46	0	0	0	0	0	0
OTHER FUNDS.....	1,682,718	1,791,970	1,918,357	1,918,357	1,918,357	1,918,357	1,918,357
DEPARTMENT TOTAL.....	\$ 1,682,764	\$ 1,791,970	\$ 1,918,357	\$ 1,918,357	\$ 1,918,357	\$ 1,918,357	\$ 1,918,357

PROGRAM OBJECTIVE: To control the manufacture, distribution and sale of alcoholic beverages in Pennsylvania.

Program: Liquor Control

Under existing law, all bottle sales of wines and spirits in Pennsylvania, with the exception of sales by licensed Pennsylvania wineries and distilleries, are made through 606 state liquor stores operated by the Pennsylvania Liquor Control Board (PLCB). This includes both retail sales to individual consumers and wholesale sales to those private establishments that make retail sales of alcoholic beverages by the drink. The state liquor stores include six outlet stores, 20 one-stop shops located in grocery stores, 74 Premium Collection stores, one Wine Boutique and 165 stores that are open on Sundays.

Revenues from the sale of wines and spirits cover the cost of merchandise sold in the stores and all Liquor Control Board operating expenses including Office of the Comptroller for the PLCB, operations of the Pennsylvania State Police Bureau of Liquor Control Enforcement, the Department of Health drug and alcohol programs, and expenses related to services provided by other state agencies such as the Office of Administration and Auditor General. Remaining proceeds from wine and spirit sales are transferred annually to the commonwealth's General Fund in accordance with the Pennsylvania Liquor Code.

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. Each year, more than 1.1 million minor challenges are documented in sales situations where store employees had concern regarding the legal age requirement of potential buyers. Recent agency initiatives to increase service and expand premium product selection include growth of the Chairman's Selection™ wine program, enhanced internet presence and a make-over of the Liquor Control Board's image through a complete rebranding effort in select retail locations. Expanded customer service has resulted from amendments to the Liquor Code that have allowed implementation of consumer-oriented changes within the store environment including trade publication and accessory item sales, in-store sampling of products, limited Sunday sales and redeemable coupons.

The PLCB licenses private establishments that make retail sales of alcoholic beverages by the drink. It also 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 uses 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. The Board typically rejects renewal of 150 - 200 licenses annually.

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 Education and Grants Management Division awards a maximum of \$1.5 million in educational grants annually that enable colleges, communities and law enforcement agencies to combat underage and dangerous drinking. 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's RAMP Division is responsible for overseeing this program, including offering owner/manager training to licensees and certifying, monitoring and tracking all server/seller training in Pennsylvania. Annually, RAMP training is provided to more than 25,000 licensee servers.

Program: Liquor Control (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	STATE STORES FUND				
	General Operations (EA)				Purchase of Liquor (EA)
\$ 30,387	—to continue current program.		\$ 73,000		—for inventory costs.
3,500	—nonrecurring fixed assets.				
20,000	—nonrecurring information system improvements.		\$ -500		Comptroller Operations
					—administrative savings.
<u>\$ 53,887</u>	<i>Appropriation Increase</i>				

This budget proposes a transfer of \$80 million from the State Stores Fund to the General Fund in 2014-15.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
STATE STORES FUND:							
General Operations (EA)	\$ 446,700	\$ 455,970	\$ 509,857	\$ 509,857	\$ 509,857	\$ 509,857	\$ 509,857
Purchase of Liquor (EA)	1,150,000	1,250,000	1,323,000	1,323,000	1,323,000	1,323,000	1,323,000
Comptroller Operations (EA)	6,000	6,000	5,500	5,500	5,500	5,500	5,500
TOTAL STATE STORES FUND	<u>\$ 1,602,700</u>	<u>\$ 1,711,970</u>	<u>\$ 1,838,357</u>	<u>\$ 1,838,357</u>	<u>\$ 1,838,357</u>	<u>\$ 1,838,357</u>	<u>\$ 1,838,357</u>

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Liquor Control							
Pennsylvania State Liquor Stores	606	606	606	606	606	606	606
Gross sales (includes taxes) (in thousands)	\$2,188,920	\$2,299,000	\$2,414,000	\$2,534,000	\$2,661,000	\$2,794,000	\$2,934,000
Alcohol education grants awarded	66	66	66	66	66	66	66
Alcohol education grant money awarded	\$1,011,039	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Alcohol education materials distributed	945,579	945,600	945,600	945,600	945,600	945,600	945,600
Operating income (in thousands)	\$151,878	\$156,400	\$161,100	\$166,000	\$170,900	\$176,100	\$181,400
Total contributions from State Stores Fund (including Sales and Use tax, the Johnstown Flood tax and profit transfer)	\$520,483	\$542,507	\$565,632	\$578,914	\$596,410	\$614,181	\$632,290
Owners/Managers receiving Responsible Alcohol Management Program (RAMP) training	4,163	4,165	4,165	4,165	4,165	4,165	4,165
Servers/Sellers receiving RAMP training	29,783	30,800	31,900	33,000	34,200	35,400	36,600
Establishments that are RAMP certified	1,130	1,210	1,290	1,380	1,480	1,588	1,690

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DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

The Department of Military and Veterans Affairs has two missions in state government. One mission is to provide world-class service to Pennsylvania veterans, their spouses and their dependents by operating a network of veterans assistance programs and six veterans homes.

Its second mission is to provide combat-ready units of the Pennsylvania Army and Air National Guard to protect the lives and property of the people of the commonwealth and preserve peace, order and public safety.

The Pennsylvania National Guard has dual missions. Its federal mission is to be trained and equipped to join the active military forces in time of war or national emergency. Its state mission is to respond to the orders of the governor in the event of natural and man-made disasters.

The department consists of the Adjutant General, the State Armory Board, the State Veterans Commission, the Pennsylvania Soldiers and Sailors Home in Erie, the Veterans Home in Hollidaysburg, the Southeastern Veterans Center in Spring City, the Gino J. Merli Veterans Center in Scranton, the Southwestern Veterans Center in Pittsburgh and the Delaware Valley Veterans Home in Philadelphia.

Programs and Objectives

State Military Readiness: *To achieve and maintain a readiness capability in units of the Pennsylvania National Guard for quick and effective response to state or federal mobilization.*

Veterans Homes: *To provide nursing and domiciliary care for veterans.*

Compensation and Assistance: *To provide advisory and financial assistance to eligible Pennsylvania veterans, National Guardsmen and their dependents.*

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Military and Veterans Affairs

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 18,741	\$ 20,694	\$ 21,244
(F)Facilities Maintenance.....	77,685	77,685	77,685
(F)Federal Construction Grants.....	80,000	30,000	28,000
(F)Rural Veterans Coordination Pilot.....	0	0	2,000
(F)Domestic Preparedness (EA).....	1,000	500	500
(A)Rental of Armories and Other Facilities.....	122	122	122
(A)Housing Fees.....	69	63	69
(A)Utility Reimbursements.....	168	195	195
(A)Miscellaneous.....	69	8	86
Burial Detail Honor Guard.....	99	99	99
American Battle Monuments.....	0	50	50
Army/Readiness Centers Maintenance and Repair.....	446	446	245
Special State Duty.....	35	35	35
Subtotal.....	<u>\$ 178,434</u>	<u>\$ 129,897</u>	<u>\$ 130,330</u>
Subtotal - State Funds.....	\$ 19,321	\$ 21,324	\$ 21,673
Subtotal - Federal Funds.....	158,685	108,185	108,185
Subtotal - Augmentations.....	428	388	472
Total - General Government.....	<u>\$ 178,434</u>	<u>\$ 129,897</u>	<u>\$ 130,330</u>
Institutional:			
Veterans Homes.....	\$ 82,221	\$ 82,385	\$ 81,695
(F)Operations and Maintenance.....	42,641	44,587	45,519
(F)Medical Reimbursements.....	630	350	260
(F)Enhanced Veterans Reimbursement.....	15,286	22,728	22,728
(A)Aid and Attendance Payments.....	7,279	7,483	8,046
(A)Residential Fees.....	16,729	18,317	19,186
(A)Estate Collections.....	2,772	2,005	2,958
(A)Insurance or Third Party Reimbursements.....	41	83	61
(A)Physical & Occupational Therapy Reimbursements.....	365	365	365
(A)Pharmaceutical Reimbursement.....	0	290	483
(A)Miscellaneous.....	86	289	25
Subtotal.....	<u>\$ 168,050</u>	<u>\$ 178,882</u>	<u>\$ 181,326</u>
Subtotal - State Funds.....	\$ 82,221	\$ 82,385	\$ 81,695
Subtotal - Federal Funds.....	58,557	67,665	68,507
Subtotal - Augmentations.....	27,272	28,832	31,124
Total - Institutional.....	<u>\$ 168,050</u>	<u>\$ 178,882</u>	<u>\$ 181,326</u>
Grants and Subsidies:			
Education of Veterans Children.....	\$ 101	\$ 101	\$ 101
Transfer to Educational Assistance Program Fund.....	12,870	12,870	11,500
Transfer to Veterans Trust Fund.....	1,700	0	1,000
Veterans Assistance.....	200	200	0
Blind Veterans Pension.....	222	222	222
Paralyzed Veterans Pension.....	1,285	2,131^a	2,131
National Guard Pension.....	5	5	5

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
Supplemental Life Insurance Premiums	364	364	164
Civil Air Patrol	0	100	0
Disabled American Veterans Transportation	336	336	336
Veterans Outreach Services	1,632	2,682	2,332
Subtotal.....	\$ 18,715	\$ 19,011	\$ 17,791
Total - Grants and Subsidies.....	\$ 18,715	\$ 19,011	\$ 17,791
STATE FUNDS.....	\$ 120,257	\$ 122,720	\$ 121,159
FEDERAL FUNDS.....	217,242	175,850	176,692
AUGMENTATIONS.....	27,700	29,220	31,596
GENERAL FUND TOTAL	\$ 365,199	\$ 327,790	\$ 329,447
 OTHER FUNDS:			
GENERAL FUND:			
Military Family Relief Assistance.....	\$ 104	\$ 150	\$ 150
EDUCATIONAL ASSISTANCE PROGRAM FUND:			
National Guard Education (EA).....	\$ 0 ^b	\$ 130 ^b	\$ 0 ^b
PENNSYLVANIA VETERANS MEMORIAL TRUST FUND:			
Veterans Memorial (EA).....	\$ 90	\$ 90	\$ 75
STATE TREASURY ARMORY FUND:			
Armory Improvements.....	\$ 1,386	\$ 1,200	\$ 1,200
VETERANS TRUST FUND:			
Veterans Service Organizations.....	\$ 0 ^c	\$ 0	\$ 0
Grants and Assistance.....	0 ^c	0	500 ^c
VETERANS TRUST FUND TOTAL	\$ 0	\$ 0	\$ 500
 DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 120,257	\$ 122,720	\$ 121,159
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	217,242	175,850	176,692
AUGMENTATIONS.....	27,700	29,220	31,596
OTHER FUNDS.....	1,580	1,570	1,925
TOTAL ALL FUNDS	\$ 366,779	\$ 329,360	\$ 331,372

^a Includes recommended supplemental appropriation of \$843,000.

^b Transfer to Educational Assistance Program Fund not added to the total to avoid double counting: 2012-13 Actual is \$12,870,000; 2013-14 Available is \$12,870,000; and 2014-15 Budget is \$11,500,000.

^c Transfer to Veterans Trust Fund not added to the total to avoid double counting: 2012-13 Actual is \$1,700,000 and 2014-15 Budget is \$1,000,000

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
STATE MILITARY READINESS							
GENERAL FUND.....	\$ 19,321	\$ 21,324	\$ 21,673	\$ 21,673	\$ 21,673	\$ 21,673	\$ 21,673
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	158,685	108,185	108,185	108,185	108,185	108,185	108,185
OTHER FUNDS.....	2,008	1,828	1,897	1,897	1,897	1,897	1,897
SUBCATEGORY TOTAL.....	\$ 180,014	\$ 131,337	\$ 131,755	\$ 131,755	\$ 131,755	\$ 131,755	\$ 131,755
VETERANS HOMES							
GENERAL FUND.....	\$ 82,221	\$ 82,385	\$ 81,695	\$ 81,695	\$ 81,695	\$ 81,695	\$ 81,695
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	58,557	67,665	68,507	68,507	68,507	68,507	68,507
OTHER FUNDS.....	27,272	28,832	31,124	31,124	31,124	31,124	31,124
SUBCATEGORY TOTAL.....	\$ 168,050	\$ 178,882	\$ 181,326	\$ 181,326	\$ 181,326	\$ 181,326	\$ 181,326
COMPENSATION AND ASSISTANCE							
GENERAL FUND.....	\$ 18,715	\$ 19,011	\$ 17,791	\$ 17,791	\$ 17,791	\$ 17,791	\$ 17,791
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	130	500	500	500	500	500
SUBCATEGORY TOTAL.....	\$ 18,715	\$ 19,141	\$ 18,291	\$ 18,291	\$ 18,291	\$ 18,291	\$ 18,291
ALL PROGRAMS:							
GENERAL FUND.....	\$ 120,257	\$ 122,720	\$ 121,159	\$ 121,159	\$ 121,159	\$ 121,159	\$ 121,159
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	217,242	175,850	176,692	176,692	176,692	176,692	176,692
OTHER FUNDS.....	29,280	30,790	33,521	33,521	33,521	33,521	33,521
DEPARTMENT TOTAL.....	\$ 366,779	\$ 329,360	\$ 331,372	\$ 331,372	\$ 331,372	\$ 331,372	\$ 331,372

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 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 and readiness centers, support facilities, Air National Guard bases and installations. A statewide communications network 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 community armories and air bases serving as training locations for National Guard units. The commonwealth is responsible for providing for the operations, maintenance and repair of the armories and readiness centers, and air bases. These facilities may also be utilized as mass care centers for disaster victims in addition to providing meeting and recreational facilities for local civic and youth organizations.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	General Government Operations		Armory/Readiness Centers Maintenance and Repair
\$ 550	—to continue current program.	\$ -201	—reduced program requirement.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 18,741	\$ 20,694	\$ 21,244	\$ 21,244	\$ 21,244	\$ 21,244	\$ 21,244
Burial Detail Honor Guard	99	99	99	99	99	99	99
American Battle Monuments	0	50	50	50	50	50	50
Armory/Readiness Centers Maintenance and Repair	446	446	245	245	245	245	245
Special State Duty	35	35	35	35	35	35	35
TOTAL GENERAL FUND	\$ 19,321	\$ 21,324	\$ 21,673	\$ 21,673	\$ 21,673	\$ 21,673	\$ 21,673

PROGRAM OBJECTIVE: To provide nursing and domiciliary care for veterans.

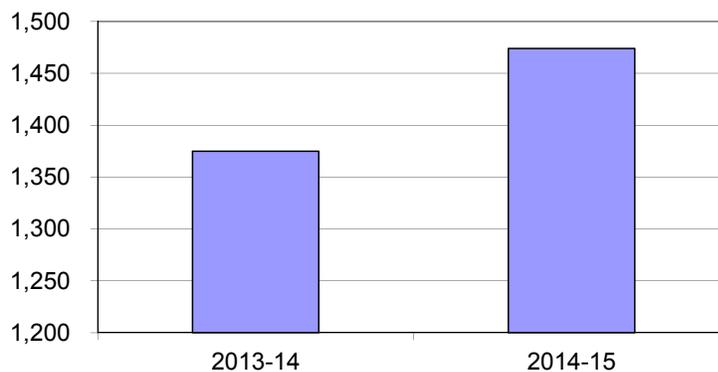
Program: Veterans Homes

The Department of Military and Veterans Affairs, Bureau of Veterans Homes, provides Pennsylvania veterans with different levels of care, including skilled nursing, dementia and domiciliary and personal care. Currently, there are six veterans homes located throughout the commonwealth: the Pennsylvania Soldiers and Sailors Home in Erie, the Hollidaysburg Veterans Home in Duncansville, the Southeastern Veterans Center in Spring City, the Gino J. Merli Veterans Center in Scranton, the Southwestern Veterans Center in Pittsburgh and the Delaware Valley Veterans Home in the County of Philadelphia.

For federal fiscal year 2014, the program will receive assistance from the United States Department of Veterans Affairs (USDVA) at the rate of \$43.32 per patient day for domiciliary and personal care and \$100.37 per patient day for skilled nursing care.

Along with federal per diem funding, residents of these state veterans homes receive a personal needs allowance from the USDVA and are charged a monthly maintenance fee that is set upon admission and recalculated annually to determine their cost of care payment obligation.

Veterans Receiving Care in State Veterans Homes



Veterans receiving care at state veterans homes is projected to be 1,474 in 2014-15.

Expenditures by Institution: (Dollar Amounts in Thousands)

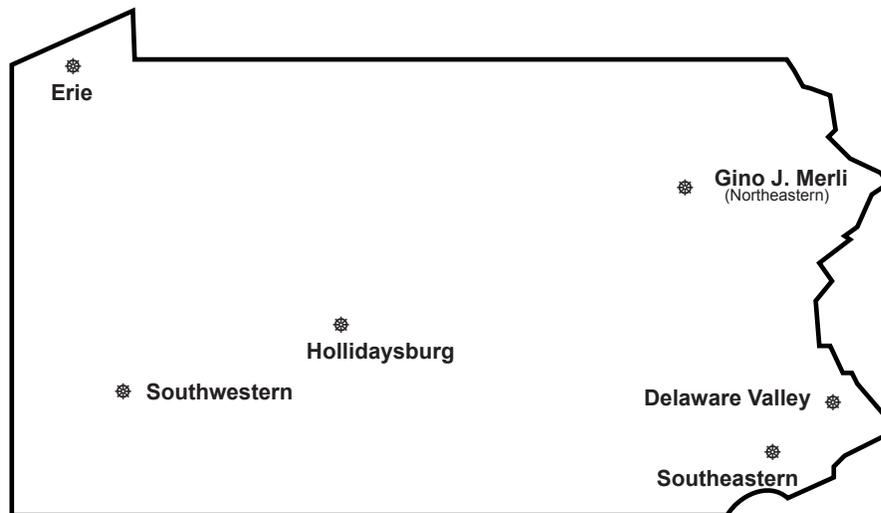
	2012-13 Actual	2013-14 Available	2014-15 Budget		2012-13 Actual	2013-14 Available	2014-15 Budget
Erie Soldiers and Sailors Home				Southwestern Veterans Center			
State Funds.....	\$ 8,914	\$ 8,234	\$ 9,409	State Funds.....	\$ 10,808	\$ 10,068	\$ 9,436
Federal Funds.....	6,646	7,571	7,338	Federal Funds.....	10,626	12,071	12,894
Augmentations.....	3,140	3,507	3,846	Augmentations.....	4,681	4,568	5,239
TOTAL.....	\$ 18,700	\$ 19,312	\$ 20,593	TOTAL.....	\$ 26,115	\$ 26,707	\$ 27,569
Hollidaysburg Veterans Home				Delaware Valley Veterans Home			
State Funds.....	\$ 22,852	\$ 22,753	\$ 24,108	State Funds.....	\$ 5,582	\$ 9,318	\$ 9,700
Federal Funds.....	18,162	20,800	19,882	Federal Funds.....	9,192	7,048	7,348
Augmentations.....	7,830	7,678	8,396	Augmentations.....	3,490	3,682	3,797
TOTAL.....	\$ 48,844	\$ 51,231	\$ 52,386	TOTAL.....	\$ 18,264	\$ 20,048	\$ 20,845
Southeastern Veterans Center				Central Veterans Homes Services			
State Funds.....	\$ 15,952	\$ 13,193	\$ 12,313	State Funds.....	\$ 9,010	\$ 9,744	\$ 6,432
Federal Funds.....	5,866	10,258	11,124	Federal Funds.....	-	-	-
Augmentations.....	4,006	4,900	5,441	Augmentations.....	-	-	-
TOTAL.....	\$ 25,824	\$ 28,351	\$ 28,878	TOTAL.....	\$ 9,010	\$ 9,744	\$ 6,432
Gino J. Merli Veterans Center							
State Funds.....	\$ 9,103	\$ 9,075	\$ 10,297				
Federal Funds.....	8,065	9,917	9,921				
Augmentations.....	4,125	4,497	4,405				
TOTAL.....	\$ 21,293	\$ 23,489	\$ 24,623				

Military and Veterans Affairs

Program: Veterans Homes (continued)

Population and Capacity		Projected	Projected	Projected
Institution	Population Dec 2013	Population Dec 2014	Capacity Dec 2014	Percent of Capacity
Hollidaysburg Veterans Home.....	398	460	506	91%
Erie Soldiers and Sailors Home.....	188	187	207	90%
Southeastern Veterans Center	198	232	238	97%
Gino J. Merli Veterans Center.....	192	193	196	98%
Southwestern Veterans Center	229	232	236	98%
Delaware Valley Veterans Home.....	170	170	171	99%
Total.....	<u>1,375</u>	<u>1,474</u>	<u>1,554</u>	<u>95%</u>

Veterans Homes



Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Veterans Homes
 \$ -690 —reduction in administrative costs.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Veterans Homes.....	\$ 82,221	\$ 82,385	\$ 81,695	\$ 81,695	\$ 81,695	\$ 81,695	\$ 81,695

PROGRAM OBJECTIVE: To provide advisory and financial assistance to eligible Pennsylvania veterans, National Guardsmen and their dependents.

Program: Compensation and Assistance

The Department of Military and Veterans Affairs administers several activities within this program.

Program Element: Education of Children of Deceased and Disabled Veterans

Educational grants are provided for children of honorably discharged veterans who have been certified as having wartime service-connected disabilities, rated as 100 percent totally and permanently disabled, or children of veterans who die or died in service during a period of war or armed conflict or hostile fire in peacetime as certified by the United States Department of Veterans Affairs (USDVA). Children must be between 16 and 23 years of age and living in Pennsylvania five years prior to application. They must also attend a school within Pennsylvania and demonstrate financial need. Grants are provided up to a maximum of \$500 per semester.

Program Element: Educational Assistance — 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 Pennsylvania Higher Education Assistance Agency. Grants are available for full-time students for up to 100 percent of the tuition charged (up to \$3,311 per semester) to a Pennsylvania resident at a member institution of the State System of Higher Education. National Guard personnel receiving educational financial aid was 2,773 in 2013-14 and is projected to be 2,900 in 2014-15. Act 82 of 2005 extended the eligibility time in cases of deployment. Act 44 of 2006 extended the time in case of medical discharge. Act 87 of 2006 amended Title 51 to increase the amount of grants to part-time students. The maximum annual grant for a part-time student who does not possess a bachelor's degree is \$2,207. The part-time grant for members possessing a bachelor's degree is 50 percent of the tuition or \$1,104, whichever is less, per semester. 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: Blind Veterans Pension

Pensions of \$150 per month are provided for Pennsylvania veterans who incurred functional blindness while performing active military service and are rated as blinded through service connection by the USDVA.

Program Element: Paralyzed Veterans Pension

Pensions of \$150 per month are provided to Pennsylvania veterans who have a loss or loss of use of two or more extremities and are rated by the USDVA to have a service-connected loss or loss of use of two or more extremities. Act 109 of 2001 expanded this program by eliminating the residency and wartime service requirement.

Program Element: National Guard Pension

Payment of a pension is provided to guardsmen and widowed and dependent family members. A national guardsman who is injured, otherwise disabled or dies as a result of injuries or other disability received or contracted while performing duty in active service to the commonwealth, or in the performance of other state military duty, is eligible. Current law provides for a monthly pension for dependents up to a maximum of \$300 per month for a period of 10 years. In the case of children of a deceased member, the pension is paid until the child reaches 18 years of age.

Program Element: Supplemental Life Insurance Premiums

Act 105 of 2006 authorized the commonwealth to pay or reimburse the cost, not otherwise paid for by the federal government, of Servicemembers' Group Life Insurance premiums for eligible soldiers and airmen of the Pennsylvania National Guard.

Program Element: Veterans Outreach Services

Act 66 of 2007 created the Veterans Service Organizations grant program to provide grants to organizations for the improvement of the administration and delivery of services to Pennsylvania veterans. Grants are used solely to support accredited veterans services officers and the associated costs, including: wages, benefits, other compensation and related personnel costs; training provided by accredited veterans services advocacy staff; and equipment to be used by accredited veterans services officer staff. The American Legion, American Veterans, Veterans of Foreign Wars and Disabled American Veterans are designated to receive grants under this program. Other veterans organizations, which are members of the State Veterans Commission, may also be designated to receive grant funding.

Program Element: Persian Gulf Conflict Veterans Benefit Program

Compensation of \$75 per month of qualifying service and up to \$525, calculated based on months of service

Program: Compensation and Assistance (continued)

in the theater of operations during the first Persian Gulf conflict (August 1990 – August 1991) is paid to eligible Pennsylvania veterans of the conflict. Veterans must prove residency in Pennsylvania during their qualifying service. In addition, compensation of \$5,000 is paid to eligible survivors of deceased veterans and prisoners of war. The program was authorized by Act 29 of 2006.

Program Element: Disabled Veterans Real Estate Tax Exemption Program

This program provides a real estate tax exemption for any honorably discharged veteran who is determined by the USDVA to be 100 percent permanently disabled. The veteran must be a resident of the commonwealth with a financial need who served during established war or armed conflict service dates and who resides in the property subject to the exemption as his or her principal dwelling.

This exemption is extended to the unmarried surviving spouse upon the death of an eligible veteran provided that the State Veterans Commission determines that such person is in need of the exemption.

Program Element: Military Family Relief Assistance Program

Act 65 of 2005 created the program to provide for short-term financial relief to families in need due to deployment of a family member. This program, originally intended to last for five years, is funded through contributions from state income tax return check-offs and donations. The program has since been extended until June 30, 2016. The Pennsylvania Personal Income Tax check-off for the Military Family Relief Assistance Program was extended to January 1, 2018 by Act 52 of 2013.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Transfer to Educational Assistance Program Fund \$ -1,370 —reduced program requirement.</p> <p>Transfer to Veterans Trust Fund \$ 1,000 —Initiative - to provide increased assistance to veterans.</p> <p>Veterans Assistance \$ -200 —program elimination. Assistance will be provided through the Veterans Trust Fund.</p>	<p>Supplemental Life Insurance Premiums \$ -200 —reduced program requirement.</p> <p>Civil Air Patrol \$ -100 —program elimination.</p> <p>Veterans Outreach Services \$ -350 —funding reduction.</p>
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All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Education of Veterans Children.....	\$ 101	\$ 101	\$ 101	\$ 101	\$ 101	\$ 101	\$ 101
Transfer to Educational Assistance Program Fund.....	12,870	12,870	11,500	11,500	11,500	11,500	11,500
Transfer to Veterans Trust Fund.....	1,700	0	1,000	1,000	1,000	1,000	1,000
Veterans Assistance.....	200	200	0	0	0	0	0
Blind Veterans Pension.....	222	222	222	222	222	222	222
Paralyzed Veterans Pension.....	1,285	2,131	2,131	2,131	2,131	2,131	2,131
National Guard Pension.....	5	5	5	5	5	5	5
Supplemental Life Insurance Premiums.....	364	364	164	164	164	164	164
Civil Air Patrol.....	0	100	0	0	0	0	0
Disabled American Veterans Transportation.....	336	336	336	336	336	336	336
Veterans Outreach Services.....	1,632	2,682	2,332	2,332	2,332	2,332	2,332
TOTAL GENERAL FUND.....	\$ 18,715	\$ 19,011	\$ 17,791	\$ 17,791	\$ 17,791	\$ 17,791	\$ 17,791

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: State Military Readiness							
Pennsylvania Army National Guard end strength goal	15,460	15,360	15,360	15,360	15,360	15,360	15,360
Pennsylvania Army National Guard assigned strength	15,422	15,360	15,360	15,360	15,360	15,360	15,360
Percentage of Army National Guard current strength	100%	100%	100%	100%	100%	100%	100%
Pennsylvania Air National Guard end strength goal	3,851	4,100	4,100	4,100	4,100	4,100	4,100
Pennsylvania Air National Guard assigned strength	3,856	3,900	3,900	4,100	4,100	4,100	4,100
Percentage of Air National Guard current strength	101%	102%	102%	102%	102%	102%	102%
Percentage of armories and field sites rated adequate	47%	47%	47%	47%	47%	47%	47%
Readiness centers and field sites under major repair	29	25	27	19	12	9	4
Department of Defense personnel receiving training at Fort Indiantown Gap	115,651	120,000	120,000	120,000	120,000	120,000	120,000
Non-Department of Defense personnel receiving training at Fort Indiantown Gap	10,776	14,000	14,000	14,000	14,000	14,000	14,000
Number of days PA National Guard personnel deployed for statewide emergencies	12,604	0	0	0	0	0	0
Program: Veterans Homes							
Percentage of population at veterans homes that are veterans	90%	88%	88%	88%	88%	88%	88%
Percentage of population at veterans homes that are spouses	10%	12%	12%	12%	12%	12%	12%
Percentage of occupancy rate above national average of state veterans homes - domiciliary care	22%	22%	22%	22%	22%	22%	22%
Percentage of occupancy rate above national average of state veterans homes - nursing care	5%	9%	9%	9%	9%	9%	9%
Program: Compensation and Assistance							
Veterans in Pennsylvania	980,529	953,700	927,400	902,300	877,800	853,200	829,300
Recipients of veterans emergency assistance	305	366	440	530	630	760	910
Recipients of blind veterans pension	116	123	123	123	123	123	123
Children of deceased and disabled veterans receiving education grants	91	101	100	100	100	100	100
Participants in paralyzed veterans programs	810	1,363	1,363	1,363	1,363	1,363	1,363
National Guard personnel receiving educational financial aid	2,631	2,773	2,900	3,300	3,300	3,300	3,300

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MILK MARKETING BOARD

The mission of the Milk Marketing Board is to ensure that Pennsylvania's dairy industry remains viable 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.

Programs and Objectives

Milk Industry Regulation: *To maintain an adequate supply of wholesome fluid milk.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
<u>OTHER FUNDS:</u>			
MILK MARKETING FUND:			
General Operations.....	\$ 2,802	\$ 2,840	\$ 2,840

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 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.....	2,802	2,840	2,840	2,840	2,840	2,840	2,840
SUBCATEGORY TOTAL.....	\$ 2,802	\$ 2,840	\$ 2,840	\$ 2,840	\$ 2,840	\$ 2,840	\$ 2,840
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.....	2,802	2,840	2,840	2,840	2,840	2,840	2,840
DEPARTMENT TOTAL.....	\$ 2,802	\$ 2,840	\$ 2,840	\$ 2,840	\$ 2,840	\$ 2,840	\$ 2,840

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 Producers' Security Act and board regulations.

The board's major function is to ensure an adequate milk supply by setting minimum prices paid to farmers, minimum prices dealers can charge wholesale and retail customers, and minimum prices stores can charge consumers. The regulation process is complicated by the existence of federal marketing orders, which are prices

established by the federal government that must be paid to producers.

The board has implemented an automated milk accounting and regulatory system. 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 Recommendation:

This budget recommends the following changes from the Milk Marketing Fund:
(Dollar Amounts in Thousands)

General Operations is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
MILK MARKETING FUND:							
General Operations	\$ 2,802	\$ 2,840	\$ 2,840	\$ 2,840	\$ 2,840	\$ 2,840	\$ 2,840

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Milk Industry Regulation							
Percentage of producer payments made adequately and on time	99%	99%	99%	99%	99%	99%	99%
Public hearings held to consider the level and duration of the Class 1 over-order premium	2	2	2	2	2	2	2
General and cost replacement hearings held to determine dealer and retailer costs	6	6	6	6	6	6	6
Licenses and permits issued	2,215	2,200	2,200	2,200	2,200	2,200	2,200
Audits of milk dealers for compliance with milk sales rules and regulations	807	800	800	800	800	800	800



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 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 the Victim Advocate within the board 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 and conducting assessments of convicted sex offenders.

Programs and Objectives

Reintegration of the Adult Offender: *To decrease the recurrence of crime by replacing criminal behavior with socially acceptable behavior.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 110,281	\$ 119,874	\$ 132,861
(F)Violence Prediction Model.....	86	86	86
(F)ARRA - Maximizing Victim Restitution (EA).....	35	0	0
(F)Absconder Apprehension (EA).....	8	0	0
(F)Address Confidentiality Program (EA).....	60	0	0
(F)ARRA - Recidivism Reduction (EA).....	0	56	0
(F)Livescan (EA).....	162	0	0
(A)State Parole Supervision Fees.....	3,900	3,800	3,900
(A)Interstate Supervision Fees.....	97	90	90
Subtotal.....	\$ 114,629	\$ 123,906	\$ 136,937
Sexual Offenders Assessment Board.....	5,164	5,449	5,411
Subtotal.....	\$ 5,164	\$ 5,449	\$ 5,411
Subtotal - State Funds.....	\$ 115,445	\$ 125,323	\$ 138,272
Subtotal - Federal Funds.....	351	142	86
Subtotal - Augmentations.....	3,997	3,890	3,990
Total - General Government.....	\$ 119,793	\$ 129,355	\$ 142,348
<i>Grants and Subsidies:</i>			
Improvement of Adult Probation Services.....	\$ 16,222	\$ 16,222	\$ 16,222
(R)County Parole Supervision Fees.....	17,542	17,717	17,894
Subtotal.....	\$ 33,764	\$ 33,939	\$ 34,116
Subtotal - State Funds.....	\$ 16,222	\$ 16,222	\$ 16,222
Subtotal - Restricted Revenues.....	17,542	17,717	17,894
Total - Grants and Subsidies.....	\$ 33,764	\$ 33,939	\$ 34,116
STATE FUNDS.....	\$ 131,667	\$ 141,545	\$ 154,494
FEDERAL FUNDS.....	351	142	86
AUGMENTATIONS.....	3,997	3,890	3,990
RESTRICTED REVENUES.....	17,542	17,717	17,894
GENERAL FUND TOTAL.....	\$ 153,557	\$ 163,294	\$ 176,464
OTHER FUNDS:			
GENERAL FUND:			
Firearms Education and Training Commission.....	\$ 529	\$ 569	\$ 564
Seized/Forfeited Property - Federal.....	0	75	76
GENERAL FUND TOTAL.....	\$ 529	\$ 644	\$ 640
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 131,667	\$ 141,545	\$ 154,494
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	351	142	86
AUGMENTATIONS.....	3,997	3,890	3,990
RESTRICTED.....	17,542	17,717	17,894
OTHER FUNDS.....	529	644	640
TOTAL ALL FUNDS.....	\$ 154,086	\$ 163,938	\$ 177,104

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
REINTEGRATION OF THE ADULT OFFENDER							
GENERAL FUND.....	\$ 131,667	\$ 141,545	\$ 154,494	\$ 154,494	\$ 154,494	\$ 154,494	\$ 154,494
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	351	142	86	86	86	86	86
OTHER FUNDS.....	22,068	22,251	22,524	22,524	22,524	22,524	22,524
SUBCATEGORY TOTAL.....	\$ 154,086	\$ 163,938	\$ 177,104	\$ 177,104	\$ 177,104	\$ 177,104	\$ 177,104
ALL PROGRAMS:							
GENERAL FUND.....	\$ 131,667	\$ 141,545	\$ 154,494	\$ 154,494	\$ 154,494	\$ 154,494	\$ 154,494
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	351	142	86	86	86	86	86
OTHER FUNDS.....	22,068	22,251	22,524	22,524	22,524	22,524	22,524
DEPARTMENT TOTAL.....	\$ 154,086	\$ 163,938	\$ 177,104	\$ 177,104	\$ 177,104	\$ 177,104	\$ 177,104

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 of offenders returning to their communities. Successful reentry of offenders can reduce the likelihood they will victimize anyone else and return to prison.

The board is responsible for making parole decisions and supervising adult parolees with a maximum sentence of two years or more; revoking the parole of technical parole violators who continue to violate parole conditions; revoking the parole of violators convicted of new crimes; and discharging parolees who have fulfilled their sentences in compliance with the conditions of parole. The number of offenders projected to be under board supervision by June 2014 is 39,190, up from 35,982 in June 2012. The parole population includes offenders from the state correctional system, special county probation, and parole cases and offenders transferring 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.

Offenders sentenced to a term of two years or more, but less than five years, may be confined in county jail if the chief administrator certifies the jail has sufficient capacity. The judge retains paroling authority. Act 122 of 2012 adopted recommendations from the Justice Reinvestment Initiative to improve the criminal justice system, reduce recidivism and reduce prison costs. The act called for the commonwealth to begin using community corrections centers for parolees and technical parole violators beginning in January 2013. Act 196 of 2012 created the Justice Reinvestment Fund to distribute savings that will be realized by the Department of Corrections as a result of changes within Act 122. Acts 111 of 2011 and 91 of 2012 expanded the board's role relating to sex offenders to include updating and verifying the registry information for any offenders under board supervision. This responsibility went into effect in December 2012.

Program Element: Parole Decisions

Offenders must serve their minimum sentence before they become eligible for parole. To prepare offenders for reentry while incarcerated, the board and Department of Corrections jointly develop a correctional plan to address drug and alcohol treatment 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. Act 14 of 2013 requires the board to offer victims the opportunity to provide testimony in person to board members as part of the decisional process.

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 initial 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. Upon release, an offender's needs are reassessed every six months or more frequently, if necessary. The board also employs parole agents who receive specialized training as facilitators for cognitive behavioral programs in areas such as life skills, drug and alcohol relapse prevention, and anger management. Drug and alcohol treatment, sex offender treatment and other specialized treatment or programming needs are available through referrals to individual county programs, or while under supervision at a Department of Corrections community corrections center.

Program Element: Supervision and Case Management

The reentry of an offender into the community requires effective parole supervision, which includes a balance of monitoring and enforcement of parole conditions coupled with effective case management. As part of the board's responsibility to public safety, parole agents use problem-solving case management and other evidence-based strategies to reduce the offender's risk to re-offend. Parole staff also helps the offender with challenges regarding their 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. Act 95 of 2010 authorized the use of technical parole violator centers for certain offenders. With the implementation of Act 122, the number of parole violator centers increased. These secure centers immediately address issues causing the offender to struggle with their adjustment to

Program: Reintegration of the Adult Offender (continued)

life outside of prison with the goal of reducing the number of technical parole violators returned to prison. The board has implemented a violent offender management protocol, including a curfew and violence prevention aftercare program. Anger management and life skills programming are also provided. 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 administers a grant program to support county adult probation personnel and services. Act 134 of 1986 provides for counties to be reimbursed up to 80 percent of the personnel costs for pre-sentence investigations and for improved probation supervision and programs, provided 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 a monthly supervision fee that all offenders under state supervision pay unless a waiver is granted. In addition, Act 35 requires the sentencing judge of the Court of Common Pleas to impose upon county offenders, as a condition of supervision, a monthly supervision fee of at least \$25 unless reduced, waived or deferred.

Act 8 of Special Session 1 of 1995 created the Office of Victim Advocate, an independent entity within the board, to represent the interests of crime victims before the board or the Department of Corrections.

Act 24 of 1995, or Megan's Law as it is commonly

known, established the Sexual Offenders Assessment Board. This board is responsible for conducting court-ordered assessments of convicted sexual offenders. The assessments are provided to district attorneys and assist in determining those offenders who may be found by the court to be sexually violent predators. Prior to parole considerations, the Board of Probation and Parole requests assessments of Megan's Law offenders unless the court has already requested an assessment. Act 111 of 2011 updated Megan's Law to fully implement the federal Adam Walsh Act of 2006. Under Act 111, all sex offenders are classified into three classes, or tiers, based on the severity of the sex crimes for which they have been convicted. The act also added additional sex offenses that require registration, increasing the number of individuals whose assessments will ultimately be under the purview of the Sexual Offenders Assessment Board. 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 courts to determine the need for involuntary commitment and treatment of these offenders.

Act 204 of 2012 created tiered sentencing for juveniles convicted of first and second degree murder. This legislation passed following a United States Supreme Court decision that stated mandatory life without parole for juveniles was not constitutional. These offenders are eligible for parole every five years.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	General Government Operations		Sexual Offenders Assessment Board
\$ 10,505	—to continue current program.		\$ -38
2,482	—Initiative - Workforce Development. To maintain caseload ratios for an increased parolee population.		—reduction in administrative costs.
\$ 12,987	<i>Appropriation Increase</i>		

The Improvement of Adult Probation Services appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 110,281	\$ 119,874	\$ 132,861	\$ 132,861	\$ 132,861	\$ 132,861	\$ 132,861
Sexual Offenders Assessment Board	5,164	5,449	5,411	5,411	5,411	5,411	5,411
Improvement of Adult Probation Services ..	16,222	16,222	16,222	16,222	16,222	16,222	16,222
TOTAL GENERAL FUND	\$ 131,667	\$ 141,545	\$ 154,494	\$ 154,494	\$ 154,494	\$ 154,494	\$ 154,494

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Reintegration of the Adult Offender							
Board Parole Process							
Average monthly number of offenders eligible for parole interviews	2,825	2,650	2,480	2,500	2,530	2,550	2,580
Average monthly number of offenders interviewed	1,815	1,765	1,790	1,800	1,805	1,810	1,820
Average monthly percentage of available offenders on the docket who were interviewed	79%	79%	83%	83%	82%	82%	82%
Average monthly number of offenders granted parole or reparole	1,112	1,020	1,040	1,050	1,050	1,060	1,060
Average monthly number of offenders released to parole from state correctional institutions	1,015	1,110	1,140	1,150	1,150	1,160	1,170
State Supervision Process							
State parolees and probationers supervised at fiscal year end	37,971	39,190	40,190	40,890	41,520	42,050	42,580
Annual state sentence releases to parole supervision	12,769	13,520	13,870	13,980	14,080	14,150	14,220
Employment rate (percentage) of offenders who are able to work	59%	58%	59%	59%	60%	60%	61%
Successful completions of parole as a percentage of monthly cases closed (revocations or successful completions)	52%	53%	53%	53%	53%	53%	53%
Average monthly percentage of supervised offenders in absconder status	3.20%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Average monthly number of state-sentenced technical parole violators returned to prison	253	260	290	320	340	360	380
Average monthly percentage of state-sentenced technical parole violators returned to prison	0.93%	0.93%	1.05%	1.10%	1.15%	1.20%	1.25%
Average monthly number of state-sentenced convicted parole violators returned to prison	165	170	185	200	210	225	235
Average monthly percentage of state-sentenced population returned to prison as convicted parole violators	0.61%	0.62%	0.65%	0.73%	0.76%	0.80%	0.82%
One-year recidivism rate	19%	19%	19%	19%	19%	19%	19%
State Supervision Fee Collection							
Total state supervision fee dollars collected annually	\$3,765,255	\$3,750,000	\$3,806,000	\$3,806,000	\$3,806,000	\$3,806,000	\$3,806,000
Related Program Areas							
Total number of registrations and notifications to registered crime victims	26,580	27,640	28,750	29,900	31,100	33,340	33,630
Total number of sex offender assessments completed	1,885	2,630	2,870	2,900	2,930	2,960	2,980
Probationers and parolees supervised by county probation departments	212,992	215,120	217,270	219,450	221,640	223,860	226,100

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PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

The mission of the Public School Employees' Retirement System is to serve the members and stakeholders of the system by providing timely and accurate payment of benefits, maintaining a financially sound system, prudently investing the assets of the system, clearly communicating members' and employers' rights and responsibilities and effectively managing the resources of the system.

The system is responsible for administering the School Employees' Retirement Fund, the School Employees' Health Insurance Fund and supplemental retirement allowances for annuitants.

Programs and Objectives

Public School Employees' Retirement: *To provide retirement benefits to public school employees of the Commonwealth of Pennsylvania.*

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Public School Employees' Retirement System

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
<u>OTHER FUNDS:</u>			
SCHOOL EMPLOYEES' RETIREMENT FUND:			
Administration.....	\$ 44,144	\$ 41,689	\$ 41,689
Investment Related Expenses.....	6,797	15,835	15,733
Directed Commissions.....	0	2,000	0
Health Insurance Account.....	2,155	2,373	2,447
(A)Health Options - Administration Reimbursement.....	2,816	2,836	2,863
SCHOOL EMPLOYEES' RETIREMENT FUND TOTAL.....	<u>\$ 55,912</u>	<u>\$ 64,733</u>	<u>\$ 62,732</u>

Public School Employees' Retirement System

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
PUBLIC SCHOOL EMPLOYEES' RETIREMENT							
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.....	55,912	64,733	62,732	62,732	62,732	62,732	62,732
SUBCATEGORY TOTAL.....	\$ 55,912	\$ 64,733	\$ 62,732	\$ 62,732	\$ 62,732	\$ 62,732	\$ 62,732
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.....	55,912	64,733	62,732	62,732	62,732	62,732	62,732
DEPARTMENT TOTAL.....	\$ 55,912	\$ 64,733	\$ 62,732	\$ 62,732	\$ 62,732	\$ 62,732	\$ 62,732

Public School Employees' Retirement System

PROGRAM OBJECTIVE: To provide retirement benefits to public school employees of the Commonwealth of Pennsylvania.

Program: Public School Employees' Retirement

The Public School Employees' Retirement System (PSERS) was established in 1917 to administer retirement benefits of eligible public school employees in any of the 783 reporting entities. The School Employees' Retirement Fund uses contributions from employees and their employers as well as earning from investments to pay for annuities, disability benefits and administration of the system. The School Employees' Retirement Fund is shown in the Other Special Funds Appendix.

PSERS undergoes an annual independent actuarial valuation to calculate the assets and liabilities of the pension fund. Based on the actuarial valuation process and legal requirements, PSERS develops the recommended employer contribution rate. Normal retirement for most public school employees is at age 60, or at any age with 35 years of service. Retirement is possible after five years of service but is actuarially reduced to the equivalent of the annuity that would have been payable at superannuation retirement.

Act 120 of 2010 made significant changes to the pension system. Act 120 amended the benefit structure for new employees hired after July 1, 2011 and amended key funding provisions. Benefit changes included: lowering the benefit accrual rate from 2.5 percent of final average salary for each year of service to 2 percent; setting the new

employee contribution rate at 10.3 percent if employees elect to accrue service at 2.5 percent for each year of service; increasing the vesting period from 5 years to 10 years; eliminating the option for members to withdraw their contributions; increasing the normal retirement age to age 65 for most employees; and implementing a shared-risk provision that could raise or lower member contribution rates based on the rate assumed for PSERS' actuarial valuations. Act 120 also included changes to the funding provisions including re-amortizing existing liabilities and future experience gains and losses over 24 years with level percentage of pay amortization, and implementing employer contribution rate collars which limit year-over-year increases in the employer contribution rate. The collars established by Act 120 were 3 percent for 2011-12, 3.5 percent for 2012-13 and 4.5 percent for all subsequent years. The collars will end when the actuarial calculated rate is below the collared rate.

PSERS is also responsible for the administration of the School Retirees' Health Insurance Fund that provides premium assistance benefits to retirees. The School Retirees' Health Insurance Fund is shown in the Other Special Funds Appendix.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

SCHOOL EMPLOYEES' RETIREMENT FUND School Employees' Retirement Administration

The School Employees Retirement Administration appropriation is recommended at the current year funding level and includes \$2,000,000 in continued support for the Information Technology Upgrade Initiative.

In addition, \$15,733,000 in Investment Related Expenses will be used to support this program; the \$102,000 reduction is the result of consolidating subscription services.

No funding is recommended for Directed Commissions.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
SCHOOL EMPLOYEES' RETIREMENT FUND:							
Administration.....	\$ 44,144	\$ 41,689	\$ 41,689	\$ 41,689	\$ 41,689	\$ 41,689	\$ 40,689
Investment Related Expenses	6,797	15,835	15,733	15,733	15,733	15,733	15,733
Directed Commissions.....	0	2,000	0	0	0	0	0
Health Insurance Account.....	2,155	2,373	2,447	2,447	2,447	2,447	2,447
(A)Health Options - Administration Reimbursement	2,816	2,836	2,863	2,863	2,863	2,863	2,863
TOTAL SCHOOL EMPLOYEES' RETIREMENT FUND	\$ 55,912	\$ 64,733	\$ 62,732	\$ 62,732	\$ 62,732	\$ 62,732	\$ 62,732

Public School Employees' Retirement System

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Public School Employees' Retirement							
Total number of members counseled	9,784	10,500	11,000	9,500	9,300	9,300	9,300
Total number of retired employees (annuitants), beneficiaries, and survivor annuitants	211,600	220,100	228,100	235,400	241,900	247,400	252,200
Total Pension and Healthcare Premium Assistance benefit payments (in billions)	\$6	\$6.36	\$6.79	\$7.25	\$7.73	\$8.25	\$8.81



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.

Programs and Objectives

Regulation of Public Utilities: *To ensure that safe and adequate public utility services are available to the public at fair and reasonable rates.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
(R)General Government Operations.....	\$ 60,398	\$ 63,090	\$ 64,571
(F)Natural Gas Pipeline Safety.....	2,819	2,819	1,897
(F)Motor Carrier Safety.....	1,888	1,888	1,888
(F)ARRA - Electric Regulatory Assistance.....	350	200	0
Subtotal - Federal Funds.....	5,057	4,907	3,785
Subtotal - Restricted Revenues.....	60,398	63,090	64,571
Total - General Government.....	<u>\$ 65,455</u>	<u>\$ 67,997</u>	<u>\$ 68,356</u>
FEDERAL FUNDS.....	5,057	4,907	3,785
RESTRICTED REVENUES.....	60,398	63,090	64,571
GENERAL FUND TOTAL.....	<u>\$ 65,455</u>	<u>\$ 67,997</u>	<u>\$ 68,356</u>
OTHER FUNDS:			
MARCELLUS LEGACY FUND:			
Transfer to Highway Bridge Improvement.....	\$ 36,068	\$ 19,510	\$ 19,741
Transfer to Environmental Stewardship Fund.....	14,427	27,804	42,896
Transfer to Hazardous Sites Cleanup Fund.....	0	0	3,948
County Recreational Planning, Development and Rehabilitation.....	21,641	11,706	11,845
Transfer to Commonwealth Financing Authority-H2O.....	18,034	9,755	9,871
Transfer to Commonwealth Financing Authority.....	28,855	15,608	15,793
MARCELLUS LEGACY FUND TOTAL.....	<u>\$ 119,025</u>	<u>\$ 84,383</u>	<u>\$ 104,094</u>
UNCONVENTIONAL GAS WELL FUND:			
Gas Well Fee Administration.....	\$ 2,000	\$ 1,000	\$ 1,000
Transfer to Marcellus Legacy Fund - DEP.....	17,500	2,500	0
Conservation District Grants.....	3,750	3,750	3,844
Transfer to Conservation District Fund.....	3,750	3,750	3,844
Transfer to Housing Affordability & Rehab Enhancement Fund.....	16,643	5,000	5,000
Host Counties.....	75,207	40,341	40,841
Host Municipalities.....	69,326	41,462	41,975
Local Municipalities.....	55,233	30,256	30,631
Transfer to Marcellus Legacy Fund.....	144,273	78,039	78,964
UNCONVENTIONAL GAS WELL FUND TOTAL.....	<u>\$ 387,682</u>	<u>\$ 206,098</u>	<u>\$ 206,099</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	5,057	4,907	3,785
RESTRICTED.....	60,398	63,090	64,571
OTHER FUNDS.....	506,707	290,481	310,193
TOTAL ALL FUNDS.....	<u>\$ 572,162</u>	<u>\$ 358,478</u>	<u>\$ 378,549</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 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.....	5,057	4,907	3,785	3,785	3,785	3,785	3,785
OTHER FUNDS.....	567,105	353,571	374,764	374,764	374,764	374,764	374,764
SUBCATEGORY TOTAL.....	\$ 572,162	\$ 358,478	\$ 378,549	\$ 378,549	\$ 378,549	\$ 378,549	\$ 378,549
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	5,057	4,907	3,785	3,785	3,785	3,785	3,785
OTHER FUNDS.....	567,105	353,571	374,764	374,764	374,764	374,764	374,764
DEPARTMENT TOTAL.....	\$ 572,162	\$ 358,478	\$ 378,549	\$ 378,549	\$ 378,549	\$ 378,549	\$ 378,549

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 approximately 8,000 entities providing electricity, natural gas, steam heat, water, wastewater collection and disposal, telephone, transportation of passengers and property by train, bus, truck, taxicab and limousine and transmission of gas and oil by pipeline.

The commission is funded by assessments of regulated public utilities, pipeline operators under Act 127 of 2011 and also receives funding to administer Act 13 of 2012 - unconventional gas well impact fees. Specifically, the commission is authorized to impose assessments on public utilities to reflect the approved budget. 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.

The commission continues to experience a steady 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. Commission approval of mergers and acquisitions is an ongoing process, especially affecting the water and telecommunications industries.

The commission continues to expend significant resources on the continued implementation of Act 129 of 2008, which requires Pennsylvania's seven largest electric distribution companies to develop energy efficiency and conservation plans and use other methods of reducing the amount of electricity consumed by residential and business consumers. The act mandated an overall reduction in consumption with targeted benchmarks. The commission is continuing to monitor utility compliance. The law requires the commission to determine whether additional targets can be met in a cost-effective manner and what those targets could be every five years beginning November

30, 2013. The commission set new required incremental reductions in consumption that included the filing and approval of new energy efficiency and conservation plans. The participating electric distribution companies began implementing these plans in June 2013.

Other directives of Act 129 include the deployment of smart meter technology and time-of-use rates over a 15-year period. Smart meter plans have been adopted for each of the utilities, and the plans are at various stages of deployment.

The commission also continues to implement other 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 has finalized relevant regulations. Biennial reports on this activity are submitted to the General Assembly. The increased level of consumer call activity to the commission due to this law continues. The law will sunset on December 14, 2014. The commission convened an internal group to study Chapter 14 and offered recommendations to the General Assembly for possible changes to the law.

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. All electric distribution companies and electric generation suppliers complied with these requirements for the 2012 reporting year.

Act 183 of 2004 addressed the obligations of telecommunication public utilities by continuing existing network modernization plans 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 Communications Commission issued the Intercarrier Compensation/Universal Service Reform Order creating a Connect America Fund that affected a series of changes and reforms in the federal universal service fund mechanism and in various parameters of intrastate and interstate intercarrier compensation. The order is a complex and comprehensive proposal to restructure the nationwide telecommunications marketplace. The

Program: Regulation of Public Utilities (continued)

commission continues to ensure the telecommunication public utilities adhere to these standards.

The federal Energy Policy Act of 2005 established a number of new federal mandates that state regulators are required to consider and potentially implement. These include standardizations for connecting electric generation facilities with the utility, compensation of retail customers for generated electricity sold back to the utility and policies concerning reduction or shifting of consumption from peak periods.

The commission continues with oversight of the development and functioning of the competitive retail electric supply market. The retail markets investigation provided a regulatory framework that encourages electric generation suppliers to invest in Pennsylvania's retail electric market. Work continues to ensure that citizens have access to a robust competitive market in which consumers have the choice of different competitive pricing options and a variety of innovative product offerings. The commission also launched a retail markets investigation of the natural gas industry in order to increase the availability of options for consumers to shop for natural gas.

Act 127 of 2011 empowered the commission to enforce federal pipeline safety laws as they relate to non-public utility gas and hazardous liquids pipeline equipment and facilities within Pennsylvania. The act enables the commission to fund an increase in its complement of pipeline safety inspectors by assessments to be paid by Pennsylvania pipeline operators.

Act 11 of 2012 allows jurisdictional water and wastewater, natural gas and electric utilities to petition the commission for approval to implement a distribution system improvement charge (DSIC) to fund infrastructure upgrades. The commission established procedures for implementing DSIC for utilities; filing long-term infrastructure improvement plans; revising the method used to fix the value of and return on the property for ratemaking purposes; establishing procedures for the use of a fully-projected test year in base rate proceedings; allowing utilities to combine for ratemaking purposes different types of utility service; and establishing customer protections and notifications.

Act 13 of 2012 gave the commission oversight of the collection and distribution of the unconventional gas well impact fees and review of zoning restrictions. The commission is undergoing the rulemaking process to codify Chapter 23 of Act 13, which provided for the collection and distribution of the impact fee.

The commission has established the following goals for 2014-15 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 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 and wastewater systems.
- To establish policies to manage the replacement and repair of our aging natural gas and electric distribution systems.
- Implementing new laws dealing with pipeline safety, unconventional well impact fee and utility infrastructure improvements.
- To contribute to the economic development of Pennsylvania.
- To support Pennsylvania's environmental initiatives, particularly with respect to alternative energy portfolio standards and energy efficiency and demand side response programs.
- To continue improving internal efficiencies and enhancing public access to information maintained and produced by the commission.
- To maintain policies and procedures for recruiting and retaining an efficient, diverse and well-trained commission staff in order to enhance performance and promote timely, consistent, well-reasoned regulatory decisions.
- To provide the Pennsylvania General Assembly and the United States Congress with utility policy recommendations promoting the interest of Pennsylvania consumers in state and federal regulatory forums.

Program: Regulation of Public Utilities (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations
 \$ 1,481 —to continue current program.

In addition, this budget includes distributions of \$104,094,000 from the Marcellus Legacy Fund and \$206,099,000 from the Unconventional Gas Well Fund in accordance with Act 13 of 2012.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 60,398	\$ 63,090	\$ 64,571	\$ 64,571	\$ 64,571	\$ 64,571	\$ 64,571

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Regulation of Public Utilities							
Utilities Regulated							
Fixed utilities:							
Electric distribution	16	16	16	16	16	16	16
Electric generation	236	241	246	250	250	250	250
Transportation	7,700	7,700	7,700	7,700	7,700	7,700	7,700
Rate requests received:							
Fixed utilities - Rate Requests	60	60	60	60	60	60	60
Rate cases completed:							
Fixed utilities - Rate Cases Completed	40	40	40	40	40	40	40
Audits conducted - Fixed utilities:							
Special	162	159	168	168	168	169	169
Management	13	7	9	10	10	10	10
Audits conducted - Enforcement/investigations:							
Gas Safety	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Audits conducted - Transportation:							
Rail safety	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Motor safety	13,000	14,000	14,000	14,000	14,000	14,000	14,000
Consumer Services							
Fixed utilities:							
Complaints received, investigated and resolved	107,000	107,000	107,000	107,000	107,000	107,000	107,000
Electric Deregulation:							
Homes eligible to participate (in thousands)	5,090	5,110	5,150	5,150	5,150	5,150	5,150
Businesses eligible to participate (in thousands)	695	702	709	713	720	724	724



DEPARTMENT OF PUBLIC WELFARE

The mission of the Department of Public Welfare is to improve the quality of life for Pennsylvania's individuals and families. The department promotes opportunities for independence through services and supports while demonstrating accountability for taxpayer resources.

This mission is accomplished through the following programs and objectives.

Programs and Objectives

Human Services Support: *To provide effective administrative and support systems through which the substantive programs of the department can be operated.*

Medical Assistance: *To support a health care delivery system that provides comprehensive health care services in appropriate settings for the eligible populations.*

Long-Term Living: *To support a long-term living system that empowers persons with disabilities and older Pennsylvanians to live with dignity and independence in settings they prefer, to provide meaningful choice of long-term living services and to ensure that those services are delivered in a high-quality, cost-effective manner.*

Income Maintenance: *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.*

Mental Health: *To maximize the individual's capacity for independent living through the provision of an array of service and support programs.*

Intellectual Disabilities: *To maximize each individual's capacity for more independent living and participation in community life by providing needed training and support services.*

Human Services: *To enhance the social and economic well-being of families and individuals through the provision of an array of services and support programs.*

Child Development: *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.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 61,156	\$ 67,358	\$ 78,178
(F)Child Welfare Services - Administration.....	1,039	1,039	1,039
(F)Child Welfare - Title IV-E - Administration.....	5,388	5,390	5,567
(F)CCDFBG - Administration.....	14,189	14,189	14,875
(F)Medical Assistance - Administration.....	26,925	27,580	22,781
(F)TANFBG - Administration.....	4,411	7,836	8,123
(F)Food Stamps - Administration.....	6,153	8,520	5,864
(F)Developmental Disabilities - Basic Support.....	4,058	4,056	4,121
(F)Refugees and Persons Seeking Asylum - Administration.....	1,674	1,796	1,953
(F)Disabled Education - Administration.....	882	700	600
(F)MHSBG - Administration.....	273	276	461
(F)SSBG - Administration.....	3,641	3,641	325
(F)Community Based Family Resource and Support-Administration.....	689	689	689
(F)MCH - Administration.....	634	80	80
(F)Medical Assistance Infrastructure.....	4,187	0	0
(F)Early Head Start Expansion Program.....	1,400	1,400	1,400
(F)ARRA - Early Learning Council.....	1,468	0	0
(F)Early Learning Challenge Grant - Administration.....	0	300 ^a	546
(A)Training Reimbursement.....	457	457	457
(A)Child Abuse Reviews.....	5,830	5,382	5,500
(A)Miscellaneous Reimbursements.....	6	6	44
(A)Adam Walsh Clearance.....	155	155	195
Subtotal.....	<u>\$ 144,615</u>	<u>\$ 150,850</u>	<u>\$ 152,798</u>
Information Systems.....	45,530	57,161	74,820
(F)Medical Assistance - Information Systems.....	91,926	206,445	194,359
(F)Child Welfare - Title IV-E - Information Systems.....	1,357	8,658	6,804
(F)TANFBG - Information Systems.....	9,235	9,327	9,327
(F)Food Stamps - Information Systems.....	13,883	17,804	12,201
(F)Child Support Enforcement - Information Systems.....	10,619	12,119	10,560
(F)ARRA - PELICAN ELN System Support (EA).....	879	423	0
(A)Medical Data Exchange.....	37	37	37
(A)DOI - COMPASS Support - CHIP & Adult Basic.....	597	597	597
(A)PDE - Early Intervention.....	0	0	650
Subtotal.....	<u>\$ 174,063</u>	<u>\$ 312,571</u>	<u>\$ 309,355</u>
County Administration - Statewide.....	31,157	30,223	34,650
(F)TANFBG - Statewide.....	1,993	1,072	1,072
(F)Medical Assistance - Statewide.....	37,820	45,269 ^b	56,198
(F)Food Stamps - Statewide.....	49,080	48,975	50,462
(F)ARRA - Health Information Technology.....	15,134	3,442	2,450
(F)CHIPRA - Statewide.....	3,444	3,812	4,264
(A)County Administration - Statewide.....	0	154	154
(A)Fee for Material from Outside Vendors.....	2	5	5
(A)Food Stamps - Retained Collections.....	1,911	1,780	1,780
Subtotal.....	<u>\$ 140,541</u>	<u>\$ 134,732</u>	<u>\$ 151,035</u>
County Assistance Offices.....	244,973	275,058	316,655
(F)TANFBG - County Assistance Offices.....	55,799	57,168	46,490
(F)Medical Assistance - County Assistance Offices.....	84,662	88,452	121,645
(F)Food Stamps - County Assistance Offices.....	95,749	100,340	114,422
(F)SSBG - County Assistance Offices.....	6,262	6,262	6,262
(F)LIHEABG - Administration.....	22,000	24,000	24,000
(F)Summer 2011 Storm Disaster-Ind & Family Assistance Adm (EA).....	1,565	0	0
Subtotal.....	<u>\$ 511,010</u>	<u>\$ 551,280</u>	<u>\$ 629,474</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
Child Support Enforcement	13,608	13,796	13,777
(F)Child Support Enforcement - Title IV - D.....	153,678	153,678	153,155
(A)Title IV - D Incentive Collections.....	6,398	11,618	12,838
(A)State Retained Support Collections.....	1,160	1,269	1,269
Subtotal.....	<u>\$ 174,844</u>	<u>\$ 180,361</u>	<u>\$ 181,039</u>
New Directions	16,796	17,330	22,277
(F)TANFBG - New Directions.....	124,554	124,554	121,893
(F)Medical Assistance - New Directions.....	4,450	4,786	5,217
(F)Food Stamps - New Directions.....	11,129	11,692	10,221
Subtotal.....	<u>\$ 156,929</u>	<u>\$ 158,362</u>	<u>\$ 159,608</u>
Subtotal - State Funds.....	\$ 413,220	\$ 460,926	\$ 540,357
Subtotal - Federal Funds.....	872,229	1,005,770	1,019,426
Subtotal - Augmentations.....	16,553	21,460	23,526
Total - General Government.....	<u>\$ 1,302,002</u>	<u>\$ 1,488,156</u>	<u>\$ 1,583,309</u>
Institutional:			
Youth Development Institutions and Forestry Camps	\$ 64,600	\$ 63,776	\$ 62,693
(F)SSBG - Basic Institutional Programs.....	10,000	10,000	10,000
(F)Food Nutrition Services.....	800	800	800
(A)Institutional Reimbursements.....	11	11	11
Subtotal.....	<u>\$ 75,411</u>	<u>\$ 74,587</u>	<u>\$ 73,504</u>
Mental Health Services	662,311	690,469	732,141
(F)Medical Assistance - Mental Health.....	208,333	198,714	188,834
(F)Medicare Services - State Mental Hospitals.....	26,994	24,664	13,750
(F)Homeless Mentally Ill.....	2,496	2,496	2,496
(F)MHSSBG - Community Mental Health Services.....	14,286	17,958	16,634
(F)SSBG - Community Mental Health Services.....	10,366	10,366	10,366
(F)Mental Health Transformation Grant.....	750	0	0
(F)Suicide Prevention.....	514	500	500
(F)Mental Health Data Infrastructure.....	169	145	145
(F)Jail Diversion & Trauma Recovery.....	494	400	400
(F)Child Mental Health Initiative.....	3,500	6,000 ^c	3,000
(F)Justice & Mental Health Collaboration Program.....	189	0	0
(F)Systems of Care Expansion Planning Grant.....	2,000	250	0
(F)System of Care Expansion Implementation.....	1,000	1,000	1,200
(F)Mental Health - Safe Schools.....	0	0	4,250
(F)Biodefense Hospital Preparedness (EA).....	250	250	300
(F)Safe School Partnership (EA).....	0	2,036	0
(F)Summer 2011 Storm Disaster - Crisis Counseling Services (EA).....	598	0	0
(F)Summer 2011 Storm Disaster - Disaster Case Management (EA).....	727	0	0
(A)Institutional Collections.....	8,265	8,460	8,899
(A)Miscellaneous Institutional Reimbursements.....	1,878	989	989
Subtotal.....	<u>\$ 945,120</u>	<u>\$ 964,697</u>	<u>\$ 983,904</u>
Intellectual Disabilities - State Centers	107,023	120,273	131,458
(F)Medical Assistance - State Centers.....	164,994	167,548	169,559
(F)Medicare Services - State Centers.....	669	662	543
(A)Institutional Collections - State Centers.....	10,880	10,157	10,005
(A)ID Assessment - State Centers.....	18,017	18,017	18,135
Subtotal.....	<u>\$ 301,583</u>	<u>\$ 316,657</u>	<u>\$ 329,700</u>
Subtotal - State Funds.....	\$ 833,934	\$ 874,518	\$ 926,292
Subtotal - Federal Funds.....	449,129	443,789	422,777
Subtotal - Augmentations.....	39,051	37,634	38,039
Total - Institutional.....	<u>\$ 1,322,114</u>	<u>\$ 1,355,941</u>	<u>\$ 1,387,108</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
Grants and Subsidies:			
Cash Grants	\$ 60,690	\$ 56,690	\$ 60,457
(F)TANFBG - Cash Grants.....	322,679	319,393	319,393
(F)Other Federal Support - Cash Grants.....	33,551	20,619	20,619
(F)LIHEABG - Low-Income Families and Individuals.....	320,000	320,000	320,000
(F)Refugees and Persons Seeking Asylum - Social Services.....	9,785	9,785	9,785
(F)Summer 2011 Storm Disaster-Individual & Family Assist (EA).....	21,000	0	0
Subtotal.....	<u>\$ 767,705</u>	<u>\$ 726,487</u>	<u>\$ 730,254</u>
Supplemental Grants - Aged, Blind and Disabled	142,158	145,237	146,310
Payment to Federal Government - Medicare Drug Program	511,574	529,728^d	538,720
Medical Assistance - Outpatient	450,835	313,463^e	418,956
(F)Medical Assistance - Outpatient.....	1,063,102	928,750	869,758
(F)State Health Care Innovation Model (EA).....	40	45	0
(A)Hospital Assessment.....	140,252	157,264	157,264
(A)Statewide Hospital Assessment.....	5,324	5,377	5,385
Subtotal.....	<u>\$ 1,659,553</u>	<u>\$ 1,404,899</u>	<u>\$ 1,451,363</u>
Medical Assistance - Inpatient	268,112	125,948^f	140,659
(F)Medical Assistance - Inpatient.....	783,111	600,718 ^g	639,057
(F)ARRA - MA - Health Information Technology.....	135,820	92,760	92,760
(A)Statewide Hospital Assessment.....	353,518	380,593	382,578
Subtotal.....	<u>\$ 1,540,561</u>	<u>\$ 1,200,019</u>	<u>\$ 1,255,054</u>
Medical Assistance - Capitation	3,631,373	3,928,961^h	4,062,303
(F)Medical Assistance - Capitation.....	5,456,287	6,305,806	6,085,634
(F)Healthy PA.....	0	0	2,028,297
(F)Asthma Control Program (EA).....	11	0	0
(A)Medicaid Managed Care Gross Receipt Tax.....	658,360	663,791	753,729
(A)Statewide Hospital Assessment.....	232,077	265,936	265,936
Subtotal.....	<u>\$ 9,978,108</u>	<u>\$ 11,164,494</u>	<u>\$ 13,195,899</u>
Medical Assistance - Obstetric and Neonatal Services	3,681	6,681	3,681
(F)Medical Assistance - Obstetric and Neonatal Services.....	4,810	7,752	7,186
(A)Statewide Hospital Assessment.....	0	0	3,000
Subtotal.....	<u>\$ 8,491</u>	<u>\$ 14,433</u>	<u>\$ 13,867</u>
Long-Term Care	770,903	823,432ⁱ	841,423
(F)Medical Assistance - Long-Term Care.....	2,090,069	2,103,743	2,003,176
(A)Nursing Home Assessment.....	416,029	474,327	474,327
Subtotal.....	<u>\$ 3,277,001</u>	<u>\$ 3,401,502</u>	<u>\$ 3,318,926</u>
Home and Community - Based Services	184,500	209,915^j	89,082
(F)Medical Assistance - Home & Community-Based Services.....	236,250	267,634 ^k	300,646
Subtotal.....	<u>\$ 420,750</u>	<u>\$ 477,549</u>	<u>\$ 389,728</u>
Long-Term Care Managed Care	74,935	88,287^l	100,496
(F)Medical Assistance - Long-Term Care Managed Care.....	99,266	100,162 ^m	125,242
Subtotal.....	<u>\$ 174,201</u>	<u>\$ 188,449</u>	<u>\$ 225,738</u>
Hospital-Based Burn Centers	3,782	3,782	3,782
(F)Medical Assistance - Hospital-Based Burn Centers.....	4,942	4,355	4,068
Subtotal.....	<u>\$ 8,724</u>	<u>\$ 8,137</u>	<u>\$ 7,850</u>
Medical Assistance - Critical Access Hospitals	4,076	6,776	3,576
(F)Medical Assistance - Critical Access Hospitals.....	5,273	8,118	7,288
(A)Statewide Hospital Assessment.....	0	0	3,200
Subtotal.....	<u>\$ 9,349</u>	<u>\$ 14,894</u>	<u>\$ 14,064</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
Trauma Centers.....	8,656	8,656	8,656
(F)Medical Assistance - Trauma Centers.....	11,313	9,967	9,310
Subtotal.....	\$ 19,969	\$ 18,623	\$ 17,966
Medical Assistance - Academic Medical Centers.....	12,618	16,831	16,831
(F)Medical Assistance - Academic Medical Centers.....	15,100	19,380 ⁿ	18,150
Subtotal.....	\$ 27,718	\$ 36,211	\$ 34,981
Medical Assistance - Physician Practice Plans.....	7,937	9,071	6,571
(F)Medical Assistance - Physician Practice Plans.....	9,499	10,525 ^o	8,830
Subtotal.....	\$ 17,436	\$ 19,596	\$ 15,401
Medical Assistance - Transportation.....	67,142	63,374^p	69,525
(F)Medical Assistance - Transportation.....	71,926	72,685	67,427
Subtotal.....	\$ 139,068	\$ 136,059	\$ 136,952
Expanded Medical Services for Women.....	5,044	5,544	5,644
(F)TANFBG - Alternatives to Abortion.....	1,000	1,000	1,000
Subtotal.....	\$ 6,044	\$ 6,544	\$ 6,644
Special Pharmaceutical Services.....	1,745	1,562^q	1,524
Behavioral Health Services.....	43,117	43,117	43,117
Intellectual Disabilities - Intermediate Care Facilities.....	140,729	149,576	152,298
(F)Medical Assistance - ID/ICF.....	195,911	198,433	190,253
(A)ID Assessment - ID/ICF.....	20,026	19,842	20,000
Subtotal.....	\$ 356,666	\$ 367,851	\$ 362,551
Intellectual Disabilities - Community Base Program.....	151,223	150,918	149,681
(F)Medical Assistance - Community ID Services.....	57,749	54,128	53,958
(F)SSBG - Community ID Services.....	7,451	7,451	7,451
Subtotal.....	\$ 216,423	\$ 212,497	\$ 211,090
Intellectual Disabilities - Community Waiver Program.....	931,885	1,026,790	1,086,643
(F)Medical Assistance - Community ID Waiver Program.....	1,003,119	1,099,115 ^r	1,214,992
Subtotal.....	\$ 1,935,004	\$ 2,125,905	\$ 2,301,635
Early Intervention.....	126,185	127,974	132,166
(F)Medical Assistance - Early Intervention.....	58,276	58,276	59,114
(F)Education for Children with Disabilities-Early Intervention.....	18,184	18,184	19,953
Subtotal.....	\$ 202,645	\$ 204,434	\$ 211,233
Autism Intervention and Services.....	13,000	16,487^s	18,592
(F)Medical Assistance - Autism Intervention Services.....	12,208	14,432	17,467
Subtotal.....	\$ 25,208	\$ 30,919	\$ 36,059
Intellectual Disabilities - Lansdowne Residential Services.....	340	340	340
County Child Welfare.....	1,040,029	1,055,029	1,083,466
(F)Child Welfare Services.....	14,372	14,372	13,759
(F)Child Welfare - Title IV-E.....	309,965	313,465	316,091
(F)Medical Assistance - Child Welfare.....	1,411	1,411	1,411
(F)TANFBG - Child Welfare.....	58,508	58,508	58,508
(F)SSBG - Child Welfare.....	12,021	12,021	12,021
(F)Child Welfare Training and Certification.....	13,466	14,150	14,150
(F)Community Based Family Resource and Support.....	134	134	134
(F)Child Abuse Prevention and Treatment.....	2,100	2,100	2,100
(F)Title IV B - Caseworker Visits.....	1,400	1,400	1,365
(F)Children's Justice Act.....	1,150	1,150	1,150
(A)Casey Family Project (EA).....	94	118	118

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
Subtotal.....	\$ 1,454,650	\$ 1,473,858	\$ 1,504,273
Community Based Family Centers.....	3,258	3,258	3,258
(F)Family Preservation - Family Centers.....	7,009	7,009	7,009
(F)Family Resource and Support - Family Centers.....	480	480	480
(F)Title IV-B - Family Centers.....	1,253	1,253	1,253
Subtotal.....	\$ 12,000	\$ 12,000	\$ 12,000
Child Care Services.....	141,369	155,673	155,691
(F)CCDFBG - Child Care Services.....	190,067	190,067	210,889
(F)CCDFBG - School Age.....	1,260	1,260	1,260
(F)SSBG - Child Care Services.....	30,977	30,977	30,977
(F)Head Start Collaboration Project.....	225	225	225
(F)Early Learning Challenge Grant - Child Care Services.....	0	6,962 ^t	15,221
Subtotal.....	\$ 363,898	\$ 385,164	\$ 414,263
Child Care Assistance.....	156,728	152,609	152,609
(F)TANFBG - Child Care Assistance.....	31,686	31,686	27,557
(F)CCDFBG - Child Care Assistance.....	145,996	145,996	143,630
(F)Food Stamps - Child Care Assistance.....	14,389	13,508	4,627
(A)Early Childhood Education Revenue.....	2,752	2,000	2,000
Subtotal.....	\$ 351,551	\$ 345,799	\$ 330,423
Nurse Family Partnership.....	11,978	11,978	11,978
(F)Medical Assistance - Nurse Family Partnership.....	2,544	2,544	2,544
(F)MCH - Early Childhood Home Visiting.....	13,731	13,731	13,731
Subtotal.....	\$ 28,253	\$ 28,253	\$ 28,253
Domestic Violence.....	12,566	13,926	15,319
(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	0	0
(A)Marriage Law Fees.....	833	833	833
Subtotal.....	\$ 22,254	\$ 23,464	\$ 24,857
Rape Crisis.....	7,016	7,966	8,763
(F)SSBG - Rape Crisis.....	1,721	1,721	1,721
Subtotal.....	\$ 8,737	\$ 9,687	\$ 10,484
Breast Cancer Screening.....	1,623	1,623	1,623
(F)SSBG - Family Planning.....	2,000	2,000	2,000
Subtotal.....	\$ 3,623	\$ 3,623	\$ 3,623
Human Services Development Fund.....	13,460	13,460	13,460
Subtotal.....	\$ 13,460	\$ 13,460	\$ 13,460
Legal Services.....	2,461	2,461	2,461
(F)SSBG - Legal Services.....	5,049	5,049	5,049
Subtotal.....	\$ 7,510	\$ 7,510	\$ 7,510

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
Homeless Assistance	18,496	18,496	18,496
(F)SSBG - Homeless Services.....	4,183	4,183	4,183
(F)SABG - Homeless Services.....	1,983	1,983	1,983
Subtotal.....	\$ 24,662	\$ 24,662	\$ 24,662
Services to Persons with Disabilities	195,135	225,395^u	253,116
(F)Medical Assistance - Services to Persons with Disabilities.....	230,688	267,993 ^v	303,588
Subtotal.....	\$ 425,823	\$ 493,388	\$ 556,704
Attendant Care	107,830	113,040	121,983
(F)Medical Assistance - Attendant Care.....	92,767	103,534	109,898
(A)Attendant Care Parking Fines.....	103	103	103
(A)Attendant Care Patient Fee.....	646	647	647
Subtotal.....	\$ 201,346	\$ 217,324	\$ 232,631
Medical Assistance - Workers with Disabilities	46,367	39,859^w	28,357
(F)Medical Assistance - Workers with Disabilities.....	55,433	44,803 ^x	31,878
Subtotal.....	\$ 101,800	\$ 84,662	\$ 60,235
Health Care Clinics	1,000	0	0
Subtotal - State Funds.....	\$ 9,375,556	\$ 9,673,913	\$ 9,971,613
Subtotal - Federal Funds.....	13,304,555	13,957,596	15,849,911
Subtotal - Augmentations.....	1,830,014	1,970,831	2,069,120
Total - Grants and Subsidies.....	\$ 24,510,125	\$ 25,602,340	\$ 27,890,644
STATE FUNDS.....	\$ 10,622,710	\$ 11,009,357	\$ 11,438,262
FEDERAL FUNDS.....	14,625,913	15,407,155	17,292,114
AUGMENTATIONS.....	1,885,618	2,029,925	2,130,685
GENERAL FUND TOTAL	\$ 27,134,241	\$ 28,446,437	\$ 30,861,061
LOTTERY FUND:			
Grants and Subsidies:			
Medical Assistance - Long-Term Care.....	\$ 309,081	\$ 309,081	\$ 309,081
Home and Community-Based Services.....	0	21,000	162,577
Total - Grants and Subsidies.....	\$ 309,081	\$ 330,081	\$ 471,658
LOTTERY FUND TOTAL	\$ 309,081	\$ 330,081	\$ 471,658
OTHER FUNDS:			
TOBACCO SETTLEMENT FUND:			
Medical Care for Workers with Disabilities (EA).....	\$ 64,694	\$ 94,748	\$ 46,461
(F)Medical Assistance - Workers with Disabilities (EA).....	77,421	109,936	51,351
Subtotal.....	\$ 142,115	\$ 204,684	\$ 97,812
Uncompensated Care (EA).....	25,850	25,835 ^y	25,140
(F)Medical Assistance - Uncompensated Care (EA).....	30,690	30,824	27,039
Subtotal.....	\$ 56,540	\$ 56,659	\$ 52,179
Home and Community-Based Services (EA).....	42,401	41,057	39,953
(F)Medical Assistance - Community Services (EA).....	48,490	47,638	47,638
Subtotal.....	\$ 90,891	\$ 88,695	\$ 87,591

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
Medical Assistance - Long-Term Care.....	121,713	95,116	157,936
TOBACCO SETTLEMENT FUND TOTAL.....	\$ 411,259	\$ 445,154	\$ 395,518
CHILDREN'S TRUST FUND:			
Children's Trust Fund (EA).....	\$ 1,300	\$ 1,300	\$ 1,300
ENERGY CONSERVATION AND ASSISTANCE FUND:			
Low Income Energy Assistance.....	\$ 0	\$ 8	\$ 0
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 10,622,710	\$ 11,009,357	\$ 11,438,262
SPECIAL FUNDS.....	309,081	330,081	471,658
FEDERAL FUNDS.....	14,625,913	15,407,155	17,292,114
AUGMENTATIONS.....	1,885,618	2,029,925	2,130,685
OTHER FUNDS.....	412,559	446,462	396,818
TOTAL ALL FUNDS.....	\$ 27,855,881	\$ 29,222,980	\$ 31,729,537

^a Includes recommended supplemental appropriation of \$300,000.

^b Includes recommended supplemental appropriation of \$1,215,000.

^c Includes recommended supplemental appropriation of \$1,000,000.

^d Reflects recommended appropriation reduction of \$5,018,000.

^e Includes recommended supplemental appropriation of \$2,893,000.

^f Includes recommended supplemental appropriation of \$1,853,000.

^g Includes recommended supplemental appropriation of \$11,418,000.

^h Reflects recommended appropriation reduction of \$6,059,000.

ⁱ Reflects recommended appropriation reduction of \$15,096,000.

^j Includes recommended supplemental appropriation of \$66,103,000.

^k Includes recommended supplemental appropriation of \$15,662,000.

^l Includes recommended supplemental appropriation of \$2,483,000.

^m Includes recommended supplemental appropriation of \$411,000.

ⁿ Includes recommended supplemental appropriation of \$1,592,000.

^o Includes recommended supplemental appropriation of \$225,000.

^p Reflects recommended appropriation reduction of \$9,425,000.

^q Reflects recommended appropriation reduction of \$306,000.

^r Includes recommended supplemental appropriation of \$40,000,000.

^s Includes recommended supplemental appropriation of \$896,000.

^t Includes recommended supplemental appropriation of \$6,962,000.

^u Includes recommended supplemental appropriation of \$4,248,000.

^v Includes recommended supplemental appropriation of \$4,841,000.

^w Includes recommended supplemental appropriation of \$10,449,000.

^x Includes recommended supplemental appropriation of \$10,723,000.

^y Includes \$25,835,000 in budgetary reserve due to the anticipated reduction in the April 2014 Master Settlement Agreement payment.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
HUMAN SERVICES SUPPORT							
GENERAL FUND.....	\$ 106,686	\$ 124,519	\$ 152,998	\$ 147,556	\$ 147,653	\$ 147,755	\$ 147,862
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	204,910	332,268	301,675	231,331	231,331	230,785	230,785
OTHER FUNDS.....	7,082	6,634	7,480	7,480	7,480	7,480	7,480
SUBCATEGORY TOTAL.....	\$ 318,678	\$ 463,421	\$ 462,153	\$ 386,367	\$ 386,464	\$ 386,020	\$ 386,127
MEDICAL ASSISTANCE							
GENERAL FUND.....	\$ 5,023,942	\$ 5,060,236	\$ 5,308,785	\$ 5,475,604	\$ 5,816,548	\$ 6,271,089	\$ 6,671,570
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	7,617,667	8,106,664	9,870,643	13,036,506	13,636,137	14,327,994	15,137,655
OTHER FUNDS.....	1,588,186	1,734,304	1,721,083	1,623,271	1,623,271	1,623,271	1,623,271
SUBCATEGORY TOTAL.....	\$ 14,229,795	\$ 14,901,204	\$ 16,900,511	\$ 20,135,381	\$ 21,075,956	\$ 22,222,354	\$ 23,432,496
LONG TERM LIVING							
GENERAL FUND.....	\$ 1,333,303	\$ 1,460,069	\$ 1,406,100	\$ 1,488,601	\$ 1,556,558	\$ 1,624,542	\$ 1,713,595
SPECIAL FUNDS.....	309,081	330,081	471,658	413,009	414,115	415,149	416,227
FEDERAL FUNDS.....	2,749,040	2,843,066	2,842,550	2,902,381	2,994,366	3,099,410	3,211,094
OTHER FUNDS.....	629,382	658,888	720,604	767,065	767,065	767,065	767,065
SUBCATEGORY TOTAL.....	\$ 5,020,806	\$ 5,292,104	\$ 5,440,912	\$ 5,571,056	\$ 5,732,104	\$ 5,906,166	\$ 6,107,981
INCOME MAINTENANCE							
GENERAL FUND.....	\$ 509,382	\$ 538,334	\$ 594,126	\$ 598,311	\$ 598,311	\$ 598,311	\$ 598,311
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,374,334	1,343,299	1,387,548	1,391,733	1,392,483	1,392,528	1,392,573
OTHER FUNDS.....	9,471	14,834	16,046	16,046	16,046	16,046	16,046
SUBCATEGORY TOTAL.....	\$ 1,893,187	\$ 1,896,467	\$ 1,997,720	\$ 2,006,090	\$ 2,006,840	\$ 2,006,885	\$ 2,006,930
MENTAL HEALTH							
GENERAL FUND.....	\$ 705,428	\$ 733,586	\$ 775,258	\$ 774,814	\$ 774,814	\$ 774,814	\$ 774,814
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	272,666	264,779	241,875	241,875	241,875	241,875	241,875
OTHER FUNDS.....	10,143	9,449	9,888	9,888	9,888	9,888	9,888
SUBCATEGORY TOTAL.....	\$ 988,237	\$ 1,007,814	\$ 1,027,021	\$ 1,026,577	\$ 1,026,577	\$ 1,026,577	\$ 1,026,577
INTELLECTUAL DISABILITIES							
GENERAL FUND.....	\$ 1,344,200	\$ 1,464,384	\$ 1,539,012	\$ 1,588,130	\$ 1,645,646	\$ 1,704,930	\$ 1,828,306
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,442,101	1,541,769	1,654,223	1,658,498	1,694,407	1,756,798	1,875,452
OTHER FUNDS.....	48,923	48,016	48,140	48,140	48,140	48,140	48,140
SUBCATEGORY TOTAL.....	\$ 2,835,224	\$ 3,054,169	\$ 3,241,375	\$ 3,294,768	\$ 3,388,193	\$ 3,509,868	\$ 3,751,898

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
HUMAN SERVICES							
GENERAL FUND.....	\$ 1,160,251	\$ 1,176,737	\$ 1,206,281	\$ 1,206,281	\$ 1,206,281	\$ 1,206,281	\$ 1,206,281
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	449,118	453,152	455,130	455,130	455,130	455,130	455,130
OTHER FUNDS.....	938	962	962	962	962	962	962
SUBCATEGORY TOTAL.....	\$ 1,610,307	\$ 1,630,851	\$ 1,662,373				
CHILD DEVELOPMENT							
GENERAL FUND.....	\$ 439,518	\$ 451,492	\$ 455,702	\$ 455,855	\$ 455,906	\$ 455,906	\$ 455,906
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	516,077	522,158	538,470	538,495	535,232	523,045	523,045
OTHER FUNDS.....	4,052	3,300	3,300	3,300	3,300	3,300	3,300
SUBCATEGORY TOTAL.....	\$ 959,647	\$ 976,950	\$ 997,472	\$ 997,650	\$ 994,438	\$ 982,251	\$ 982,251
ALL PROGRAMS:							
GENERAL FUND.....	\$ 10,622,710	\$ 11,009,357	\$ 11,438,262	\$ 11,735,152	\$ 12,201,717	\$ 12,783,628	\$ 13,396,645
SPECIAL FUNDS.....	309,081	330,081	471,658	413,009	414,115	415,149	416,227
FEDERAL FUNDS.....	14,625,913	15,407,155	17,292,114	20,455,949	21,180,961	22,027,565	23,067,609
OTHER FUNDS.....	2,298,177	2,476,387	2,527,503	2,476,152	2,476,152	2,476,152	2,476,152
DEPARTMENT TOTAL.....	\$ 27,855,881	\$ 29,222,980	\$ 31,729,537	\$ 35,080,262	\$ 36,272,945	\$ 37,702,494	\$ 39,356,633

PROGRAM OBJECTIVE: To provide effective administrative and support systems through which the substantive programs of the department can be operated.

Program: Human Services Support

The Human Services Support program provides the policy direction, management and administrative systems required to implement, maintain and monitor the substantive programs of the department.

Information systems are critical to the management of human services. The technology challenge is to provide timely and accurate information that enables the integration of numerous client services and tracks individual progress toward self-sufficiency. The continued creation and expansion of Web-based applications allows for more online services and efficient maintenance of common client and provider databases, as well as case management systems, for use across programs.

Also provided is the management and oversight of the coordination of benefits and recovery of Medical Assistance overpayments when a third-party liability is

identified. Recoveries consist of casualty cases, the Estate Recovery program, federally mandated “pay and chase” situations and the identification and recovery of insurance payments after claims are paid.

This program also seeks reimbursement from third-party sources for services provided to patients and consumers at the state-operated mental health and mental retardation facilities.

Finally, this program ensures the quality of services for Pennsylvania residents by licensing and regulating child care and selected medical facilities.

The department continues to strive toward system enhancements that will minimize administrative costs in relation to service costs and meet the federally mandated Affordable Care Act information systems requirements.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations		Information Systems	
\$ 3,706	—to continue current program.	\$ 5,784	—increase in child welfare information system.
3,916	—to reflect change in federal earnings.	5,421	—to offset impact of nonrecurring prior year federal funds.
1,350	—Initiative—ACA and Healthy PA Administration. To address administrative activities to implement the federally mandated Affordable Care Act and Healthy PA.	2,324	—increase for data powerhouse and computer services transition.
		1,873	—to reflect change in federal earnings.
1,848	—Initiative—Child Care Quality Enhancements. To provide additional unannounced inspections at regulated child care facilities.	-573	—reduction in administrative costs.
		-7,741	—nonrecurring Affordable Care Act system changes.
<u>\$ 10,820</u>	<i>Appropriation Increase</i>	250	—Initiative—Balancing Incentive Program. Support to implement the federal Balancing Initiative Program.
		10,321	—Initiative—ACA and Healthy PA Administration. To address administrative activities to implement the federally mandated Affordable Care Act and Healthy PA.
		<u>\$ 17,659</u>	<i>Appropriation Increase</i>

This budget recommends the Early Learning Challenge Grant - Administration in the amount of \$546,000 in federal funds. Please see the *Healthy Pennsylvania* and Enhancing Human Services Theme in the Overview and Summaries Section for additional information.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 61,156	\$ 67,358	\$ 78,178	\$ 78,194	\$ 78,291	\$ 78,393	\$ 78,500
Information Systems.....	45,530	57,161	74,820	69,362	69,362	69,362	69,362
TOTAL GENERAL FUND	<u>\$ 106,686</u>	<u>\$ 124,519</u>	<u>\$ 152,998</u>	<u>\$ 147,556</u>	<u>\$ 147,653</u>	<u>\$ 147,755</u>	<u>\$ 147,862</u>

PROGRAM OBJECTIVE: To support a health care delivery system that provides comprehensive health care services in appropriate settings for eligible populations.

Program: Medical Assistance

The Medical Assistance program currently provides access to comprehensive health care services for eligible low-income individuals and families or those with medical expenses exceeding available income. In addition to financial eligibility criteria, qualified individuals meet categorical requirements including age, blindness, disability, pregnancy, or a child or parent of an eligible child. Some individuals with slightly higher income but who spend a significant portion of their income on medical expenses may also qualify for a reduced package of benefits. Other individuals who meet certain federal and state medical and financial criteria may qualify for Medical Assistance benefits. These individuals include persons with medical conditions that preclude work, women diagnosed with and on active treatment for breast or cervical cancer or pre-cancer of breast or cervix and disabled workers with incomes under 250 percent of the federal poverty guidelines who pay a premium equal to 5 percent of their monthly income.

This budget proposes *Healthy Pennsylvania* to ensure increased access to quality, affordable health care. The Healthy PA plan proposes Medicaid reforms and a Private Coverage Option that will work to increase health care access to more than 500,000 Pennsylvanians; promote healthy behaviors, improve health outcomes and increase personal responsibility; ensure that benefits match health care needs; and implement a strategy for sustainability by aligning the current Medicaid program with private coverage. For additional information, please see the *Healthy Pennsylvania* and Enhancing Human Services theme in the Overview and Summaries section.

Program Element: Outpatient Services

Outpatient services include the majority of preventive services performed outside of acute care facilities, such as hospitals. Outpatient services include medical or dental care furnished by a broad range of practitioners (including physicians, Certified Registered Nurse Practitioners, dentists and other practitioners) in a variety of settings such as practitioner offices, clinics, outpatient surgery, acute care short procedure units, as well as rehabilitation, drug and alcohol treatment, pharmacy benefits, ambulance transportation, home health care, medical supplies and equipment, and prosthetic devices.

Some service restrictions, comparable to private insurance, apply to adult recipients. For example, most adults who are eligible for pharmacy benefits are limited to six prescriptions per month, and most adults have limited coverage of certain dental benefits such as exams

or dentures. An exception process is available for unusual circumstances.

In response to the rising cost of prescription drugs, the department has taken steps to cost-effectively manage utilization of pharmacy services without compromising access to quality care, such as use of a clinically-based preferred drug list that provides for supplemental drug rebates and enforces the use of drugs considered best in class. Other efforts include prior authorization of certain medications with high cost or health and safety risks to consumers, quantity limits and special initiatives.

Program Element: Inpatient Services

Inpatient hospital services include care for Medical Assistance beneficiaries in acute care general, rehabilitation and private psychiatric hospitals. The Inpatient Medical Assistance Program provides eligible beneficiaries coverage of inpatient hospital services on a 24-hour basis, which includes room, board and professional services. Under the Medical Assistance Program, a beneficiary is admitted to the inpatient service upon written order of a physician, Certified Registered Nurse Practitioner, dentist, or podiatrist who has admitting privileges at the hospital. 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, known as the All Patient Refined Diagnosis Related Groups (APR-DRG) system, to reimburse acute care general hospitals. The APR-DRG system was designed for use with all patient populations and reflects the complete cross-section of patients seen in an inpatient acute care setting. The department also makes high and low cost outlier payment adjustments for all diagnosis related groups when certain conditions are met. Freestanding psychiatric and rehabilitation hospitals, and distinct part psychiatric and rehabilitation units of acute care general hospitals, are paid on a prospective basis through per diem payments.

The department also makes separate payments to hospital-employed or contracted practitioners (physicians, Certified Registered Nurse Practitioners, dentists, podiatrists or midwives) when these practitioners provide direct professional services to the beneficiary during the inpatient hospital stay. These services are paid in accordance with the fees established under the Medical Assistance Fee Schedule. Funding for payment of practitioner services is allocated through the Medical Assistance-Outpatient appropriation. Act 77 of 2001, the Tobacco Settlement Act,

Program: Medical Assistance (continued)

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

Health care services for most Medical Assistance recipients are provided through Managed Care Organizations (MCOs) 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 program is known as HealthChoices. The HealthChoices Behavioral Health (BH) program, administered by the Office of Mental Health and Substance Abuse Services, has completed its expansion plan and has operated statewide since July 1, 2007. The HealthChoices program is provided through contracts with the counties who utilize an independent BH-MCO, or through contracts directly with BH-MCOs. Services provided include psychiatric inpatient treatment, partial hospitalization, psychiatric outpatient services, Early Periodic Screening Diagnosis and Treatment services for children, case management, drug and alcohol detoxification and rehabilitation services.

Physical Health (PH) managed care services are administered by the Office of Medical Assistance Programs. The HealthChoices program completed its expansion plan and began operating statewide March 1, 2013. The HealthChoices program is provided through grant agreements with nine risk-based MCOs in five geographic zones. PH-MCO enrollees receive the full array of physical health services, which include inpatient, outpatient, primary care, pharmaceuticals, home health, dental and vision services. Some MA recipients do not participate in the HealthChoices PH program and remain in fee-for-service, including but not limited to: nursing home residents (after 30 days), long-term care capitation enrollees, Health

Insurance Premium Payment eligible members, residents of state institutions and recipients age 21 and older that are dually eligible for Medicare (including Part D) and Medicaid.

Program Element: Medical Assistance Transportation Program

The purpose of the Medical Assistance Transportation Program (MATP) is to coordinate and provide efficient and cost-effective non-emergency medical transportation to ensure access to health care services for Medical Assistance recipients who have no other means of transportation available to them.

The program provides funding to 65 county programs, a transit program for Northumberland County and a transportation broker in Philadelphia County to provide this service. Each is responsible for providing transportation to and/or from a medical facility, physician's office, dentist's office, hospital, clinic, pharmacy or purveyor of medical equipment for the purpose of receiving medical treatment, medical evaluation, or purchasing prescription drugs or medical equipment.

The program entails the following: assessing MATP eligibility, verifying if recipients could be transported at no cost to the program or if other options other than Medical Assistance-funded transportation are available, determining the level of transportation services needed, providing funding for recipients to use public transit, reimbursing recipients for private vehicle mileage use, developing and managing a network of on-demand transportation providers, scheduling and dispatching on-demand paratransit trips, and capturing and providing data.

Program Element: Expanded Medical Services for Women

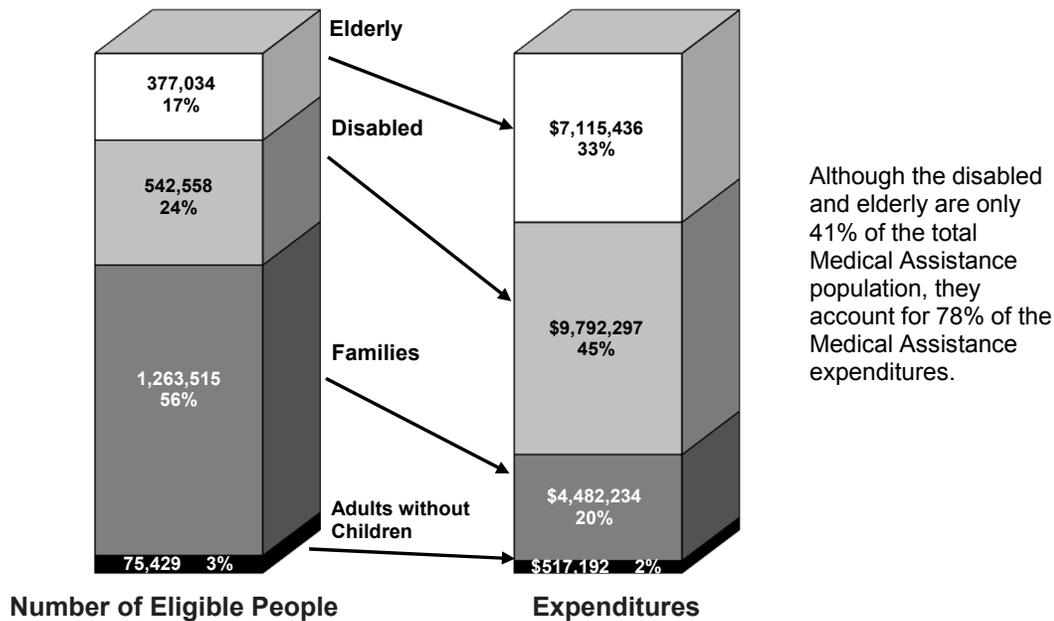
The Expanded Medical Services for Women program provides counseling and other services to women. Grants are provided to nonprofit agencies whose primary purpose is to assist pregnant women seeking alternatives to abortions. Services are provided up to 12 months after childbirth and include food, shelter, clothing, health care, counseling, adoption services, parenting classes, assistance for post-delivery stress and other support programs.

Program: Medical Assistance (continued)

Medicaid Expenditures and Enrollees by Category of Assistance

Fiscal Year 2014-15

(Dollar Amounts in Thousands)



Although the disabled and elderly are only 41% of the total Medical Assistance population, they account for 78% of the Medical Assistance expenditures.

Does not account for the impact of Affordable Care Act and Healthy PA. Medicaid expenditures also includes Intellectual Disabilities-Intermediate Care Facilities, Intellectual Disabilities-Community Waiver Program, Autism Intervention and Services, Services to Persons with Disabilities, Attendant Care and Medical Assistance-Workers with Disabilities.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	Payment to Federal Government - Medicare Drug Program	854	—Initiative—Affordable Care Act. To support 15,325 children who will be served through Medicaid as a result of the federally mandated Affordable Care Act.
\$ -2,306	—reflects decrease in mandated payback for pharmacy services.		
11,298	—revision of federal financial participation from 53.52% to 51.82%.	175	—Initiative—Affordable Care Act. To support the transfer of 4,944 children to the Medicaid program as a result of the federally mandated Affordable Care Act.
\$ 8,992	<i>Appropriation Increase</i>	169	—Initiative—Affordable Care Act. To support individuals aging out of the foster care system who qualify for Medicaid through the federally mandated Affordable Care Act, but are not currently enrolled.
	Medical Assistance - Outpatient		
\$ 10,138	—change in caseload and utilization.		
13,279	—increase in costs and clients eligible for Medicare Part B premiums.		
4,452	—to provide for increased utilization and cost of prescription drugs.	-2,069	—Initiative—Balancing Incentive Program. Savings achieved through increased federal financial participation for balancing community-based services and supports.
178	—impact of administrative and other cash flow initiatives.		
47,782	—nonrecurring prior year carryover funds.	-17,239	—Initiative—Healthy PA Program Implementation. Savings as a result of revising the benefit package to ensure a sustainable Medicaid program and expanding eligibility by implementing Healthy PA.
34,567	—revision of federal financial participation from 53.52% to 51.82%.		
-7,034	—reflects one-time only OIG audit settlement.		
18,391	—Initiative—Affordable Care Act. To support individuals who qualify for Medicaid, but are not currently enrolled.		
1,850	—Initiative—ACA and Healthy PA Administration. To secure health insurance providers, perform administrative duties and complete compliance activities to implement the federally mandated Affordable Care Act and Healthy PA.	\$ 105,493	<i>Appropriation Increase</i>

Program: Medical Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Payment to Federal Government -							
Medicare Drug Program.....	\$ 511,574	\$ 529,728	\$ 538,720	\$ 549,806	\$ 562,950	\$ 581,334	\$ 613,057
Medical Assistance - Outpatient	450,835	313,463	418,956	360,563	382,806	411,906	440,037
Medical Assistance - Inpatient.....	268,112	125,948	140,659	154,115	151,165	146,889	153,319
Medical Assistance - Capitation.....	3,631,373	3,928,961	4,062,303	4,291,330	4,599,837	5,011,170	5,345,367
Medical Assistance - Obstetric and							
Neonatal Services.....	3,681	6,681	3,681	3,681	3,681	3,681	3,681
Hospital-Based Burn Centers.....	3,782	3,782	3,782	3,782	3,782	3,782	3,782
Medical Assistance - Critical Access							
Hospitals	4,076	6,776	3,576	3,576	3,576	3,576	3,576
Trauma Centers.....	8,656	8,656	8,656	8,656	8,656	8,656	8,656
Medical Assistance - Academic							
Medical Centers.....	12,618	16,831	16,831	16,831	16,831	16,831	16,831
Medical Assistance - Physician							
Practice Plans.....	7,937	9,071	6,571	6,571	6,571	6,571	6,571
Medical Assistance - Transportation.....	67,142	63,374	69,525	69,525	69,525	69,525	69,525
Expanded Medical Services for Women....	5,044	5,544	5,644	5,644	5,644	5,644	5,644
Special Pharmaceutical Services	1,745	1,562	1,524	1,524	1,524	1,524	1,524
Medical Assistance - Workers							
with Disabilities	46,367	39,859	28,357	0	0	0	0
Health Care Clinics.....	1,000	0	0	0	0	0	0
TOTAL GENERAL FUND	\$ 5,023,942	5,060,236	5,308,785	5,475,604	5,816,548	6,271,089	6,671,570

PROGRAM OBJECTIVE: To support a long-term living system that empowers persons with disabilities and older Pennsylvanians to live with dignity and independence in settings they prefer, to provide meaningful choice of long-term living services and to ensure that those services are delivered in a high-quality, cost-effective manner.

Program: Long-Term Living

The commonwealth’s commitment to supporting people with disabilities and older Pennsylvanians is demonstrated through a continuum of services ranging from independent living with the support of home and community-based services to institutional care.

Program Element: Home and Community-Based Services

For qualifying individuals who want to receive services in the community, the department administers five home and community-based Medicaid waiver programs the Act 150 Attendant Care program and the Living Independence for the Elderly (LIFE) program that help individuals to live as independently as possible.

The Independent Enrollment Broker and local Area Agencies on Aging provide information on service options and eligibility requirements and assistance to qualifying individuals who wish to apply for applicable programs. For those who qualify, individual service plans are developed and coordination is provided with an extensive network of providers. The department is responsible for ensuring that services are being provided in a consistent and cost-effective manner.

A variety of specialized services are provided to enable people with physical and/or cognitive disabilities, as well as people over 60, to live independently in the community. Personal assistance, service coordination, non-medical transportation, home health aide and nursing services are several of the community-based support services that are provided.

The Attendant Care program provides personal assistance services to individuals who are between the ages of 18 and 59 and have physical disabilities. Personal assistance services, such as bathing, dressing, grooming and other activities of daily living, enable recipients to remain in or return to their own homes, rejoin the workforce and maintain independent and productive lives. Medicaid-eligible individuals who meet all program criteria are served

in the waiver program and individuals who are not Medicaid eligible are served in the Act 150 Attendant Care program.

Other Medicaid home and community-based disability programs support eligible adults who have limitations in performing activities of daily living, understanding and/or use of language, learning, mobility, self-direction and capacity for independent living. These services help individuals to function independently in the community. Similar services are provided to people with traumatic brain injury. These services enable individuals to function in the community as independently as possible after they have progressed beyond initial acute rehabilitation. People with cognitive disabilities may require a special mix of services to address short-term memory issues.

Eligible older Pennsylvanians who are in need of nursing facility level-of-care may qualify to receive services in the community through the federal Medicaid Aging Waiver program and the LIFE program. These programs provide assistance with activities of daily living, as well as in-home nursing services, while encouraging use of informal supports available through family and friends. Additionally, the LIFE program integrates Medicare funding with Medicaid funding to provide a fully coordinated and comprehensive service package to enrollees.

Program Element: Nursing Facility Services

Institutional services are provided to eligible persons by nursing facilities that are certified, in accordance with established standards, to participate in the Medical Assistance program. Nursing facility care is available to Medical Assistance recipients who are determined nursing facility clinically eligible through a level of care assessment. Nursing facility care involves daily medical treatment and rehabilitation services prescribed by a licensed physician. The services are provided by or under the supervision of licensed professional, nursing personnel or other professional health personnel.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND			
	Long-Term Care		250	—Initiative—ACA and Healthy PA Administration.
\$ 30,180	—for increased utilization and costs.			To perform administrative duties and complete
–3,193	—to provide for administrative and other cash			compliance activities to implement the federally
	flow initiatives.			mandated Affordable Care Act and Healthy PA.
–62,820	—reflects impact of increase in available Tobacco			
	Settlement Funds.			
53,574	—revision of federal financial participation from			
	53.52% to 51.82%.		\$ 17,991	<i>Appropriation Increase</i>

PROGRAM OBJECTIVE: To promote personal and parental responsibility and encourage economic independence and self-sufficiency through temporary cash assistance, job training and child care for families or individuals.

Program: Income Maintenance

The broad purpose of public assistance is to provide temporary support to families in transition from dependency to economic self-sufficiency. Support may include limited education, job training and placement assistance, child care, transportation, other support services and cash assistance.

Program Element: Income Assistance

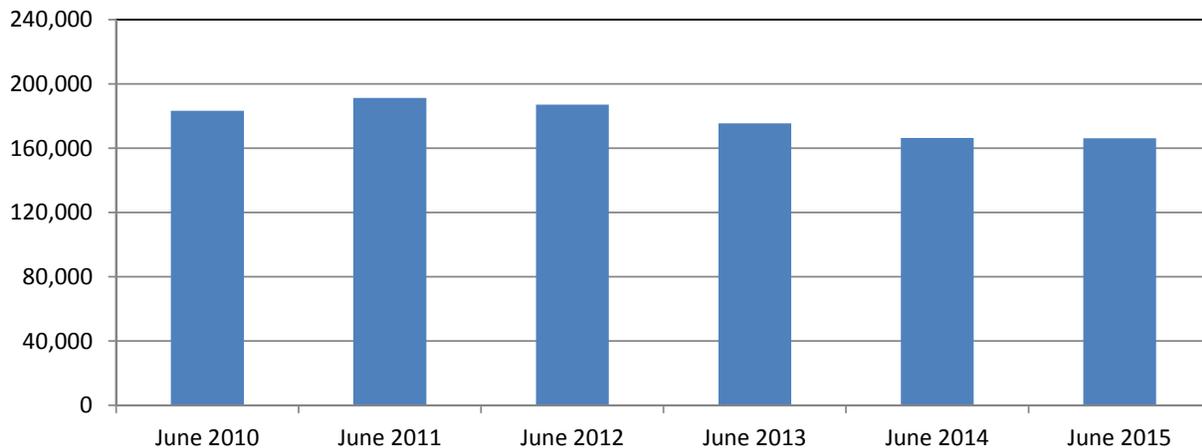
Caseworkers in the county assistance offices (CAOs) review financial and non-financial criteria with applicants of Temporary Assistance for Needy Families (TANF), Medical Assistance (MA) and the Supplemental Nutrition Assistance Program (SNAP) to determine eligibility for benefits. As a condition of eligibility for TANF cash assistance, adult recipients who are 18 years of age and older are required to sign and comply with the economic self-sufficiency plan in their Agreement of Mutual Responsibility (AMR). The AMR outlines the steps the individual will take and the services the caseworkers in the CAOs will provide to enable the family to become independent from public assistance. After assessing potential barriers to employment, most adult welfare recipients are required to take realistic, concrete steps that will lead to increased success in the workplace. Able-bodied adults are required to either work or participate in an approved work-related activity. Adults who are disabled to the extent that substantial gainful employment is not possible are required to cooperate in applying for federal benefits.

Temporary Assistance to Needy Families cash assistance is provided for a limited time to people who meet income and resource guidelines and who comply with work activity requirements or other requirements that are included on their AMR. The TANF program provides state and federal funds for temporary cash support for families in transition to self-sufficiency. State Blind Pension, on the other hand, is entirely state-funded. State Blind Pension recipients are persons who meet age, vision and personal resource requirements specified in the Public Welfare Code.

Federal regulations place a five-year lifetime limit on TANF cash assistance for most adult recipients and allow a hardship exemption for up to 20 percent of the TANF 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 that prevent the ability to reach self-sufficiency within the five-year limit.

The Low-Income Home Energy Assistance Program (LIHEAP) is a 100 percent federally funded program that assists eligible households by providing funds to offset the burden of high energy costs. LIHEAP also provides funds in heating crisis situations, arranging and paying for emergency deliveries or expediting payments to avoid utility shut offs and by providing furnace repairs through other agencies. The eligibility standard, which is subject to annual revision based on the availability of funding,

Cash Grants (TANF Caseload)



Program: Income Maintenance (continued)

includes every household member's income. Payments are made to energy suppliers on behalf of persons responsible for paying heating costs or directly to those households where home heating is included in the rent.

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 \$721 and \$1,082 for couples. Pennsylvania contributes a supplemental grant of \$22.10 for an individual and \$33.30 for couples to SSI recipients. The department is responsible for directly issuing the state supplemental grants to most SSI recipients. A special monthly state supplement is paid to SSI-eligible persons in domiciliary care facilities and personal care homes. For SSI residents in personal care homes, the minimum personal care allowance is \$85 a month.

The department also administers a disability advocacy program to assist mentally and physically disabled individuals in establishing their eligibility for federal SSI benefits.

Program Element: Employment, Training and Work Supports

The employment and training program known as the Road to Economic Self-Sufficiency through Employment and Training (RESET) assists welfare recipients to enter the workforce and achieve economic independence. Pennsylvania's employment and training program for welfare clients emphasizes that the responsibility for self-sufficiency belongs to the welfare recipient. A RESET program design change has been implemented as Pennsylvania adopted a "Work First" approach to helping our clients succeed and end dependency on public support. Job retention and case management services are also offered to help individuals retain employment.

In order to meet the employment needs of Pennsylvania's diverse welfare population, the department operates the Employment, Advancement and Retention Network (EARN) through local employment and training service providers. EARN offers a full array of employment and training services designed to help recipients secure and retain employment and advance in their work career. The focus of all programming is to decrease dependency on public assistance and move towards self-sufficiency. Keystone Education Yields Success (KEYS) is a collaborative program between the Pennsylvania Department of Public Welfare and Pennsylvania community colleges designed to assist TANF recipients and, as funding permits, SNAP recipients in attending Pennsylvania's community colleges. KEYS is designed for students taking short term programs

lasting no more than 12 months. Work Ready provides services to help clients stabilize barriers that hinder them from achieving self-sufficiency.

Supportive services are also provided to facilitate a welfare client's transition to independence. The special allowances are used to support individuals as they pursue their education, job skills training or employment goals through an approved employment and training program. The CAO may approve a special allowance for items such as books, clothing, equipment and tools. Transportation allowances may be provided when required to allow a participant to accept and maintain education, employment or training.

Program Element: Child Support Enforcement

Child Support Enforcement program services are provided at the local level through cooperative agreements with the county Courts of Common Pleas and the county commissioners. 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; and the procurement of medical support, including health insurance and/or the reimbursement of uninsured medical expenses for the children.

Child support enforcement services are available to children from birth to age 18 or until the child graduates from high school or becomes emancipated. The courts may require child support to be paid for an individual over the age of 18 if extraordinary needs – excluding college tuition – exist. A designated portion of child support paid on behalf of children receiving TANF benefits is passed through to the custodial parent and any residual amount is assigned to the department to reimburse cash assistance benefits issued to the child's family.

Federal funding of the state's Child Support Enforcement program is based on its performance in establishing paternity and court orders for support, as well as collecting child support amounts ordered. Pennsylvania's program exceeds federal standards for establishing paternity and court orders for support: collection of current support and cases paying on arrears are both 83 percent – the highest percentage of any state in the nation. Pennsylvania is the first state in the nation to meet and exceed the five federal performance standards for establishment of paternity, establishment of court orders for child support, collection of current support, cases paying on arrears and administrative cost effectiveness. In addition, more than 90 percent of children receiving support currently have health insurance or other means of medical support.

PROGRAM OBJECTIVE: To maximize the individual's capacity for independent living through the provision of an array of service and support programs.

Program: Mental Health

This program provides for an integrated behavioral health system addressing mental health treatment and support services as well as substance abuse services. The objective of these services is to promote individual movement toward recovery. The department seeks to ensure that there is a combined approach to the delivery and the financing of behavioral health services. The department administers community mental health funds, Behavioral Health Services Initiative (BHSI) funds for both mental health and substance abuse services, Act 152 funds that provide non-hospital residential substance abuse services and federal grant funds. The department oversees the Medicaid HealthChoices Behavioral Health Managed Care program either through county contracts or by direct contract with a behavioral health managed care organization. The department manages the delivery of community mental health services administered by counties under the Pennsylvania Mental Health and Intellectual Disability Act of 1966 (MH/ID Act of 1966), as amended by Act 105 of 2011 and Act 80 of 2012 and the Mental Health Procedures Act of 1976. Direct mental health treatment services are currently provided through six state-operated hospitals and one restoration (long-term care) center.

Program Element: Community Mental Health Services

The MH/ID Act of 1966 requires county governments to provide an array of community-based mental health services, including unified intake, community consultation and education, support for families caring for members with mental disorders and community residential programs. Community services are targeted to adults with serious mental illness and children and adolescents with or at risk of serious emotional disturbance. Key provisions of service include recovery-oriented treatment, community care and support services that enable individuals to live in 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 include 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.

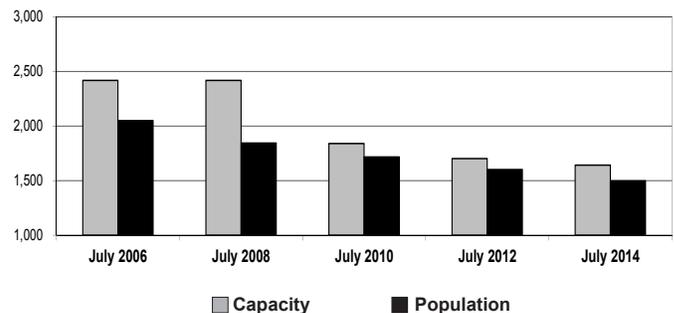
Program Element: Substance Abuse Services

The department is responsible for the oversight and administration of BHSI funding. Substance abuse treatment services are provided to individuals with severe addictive disorders (including co-occurring mental health disorders) who are uninsured, who do not have insurance that covers the service needed or who cannot obtain Medical Assistance benefits. Services available include the full continuum of treatment, as well as case management services, to assist this population with access to and retention in treatment to promote recovery.

Program Element: State Mental Hospitals

State mental hospitals provide long-term inpatient care for individuals who require intensive treatment. Additionally, they provide specialized inpatient care for the adolescent, criminal and elderly (long-term) populations. A unit for the treatment of violent sexual predators, whose commitment in the Youth Development Center system terminates at age 21, was established as mandated in Act 21 of 2003. To move individuals into the most integrated setting, efforts continue to assess and transfer individuals to community mental health programs, where services are provided in a less restrictive setting through the Community/Hospital Integration Projects Program (CHIPPs).

**Mental Hospitals
Population Compared to Capacity**



The population at state mental hospitals has declined by 551 individuals (or 24 percent) since July of 2006, as more people receive mental health services in the community. During that same period, capacity at the state mental hospitals has declined by 775 beds (or 29 percent).

Program: Mental Health (continued)

Expenditures by Hospital, Restoration Center and Community Programs

(Dollar Amounts in Thousands)

	2012-13	2013-14	2014-15		2012-13	2013-14	2014-15
	Actual	Available	Budget		Actual	Available	Budget
Allentown				Warren			
State Funds.....	\$ 2,320	\$ 605	\$ 2,160	State Funds.....	\$ 15,331	\$ 24,196	\$ 24,118
Federal Funds.....	168	0	0	Federal Funds.....	27,164	18,550	20,700
Augmentations.....	44	0	0	Augmentations.....	1,763	1,140	1,560
TOTAL.....	<u>\$ 2,532</u>	<u>\$ 605</u>	<u>\$ 2,160</u>	TOTAL.....	<u>\$ 44,258</u>	<u>\$ 43,886</u>	<u>\$ 46,378</u>
Clarks Summit				Wernersville			
State Funds.....	\$ 22,338	\$ 17,453	\$ 26,396	State Funds.....	\$ 28,596	\$ 31,291	\$ 36,851
Federal Funds.....	24,803	31,300	22,700	Federal Funds.....	28,365	29,214	28,378
Augmentations.....	1,440	1,320	1,579	Augmentations.....	1,672	1,759	1,739
TOTAL.....	<u>\$ 48,581</u>	<u>\$ 50,073</u>	<u>\$ 50,675</u>	TOTAL.....	<u>\$ 58,633</u>	<u>\$ 62,264</u>	<u>\$ 66,968</u>
Danville				Administrative Cost			
State Funds.....	\$ 18,137	\$ 16,181	\$ 22,861	State Funds.....	\$ 4,555	\$ 5,402	\$ 5,411
Federal Funds.....	22,458	28,600	22,200	Federal Funds.....	36	0	0
Augmentations.....	1,011	1,060	1,040	Augmentations.....	0	0	0
TOTAL.....	<u>\$ 41,606</u>	<u>\$ 45,841</u>	<u>\$ 46,101</u>	TOTAL.....	<u>\$ 4,591</u>	<u>\$ 5,402</u>	<u>\$ 5,411</u>
Norristown				Community Programs			
State Funds.....	\$ 31,848	\$ 37,612	\$ 41,087	State Funds.....	\$ 496,907	\$ 501,638	\$ 515,156
Federal Funds.....	40,122	36,300	35,700	Federal Funds.....	67,752	71,865	63,597
Augmentations.....	1,364	1,640	1,310	Augmentations.....	0	0	0
TOTAL.....	<u>\$ 73,334</u>	<u>\$ 75,552</u>	<u>\$ 78,097</u>	TOTAL.....	<u>\$ 564,659</u>	<u>\$ 573,503</u>	<u>\$ 578,753</u>
South Mountain State Restoration Center				Budgetary Reserve			
State Funds.....	\$ 11,546	\$ 15,159	\$ 15,886	State Funds.....	\$ 0	\$ 4,258	\$ 0
Federal Funds.....	14,378	13,050	14,400	Federal Funds.....	10,300	0	0
Augmentations.....	1,880	1,130	1,450	Augmentations.....	0	0	0
TOTAL.....	<u>\$ 27,804</u>	<u>\$ 29,339</u>	<u>\$ 31,736</u>	TOTAL.....	<u>\$ 10,300</u>	<u>\$ 4,258</u>	<u>\$ 0</u>
Torrance							
State Funds.....	\$ 30,733	\$ 36,674	\$ 42,215				
Federal Funds.....	37,120	35,900	34,200				
Augmentations.....	969	1,400	1,210				
TOTAL.....	<u>\$ 68,822</u>	<u>\$ 73,974</u>	<u>\$ 77,625</u>				

Program: Mental Health (continued)

Hospital and Restoration Center Populations for the Prior, Current and Upcoming Year

State Mental Hospitals	Population July 2012	Population July 2013	Projected Population July 2014	Projected Bed Capacity July 2014	Projected Percentage of Capacity July 2014
Clarks Summit.....	217	186	159	210	75.7%
Danville.....	173	166	152	168	90.5%
Norristown.....	307	262	258	272	94.9%
South Mountain.....	140	143	143	159	89.9%
Torrance.....	325	330	328	341	96.2%
Warren.....	173	152	113	180	62.8%
Wernersville.....	266	258	254	266	95.5%
TOTAL.....	1,601	1,497	1,407	1,596	88.2%

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Mental Health Services	
\$ 17,013	—to continue current program.
9,431	—impact of decreased federal funds.
9,262	—nonrecurring prior year federal funds.
1,685	—revision of federal financial participation from 53.52 percent to 51.82 percent.
—444	—reflects savings from prior year CHIPPs.
4,725	—Initiative—Expanded Services for Older Pennsylvanians and Individuals with Disabilities. To provide home and community-based services for 90 individuals currently residing in state hospitals.
<u>\$ 41,672</u>	<i>Appropriation Increase</i>

The Behavioral Health Services appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Mental Health Services.....	\$ 662,311	\$ 690,469	\$ 732,141	\$ 731,697	\$ 731,697	\$ 731,697	\$ 731,697
Behavioral Health Services	43,117	43,117	43,117	43,117	43,117	43,117	43,117
TOTAL GENERAL FUND	<u>\$ 705,428</u>	<u>\$ 733,586</u>	<u>\$ 775,258</u>	<u>\$ 774,814</u>	<u>\$ 774,814</u>	<u>\$ 774,814</u>	<u>\$ 774,814</u>

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: Intellectual Disabilities

The Department of Public Welfare supports a comprehensive array of services for people with intellectual disabilities including community residential and non-residential programs provided through the home and community-based waiver programs and the base program. Services are also provided in state operated institutions and private intermediate care facilities for the intellectually disabled (ICF/IDs). In addition to state and federal funding, local funding is provided for the community base program as required by the Mental Health and Intellectual Disability Act of 1966, as amended by Act 105 of 2011 (MH/ID Act).

The program for people with intellectual disabilities has evolved from a system of large congregate residential facilities to a flexible and dynamic system of community supports and services tailored to the needs of persons living in the community. The trend toward enhancing the natural supports that exist in the family and the community continues to define services.

The department provides services to enhance the quality of life and promote independence for Pennsylvanians living with autism, a lifelong neurobiological disorder.

Program Element: Institutional Services

The department provides institutional care funding for people with intellectual disabilities. Services are offered through five public state centers whose primary goal is to develop residents' abilities to function more independently in preparation for living in a less restrictive environment. All facilities are currently certified for Medical Assistance (MA) under standards established by the Centers for Medicare & Medicaid Services. Private ICF/IDs provide the same intensive habilitative services to persons with intellectual disabilities. Large facilities are single or multiple buildings on campus-like sites accommodating nine persons or more while small facilities must be located in the community and serve four to eight persons.

Program Element: Intellectual Disabilities – Community Services

The MH/ID Act provides the statutory basis, along with the Medicaid Consolidated and Person Family Directed/Support waivers, for the development of community-based services for persons with intellectual disabilities. Community living arrangements include group homes, apartments with or without a roommate and life-sharing settings with family or others. Day services such as supported employment, pre-vocational programs, adult training and home and community habilitation are provided for people living in the community based on individual need. Other services available include transportation, environmental accessibility modifications, adaptive appliances/equipment, specialized therapies and nursing, and educational support. Respite services are also available for families of people with intellectual disabilities.

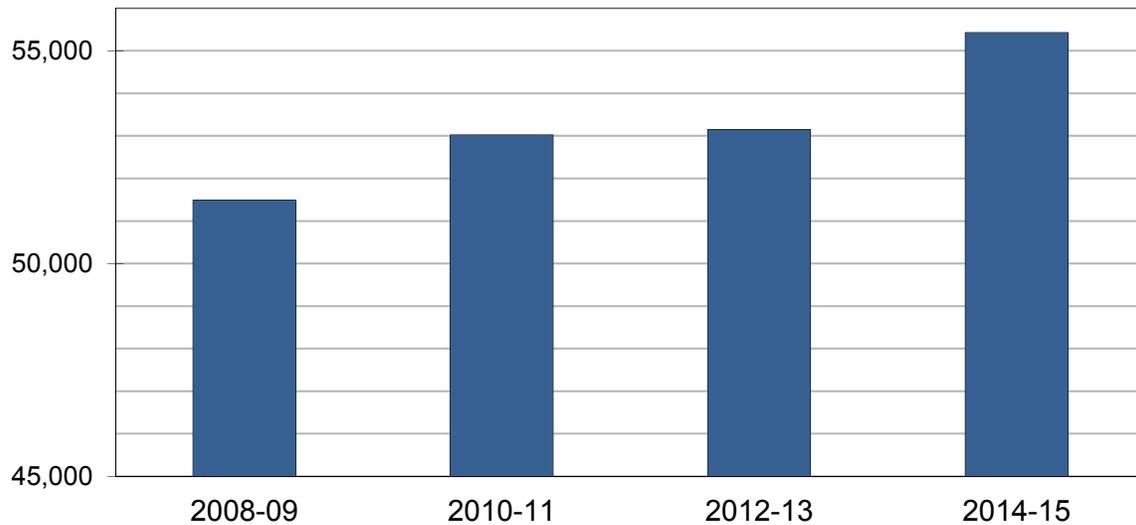
Program Element: Services for Individuals with Autism

The department provides funding for a statewide program to support the needs of Pennsylvanians living with autism spectrum disorders. The department developed and administers two direct services programs for adults with autism - the Adult Community Autism Program and the Adult Autism Waiver program. Both programs are outcome-based and have been designed to assist participants in gaining the greatest level of independence possible, encourage involvement in community life, improve social skills and provide support to caregivers. In addition, the department supports people with autism of all ages through the Autism Service, Education, Research, and Training (ASERT) regional collaboratives, the development of crisis programs to support individuals in need of acute intervention, family support programs, and training programs to increase provider capacity. The three ASERT collaboratives work to improve regional access to quality services and interventions, provide information and support to families, train professionals in best practices and facilitate program development.

Program: Intellectual Disabilities (continued)

Intellectual Disabilities - Community Services

People Served



The number of individuals with intellectual disabilities receiving community services has increased over 3,950 since 2008-09.

State Centers Population for the Prior, Current and Upcoming Years

	Population July 2012	Population July 2013	Projected Population July 2014	Projected Bed Capacity July 2014	Projected Percent Capacity July 2014
State Centers					
Ebensburg.....	267	252	230	402	57.2%
Hamburg.....	112	104	95	205	46.3%
Polk.....	277	267	244	521	46.8%
Selinsgrove.....	291	277	254	584	43.5%
White Haven.....	155	145	133	275	48.4%
TOTAL STATE CENTERS...	1,102	1,045	956	1,987	48.1%

Program: Intellectual Disabilities (continued)

Expenditures by State Center (Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget		2012-13 Actual	2013-14 Available	2014-15 Budget
Ebensburg				Selinsgrove			
State funds.....	\$ 24,329	\$ 26,813	\$ 29,422	State funds.....	\$ 27,357	\$ 30,736	\$ 33,754
Federal funds.....	35,109	36,510	37,430	Federal funds.....	39,349	41,610	42,840
Augmentations.....	6,760	6,714	6,705	Augmentations.....	7,646	7,395	7,386
TOTAL.....	\$ 66,198	\$ 70,037	\$ 73,557	TOTAL.....	\$ 74,352	\$ 79,741	\$ 83,980
Embreeville				White Haven			
State funds.....	\$ 375	\$ 0	\$ 0	State funds.....	\$ 16,102	\$ 17,195	\$ 19,550
Federal funds.....	0	0	0	Federal funds.....	22,745	22,943	24,367
Augmentations.....	0	0	0	Augmentations.....	3,957	4,030	4,026
TOTAL.....	\$ 375	\$ 0	\$ 0	TOTAL.....	\$ 42,804	\$ 44,168	\$ 47,943
Hamburg				Non-Facility			
State funds.....	\$ 13,278	\$ 14,310	\$ 16,073	State funds.....	\$ 824	\$ 840	\$ 911
Federal funds.....	18,347	18,414	19,367	Federal funds.....	0	0	0
Augmentations.....	2,867	2,993	2,992	Augmentations.....	0	0	0
TOTAL.....	\$ 34,492	\$ 35,717	\$ 38,432	TOTAL.....	\$ 824	\$ 840	\$ 911
Polk				Budgetary Reserve			
State funds.....	\$ 24,758	\$ 28,875	\$ 31,748	State funds.....	\$ 0	\$ 1,504	\$ 0
Federal funds.....	36,173	39,396	40,555	Federal funds.....	13,940	9,337	5,543
Augmentations.....	7,667	7,042	7,031	Augmentations.....	0	0	0
TOTAL.....	\$ 68,598	\$ 75,313	\$ 79,334	TOTAL.....	\$ 13,940	\$ 10,841	\$ 5,543

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 6,413	Intellectual Disabilities - State Centers				
4,798	—to continue current program.				
	—revision of federal financial participation from 53.52% to 51.82%.	\$ 28,729			Intellectual Disabilities - Community Waiver Program
-26	—Initiative—Expanded Services for Older Pennsylvanians and Individuals with Disabilities. To provide home and community-based services for 50 individuals with intellectual disabilities currently residing in state centers.	32,191			—increase in utilization and costs.
				14,688	—revision of federal financial participation from 53.52% to 51.82%.
					—to annualize previous program revisions providing enhanced community services.
				2,275	—prior year settlements and appeals.
				1,069	—to reflect individuals transferring from the ICF/ID and Community Base programs.
				-42,176	—Initiative—Balancing Incentive Program. Savings achieved through increased federal financial participation for balancing community-based services and supports.
\$ 11,185	<i>Appropriation Increase</i>			722	—Initiative—Expanded Services for Older Pennsylvanians and Individuals with Disabilities. To provide home and community-based services for 50 individuals with intellectual disabilities currently residing in state centers.
	Intellectual Disabilities - Intermediate Care Facilities				—Initiative—Expanded Services for Older Pennsylvanians and Individuals with Disabilities. To provide home and community-based services for 400 individuals on the waiting list and 700 students graduating from Special Education.
\$ -8,249	—to continue current program.				
5,176	—revision of federal financial participation from 53.52% to 51.82%.				
3,820	—prior year settlements and appeals.			22,355	
1,243	—to reflect individuals transferring to the community program.				
732	—to annualize prior individuals transferring to the community program.				
\$ 2,722	<i>Appropriation Increase</i>				
	Intellectual Disabilities - Community Base Program				
\$ -501	—to continue current program.	\$ 59,853			<i>Appropriation Increase</i>
300	—revision of federal financial participation from 53.52% to 51.82%.				
-1,036	—to reflect individuals transferring to the community waiver program.				
\$ -1,237	<i>Appropriation Decrease</i>				

Program: Intellectual Disabilities (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

Autism Intervention and Services	
\$ -777	—to continue current program.
1,708	—to annualize previous program revisions providing enhanced services.
434	—revision of federal financial participation from 53.52% to 51.82%.
-366	—Initiative—Balancing Incentive Program. Savings achieved through increased federal financial participation for balancing community-based services and supports.
1,106	—Initiative—Expanded Services for Older Pennsylvanians and Individuals with Disabilities. To provide home and community-based services for 100 additional adults with autism spectrum disorders.
<u>\$ 2,105</u>	<i>Appropriation Increase</i>

The Intellectual Disabilities - Lansdowne Residential Services appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Intellectual Disabilities - State Centers.....	\$ 107,023	\$ 120,273	\$ 131,458	\$ 130,761	\$ 130,400	\$ 130,039	\$ 130,039
Intellectual Disabilities - Intermediate Care Facilities	140,729	149,576	152,298	152,298	152,298	152,298	152,298
Intellectual Disabilities - Community Base Program	151,223	150,918	149,681	149,681	149,681	149,681	149,681
Intellectual Disabilities - Community Waiver Program	931,885	1,026,790	1,086,643	1,135,124	1,192,905	1,252,550	1,375,926
Autism Intervention and Services	13,000	16,487	18,592	19,926	20,022	20,022	20,022
Intellectual Disabilities - Lansdowne Residential Services	340	340	340	340	340	340	340
TOTAL GENERAL FUND	<u>\$ 1,344,200</u>	<u>\$ 1,464,384</u>	<u>\$ 1,539,012</u>	<u>\$ 1,588,130</u>	<u>\$ 1,645,646</u>	<u>\$ 1,704,930</u>	<u>\$ 1,828,306</u>

PROGRAM OBJECTIVE: To enhance the social and economic well-being of families and individuals through the provision of an array of services and support programs.

Program: Human Services

The department operates a variety of programs designed to provide supportive services to people while they overcome an adverse behavior or circumstance that has affected their lives.

Program Element: Family Support Service

The Department of Public Welfare and county governments are jointly responsible for providing quality, effective services to children who are in need of care and protection. These services are state supervised and county administered. Each county is responsible for developing and implementing 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 families and children to enable children to safely remain in their own homes and communities and develop natural supports and resources to gain self-sufficiency. The safety of children is the 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 such as in-home services, 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 birth parents.

The courts may order any service or care for children who have been adjudicated dependent or delinquent. This may include youth adjudicated delinquent but remanded to private residential treatment programs. Treatment is reviewed on a periodic basis.

Program Element: Youth Development Service

Pennsylvania’s juvenile justice system is designed to minimize institutionalization while recognizing that confinement in a treatment environment is necessary for certain juveniles who pose a threat to themselves

or others. The court may sentence youth to either the Youth Development Center and Youth Forestry Camp (YDC/YFC) system or a private facility. Both systems provide residential programming in secure settings for Pennsylvania’s serious juvenile offenders and those with serious at-risk behaviors. The purpose of the system is to bring about positive changes in the juveniles by helping them to develop skills and attitudes that will enable them to become responsible, productive members of society. Included in the YDC/YFC system are specialized treatment

Administrative Complex	Population July 2012	Population July 2013	Projected Population July 2014	Projected Capacity July 2014	Projected Percentage of Capacity July 2014
YFC-Hickory Run.....	34	23	23	49	46.9%
YFC-Trough Creek	34	30	30	50	60.0%
Cresson	20	20	23	52	44.2%
New Castle	51	0	0	0	NA
Loysville.....	<u>217</u>	<u>218</u>	<u>219</u>	<u>271</u>	<u>80.8%</u>
Total Current Program	<u>356</u>	<u>291</u>	<u>295</u>	<u>422</u>	<u>69.9%</u>

services for sex offenders, drug and alcohol abusers, emotionally disturbed youth and those with developmental disabilities.

The Master Case Planning System guides treatment of youth within the YDCs/YFCs. This system requires comprehensive diagnosis and assessment of each youth in care, development of an individualized treatment plan, implementation strategies, periodic reviews and revisions of each plan, and identification of aftercare needs. Individual and group counseling forms the core of the treatment process.

The YDCs/YFCs emphasize programs and activities designed to promote youth competency, victim awareness, social and financial restitution, and public safety and protection. Each program provides training and education in daily living skills. Many YDCs/YFCs also provide actual job training and work experience opportunities where youth may be paid. Youth are required to use a portion of their earnings for restitution.

Education is a major component of the YDC/YFC system. Each program includes both academic and vocational curricula. Educational diagnostic testing precedes all academic placements and is used in the development of Individual Education Plans for each youth.

Program Element: Family Planning and Breast Cancer Screening

Family planning clinics provide educational, medical and social services to persons over age 16 to address contraceptive or infertility issues. Grants are provided to approximately 250 clinics across the state.

Program: Human Services (continued)

Breast cancer screening for low-income women is directed toward those at high risk of developing breast cancer. The target group is new family planning clients, women 35 years and older, and women with a family history of breast cancer.

Program Element: Legal Services

The department provides low-income individuals assistance with family, consumer, employment and other civil legal problems. The emphasis of the service delivery is to provide emergency legal services in situations that threaten the basic needs of individuals. These services do not include political activities or services in criminal matters.

Program Element: Domestic Violence and Rape Crisis

Domestic violence services are provided through a contract with a statewide coalition, which in turn subcontracts for services at the local level. The services to victims of domestic violence include crisis intervention, counseling, victim advocacy, information and referral, and temporary shelter for victims and their dependent children. Prevention and education programs are provided by local groups to lessen the risk of domestic violence in the community.

Rape crisis services also are provided through a contract with a statewide coalition, which in turn subcontracts for services at the local level. Rape crisis programs provide crisis intervention services, counseling, victim advocacy, information and referral, and accompaniment through police, medical and judicial systems. Educational programs are provided to lessen the risk of sexual assault for adults and children in the community.

Program Element: Homeless Assistance

The Homeless Assistance program operates through counties to provide temporary shelter to homeless individuals and rental assistance to those in immediate danger of becoming homeless. Shelter may be provided in large mass shelters or in hotels and motels through a voucher system.

Housing assistance can include a cash payment on behalf of an individual or family to prevent or end homelessness, or intervention to prevent homelessness where an eviction is imminent. In addition to preventing homelessness, housing assistance is available to move people out of temporary shelters into permanent housing.

Case management services are used to assure ongoing coordination with the client and to assist the client with activities needed for self-sufficient living.

Specialized residences for the mentally ill homeless are provided in a small number of counties with concentrations of these individuals. The program provides housing for an indefinite period of time, coupled with supportive services that will enable the client to move to a long-term semi-independent or independent living situation.

Program Element: Human Services Block Grant

In 2012-13, a 20 county pilot program was implemented to provide local governments with increased flexibility to address local needs. As part of this pilot program, funding for the following six programs is combined at the local level into a flexible Human Services Block Grant: community mental health services, behavioral health services, intellectual disability community base services, county child welfare special grants, homeless assistance programs and Act 152 drug and alcohol services. This program was expanded to include 10 additional counties in 2013-14. Funding will continue to be provided from the individual appropriations.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ -1,083</p>	<p>Youth Development Institutions and Forestry Camps —reduction in administrative costs.</p>	<p>\$ 1,393</p>	<p>Domestic Violence —Initiative—Expanded Services. To expand domestic violence programs and services.</p>
<p>\$ 28,437</p>	<p>County Child Welfare —for county needs-based budgets as mandated by Act 30 of 1991.</p>	<p>\$ 797</p>	<p>Rape Crisis —Initiative—Expanded Services. To expand rape crisis programs and services.</p>

All other appropriations are recommended at the current year funding levels.

Program: Human Services (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Youth Development Institutions and Forestry Camps	64,600	63,776	62,693	62,693	62,693	62,693	62,693
County Child Welfare.....	1,040,029	1,055,029	1,083,466	1,083,466	1,083,466	1,083,466	1,083,466
Domestic Violence.....	12,566	13,926	15,319	15,319	15,319	15,319	15,319
Rape Crisis.....	7,016	7,966	8,763	8,763	8,763	8,763	8,763
Breast Cancer Screening	1,623	1,623	1,623	1,623	1,623	1,623	1,623
Human Services Development Fund.....	13,460	13,460	13,460	13,460	13,460	13,460	13,460
Legal Services.....	2,461	2,461	2,461	2,461	2,461	2,461	2,461
Homeless Assistance	18,496	18,496	18,496	18,496	18,496	18,496	18,496
TOTAL GENERAL FUND	\$ 1,160,251	\$ 1,176,737	\$ 1,206,281	\$ 1,206,281	\$ 1,206,281	\$ 1,206,281	\$ 1,206,281

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, in conjunction with the Department of Education, promotes opportunities for all children and families by helping to ensure access to high-quality child and family services. The focus on effective prevention strategies and high-quality early childhood programs will help Pennsylvania mitigate the social and educational disparities of young children that influence their ability to attain economic independence and self-sufficiency as adults. In addition, research consistently shows that the economic and education benefits of quality early learning opportunities extend from participating children to their families and communities.

Keystone STARS remains one of the largest, most comprehensive, quality rating improvement systems in the nation. In 2012-13, the department launched the Rising STARS initiative, the next innovative phase in the Keystone STARS program. Pennsylvania’s Rising STARS initiative expands the reach of high-quality early child care and education in Pennsylvania for at-risk children. This

initiative is designed to increase future graduation rates of at-risk children, decrease involvement in crime and its associated costs, and prepare children for successful lives. Quality early care and education is a bedrock of educational success.

The subsidized child care program allows children of families receiving cash assistance through the Temporary Assistance for Needy Families (TANF) program, families formerly receiving TANF and low-income families to access child care while their parents are attending training or working. The subsidy program uses both state and federal funds to supplement parental co-payments and encourages families to be self-supporting and self-sufficient. Families can select subsidized child care from various facilities including licensed centers, group child care homes, registered family child care homes and relatives or neighbors. Child care information service agencies offer families a choice of child care services and provide information/counseling on how to select quality early childhood services.

The Early Intervention program, for children from birth to age three, provides services and supports to children and their families to maximize the child’s development and to decrease the need for special education. These services are provided to the child and family in their home, community setting or early childhood education setting so that children are well prepared for school and life success.

The department also provides programs that help parents improve their child-rearing skills. The Nurse Family Partnership program is designed to serve low-income, at-risk pregnant teens and young women expecting their first child. Registered nurses work with expectant mothers through the child’s second birthday to encourage healthy pregnancies and promote healthy child development. Additional home visiting services are being provided under the federal Maternal Infant and Early Childhood Home Visiting grant program.

Child Care Funding (Dollar Amounts in Thousands)	
	2014-15
Low-Income Working Families	
State Funds ¹	\$ 155,691
Federal Funds	<u>258,572</u>
Total	<u>\$ 414,263</u>
TANF Recipients / Former TANF Recipients	
State Funds ²	\$ 152,609
Federal Funds	175,814
Other Funds	<u>2,000</u>
Total	<u>\$ 330,423</u>
Grand Total	<u><u>\$ 744,686</u></u>

¹ Child Care Services appropriation.
² Child Care Assistance appropriation.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 2,987	Early Intervention
1,409	—to continue current program.
-204	—revision of federal financial participation from 53.52% to 51.82%.
_____	—Initiative—Balancing Incentive Program. Savings achieved through increased federal financial participation for balancing community-based services and supports.
\$ 4,192	Appropriation Increase
\$ 18	Child Care Services
	—to continue current program.

All other appropriations are recommended at the current year funding level.

This budget recommends the amount of \$14,992,000 in the CCDFBG - Child Care Services to provide subsidized child care services for approximately 2,895 additional children of low-income families.

This budget also recommends the Early Learning Challenge Grant - Child Care Services in the amount of \$15,221,000 in federal funds . Please see the *Healthy Pennsylvania* and Enhancing Human Services Theme in the Overview and Summaries Section for additional information.

Program: Child Development (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Early Intervention.....	\$ 126,185	\$ 127,974	\$ 132,166	\$ 132,319	\$ 132,370	\$ 132,370	\$ 132,370
Community Based Family Centers	3,258	3,258	3,258	3,258	3,258	3,258	3,258
Child Care Services.....	141,369	155,673	155,691	155,691	155,691	155,691	155,691
Child Care Assistance	156,728	152,609	152,609	152,609	152,609	152,609	152,609
Nurse Family Partnership.....	11,978	11,978	11,978	11,978	11,978	11,978	11,978
TOTAL GENERAL FUND	\$ 439,518	\$ 451,492	\$ 455,702	\$ 455,855	\$ 455,906	\$ 455,906	\$ 455,906

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Human Services Support							
Third-party liability cases referred for recovery	20,174	24,200	25,900	27,200	28,600	30,000	31,500
Total dollars recovered (in thousands)	\$164,215	\$164,700	\$176,200	\$185,000	\$194,300	\$204,000	\$214,000
Recipient appeals cases receiving final disposition	108,917	218,000	200,000	200,000	200,000	200,000	200,000
Provider appeals cases receiving final disposition	2,938	2,700	2,500	2,300	2,300	2,300	2,300
On-line applications submitted through COMPASS	829,580	882,900	928,140	968,800	1,004,050	1,038,290	1,070,770
Program: Medical Assistance							
Persons participating in Medical Assistance (monthly average)	2,123,710	2,174,610	2,258,540	2,300,510	2,346,520	2,393,450	2,441,320
Affordable Care Act - Woodwork Adults*	0	42,745	85,490	87,900	90,370	92,920	95,540
Affordable Care Act - Newly Eligible Children Formerly Eligible for CHIP*	0	0	26,060	38,480	44,290	50,120	55,980
Healthy PA - Newly Eligible Adults*	0	0	605,180	623,330	642,030	661,300	681,130
Medical Assistance recipients served (monthly average): Fee-for-service delivery - Physical Health Only	693,764	581,645	672,920	695,780	715,450	735,440	755,770
Medical Assistance recipients served (monthly average): Average Managed Care Enrollment - Physical Health	1,429,946	1,635,710	1,697,170	1,731,110	1,765,730	1,801,050	1,837,070
Medical Assistance recipients served (monthly average): Average HealthChoices Behavioral Health enrollment	1,876,581	1,897,360	1,939,290	1,978,080	2,017,640	2,057,990	2,099,150
Outpatient (Fee for Service Population Only)							
Services/visits per 1,000 enrollees:							
Physician visits	1,559	800	810	820	830	840	850
Clinic visits	550	340	370	400	430	460	500
Emergency Room visits	358	300	300	300	300	300	300
Average prescriptions filled per enrollee per month	2.80	3	3	3	3	3	3
Percentage of generic and over the counter prescriptions	85%	90%	90%	90%	90%	90%	90%
Percentage of brand name prescriptions filled	15%	10%	10%	10%	10%	10%	10%
Average cost - generic and over the counter drugs	\$13.45	\$12	\$11.75	\$11.50	\$11.25	\$11	\$10.75
Average prescription cost - brand name	\$415	\$425	\$450	\$480	\$530	\$550	\$580
Inpatient (Fee for Service Population Only)							
Admissions per 1,000 enrollees:							
General Hospital	115	110	100	90	90	80	80
Rehabilitation Hospital	1	1	1	1	1	1	1
Private psychiatric hospital	4	3	3	3	3	3	3
Capitation							
Percentage of children from birth to 15 months visiting a physician 6 or more times in the past year	64.40%	65%	65.50%	66%	66.50%	67%	67.50%

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Percentage of children age 12 to 24 months visiting a doctor or nurse in the past year	96.70%	97%	97.50%	98%	98.50%	99%	99.50%
Percentage of children 25 months to 6 years visiting a doctor or nurse in the past year	87.70%	88%	88.50%	89%	89.50%	90%	90.50%
Percentage of pregnant women who received over 80% of the recommended prenatal visits	71%	71.50%	72%	72.50%	73%	73.50%	74%
Transportation Program							
One-way trips (in thousands)	8,590	9,150	9,760	9,760	9,760	9,760	9,760
Cost per trip	\$13.51	\$13.55	\$13.80	\$13.80	\$13.80	\$13.80	\$13.80
Medical Care for Workers with Disabilities							
Recipients enrolled in program (monthly average)	29,897	30,820	18,380	0	0	0	0
* New Program Measure							
Fee-for-service delivery - Physical Health Only decrease in 2013-14 to reflect HealthChoices expansion.							
Program: Long Term Living							
Long-Term Care							
Recipients under age 60 receiving institutional care (monthly average)	4,879	4,930	4,980	5,030	5,090	5,140	5,190
Recipients over age 60 receiving institutional care (monthly average)	51,463	52,000	52,540	53,090	53,640	54,200	54,770
Percentage of long term care recipients receiving institutional care (monthly average)	57%	55%	54%	52%	51%	50%	48%
Average monthly cost of nursing home care	\$4,791	\$4,843	\$4,840	\$4,840	\$4,840	\$4,840	\$4,840
Recipients over age 60 receiving home and community-based waiver services (monthly average)	21,229	23,160	24,920	26,410	28,090	29,760	31,440
Average monthly cost of home and community-based waiver services (age 60 age over)	\$1,973	\$2,130	\$2,170	\$2,170	\$2,170	\$2,170	\$2,170
Percentage of long term care recipients receiving services in the community (monthly average)	43%	45%	46%	48%	49%	50%	52%
Recipients receiving services through the LIFE program (monthly average)	3,664	4,100	4,820	5,340	5,860	6,380	6,900
Other Long-Term Living Services							
Recipients under age 60 receiving attendant care services (Waiver and Act 150) (monthly average)	8,008	8,570	8,810	9,040	9,280	9,520	9,750
Persons with developmental disabilities served in the community (monthly average)	8,843	10,200	11,300	12,390	13,490	14,590	15,680
Program: Income Maintenance							
Persons receiving cash assistance (monthly average)	180,235	166,730	166,450	167,000	167,000	167,000	167,000

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Persons receiving State Supplemental Grants (monthly average)	385,330	392,630	397,150	403,110	409,150	415,290	421,520
Households receiving energy cash payments	391,462	292,250	292,250	292,250	292,250	292,250	292,250
Households receiving energy crisis payments	120,869	137,140	137,150	137,150	137,150	137,150	137,150
TANF recipients enrolled in RESET employment and training program (monthly average)	19,778	22,040	22,040	22,040	22,040	22,040	22,040
TANF recipients obtaining employment	51,700	60,000	60,000	60,000	60,000	60,000	60,000
Child support orders established	376,424	376,000	376,000	378,000	378,000	378,000	378,000
Child support collected (in millions)	\$1,347	\$1,350	\$1,350	\$1,400	\$1,400	\$1,400	\$1,400
Program: Mental Health							
Community Mental Health Services							
Total persons provided mental health services	720,079	731,540	750,400	759,810	770,130	780,650	791,390
Persons receiving mental health inpatient and outpatient services from non-Medical Assistance funding (unduplicated)	216,773	216,820	216,860	216,860	216,860	216,860	216,860
Persons receiving services through Medical Assistance expenditures (fee for service and HealthChoices) (unduplicated)	476,206	487,620	506,440	515,850	526,170	536,690	547,420
Persons receiving services through BHSI funds (unduplicated)	27,100	27,100	27,100	27,100	27,100	27,100	27,100
Average cost per person served	\$2,322	\$2,325	\$2,325	\$2,325	\$2,325	\$2,325	\$2,325
Substance Abuse Services							
Total persons receiving DPW administered substance abuse services	159,980	162,290	166,110	168,020	170,110	172,240	174,420
Persons receiving services through Medical Assistance expenditures (fee-for-service and HealthChoices) (unduplicated)	96,560	98,870	102,690	104,600	106,690	108,820	111,000
Non-hospital detoxification and rehabilitation clients	25,320	25,320	25,320	25,320	25,320	25,320	25,320
Persons receiving services through BHSI funds (unduplicated)	38,100	38,100	38,100	38,100	38,100	38,100	38,100
Average cost per person served	\$2,795	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800
State Mental Hospitals							
Total persons served in State Mental Hospitals	2,398	2,350	2,310	2,310	2,310	2,310	2,310
Total admissions to State Mental Hospitals	912	870	820	820	820	820	820
Cost per person in State Mental Hospital population	\$144,072	\$160,720	\$172,770	\$172,770	\$172,770	\$172,770	\$172,770
Forensic admissions to State Mental Hospitals	416	420	420	420	420	420	420
Percentage of adults readmitted to State Mental Hospitals within one year of last discharge	9%	9%	9%	9%	9%	9%	9%
Percentage of persons in State Mental Hospitals with stay longer than two years	40%	40%	40%	40%	40%	40%	40%

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Intellectual Disabilities							
Persons receiving Autism services during fiscal year	447	540	600	650	650	650	650
Persons receiving Intellectual Disability services during fiscal year	53,613	54,690	55,790	55,790	55,790	55,790	55,790
Persons receiving residential services (during fiscal year):							
Private intermediate care facilities for persons with intellectual disabilities	2,326	2,320	2,320	2,320	2,320	2,320	2,320
State Centers	1,112	1,060	970	880	840	800	760
Persons receiving Intellectual Disability services during fiscal year: Home and Community Services	50,827	51,970	53,120	53,120	53,120	53,120	53,120
Unduplicated persons receiving Consolidated Waiver services during fiscal year: Home and Community Services	16,757	17,590	18,070	18,070	18,070	18,070	18,070
Unduplicated persons receiving Person/Family Directed Supports Waiver services during fiscal year: Home and Community Services	11,861	12,600	13,300	13,300	13,300	13,300	13,300
Average cost of individuals served in the community:							
Consolidated Waiver Services	\$104,578	\$104,970	\$108,720	\$108,720	\$108,720	\$108,720	\$108,720
Person/Family Directed Supports Waiver Services	\$16,639	\$18,110	\$20,090	\$20,090	\$20,090	\$20,090	\$20,090
Autism Services	\$42,051	\$40,540	\$50,090	\$50,090	\$50,090	\$50,090	\$50,090
Program: Human Services							
Youth Development Centers							
Youth served	817	750	750	750	750	750	750
Occupancy rates	71%	70%	70%	70%	70%	70%	70%
Youth in work experience	502	450	400	400	400	400	400
Family Support Services							
Unduplicated annual number of children receiving child welfare services at home	171,416	176,530	179,180	181,870	184,600	187,320	190,130
Out of home placements in:							
Community residential programs	20,010	22,000	21,560	21,130	20,710	20,290	19,880
Group Homes: Community residential programs	3,232	3,270	3,210	3,140	3,080	3,020	2,960
Foster Care: Community residential programs	16,248	16,930	16,590	16,260	15,940	15,610	15,300
Other: Community residential programs	530	1,790	1,760	1,720	1,690	1,650	1,620
In-state institutional care programs (annual unduplicated recipients)	2,774	3,200	3,200	3,170	3,140	3,110	3,080
Children in out of state programs	235	290	280	270	260	260	250
Percentage of children reunited with parents or primary caregiver within twelve months of placement	51.10%	50%	50.50%	51%	51.50%	52%	52.50%
Percentage of children not returning to care within 12 months of discharge to parents or primary caregivers	71.20%	71.50%	71.50%	71.50%	71.50%	71.50%	71.50%
Finalized Adoptions	1,880	1,570	1,250	1,250	1,250	1,250	1,250
Children reaching permanency outside of adoption	7,887	6,970	6,050	6,050	6,050	6,050	6,050

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Investigations of reported child abuse	25,754	28,250	30,740	33,240	35,730	35,730	35,730
Percentage of child abuse investigations substantiated	13.10%	15%	15%	15%	15%	15%	15%
Homeless Assistance							
Total persons receiving homeless services	71,602	71,500	71,500	71,500	71,500	71,500	71,500
Human Services							
Domestic violence victims served	43,286	47,180	51,890	51,890	51,890	51,890	51,890
Rape crisis/sexual assault persons served	21,941	24,140	26,550	26,550	26,550	26,550	26,550
Breast cancer screening clients	114,455	114,460	114,460	114,460	114,460	114,460	114,460
Legal service clients	20,325	20,330	20,330	20,330	20,330	20,330	20,330
Program: Child Development							
Child Development							
Children enrolled in Keystone STARS facilities	164,677	165,000	270,780	281,090	336,580	341,750	345,310
Number of Keystone STARS facilities	3,905	4,000	8,580	10,120	16,900	24,690	24,690
Percentage of child care centers participating in Keystone STARS	64%	70%	100%	100%	100%	100%	100%
Children participating in subsidized child care (unduplicated)	207,571	206,150	210,710	210,710	210,710	210,710	210,710
Children participating in subsidized child care (monthly average):							
Welfare/TANF Families	26,088	24,540	24,540	24,540	24,540	24,540	24,540
Former TANF Families	30,966	30,610	30,610	30,610	30,610	30,610	30,610
Low-income working families	59,580	61,520	64,500	64,500	64,500	64,500	64,500
Percentage of children participating in subsidized child care enrolled in a department regulated setting:							
TANF Families	85%	85%	85%	85%	85%	85%	85%
Former TANF Families	80%	80%	80%	80%	80%	80%	80%
Low-income working families	85%	85%	85%	85%	85%	85%	85%
Early Intervention							
Children participating in Early Intervention (EI) services	37,058	37,800	37,800	37,800	37,800	37,800	37,800
Children who met their individual goals and no longer needed EI services prior to their third birthday	5,104	5,200	5,200	5,200	5,200	5,200	5,200
Children who met their individual goals at their third birthday and no longer needed EI services	784	800	800	800	800	800	800
Percentage of EI children served in typical early childhood educational settings (e.g. home, child care, Head Start)	99%	99%	99%	99%	99%	99%	99%

Children enrolled in Keystone STARS facilities reflects impact of Early Learning Challenge Grant.

Number of Keystone STARS facilities reflects impact of Early Learning Challenge Grant.

Percentage of child care centers participating in Keystone STARS reflects impact of Early Learning Challenge Grant.

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DEPARTMENT OF REVENUE

The mission of the Department of Revenue is to fairly, efficiently and accurately administer the tax laws and other revenue programs of the commonwealth to fund necessary government services.

The department 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.

Programs and Objectives

Revenue Collection and Administration: *To assure the availability of resources for the commonwealth's programs through the equitable and efficient administration of Pennsylvania's revenue system.*

Community Development and Preservation: *To equitably distribute the Public Utility Realty Tax to all reporting local taxing authorities.*

Homeowners and Renters Assistance: *To increase economic stability by assisting eligible Pennsylvania citizens to maintain their homes.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 121,738	\$ 124,989	\$ 128,193
(A)Cigarette Fines and Penalties.....	37	33	37
(A)Cigarette Tax Enforcement.....	0	450	450
(A)Services to Special Funds.....	10,535	10,535	11,498
(A)EDP and Staff Support.....	7,109	6,578	6,337
(A)Tax Information.....	773	825	775
(A)Private Letter Valuation Charges.....	0	1	0
(A)Local Sales Tax.....	3,915	3,972	3,972
(A)Small Games of Chance.....	184	205	205
(A)Reimbursed Costs from Other Agencies.....	1,332	1,750	1,350
(A)BTFT - Fines and Penalties.....	177	100	177
(A)RTT Local Collection.....	154	280	154
(A)Sales of Automobiles and Other Vehicles.....	2	0	0
(A)Sale of Equipment.....	0	10	0
(A)Enhanced Revenue Collections.....	8,700	15,000	15,000
(A)Prepaid Wireless E-911.....	73	67	10
Commissions - Inheritance & Realty Transfer Taxes (EA).....	6,656	6,834	8,475
Technology and Process Modernization.....	20,450	11,000	9,000
Subtotal - State Funds.....	\$ 148,844	\$ 142,823	\$ 145,668
Subtotal - Augmentations.....	32,991	39,806	39,965
Total - General Government.....	<u>\$ 181,835</u>	<u>\$ 182,629</u>	<u>\$ 185,633</u>
<i>Grants and Subsidies:</i>			
Distribution of Public Utility Realty Tax.....	\$ 30,972	\$ 32,521	\$ 31,366
Transfer to City of Philadelphia (EA).....	0	45,000	0
Total - Grants and Subsidies.....	<u>\$ 30,972</u>	<u>\$ 77,521</u>	<u>\$ 31,366</u>
STATE FUNDS.....	\$ 179,816	\$ 220,344	\$ 177,034
AUGMENTATIONS.....	32,991	39,806	39,965
GENERAL FUND TOTAL.....	<u>\$ 212,807</u>	<u>\$ 260,150</u>	<u>\$ 216,999</u>
MOTOR LICENSE FUND:			
<i>General Government:</i>			
Collections - Liquid Fuels Tax.....	\$ 16,068	\$ 17,128	\$ 17,645
(F)Federal Fuel Tax Evasion Project (EA).....	120	135	0
Subtotal - State Funds.....	\$ 16,068	\$ 17,128	\$ 17,645
Subtotal - Federal Funds.....	120	135	0
Total - General Government.....	<u>\$ 16,188</u>	<u>\$ 17,263</u>	<u>\$ 17,645</u>
<i>Refunds:</i>			
Refunding Liquid Fuels Tax (EA).....	\$ 11,000	\$ 12,500	\$ 16,000
STATE FUNDS.....	\$ 27,068	\$ 29,628	\$ 33,645
FEDERAL FUNDS.....	120	135	0
MOTOR LICENSE FUND TOTAL.....	<u>\$ 27,188</u>	<u>\$ 29,763</u>	<u>\$ 33,645</u>
LOTTERY FUND:			
<i>General Government:</i>			
General Operations (EA).....	\$ 39,897	\$ 45,660	\$ 44,688
(A)License Fees.....	149	151	157
(A)Annuity Assignment Fees.....	16	17	16
(A)Sale of Automobiles.....	15	0	0
Lottery Advertising (EA).....	37,000	37,000	37,000

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
Property Tax Rent Rebate - General Operations (EA)	13,847	13,833	13,833
On-Line Vendor Commissions (EA)	37,973	37,099	42,684
Instant Vendor Commissions (EA)	24,900	27,353	28,121
Payment of Prize Money (EA)	414,739	426,974	483,759
Subtotal - State Funds.....	\$ 568,356	\$ 587,919	\$ 650,085
Subtotal - Augmentations.....	180	168	173
Total - General Government.....	<u>\$ 568,536</u>	<u>\$ 588,087</u>	<u>\$ 650,258</u>
Grants and Subsidies:			
Property Tax & Rent Assistance for Older Pennsylvanians (EA).....	\$ 286,100	\$ 292,400 ^a	\$ 280,600
STATE FUNDS.....	\$ 854,456	\$ 880,319	\$ 930,685
AUGMENTATIONS.....	180	168	173
LOTTERY FUND TOTAL	<u>\$ 854,636</u>	<u>\$ 880,487</u>	<u>\$ 930,858</u>
RACING FUND:			
General Government:			
Collections - State Racing (EA).....	\$ 0	\$ 237	\$ 237
OTHER FUNDS:			
GENERAL FUND:			
Host Municipality Tavern Games Local Share Account.....	\$ 0	\$ 408	\$ 8,501
PROPERTY TAX RELIEF FUND:			
Transfer to the State Lottery Fund.....	\$ 0 ^b	\$ 0 ^b	\$ 0 ^b
STATE GAMING FUND:			
(R)General Operations.....	\$ 9,501	\$ 9,513	\$ 9,513
Transfer to Compulsive/Problem Gambling Treatment Fund (EA).....	0 ^c	0 ^c	0 ^c
Transfer to the Property Tax Relief Fund (EA).....	0 ^d	0 ^d	0 ^d
STATE GAMING FUND TOTAL	<u>\$ 9,501</u>	<u>\$ 9,513</u>	<u>\$ 9,513</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 179,816	\$ 220,344	\$ 177,034
SPECIAL FUNDS.....	881,524	910,184	964,567
FEDERAL FUNDS.....	120	135	0
AUGMENTATIONS.....	33,171	39,974	40,138
OTHER FUNDS.....	9,501	9,921	18,014
TOTAL ALL FUNDS	<u>\$ 1,104,132</u>	<u>\$ 1,180,558</u>	<u>\$ 1,199,753</u>

^a Includes \$10,000,000 in budgetary reserve.

^b Not added to the total to avoid double counting with the program expenditures from the Lottery Fund: 2012-13 Actual is \$166,800,000, 2013-14 Available is \$166,500,000, and 2014-15 Budget is \$160,200,000.

^c 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 Drug and Alcohol Programs: 2012-13 Actual is \$7,930,000, 2013-14 Available is \$8,242,000, and 2014-15 Budget is \$7,900,000.

^d 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: 2012-13 Actual is \$615,600,000, 2013-14 Available is \$611,600,000, and 2014-15 Budget is \$611,600,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
REVENUE COLLECTION AND ADMINISTRATION							
GENERAL FUND.....	\$ 148,844	\$ 187,823	\$ 145,668	\$ 145,668	\$ 136,668	\$ 136,668	\$ 136,668
SPECIAL FUNDS.....	595,424	617,784	683,967	779,040	868,018	957,947	1,047,617
FEDERAL FUNDS.....	120	135	0	0	0	0	0
OTHER FUNDS.....	42,672	49,895	58,152	66,352	66,352	66,352	66,352
SUBCATEGORY TOTAL.....	\$ 787,060	\$ 855,637	\$ 887,787	\$ 991,060	\$ 1,071,038	\$ 1,160,967	\$ 1,250,637
COMMUNITY DEVELOPMENT AND PRESERVATION							
GENERAL FUND.....	\$ 30,972	\$ 32,521	\$ 31,366	\$ 31,366	\$ 31,366	\$ 31,366	\$ 31,366
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.....	\$ 30,972	\$ 32,521	\$ 31,366	\$ 31,366	\$ 31,366	\$ 31,366	\$ 31,366
HOMEOWNERS AND RENTERS ASSISTANCE							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	286,100	292,400	280,600	285,900	285,800	285,600	285,500
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 286,100	\$ 292,400	\$ 280,600	\$ 285,900	\$ 285,800	\$ 285,600	\$ 285,500
ALL PROGRAMS:							
GENERAL FUND.....	\$ 179,816	\$ 220,344	\$ 177,034	\$ 177,034	\$ 168,034	\$ 168,034	\$ 168,034
SPECIAL FUNDS.....	881,524	910,184	964,567	1,064,940	1,153,818	1,243,547	1,333,117
FEDERAL FUNDS.....	120	135	0	0	0	0	0
OTHER FUNDS.....	42,672	49,895	58,152	66,352	66,352	66,352	66,352
DEPARTMENT TOTAL.....	\$ 1,104,132	\$ 1,180,558	\$ 1,199,753	\$ 1,308,326	\$ 1,388,204	\$ 1,477,933	\$ 1,567,503

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 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 electronic systems for filing and payment of personal income tax. Revenue collection efforts are being enhanced to improve violation enforcement and improve business practices. To ensure fairness in tax administration, the department audits and verifies tax returns to detect fraud and non-filers. In addition, there is an extensive delinquent tax collection effort that involves automation as well as traditional tax collection methods.

This program is responsible for the administration of the State Lottery. Through a network of private retailers, the commonwealth sells lottery tickets, the proceeds of which support programs for older Pennsylvanians.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND General Government Operations —to continue current program.</p> <p>\$ 3,204</p> <p>Commissions - Inheritance & Realty Transfer Taxes (EA) —based on current revenue estimates.</p> <p>\$ 1,641</p> <p>Technology and Process Modernization —decrease in current project costs.</p> <p>\$ -2,000</p> <p>Transfer to City of Philadelphia —nonrecurring transfer.</p> <p>\$ -45,000</p> <p>MOTOR LICENSE FUND Collections - Liquid Fuels Tax —to continue current program.</p> <p>\$ 517</p> <p>Refunding Liquid Fuels Tax (EA) —based on current estimates.</p> <p>\$ 3,500</p>	<p>LOTTERY FUND General Operations (EA) —reduction in administrative costs.</p> <p>\$ -972</p> <p>On-Line Vendor Commissions (EA) —based on the latest projection of program requirements.</p> <p>\$ 5,585</p> <p>Instant Vendor Commissions (EA) —based on the latest projection of program requirements.</p> <p>\$ 768</p> <p>Payment of Prize Money (EA) —based on the latest projection of program requirements.</p> <p>\$ 56,785</p>	<p>All other appropriations are recommended at the current funding levels.</p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 121,738	\$ 124,989	\$ 128,193	\$ 128,193	\$ 128,193	\$ 128,193	\$ 128,193
Commissions - Inheritance & Realty							
Transfer Taxes (EA).....	6,656	6,834	8,475	8,475	8,475	8,475	8,475
Technology and Process Modernization....	20,450	11,000	9,000	9,000	0	0	0
Transfer to City of Philadelphia	0	45,000	0	0	0	0	0
TOTAL GENERAL FUND	\$ 148,844	\$ 187,823	\$ 145,668	\$ 145,668	\$ 136,668	\$ 136,668	\$ 136,668

Program: Revenue Collection and Administration (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
MOTOR LICENSE FUND:							
Collections - Liquid Fuels Tax.....	\$ 16,068	\$ 17,128	\$ 17,645	\$ 15,795	\$ 15,795	\$ 15,795	\$ 15,795
Refunding Liquid Fuels Tax (EA).....	11,000	12,500	16,000	16,000	16,000	16,000	16,000
TOTAL MOTOR LICENSE FUND.....	<u>\$ 27,068</u>	<u>\$ 29,628</u>	<u>\$ 33,645</u>	<u>\$ 31,795</u>	<u>\$ 31,795</u>	<u>\$ 31,795</u>	<u>\$ 31,795</u>
LOTTERY FUND:							
General Operations (EA).....	\$ 39,897	\$ 45,660	\$ 44,688	\$ 44,688	\$ 44,688	\$ 44,688	\$ 44,688
Lottery Advertising (EA).....	37,000	37,000	37,000	37,000	37,000	37,000	37,000
Property Tax Rent Rebate - General Operations (EA).....	13,847	13,833	13,833	13,833	13,833	13,833	13,833
On-Line Vendor Commissions (EA).....	37,973	37,099	42,684	51,075	58,973	66,457	73,771
Instant Vendor Commissions (EA).....	24,900	27,353	28,121	28,822	28,366	28,596	28,843
Payment of Prize Money (EA).....	414,739	426,974	483,759	571,590	653,126	735,341	817,450
TOTAL LOTTERY FUND.....	<u>\$ 568,356</u>	<u>\$ 587,919</u>	<u>\$ 650,085</u>	<u>\$ 747,008</u>	<u>\$ 835,986</u>	<u>\$ 925,915</u>	<u>\$ 1,015,585</u>
RACING FUND:							
Collections - State Racing (EA).....	\$ 0	\$ 237	\$ 237	\$ 237	\$ 237	\$ 237	\$ 237

PROGRAM OBJECTIVE: To equitably distribute the Public Utility Realty Tax to all reporting local taxing authorities.

Program: Community Development and Preservation

A 1968 amendment to the state constitution exempted public utilities from locally administered property taxes and authorized the collection of a similar statewide tax known as the Public Utility Realty Tax. The proceeds of the tax are distributed to each local taxing authority thereby providing local revenue while ensuring fair treatment for utilities. Act 4 of 1999 revised the definition of public utility property and specifically removed, after December 31, 1999, electricity generation facilities from the definition.

This was done in conjunction with electric deregulation, which opened market competition and changed 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 Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -1,155 **Distribution of Public Utility Realty Tax**
—reflects normal fluctuations in tax assessments.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Distribution of Public Utility Realty Tax	\$ 30,972	\$ 32,521	\$ 31,366	\$ 31,366	\$ 31,366	\$ 31,366	\$ 31,366

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. Act 1 of Special Session No. 1 of 2006 expanded the Property Tax and 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.

In 2012-13, the average tax assistance payment was \$443.34, and the average rent rebate was \$537.19.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Property Tax & Rent Assistance for Older Pennsylvanians (EA)
 —based on current estimates for participation.
 \$ -11,800

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
LOTTERY FUND:							
Property Tax & Rent Assistance for Older Pennsylvanians (EA).....	\$ 286,100	\$ 292,400	\$ 280,600	\$ 285,900	\$ 285,800	\$ 285,600	\$ 285,500

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Revenue Collection and Administration							
Active accounts by tax type							
Corporation**	721,512	700,000	700,000	700,000	700,000	700,000	700,000
Sales and Use	344,719	350,500	354,500	358,750	363,000	367,350	371,000
Employer	373,530	376,850	382,000	386,900	392,000	397,100	401,000
Personal Income Tax	6,269,247	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000	6,300,000
Liquid Fuels	876	900	900	925	950	975	975
Motor Carrier - IFTA	12,251	13,000	13,000	13,250	13,250	13,500	13,575
Motor Carrier - Pennsylvania only	12,144	12,500	12,500	12,750	12,750	13,000	13,250
Electronic Filings							
Percentage of corporation tax returns filed electronically	45%	60%	60%	60%	60%	60%	60%
Percentage of sales and use tax returns filed electronically	99%	99.10%	99.20%	99.30%	99.40%	99.40%	99.50%
Percentage of employer tax returns filed electronically	99%	99%	99.10%	99.20%	99.30%	99.30%	99.40%
Percentage of personal income tax returns filed electronically	79%	79%	80%	80%	81%	81%	82%
Percentage of motor fuels tax returns filed electronically	25%	40%	50%	100%	100%	100%	100%
Delinquent Collections							
Collections from delinquent accounts (in millions)	\$711	\$650	\$650	\$650	\$650	\$650	\$650
Delinquent taxes collected per dollar spent	\$11.13	\$11	\$11	\$11	\$11	\$11	\$11
Enhanced Revenue Collections Account collections (in millions)	\$158	\$196	\$196	\$196	\$196	\$196	\$196
Enhanced Revenue Collection Account collections per dollar spent	\$18.12	\$13.07	\$13.07	\$13.07	\$13.07	\$13.07	\$13.07
Taxpayer Services Provided							
Appeals filed with the Board of Appeals (all tax types)	26,389	26,500	26,500	26,500	26,500	26,500	26,500
Average time to close Board of Appeals cases (in days)	70	88	88	88	88	88	88
Taxpayer Service and Information Center calls answered	401,739	410,000	400,000	400,000	400,000	400,000	400,000
Average call wait time for TS&IC (in minutes)	5.33	6.30	8	8	8	8	8
Cases opened by the Taxpayer Rights Advocate (TRA)	934	1,000	1,100	1,200	1,300	1,400	1,500
Average time to close TRA cases (in days)	30	30	30	30	30	30	30
Operating Efficiency							
Percentage of administrative and IT personnel to total personnel (all funds)	14.13%	14.13%	14.13%	14.13%	14.13%	14.13%	14.13%

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Lottery Operations							
Lottery operating costs as a percentage of ticket sales (includes advertising and commissions)*	3.78%	3.84%	3.79%	3.72%	3.67%	3.62%	3.57%
Lottery operating costs as a percentage of ticket sales (includes cost of lottery administration only)*	1.08%	1.19%	1.13%	1.11%	1.10%	1.09%	1.08%

* New Program Measure

**Due to a system change, the definition of an active account was redefined in 2012-13.

Program: Community Development and Preservation

Taxing authorities receiving funds	3,052	3,052	3,052	3,052	3,052	3,052	3,052
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Program: Homeowners and Renters Assistance

Households provided property tax or rent assistance	598,075	592,000	587,000	582,000	578,000	573,000	569,000
Households applying by June 30	565,087	565,000	564,000	562,000	562,000	562,000	562,000
Rebates mailed by July 31	504,769	500,000	500,000	500,000	500,000	500,000	500,000

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DEPARTMENT OF STATE

The mission of the Department of State is to promote the integrity of the electoral process; to provide the initial infrastructure for economic development through corporate organizations and transactions; and to protect the health, safety and welfare of the public. The department will encourage the highest standards of ethics and competence in the areas of elections, campaign finance, notarization, professional and occupational licensure, charitable solicitation and professional boxing and wrestling. Through the implementation of the latest technology, the department will provide exceptional public service and will remain a leader in all regulatory and enforcement policies and practices aimed at protecting every resident of the commonwealth.

The Department of State is administered by the Secretary of the Commonwealth and includes the Bureau of Corporations and Charitable Organizations, the Bureau of Commissions, Elections and Legislation, the State Athletic Commission, the Bureau of Enforcement and Investigation and the Bureau of Professional and Occupational Affairs, which provides support to 29 professional and occupational licensing boards.

Programs and Objectives

Consumer Protection: *To protect the consumer from fraudulent solicitation and unqualified professional and occupational practitioners and establishments.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 3,369	\$ 3,502	\$ 3,657
(F)Federal Election Reform.....	34,809	29,265	16,570
(A)Departmental Services.....	0 ^a	0 ^a	0 ^a
(R)Professional and Occupational Affairs.....	33,770 ^b	38,858 ^b	39,207 ^b
(R)State Board of Medicine.....	6,948 ^b	7,330 ^b	7,559 ^b
(R)State Board of Osteopathic Medicine.....	1,006 ^b	1,323 ^b	1,250 ^b
(R)State Board of Podiatry.....	198 ^b	209 ^b	225 ^b
(R)State Athletic Commission.....	509 ^b	509 ^b	536 ^b
(R)Bureau of Corporations and Charitable Organizations (EA).....	6,500 ^c	5,533 ^c	5,781 ^c
Subtotal.....	<u>\$ 87,109</u>	<u>\$ 86,529</u>	<u>\$ 74,785</u>
Statewide Uniform Registry of Electors.....	4,257	4,257	4,045
Voter Registration and Education.....	451	2,506	455
(F)Elections Assistance - Grants to Counties.....	1,808	1,589	990
Subtotal.....	<u>\$ 2,259</u>	<u>\$ 4,095</u>	<u>\$ 1,445</u>
Lobbying Disclosure.....	562	492	295
Publishing Constitutional Amendments (EA).....	0	0	5,341
Electoral College.....	10	0	0
Subtotal - State Funds.....	\$ 8,649	\$ 10,757	\$ 13,793
Subtotal - Federal Funds.....	36,617	30,854	17,560
Subtotal - Restricted Revenues.....	48,931	53,762	54,558
Total - General Government.....	<u>\$ 94,197</u>	<u>\$ 95,373</u>	<u>\$ 85,911</u>
<i>Grants and Subsidies:</i>			
Voting of Citizens in Military Service.....	\$ 60	\$ 20	\$ 20
County Election Expenses (EA).....	400	375	400
Total - Grants and Subsidies.....	<u>\$ 460</u>	<u>\$ 395</u>	<u>\$ 420</u>
STATE FUNDS.....	\$ 9,109	\$ 11,152	\$ 14,213
FEDERAL FUNDS.....	36,617	30,854	17,560
RESTRICTED REVENUES.....	48,931	53,762	54,558
GENERAL FUND TOTAL.....	<u>\$ 94,657</u>	<u>\$ 95,768</u>	<u>\$ 86,331</u>
OTHER FUNDS:			
GENERAL FUND:			
Lobbying Disclosure (R).....	\$ 300	\$ 300	\$ 500
REAL ESTATE RECOVERY FUND:			
Real Estate Recovery Payments (EA).....	\$ 253	\$ 150	\$ 150

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 9,109	\$ 11,152	\$ 14,213
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	36,617	30,854	17,560
RESTRICTED.....	48,931	53,762	54,558
OTHER FUNDS.....	553	450	650
TOTAL ALL FUNDS.....	\$ 95,210	\$ 96,218	\$ 86,981

^a Not added to the total to avoid double counting: 2012-13 Actual is \$4,626,000, 2013-14 Available is \$5,002,000 and 2014-15 Budget is \$4,958,000.

^b Appropriated from a restricted revenue account.

^c Executive Authorization from a restricted revenue account.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
CONSUMER PROTECTION							
GENERAL FUND.....	\$ 9,109	\$ 11,152	\$ 14,213	\$ 8,872	\$ 8,902	\$ 8,872	\$ 8,872
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	36,617	30,854	17,560	17,560	17,560	17,560	17,560
OTHER FUNDS.....	49,484	54,212	55,208	55,208	55,208	55,208	55,208
SUBCATEGORY TOTAL.....	\$ 95,210	\$ 96,218	\$ 86,981	\$ 81,640	\$ 81,670	\$ 81,640	\$ 81,640
ALL PROGRAMS:							
GENERAL FUND.....	\$ 9,109	\$ 11,152	\$ 14,213	\$ 8,872	\$ 8,902	\$ 8,872	\$ 8,872
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	36,617	30,854	17,560	17,560	17,560	17,560	17,560
OTHER FUNDS.....	49,484	54,212	55,208	55,208	55,208	55,208	55,208
DEPARTMENT TOTAL.....	\$ 95,210	\$ 96,218	\$ 86,981	\$ 81,640	\$ 81,670	\$ 81,640	\$ 81,640

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 programs within the Consumer Protection program.

Program Element: Protection of the Electoral Process

This program ensures the 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. As required by the Election Code, committees file campaign expense reports, and the public is provided the opportunity to review the reports. The department tabulates, publishes and disseminates statistics for both voter registration and all elections; it also serves as the repository of the maps and descriptions of the commonwealth's approximately 9,250 election precincts.

Act 61 of 2001 amended the Pennsylvania Voter Registration Act and requires the department to develop and maintain an integrated voter registration database containing all electors in the commonwealth. The act also created an advisory board to establish the requirements of the Statewide Uniform Registry of Electors system.

Other program functions 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, the department maintains a record of all legislation passed by the general assembly by docketing the bills and assigning act numbers.

Act 134 of 2006, the Lobbying Disclosure Act, assigned 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 by Professional Licensing

This program ensures that acceptable professional and technical services are provided to the commonwealth's residents. To accomplish this, 29 boards of the Bureau of Professional and Occupational Affairs utilize licensing, enforcement and administrative authority to regulate and service the various professions. The department investigates complaints against licensees for legal or ethical violations that may result in disciplinary action by the boards.

Mechanisms used in controlling the quality of practitioners include regulating education; experience and degree of technical expertise demonstrated through applications; and subsequent written examination and/or demonstrated practical ability. Requirements for continuing education also serve as a means of meeting the constantly changing developments in the various professions and occupations.

Act 124 of 1978 created the Professional Licensure Augmentation Account enabling this program to be funded from fees and fines collected by the Bureau of Professional and Occupational Affairs. Thus, the bureau operates entirely out of restricted funds, considered for budgetary purposes as Other Funds.

Act 13 of 2002, the Medical Care Availability and Reduction of Error Act, further provided 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 encompasses the activities of the Bureau of Corporations and Charitable Organizations and the State Athletic Commission.

The Bureau of Corporations and Charitable Organizations is responsible for both profit and nonprofit business incorporation filings, submission of Uniform Commercial Code (UCC) filings and registration of charitable organizations, professional fundraisers and solicitors, as well as regulation of the actual solicitation and distribution of collected funds. As of June 30, 2013 the following entities were registered with the bureau:

Registrations	
Corporate	2.6 million
Charities	12,000
Professional fundraisers	450

The following filings and registrations are processed annually:

Average Annual Registrations and Filings	
Corporate filings	113,000
Charity registrations	11,700
Professional fundraiser registrations	625
Professional fundraiser contract filings	3,000
UCC filings	126,000

Program: Consumer Protection (continued)

The primary goals of the Bureau of Corporations and Charitable Organizations are to make the registration process as efficient as possible, enhance public access, promote transparency and disclosure by charities, educate consumers and aggressively pursue fraudulent solicitation activities.

The State Athletic Commission monitors and regulates all professional and amateur boxing, kickboxing and mixed

marial arts events, professional wrestling contests and the licensing of all persons who participate in these events. The individual license categories include announcer, agent, boxer, judge, manager, matchmaker, physician, promoter (including those promoting professional wrestling), referee, second, timekeeper and trainer.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND	
General Government Operations	
\$ 155	—to continue current program.
Statewide Uniform Registry of Electors	
\$ -212	—reduction in administrative costs.
Voter Registration and Education	
\$ -2,051	—nonrecurring project.
Lobbying Disclosure	
\$ -197	—based on projected fee increase.
Publishing Constitutional Amendments (EA)	
\$ 5,341	—Initiative—Publishing Constitutional Amendments. To advertise and publish three proposed Constitutional Amendments.
County Election Expenses (EA)	
\$ 25	—to continue current program.

In addition to the recommended budget, \$2,043,000 in federal funds will be used to support the Statewide Uniform Registry of Electors and Voter Registration and Education appropriations.

This budget also recommends the following changes in appropriations and executive authorizations from restricted accounts:

Professional and Occupational Affairs	\$ 349	—to continue current program.
State Board of Medicine	\$ 229	—to continue current program.
State Board of Osteopathic Medicine	\$ -73	—reduction in administrative costs.
State Board of Podiatry	\$ 16	—to continue current program.
State Athletic Commission	\$ 27	—to continue current program.
Bureau of Corporations and Charitable Organizations (EA)	\$ 248	—to continue current program.

The Electoral College and Voting of Citizens in Military Service appropriations are recommended at the current year funding levels.

This budget includes \$500,000 in augmentations to support Lobbying Disclosure. This augmentation is provided through a biennial fee, which is proposed to be increased from \$200 to \$400 effective January 1, 2015.

Recommendations assume that fees for all boards will be sufficient to fund the recommended expenditure level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 3,369	\$ 3,502	\$ 3,657	\$ 3,657	\$ 3,657	\$ 3,657	\$ 3,657
Statewide Uniform Registry of Electors	4,257	4,257	4,045	4,045	4,045	4,045	4,045
Voter Registration and Education	451	2,506	455	455	455	455	455
Lobbying Disclosure	562	492	295	295	295	295	295
Publishing Constitutional Amendments (EA)	0	0	5,341	0	0	0	0
Electoral College	10	0	0	0	10	0	0
Voting of Citizens in Military Service.....	60	20	20	20	40	20	20
County Election Expenses (EA)	400	375	400	400	400	400	400
TOTAL GENERAL FUND	\$ 9,109	\$ 11,152	\$ 14,213	\$ 8,872	\$ 8,902	\$ 8,872	\$ 8,872

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Consumer Protection							
Electoral Process							
Voter registration transactions	1,242,115	1,100,000	1,200,000	1,500,000	1,200,000	1,000,000	1,100,000
Campaign finance reports filed online	3,768	3,000	3,500	3,200	3,500	3,200	3,500
Notary public commissions issued	7,159	6,800	6,000	6,800	6,000	6,800	6,000
Notary public commissions renewed	15,618	16,000	16,500	16,000	16,500	16,000	16,500
Certifications and apostilles completed	39,017	41,000	41,500	41,500	42,000	42,000	42,000
Commissions processed	596	700	650	750	700	650	700
Professional Licensing							
Cases opened	12,510	13,500	14,000	14,250	14,500	14,750	15,000
Cases closed	12,536	13,500	14,000	14,250	14,500	14,750	15,000
Disciplinary actions	2,416	3,000	3,750	4,000	4,250	4,500	4,750
Regulation packages proposed and approved	34	20	20	25	25	25	25
Enforcement and Investigation							
Inspections completed	24,522	23,000	23,000	23,000	23,000	23,000	23,000
Investigations opened	3,967	3,800	3,800	3,800	3,800	3,800	3,800
Investigations closed	4,245	3,800	3,800	3,800	3,800	3,800	3,800
Charities investigations opened	197	250	250	250	250	250	250
Charities investigations closed	227	250	250	250	250	250	250
Health Monitoring Program:							
Cases opened	1,570	1,425	1,450	1,475	1,500	1,525	1,550
Cases closed	1,442	1,375	1,400	1,425	1,450	1,475	1,500
Licensees who completed a recovery program	220	185	195	205	215	225	235
Corporations and Charitable Organizations							
Paper business entity and trademark filings	108,412	110,580	90,230	51,770	35,210	35,910	36,630
Online business entity filings	N/A	22,560	22,560	63,280	82,140	83,790	85,460
Paper Uniform Commercial Code filings	36,174	36,900	37,640	38,390	39,160	39,940	40,740
Online Uniform Commercial Code filings	84,403	86,090	87,810	89,570	91,360	93,190	95,050
Registrations:							
Charity registrations	11,281	11,510	11,740	11,970	12,210	12,455	12,705
Professional fundraiser registrations	601	615	625	640	650	665	670
Professional fundraiser contract filings	2,929	2,990	3,050	3,110	3,170	3,235	3,300
State Athletic Commission							
Professionals licensed	2,407	2,400	2,400	2,400	2,400	2,400	2,400
Boxing events (professional, amateur and kickboxing) and mixed martial arts events	89	160	160	160	160	160	160
Wrestling events	350	370	370	370	370	370	370



STATE EMPLOYEES' RETIREMENT SYSTEM

The mission of the State Employees' Retirement System is to provide retirement benefits and services to its members through sound administration and prudent investments.

The system is responsible for administering the State Employees' Retirement Fund, the supplemental retirement allowances and cost-of-living increases for annuitants. The system also administers the commonwealth's Deferred Compensation Program.

Programs and Objectives

State Employees' Retirement: *To provide an effective administrative system for the operation of the retirement system for state employees.*

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State Employees' Retirement System

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
<u>OTHER FUNDS:</u>			
STATE EMPLOYEES' RETIREMENT FUND:			
State Employees' Retirement Administration.....	\$ 23,660	\$ 21,002	\$ 22,303
Investment Related Expenses.....	0	3,788	6,934
Directed Commissions.....	0	1,500	0
STATE EMPLOYEES' RETIREMENT FUND TOTAL.....	<u>\$ 23,660</u>	<u>\$ 26,290</u>	<u>\$ 29,237</u>

State Employees' Retirement System

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
STATE EMPLOYEES'							
RETIREMENT							
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.....	23,660	26,290	29,237	29,237	29,237	29,237	29,237
SUBCATEGORY TOTAL.....	\$ 23,660	\$ 26,290	\$ 29,237	\$ 29,237	\$ 29,237	\$ 29,237	\$ 29,237
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.....	23,660	26,290	29,237	29,237	29,237	29,237	29,237
DEPARTMENT TOTAL.....	\$ 23,660	\$ 26,290	\$ 29,237	\$ 29,237	\$ 29,237	\$ 29,237	\$ 29,237

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 (SERS) was established in 1923 to administer the commonwealth's employee pension program. The State Employees' Retirement Fund uses contributions from employees and their employing agencies as well as earnings from investments to pay for annuities, disability benefits and administration of the system. The State Employees' Retirement Fund is shown in the Other Special Funds Appendix.

SERS undergoes an annual independent actuarial valuation to calculate the assets and liabilities of the pension fund. Based on the actuarial valuation process and legal requirements, SERS develops the recommended employer contribution rate.

Employer contribution rates differ by class of employee. As a result of Act 9 of 2001, most system members, depending upon individual employee election of membership, contribute 6.25 percent of pay to the system. Normal retirement for most employees is age 60, age 50 for safety employees and members of the Legislature or at any age with 35 years of service. Retirement is possible after five years of service but is actuarially reduced to the equivalent of the annuity that would have been payable at superannuation retirement.

Act 120 of 2010 made significant changes to the pension system. Act 120 amended the benefit structure for new employees hired after December 31, 2010 and amended key funding provisions. Benefit changes included: lowering

the benefit accrual rate from 2.5 percent of final average salary for each year of service to 2 percent; setting the new employee contribution rate at 9.3 percent if employees elect to accrue service at 2.5 percent for each year of service; increasing the vesting period from 5 years to 10 years; eliminating the option for members to withdraw their contributions; increasing the normal retirement age to age 65 for most employees, and age 55 for safety employees and members of the Legislature; and implementing a shared risk provision that could raise or lower member contribution rates based on the rate assumed for SERS' actuarial valuations. Act 120 also included changes to key funding provisions including re-amortizing existing liabilities and future experience gains and losses over 30 years with level dollar payments, and implementing employer contribution rate collars which limit year-over-year increases in the employer contribution rate. The collars established by Act 120 were 3 percent for 2011-12, 3.5 percent for 2012-13 and 4.5 percent for all subsequent years. The collars will end when the actuarial calculated rate is below the collared rate.

SERS is also responsible for the administration of the commonwealth's Deferred Compensation Program that allows commonwealth employees to voluntarily defer a portion of their salaries to a retirement savings account. The Deferred Compensation Fund is shown in the Other Special Funds Appendix.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

STATE EMPLOYEES' RETIREMENT FUND
State Employees' Retirement Administration
 \$ 1,301 —to continue current program.

In addition, \$6,934,000 in Investment Related Expenses will be used to support this program; the \$3,146,000 increase is due to a realignment of consultant expenses and increased personnel costs.

No funding is recommended for Directed Commissions.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
STATE EMPLOYEES' RETIREMENT FUND:							
State Employees' Retirement							
Administration	\$ 23,660	\$ 21,002	\$ 22,303	\$ 22,303	\$ 22,303	\$ 22,303	\$ 22,303
Investment Related Expenses	0	3,788	6,934	6,934	6,934	6,934	6,934
Directed Commissions.....	0	1,500	0	0	0	0	0
TOTAL STATE EMPLOYEES' RETIREMENT FUND	\$ 23,660	\$ 26,290	\$ 29,237	\$ 29,237	\$ 29,237	\$ 29,237	\$ 29,237

State Employees' Retirement System

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: State Employees' Retirement							
Retirement Counseling Sessions	8,000	8,000	12,000	8,000	8,000	8,000	8,000
Total number of retired employees and beneficiaries	117,000	119,000	121,000	123,000	124,000	126,000	127,000
Total benefit payments (in billions)	\$2.69	\$2.80	\$2.93	\$3.05	\$3.18	\$3.30	\$3.40



STATE POLICE

The mission of the Pennsylvania State Police is to seek justice, preserve peace and improve the quality of life for all.

The State Police promotes traffic safety, investigates crime and reduces criminal activity, and provides 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, 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.

Programs and Objectives

Public Protection and Law Enforcement: *To 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.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

GENERAL FUND:

General Government:

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
General Government Operations.....	\$ 176,604	\$ 191,337	\$ 201,257
(F)Drug Enforcement.....	1,500	0	0
(F)Motor Carrier Safety.....	13,768	13,768	9,000
(F)Office of Homeland Security (EA).....	4,264	4,312	4,363
(F)Homeland Security Grants (EA).....	3,000	2,780	2,655
(F)Area Computer Crime.....	8,500	10,875	4,295
(F)Law Enforcement Preparedness (EA).....	5,000	4,615	5,350
(F)Combat Underage Drinking (EA).....	150	150	150
(F)PA Port Security Grant (EA).....	230	0	0
(F)Law Enforcement Projects (EA).....	500	2,350	400
(F)ARRA - JAG Protection from Abuse Database (EA).....	174	19	0
(F)ARRA - JAG Instant Check System Rewrite (EA).....	1,348	682	0
(F)ARRA - JAG Megan's Law Modernization (EA).....	1,455	758	50
(A)Turnpike Commission.....	36,852	36,000	36,000
(A)Construction Zone Patrolling.....	3,331	5,000	5,000
(A)Sale of Automobiles.....	353	100	100
(A)Criminal History Record Checks.....	6,762	6,400	6,400
(A)Training Fees.....	0	5	5
(A)Reimbursement for Services.....	2,248	2,000	2,200
(A)Superload Reimbursements.....	2,546	1,500	1,700
(A)Electronic Surveillance.....	48	40	40
(A)Fingerprint Record Checks.....	2,276	2,050	2,050
(A)Registry of Protection.....	157	150	150
(A)Littering Fines.....	6	6	6
(A)PATCH Credit Card Receipts.....	6,383	4,200	4,700
(A)Photographic Services.....	3	10	10
(A)Delaware River Toll Bridge.....	1,830	1,800	1,800
(A)Miscellaneous.....	1,792	202	202
Subtotal.....	<u>\$ 281,080</u>	<u>\$ 291,109</u>	<u>\$ 287,883</u>
Statewide Public Safety Radio System.....	6,724	7,034	5,693
(F)Broadband Network Planning.....	0	4,050	4,050
(F)Interoperable Emergency Communications Grant (EA).....	12	0	0
(F)ARRA - Broadband Project for Northern PA (EA).....	18,176	3,938	0
(A)Miscellaneous.....	40	20	20
Subtotal.....	<u>\$ 24,952</u>	<u>\$ 15,042</u>	<u>\$ 9,763</u>
Law Enforcement Information Technology.....	6,372	6,372	6,372
Municipal Police Training.....	998	998	987
(A)Pre-Employment Testing.....	73	50	50
(A)Retired Law Enforcement ID.....	5	5	5
Subtotal.....	<u>\$ 1,076</u>	<u>\$ 1,053</u>	<u>\$ 1,042</u>
Forensic Laboratory Support.....	1,500	1,500	0
Automated Fingerprint Identification System.....	861	861	861
Gun Checks.....	2,195	2,000	2,000
(R)Firearm Records Check.....	3,119	4,514	5,214
Subtotal.....	<u>\$ 5,314</u>	<u>\$ 6,514</u>	<u>\$ 7,214</u>
Subtotal - State Funds.....	\$ 195,254	\$ 210,102	\$ 217,170
Subtotal - Federal Funds.....	58,077	48,297	30,313
Subtotal - Augmentations.....	64,705	59,538	60,438
Subtotal - Restricted Revenues.....	3,119	4,514	5,214
Total - General Government.....	<u>\$ 321,155</u>	<u>\$ 322,451</u>	<u>\$ 313,135</u>
STATE FUNDS.....	\$ 195,254	\$ 210,102	\$ 217,170
FEDERAL FUNDS.....	58,077	48,297	30,313

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
AUGMENTATIONS.....	64,705	59,538	60,438
RESTRICTED REVENUES.....	3,119	4,514	5,214
GENERAL FUND TOTAL.....	\$ 321,155	\$ 322,451	\$ 313,135
MOTOR LICENSE FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 529,813	\$ 567,911	\$ 603,771
Statewide Public Safety Radio System.....	14,878	15,721	17,079
Law Enforcement Information Technology.....	19,116	19,116	19,116
Municipal Police Training.....	1,039	1,039	1,027
Patrol Vehicles.....	11,000	11,000	11,000
Automated Fingerprint Identification System.....	85	85	85
Commercial Vehicles Inspection.....	8,770	8,700	8,885
(A)Sale of Vehicles.....	37	35	35
(A)Waste Transportation Safety Enforcement.....	550	550	550
Subtotal.....	\$ 585,288	\$ 624,157	\$ 661,548
Subtotal - State Funds.....	\$ 584,701	\$ 623,572	\$ 660,963
Subtotal - Augmentations.....	587	585	585
Total - General Government.....	\$ 585,288	\$ 624,157	\$ 661,548
<i>Grants and Subsidies:</i>			
Municipal Police Training Grants.....	\$ 0	\$ 0	\$ 5,000
STATE FUNDS.....	\$ 584,701	\$ 623,572	\$ 665,963
AUGMENTATIONS.....	587	585	585
MOTOR LICENSE FUND TOTAL.....	\$ 585,288	\$ 624,157	\$ 666,548
OTHER FUNDS:			
GENERAL FUND:			
Seized/Forfeited Property - Federal.....	\$ 1,372	\$ 1,740	\$ 1,740
State Drug Act Forfeiture Funds.....	637	800	800
State Criminal Enforcement Forfeiture Funds.....	203	65	65
Crime Lab User Fees.....	1,157	1,244	1,244
Auto Theft & Insurance Fraud Investigation Fund.....	2,180	2,850	3,075
Firearms License Validation System.....	10	150	150
Vehicle Code Fines.....	0	1,616	900
Radio Systems Development Project.....	298	56	30
Tower Management.....	193	82	50
GENERAL FUND TOTAL.....	\$ 6,050	\$ 8,603	\$ 8,054
MOTOR LICENSE FUND:			
Vehicle Sales and Purchases.....	\$ 1,962	\$ 2,000	\$ 2,000
DNA DETECTION FUND:			
DNA Detection of Offenders (EA).....	\$ 2,491	\$ 1,891	\$ 2,691
STATE GAMING FUND:			
(R)Gaming Enforcement.....	\$ 20,117	\$ 22,531	\$ 22,995
STATE STORES FUND:			
Liquor Control Enforcement.....	\$ 25,428	\$ 25,913	\$ 26,996
(A)Enforcement Reimbursement.....	0	15	0
(A)Sale of Vehicles.....	10	10	10
STATE STORES FUND TOTAL.....	\$ 25,438	\$ 25,938	\$ 27,006

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 195,254	\$ 210,102	\$ 217,170
SPECIAL FUNDS.....	584,701	623,572	665,963
FEDERAL FUNDS.....	58,077	48,297	30,313
AUGMENTATIONS.....	65,292	60,123	61,023
RESTRICTED.....	3,119	4,514	5,214
OTHER FUNDS.....	56,058	60,963	62,746
TOTAL ALL FUNDS.....	\$ 962,501	\$ 1,007,571	\$ 1,042,429

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
PUBLIC PROTECTION AND LAW ENFORCEMENT							
GENERAL FUND.....	\$ 195,254	\$ 210,102	\$ 217,170	\$ 217,170	\$ 217,170	\$ 217,170	\$ 217,170
SPECIAL FUNDS.....	584,701	623,572	665,963	665,963	665,963	665,963	665,963
FEDERAL FUNDS.....	58,077	48,297	30,313	30,263	30,263	30,263	30,263
OTHER FUNDS.....	124,469	125,600	128,983	128,183	127,383	126,617	126,617
SUBCATEGORY TOTAL.....	\$ 962,501	\$ 1,007,571	\$ 1,042,429	\$ 1,041,579	\$ 1,040,779	\$ 1,040,013	\$ 1,040,013
ALL PROGRAMS:							
GENERAL FUND.....	\$ 195,254	\$ 210,102	\$ 217,170	\$ 217,170	\$ 217,170	\$ 217,170	\$ 217,170
SPECIAL FUNDS.....	584,701	623,572	665,963	665,963	665,963	665,963	665,963
FEDERAL FUNDS.....	58,077	48,297	30,313	30,263	30,263	30,263	30,263
OTHER FUNDS.....	124,469	125,600	128,983	128,183	127,383	126,617	126,617
DEPARTMENT TOTAL.....	\$ 962,501	\$ 1,007,571	\$ 1,042,429	\$ 1,041,579	\$ 1,040,779	\$ 1,040,013	\$ 1,040,013

PROGRAM OBJECTIVE: To 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 Pennsylvania 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 also components of this program.

State-of-the-art technology continues to automate a broad range of department functions. The Commonwealth Law Enforcement Assistance Network (CLEAN) upgrade was implemented statewide in 2012. CLEAN is utilized by the commonwealth's criminal justice agencies to access driver license and motor vehicle information, state and federal criminal history record information, protection-from-abuse orders, stolen item queries, wanted persons files and a host of other law enforcement services. CLEAN is Pennsylvania's conduit to the Federal Bureau of Investigation's National Crime Information Center and to the International Justice and Public Safety Network. With this upgrade, law enforcement personnel across the commonwealth have a more functional interface to critical information.

The department finalized an upgrade to the Automated Fingerprint Identification System (AFIS). This upgrade increased the capacity of AFIS to meet the ever growing needs for fingerprint-based identification across the state.

The Pennsylvania Criminal Intelligence Center provides analytical assistance to Pennsylvania law enforcement agencies, emergency managers and the owners/operators of critical infrastructure. Trained, professional intelligence analysts supply law enforcement agencies with information and intelligence products needed for tactical and strategic planning. Intelligence analysts also offer access to archived public, investigative and intelligence information from a multitude of statewide and national databases.

The State Police operational resources are coordinated through problem specific policing. Problem specific policing is an incident analysis and police management process built on the principles of accurate and timely statistical data, effective tactics, rapid deployment of resources, and relentless follow-up and assessment. Problem specific policing enables the department to apply the latest information technology solutions to enhance its ability to provide prompt, efficient and effective police service. The goals of problem specific policing are to reduce crashes and crime, and improve the quality of life of citizens.

Program Element: Vehicle Standards Control

The Vehicle Fraud Investigator program was established to enforce vehicle equipment laws and regulations, and to assist in the removal of unsafe vehicles from the commonwealth's highways through supervision of motor vehicle safety inspection stations and mechanics, emissions inspection stations, and motor vehicle dealers. The State Police continues to administer the school bus and mass transit vehicle inspection functions.

Program Element: Traffic Supervision

The State Police has jurisdiction in all political subdivisions within the commonwealth and routinely provides assistance to municipal, state and federal law enforcement agencies. The department provides full- or part-time police services and traffic enforcement to the majority of municipalities in the commonwealth. Additionally, the State Police is responsible for providing primary police services and traffic enforcement on the Pennsylvania Turnpike and the interstate highway system. Traffic assistance is also provided, upon request, to municipalities with full- or part-time police departments.

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 routine patrol and enforcement activities.

The State Police utilizes various patrol and enforcement techniques; however, the very presence of visible police patrols continues to have the greatest impact on reducing traffic crashes. Supplemental patrols are provided in construction zones for the safety of motorists, as well as construction workers. Aircraft piloted by State Police troopers routinely monitor the speeds of vehicles on interstate and secondary highways. Aggressive drivers are targeted under the Pennsylvania Aggressive Driving Enforcement and Education Project. Enforcement efforts continue to be concentrated in areas identified through the problem specific policing initiative.

The department continues the use of DUI sobriety checkpoints to combat drunk driving. The use of trained drug recognition experts is contributing to the steady increase in identifying and removing drug-impaired drivers from our highways. In addition, each State Police troop conducts troop-specific impaired driving enforcement initiatives as an enforcement tool and psychological deterrent to impaired driving.

Program: Public Protection and Law Enforcement (continued)

The commonwealth Commercial Vehicle Enforcement Program is also the responsibility of the State Police. The goal of the Commercial Vehicle Enforcement Program is to reduce commercial motor vehicle crashes, fatalities and injuries through consistent, uniform and effective commercial motor vehicle safety programs. Enforcement of the federal motor carrier safety regulations is the responsibility of the department's Motor Carrier Enforcement Operations Unit. These regulations pertain to drivers, equipment, documents, loads and hazardous materials transportation. In addition to enforcing federal motor carrier safety regulations, State Police personnel also enforce the commonwealth's laws pertaining to the size, weight and load of commercial vehicles. This is accomplished through the use of permanent weigh stations and weigh-in-motion scales located along various commonwealth interstate highways.

State Police Collision Analysis and Reconstruction Specialist Unit members identify, collect and analyze roadway evidence, debris patterns, vehicle damage and occupant injuries to reconstruct the circumstances surrounding serious, complicated and fatal crashes. Members of this unit are increasingly being used to assist in criminal cases such as homicide and fire investigations. These members offer expert testimony in court proceedings and are required to become accredited by the Accreditation Commission for Traffic Accident Reconstruction. Forensic mapping is also conducted, providing for scaled, computer-generated diagrams of crash and crime scenes.

As part of a program sponsored by the National Highway Traffic Safety Administration, 266 troopers are currently certified as Child Passenger Safety Technicians, with nine technicians also certified as Child Passenger Safety Instructors. The State Police maintains permanent child safety fitting stations. Each station conducts inspections at least once a month. Additional inspections are conducted in conjunction with national occupant safety campaigns several times a year.

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 initiatives such as neighborhood crime watch, block parents, crime stoppers and business tip programs developed to encourage the reporting of suspicious activity for follow-up investigation in support of the homeland security mission.

The State Police provides assistance to municipalities in suppression of violent crime through saturation patrols. The State Police also works with federal and local law enforcement officials to purge violent crime from urban

neighborhoods. Community involvement and intelligence gathering are essential components of these operations.

The School Resource Officer program places specially trained, dedicated troopers in selected high schools and alternative learning schools throughout the commonwealth, as well as at school-related events. School Resource Officers have the responsibility for general law enforcement duties, including the detection and investigation of criminal activities and protection of life and property within the schools they are assigned. A School Resource Officer serves as a role model for students and as a valuable resource for students, parents and school officials alike. The School Resource Officers help maintain order and security on a day-to-day basis, ensuring a safe learning environment.

The State Police Megan's Law Section ensures the timely exchange of relevant information pertaining to sexually violent predators and other sexual offenders between public agencies and officials, and the release of information regarding offenders to the general public.

The State Police is responsible for managing the Pennsylvania Instant Check System. Instant Check System provides instant access to background records on an individual to determine if the person is eligible to acquire a firearm or a license to carry a firearm. This unit is a call center responsible for ensuring accurate identification of the subject of the background check; evaluating and researching federal, state and local records as well as comprehensive documentation; and maintaining positive communication with firearms dealers and county sheriffs.

Program Element: Criminal Law Enforcement

Most 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 State Police administers and manages the Pennsylvania Amber Alert System, a child abduction alert notification system. Amber Alert utilizes the Emergency Alert System and the commonwealth's "Alert-PA" website to inform the public of an abduction of a child under the age of 18, whom the police believe to be in danger of serious bodily harm or death. A Missing Endangered Person Advisory System was implemented to supplement the Amber Alert System and notify the public of missing endangered persons of any age.

Program: Public Protection and Law Enforcement (continued)

The Computer Crime Task Force 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 task force is equipped with the newest technology, including a central forensic server that allows investigators to complete forensic examinations from remote locations across the state. The Computer Crime Task Force also provides educational information to local law enforcement agencies and prosecutors.

Program Element: Emergency Assistance

The department has primary police jurisdiction in 82 percent of the commonwealth's land area, comprising 27 percent of its population, and also provides assistance to a variety of local, state and federal entities, particularly law enforcement agencies. The State Police is normally called upon whenever a medium- to large-scale emergency situation occurs within the commonwealth. The department classifies emergency assistance into two separate categories: civil disorder and emergency management.

Civil disorders are incidents that are or may become criminal in nature, such as prison disturbances, labor disorders, strikes, educational campus disorders, youth group disorders, terrorism and hostage situations. Emergency management is the prevention, mitigation and response to natural or man-made hazards to prevent loss of life or property, economic loss, and disruption of normal living conditions.

The State Police Watch Center provides situational awareness of emergencies to all levels of the department by establishing a standard alert condition procedure. The watch center is a 24/7 operation, which works in conjunction with Pennsylvania Criminal Intelligence Center to provide accurate and timely situational awareness and a common operating picture of both civil disorders and emergency management situations occurring throughout the state.

The Statewide Radio Network Division, known as PA-STARNet, develops and manages the two-way public safety radio system used by the State Police and 18 other commonwealth agencies, including the Departments of Transportation, Health, and Conservation and Natural Resources; the Office of Attorney General; and the Pennsylvania Emergency Management Agency. PA-STARNet is one of the largest statewide public safety communications systems in the nation, connected by an extensive microwave network, carrying voice and data communications for public safety and emergency response to over 97 percent of the commonwealth's land area.

The Domestic Security Division administers and coordinates numerous homeland and domestic security

responsibilities. The division's primary mission areas include emergency planning and preparedness, continuity of operations, National Incident Management System implementation, liaison to the Pennsylvania Emergency Management Agency, nuclear and radiological security, school safety support, facility security for department installations, risk and vulnerability assessments for commercial/public facilities and critical infrastructures, and management of federal homeland security grants.

The Special Emergency Response Team 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 detection teams provide drug, explosive and human remains detection during emergency and disaster incidents. The department's aircraft fleet provides assistance, search-and-rescue operations, and enforcement during emergencies. The Hazardous Device and Explosives Section provides response-and-render-safe operations for suspicious packages and improvised explosive devices, along with similar security sweep-operations. The department's Tactical Mounted Section, which includes 28 horses and several specialty transport vehicles, supports large-scale security and emergency operations. The Clandestine Laboratory Response Team is responsible for coordinating the safe and effective response to all clandestine laboratory incidents and hazardous indoor marijuana growing operations investigated by the State Police.

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 implemented a high school and middle school education program to deter minors from using alcoholic beverages, and an underage drinking laws program to effect a change in the culture of college students to reduce binge drinking and deglamorize underage drinking.

The Bureau of Gaming Enforcement is responsible for investigating and prosecuting criminal infractions, conducting various background checks and providing overall law enforcement services at Pennsylvania's gaming facilities.

Program: Public Protection and Law Enforcement (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND AND MOTOR LICENSE FUND COMBINED:				
	General Government Operations			Statewide Public Safety Radio System
\$ 32,165	—to continue current program.	\$	17	—to continue current program.
-1,500	—non-recurring project.			
1,388	—information technology resources transferred from Commonwealth Technology Services in the Executive Offices.	\$	-23	Municipal Police Training
				—reduction in administrative costs.
13,727	—Initiative-Trooper Replacement Cadet Classes. Funding for four classes with a total of 350 cadets.	\$	-1,500	Forensic Laboratory Support
				—program elimination.
		\$	185	Commercial Vehicles Inspection
				—to continue current program.
<u>\$ 45,780</u>	Appropriation Increase	\$	5,000	Municipal Police Training Grants
				—to provide reimbursement for highway safety related training.

The Law Enforcement Information Technology, Automated Fingerprint Identification System, Gun Checks and Patrol Vehicles appropriations are recommended at the current year funding levels.

In addition, the Pennsylvania Instant Check System initiative recommends \$5,214,000 from the Firearm Records Check restricted account.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
General Government Operations	\$ 176,604	\$ 191,337	\$ 201,257	\$ 201,257	\$ 201,257	\$ 201,257	\$ 201,257
Statewide Public Safety Radio System	6,724	7,034	5,693	5,693	5,693	5,693	5,693
Law Enforcement Information Technology	6,372	6,372	6,372	6,372	6,372	6,372	6,372
Municipal Police Training	998	998	987	987	987	987	987
Forensic Laboratory Support	1,500	1,500	0	0	0	0	0
Automated Fingerprint Identification System	861	861	861	861	861	861	861
Gun Checks	2,195	2,000	2,000	2,000	2,000	2,000	2,000
TOTAL GENERAL FUND	\$ 195,254	\$ 210,102	\$ 217,170	\$ 217,170	\$ 217,170	\$ 217,170	\$ 217,170
MOTOR LICENSE FUND:							
General Government Operations	\$ 529,813	\$ 567,911	\$ 603,771	\$ 603,771	\$ 603,771	\$ 603,771	\$ 603,771
Statewide Public Safety Radio System	14,878	15,721	17,079	17,079	17,079	17,079	17,079
Law Enforcement Information Technology	19,116	19,116	19,116	19,116	19,116	19,116	19,116
Municipal Police Training	1,039	1,039	1,027	1,027	1,027	1,027	1,027
Patrol Vehicles	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Automated Fingerprint Identification System	85	85	85	85	85	85	85
Commercial Vehicles Inspection	8,770	8,700	8,885	8,885	8,885	8,885	8,885
Municipal Police Training Grants	0	0	5,000	5,000	5,000	5,000	5,000
TOTAL MOTOR LICENSE FUND	\$ 584,701	\$ 623,572	\$ 665,963	\$ 665,963	\$ 665,963	\$ 665,963	\$ 665,963

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Public Protection and Law Enforcement							
Operations							
Sworn complement (authorized)	4,689	4,689	4,719	4,719	4,719	4,719	4,719
Sworn complement filled	4,220	4,190	4,230	4,290	4,290	4,290	4,290
Civilian complement (authorized)	1,735	1,827	1,841	1,841	1,841	1,841	1,841
Civilian complement filled	1,605	1,695	1,741	1,741	1,741	1,741	1,741
Percentage of commonwealth population served by the State Police	27%	27%	27%	27%	27%	27%	27%
Percentage of commonwealth geographic area served by the State Police	82%	82%	82%	82%	82%	82%	82%
Percentage of commonwealth highways/roadways patrolled by the State Police	63%	63%	63%	63%	63%	63%	63%
Vehicle Traffic Supervision							
Motor vehicle crashes	76,601	75,300	74,000	72,800	71,600	70,300	69,100
Fatal motor vehicle crashes	576	565	555	545	540	530	520
Traffic citations issued	566,440	576,000	585,000	595,000	605,000	615,000	625,000
Written warnings issued for traffic violations	265,885	270,000	275,000	279,000	284,000	288,000	293,000
Child safety seat inspections conducted	2,396	2,440	2,480	2,520	2,560	2,600	2,640
Traffic citations issued for occupant restraint violations	17,287	17,600	17,900	18,200	18,500	18,800	19,100
DUI-related crashes	4,741	4,660	4,580	4,500	4,430	4,350	4,280
DUI arrests	17,152	17,400	17,700	18,000	18,300	18,600	18,900
DUI sobriety checkpoints	291	190	195	200	205	210	215
Roving DUI patrols	466	600	620	640	660	680	700
Traffic safety education programs aimed at preventing motor vehicle crashes	3,163	3,220	3,270	3,320	3,380	3,430	3,490
Traffic safety education programs aimed at preventing fatal motor vehicle crashes	580	590	600	610	620	630	640
Traffic safety education programs aimed at preventing DUI-related crashes	262	265	270	275	280	285	290
Vehicle Standards Control							
Commercial vehicle safety inspections	96,453	98,100	99,700	101,000	103,000	105,000	106,000
Percentage of commercial vehicle safety inspections resulting in vehicles being placed out of service	11%	11%	11%	11%	11%	11%	11%
Criminal Law Enforcement and Crime Prevention							
Crimes per 100,000 population in State Police jurisdiction areas:							
Violent crimes per 100,000 population	122	120	120	115	115	110	110
Arrests for violent crimes per 100,000 population	63	64	65	66	67	69	70
Percentage of violent crimes cleared (i.e. cases solved and prosecuted or disposed of through other legal means)	71%	72%	73%	74%	75%	77%	78%
Property crimes per 100,000 population	1,109	1,090	1,070	1,050	1,040	1,020	1,000

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Arrests for property crimes per 100,000 population	276	280	285	290	295	300	305
Percentage of property crimes cleared (i.e. cases solved and prosecuted or disposed of through other legal means)	31%	31%	32%	32%	33%	33%	34%
Community-based crime prevention programs targeting violent crime	922	940	950	970	990	1,000	1,020
Community-based crime prevention programs targeting property crime	489	495	505	515	520	530	540
Community-based drug-prevention programs	273	275	280	285	290	295	300
Enforcement and Investigation							
Drug offenses	7,112	6,990	6,880	6,760	6,640	6,530	6,420
Drug-related arrests	5,621	5,720	5,810	5,900	6,000	6,100	6,200
Clandestine Laboratory Response Team deployments for illegal drug manufacturing facilities (e.g. methamphetamine labs, etc.)	187	190	195	200	200	205	210
Municipal law enforcement agencies receiving information from the Pennsylvania Criminal Intelligence Center	987	1,000	1,020	1,040	1,050	1,070	1,090
Requests for intelligence information from Pennsylvania Criminal Intelligence Center	18,802	19,100	19,400	19,700	20,100	20,400	20,700
Intelligence products disseminated by the Pennsylvania Criminal Intelligence Center	29,263	29,800	30,200	30,700	31,200	31,800	32,300
Megan's Law - registered sex offenders	14,758	15,000	15,300	15,500	15,800	16,000	16,300
CLEAN/NCIC confirmed responses (i.e. computer checks resulting in the identification of wanted persons, stolen property, etc.)	82,575	85,800	87,200	88,600	90,000	91,500	93,000
Crime Lab							
Convicted offender DNA submissions	20,325	24,600	25,000	25,400	25,800	26,300	26,700
DNA evidence submissions	2,114	2,050	2,090	2,120	2,160	2,190	2,230
Criminal suspects identified through DNA evidence submissions	831	955	970	990	1,000	1,020	1,040
Fingerprint card submissions	784,680	798,000	811,000	824,000	838,000	851,000	865,000
Criminal suspects identified through latent fingerprint comparison	3,192	3,550	3,610	3,670	3,730	3,790	3,860
Background Checks							
Pennsylvania Instant Check System firearms purchase background checks	1,202,156	1,220,000	1,240,000	1,260,000	1,280,000	1,300,000	1,320,000
Pennsylvania Instant Check System firearms purchase initial denials	11,584	11,800	12,000	12,200	12,400	12,600	12,800
Crime and Terrorism Tip Lines							
Drug hotline tips	595	605	615	625	635	645	655
Terrorism hotline tips	782	795	810	820	835	850	860
Emergency Preparedness and Response							
Municipal public safety agencies receiving immediate reports from the Department Watch Center	1,367	1,390	1,410	1,440	1,460	1,480	1,510
Department Watch Center immediate reports	3,131	3,180	3,240	3,290	3,340	3,400	3,450

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Requests for Special Emergency Response Team	198	220	225	230	230	235	240
Requests for Hazardous Device and Explosives Section services	237	240	245	250	250	255	260
Domestic terrorism threat assessments conducted	12	12	12	13	13	13	14
Public Safety Radio System							
Percentage of statewide land area covered by Pennsylvania Statewide Radio Network (PA-STARNet)	97%	97%	98%	98%	99%	99%	100%
Percentage of statewide road coverage by PA-STARNet	97%	98%	98%	98%	99%	99%	100%
Average monthly transmissions on PA-STARNet	4,272,335	4,190,000	4,260,000	4,330,000	4,400,000	4,480,000	4,550,000
Radios deployed statewide	23,723	25,000	25,500	25,900	26,300	26,700	27,200
High-profile site locations on air	251	252	254	256	258	260	262
Microcell site locations on air	740	754	760	750	600	400	200
Broadband project completion	97%	100%	100%	100%	100%	100%	100%
Liquor Control Enforcement							
Liquor law investigations	44,467	45,200	45,900	46,700	47,500	48,200	49,000
Routine liquor law inspections	2,837	2,880	2,930	2,980	3,030	3,080	3,130
Liquor law violations	12,289	12,100	11,900	11,700	11,500	11,300	11,100
Administrative citation letters issued for liquor law violations	2,284	2,250	2,210	2,170	2,130	2,100	2,060
Administrative warning letters issued for liquor law violations	1,985	1,950	1,920	1,890	1,850	1,820	1,790

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DEPARTMENT OF TRANSPORTATION

The mission of the Department of Transportation is to provide a sustainable transportation system and quality services that are embraced by our communities and add value to our customers.

Programs and Objectives

Transportation Support Services: *To provide an effective administrative system supporting both non-highway and highway transportation programs.*

Highways and Bridges: *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.*

Local Highway and Bridge Assistance: *To assist local governments in the maintenance and construction of their portion of the total highway and bridge system.*

Multimodal Transportation: *To support public transportation, intercity bus, intercity rail, rail freight, ports and aviation options that improve the mobility and the quality of life for urban and rural Pennsylvanians, and enhance economic activity throughout the commonwealth.*

Safety Administration and Licensing: *To minimize traffic accidents attributable to driver error and mechanically defective vehicles and to promote highway safety programs.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Rail Freight and Intermodal Coordination.....	\$ 855	\$ 868	\$ 0 ^a
Vehicle Sales Tax Collections.....	882	904	904
Voter Registration.....	422	504	504
Photo ID Cards.....	1,000	896	896
PennPORTS.....	3,699 ^b	0 ^a	0 ^a
PennPORTS-Philadelphia Regional Port Authority Debt Service.....	4,604 ^b	4,605	4,605
(F)FTA - Technical Studies Grants.....	4,465	2,065	576
(F)Surface Transportation Assistance.....	500	750	750
(F)FTA - Capital Improvement Grants.....	12,000	21,000	32,000
(F)Title IV Rail Assistance.....	36	36	36
(F)Magnetic Levitation.....	10,000	10,000	0
Subtotal - State Funds.....	\$ 11,462	\$ 7,777	\$ 6,909
Subtotal - Federal Funds.....	27,001	33,851	33,362
Total - General Government.....	<u>\$ 38,463</u>	<u>\$ 41,628</u>	<u>\$ 40,271</u>
<i>Grants and Subsidies:</i>			
(F)TEA 21 - Access to Jobs.....	\$ 6,000	\$ 8,000	\$ 8,000
(F)Surface Transportation - Operating.....	16,000	18,000	18,000
(F)Surface Transportation Assistance Capital.....	14,000	18,000	18,000
(F)FTA - Safety Oversight.....	0	0	1,500
(F)FTA - Capital Improvements.....	30,000	40,000	40,000
(F)FTA - Hybrid Mass Transit Vehicles.....	30,000	30,000	30,000
(F)ARRA - Transit in Non-Urban Areas.....	10,000	1,280	0
(F)ARRA - National Railroad Passenger Corporation.....	50,000	50,000	20,000
(F)Rail Line Relocation.....	6,002	6,002	6,002
(F)ARRA - Supplemental Rail Freight Projects.....	22,000	22,000	22,000
(F)ARRA - High Speed Rail.....	75,000	75,000	50,000
Rail Freight Assistance.....	5,750	0 ^a	0 ^a
Subtotal - State Funds.....	\$ 5,750	\$ 0	\$ 0
Subtotal - Federal Funds.....	259,002	268,282	213,502
Total - Grants and Subsidies.....	<u>\$ 264,752</u>	<u>\$ 268,282</u>	<u>\$ 213,502</u>
STATE FUNDS.....	\$ 17,212	\$ 7,777	\$ 6,909
FEDERAL FUNDS.....	286,003	302,133	246,864
GENERAL FUND TOTAL.....	<u>\$ 303,215</u>	<u>\$ 309,910</u>	<u>\$ 253,773</u>
MOTOR LICENSE FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 53,764	\$ 53,764	\$ 55,119
(A)Reimbursement - Other Agencies.....	104	215	532
(A)Duplicating Services.....	100	114	114
(A)Aviation Restricted Revenue.....	298	161	161
(A)Administrative Hearings.....	24	40	40
(A)Litter Fine Receipts.....	9	100	100
(A)Drug & Alcohol Testing Reimbursement.....	0	60	60
Welcome Centers.....	3,309	3,282	3,480
Subtotal.....	<u>\$ 57,608</u>	<u>\$ 57,736</u>	<u>\$ 59,606</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
Highway and Safety Improvements	110,000	105,000	295,000
(F)Highway Research, Planning and Construction.....	712,758	825,000	825,000
(F)ARRA - Highway Infrastructure Improvement.....	17,646	0	0
(A)Highway Construction Contributions.....	4,876	13,000	13,000
(A)Joint Use Leases.....	464	0	0
(A)Intern Program - PHEAA Reimbursement.....	150	0	0
(A)Licensing Fees- Engineering Software.....	32	0	0
(A)Proceeds from Sale of Right-of-Way.....	344	0	0
(A)Proceeds from Bond Sales - Highway Projects.....	0	0	195,000
Expanded Highway and Bridge Program	165,000	165,000	0
Highway Capital Projects (EA)	220,000	220,000	220,000
(R)Highway Capital Projects - Excise Tax (EA).....	74,235	70,544	223,830
(R)Bridges - Excise Tax (EA).....	56,847	66,011	97,597
(R)Highway Bridge Projects (EA).....	40,000	50,000	130,000
(F)Federal Aid - Highway Bridge Projects.....	464,587	500,000	500,000
(F)Federal Disaster Reimbursement - FHWA.....	2	0	0
(A)Proceeds from Bond Sales - Bridge Projects.....	127,187	27,113	0
(A)Bridge Construction Contributions.....	739	2,800	2,800
(A)Bridge Reimbursement from Local Governments.....	0	200	200
Subtotal.....	<u>\$ 1,994,867</u>	<u>\$ 2,044,668</u>	<u>\$ 2,502,427</u>
Highway Maintenance	810,000	780,000	847,426
(F)Highway Research, Planning and Construction.....	179,271	150,000	150,000
(F)Federal Disaster Reimbursement - FHWA.....	13,571	12,500	12,500
(F)Disaster Recovery - FEMA.....	21,717	47,500	12,500
(F)Highway Safety - Maintenance (EA).....	4,000	4,000	4,000
(A)Highway Maintenance Contributions.....	9,053	20,000	20,000
(A)Sale of Equipment.....	6,036	5,000	5,000
(A)Heavy Hauling - Bonded Roads.....	651	0	0
(A)Sale of Signs.....	29	0	0
(A)Accident Damage Claims.....	6,626	0	0
(A)Recovered Permit Compliance Cost.....	341	0	0
(A)Intern Program - PHEAA Reimbursement.....	164	0	0
(A)Reimbursement - Marcellus Shale Road Damage.....	2,195	0	0
(R)Highway Maintenance - Excise Tax (EA).....	183,189	230,614	216,369
(R)Highway Maintenance Enhancement (EA).....	270,630	244,781	255,927
(R)Expanded Highway and Bridge Maintenance (EA).....	0	73,120	203,697
Secondary Road - Maintenance and Resurfacing (EA)	64,181	61,547	0
Reinvestment - Facilities	12,000	12,000	16,000
Subtotal.....	<u>\$ 1,583,654</u>	<u>\$ 1,641,062</u>	<u>\$ 1,743,419</u>
Safety Administration and Licensing	131,402	127,171	135,380
(F)Highway Safety - Safety Administration (EA).....	500	0	0
(F)Motor Carrier Safety Improvement (EA).....	2,510	2,510	2,510
(F)REAL ID (EA).....	4,800	4,800	4,800
(F)Judicial Outreach Liaison (EA).....	50	50	50
(A)Administrative Support.....	199	100	100
(A)Photo ID Program.....	27,393	28,000	28,000
(A)Emission Mechanic Training Courses.....	19	35	35
(A)Reimbursement - Data Line Charges.....	25	100	100
(A)Reimbursements - Other Agencies.....	45	25	25
(A)Postage.....	474	474	474
Subtotal.....	<u>\$ 167,417</u>	<u>\$ 163,265</u>	<u>\$ 171,474</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
(R)Aviation Operations.....	4,099	4,104	4,104
(F)Aviation Planning (EA).....	516	516	516
(F)Airport Inspections (EA).....	30	30	30
(A)Reimbursement - Flight Operations.....	430	640	640
(A)Airport Inspections and Licensing.....	17	7	7
(A)Reimbursement - Statewide Program.....	534	60	60
Subtotal.....	<u>\$ 5,626</u>	<u>\$ 5,357</u>	<u>\$ 5,357</u>
Subtotal - State Funds.....	\$ 1,569,656	\$ 1,527,764	\$ 1,572,405
Subtotal - Federal Funds.....	1,421,958	1,546,906	1,511,906
Subtotal - Augmentations.....	188,558	98,244	266,448
Subtotal - Restricted Revenues.....	629,000	739,174	1,131,524
Total - General Government.....	<u>\$ 3,809,172</u>	<u>\$ 3,912,088</u>	<u>\$ 4,482,283</u>
Grants and Subsidies:			
Local Road Maintenance and Construction Payments.....	\$ 195,488	\$ 197,092	\$ 210,973
Supplemental Local Road Maintenance & Construction Payments.....	5,000	5,000	5,000
Municipal Roads and Bridges.....	30,000	30,000	30,000
Maintenance and Construction of County Bridges.....	5,000	5,000	5,000
Municipal Traffic Signals.....	0	0	10,000
Payment to Turnpike Commission (EA).....	28,000	28,000	28,000
(R)Local Road Payments - Excise Tax (EA).....	53,407	69,160	89,532
(R)Payments to Municipalities (EA).....	37,431	44,768	62,676
(R)Local Grants for Bridge Projects (EA).....	25,000	25,000	25,000
(F)Federal Aid - Local Grants for Bridge Projects.....	16,786	16,200	1,100
(A)Bridge Reimbursements From Local Governments.....	193	128	100
(R)Local Bridge Projects (EA).....	0	1,900	13,600
(R)County Bridges - Excise Tax (EA).....	10,000	10,000	7,000
(R)County Bridge Projects - Marcellus Shale (EA).....	18,121	17,947	19,509
(F)Federal Aid - County Bridges.....	178	200	200
(R)Toll Roads - Excise Tax (EA).....	61,690	71,723	101,925
(R)Annual Maintenance Payments - Highway Transfer (EA).....	18,888	18,924	18,992
(R)Restoration Projects - Highway Transfer (EA).....	8,000	8,076	11,000
(R)Airport Development.....	7,000	6,000	6,000
(F)Airport Development (EA).....	21,000	21,000	21,000
(R)Real Estate Tax Rebate.....	250	250	250
Subtotal.....	<u>\$ 541,432</u>	<u>\$ 576,368</u>	<u>\$ 666,857</u>
Subtotal - State Funds.....	\$ 263,488	\$ 265,092	\$ 288,973
Subtotal - Federal Funds.....	37,964	37,400	22,300
Subtotal - Augmentations.....	193	128	100
Subtotal - Restricted Revenues.....	239,787	273,748	355,484
Total - Grants and Subsidies.....	<u>\$ 541,432</u>	<u>\$ 576,368</u>	<u>\$ 666,857</u>
Refunds:			
Refunding Collected Monies (EA).....	\$ 2,500	\$ 2,500	\$ 2,500
Subtotal.....	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>
STATE FUNDS.....	\$ 1,835,644	\$ 1,795,356	\$ 1,863,878
FEDERAL FUNDS.....	1,459,922	1,584,306	1,534,206
AUGMENTATIONS.....	188,751	98,372	266,548
RESTRICTED REVENUES.....	868,787	1,012,922	1,487,008
MOTOR LICENSE FUND TOTAL.....	<u>\$ 4,353,104</u>	<u>\$ 4,490,956</u>	<u>\$ 5,151,640</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
LOTTERY FUND:			
<i>Grants and Subsidies:</i>			
Older Pennsylvanians Shared Rides (EA).....	\$ 80,975	\$ 80,975	\$ 85,975
Transfer to Public Transportation Trust Fund (EA).....	0 ^c	0 ^c	0 ^c
Total - Grants and Subsidies.....	<u>\$ 80,975</u>	<u>\$ 80,975</u>	<u>\$ 85,975</u>
LOTTERY FUND TOTAL.....	<u>\$ 80,975</u>	<u>\$ 80,975</u>	<u>\$ 85,975</u>
OTHER FUNDS:			
GENERAL FUND:			
Reimbursements to Municipalities - Vehicle Code Fines.....	\$ 0	\$ 6,000 ^d	\$ 6,000 ^d
Federal Grants - Railroad Freight Rehabilitation.....	0	200	200
Child Passenger Restraint Fund.....	304	300	300
GENERAL FUND TOTAL.....	<u>\$ 304</u>	<u>\$ 6,500</u>	<u>\$ 6,500</u>
MOTOR LICENSE FUND:			
Federal Reimbursements - Highway Safety Program.....	\$ 11,659	\$ 15,000	\$ 15,000
Reimbursements to Municipalities - Vehicle Code Fines.....	10,673	0 ^d	0 ^d
Reimbursements to Other States - Apportioned Registration.....	14,864	18,000	18,000
Federal Reimbursements - Local Bridge Projects.....	85,798	70,000	70,000
Motorcycle Safety Education.....	5,119	5,000	5,000
Federal Reimbursements - Political Subdivisions.....	142,120	140,000	140,000
PA Unified Certification.....	2	5	5
CDL - Hazardous Material Fees.....	448	500	500
Local Share - Highway & Bridge Projects.....	79	0	0
Red Light Photo Enforcement.....	3,211	5,000	5,000
MOTOR LICENSE FUND TOTAL.....	<u>\$ 273,973</u>	<u>\$ 253,505</u>	<u>\$ 253,505</u>
HIGHWAY BEAUTIFICATION FUND:			
Control of Outdoor Advertising (EA).....	\$ 336	\$ 408	\$ 408
LIQUID FUELS TAX FUND:			
Payments to Counties.....	\$ 30,794	\$ 31,250	\$ 31,250
Auditor General's Audit Costs (EA).....	500	500	500
LIQUID FUELS TAX FUND TOTAL.....	<u>\$ 31,294</u>	<u>\$ 31,750</u>	<u>\$ 31,750</u>
MOTOR VEHICLE TRANSACTION RECOVERY FUND:			
Reimbursement to Transportation.....	\$ 0	\$ 80	\$ 80
MULTIMODAL TRANSPORTATION FUND:			
Aviation Grants (EA).....	\$ 0	\$ 5,000	\$ 6,000
Rail Freight Grants (EA).....	0	8,000 ^a	10,000 ^a
Passenger Rail Grants (EA).....	0	6,000	8,000
Ports and Waterways Grants (EA).....	0	8,000 ^a	10,000 ^a
Bicycle and Pedestrian Facilities Grants (EA).....	0	2,000	2,000
Statewide Programs Grants (EA).....	0	0	20,000
Multimodal Administration and Oversight (EA).....	0	1,000 ^a	1,300 ^a
Transfer to Commonwealth Financing Authority (EA).....	0	0	39,700
MULTIMODAL TRANSPORTATION FUND TOTAL.....	<u>\$ 0</u>	<u>\$ 30,000</u>	<u>\$ 97,000</u>
PENNSYLVANIA INFRASTRUCTURE BANK FUND:			
Infrastructure Bank Loans (EA).....	\$ 30,000	\$ 35,000	\$ 30,000
PUBLIC TRANSPORTATION ASSISTANCE FUND:			
Mass Transit (EA).....	\$ 165,675	\$ 170,313	\$ 175,914
Transfer to Public Transportation Trust Fund (EA).....	0 ^e	0 ^e	0 ^e
PUBLIC TRANSPORTATION ASSISTANCE FUND TOTAL.....	<u>\$ 165,675</u>	<u>\$ 170,313</u>	<u>\$ 175,914</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
PUBLIC TRANSPORTATION TRUST FUND:			
Mass Transit Operating (EA).....	\$ 710,000	\$ 725,361	\$ 767,426
Asset Improvement (EA).....	13,300	93,000	338,236
Capital Improvement (EA).....	40,000	13,593	0
Programs of Statewide Significance (EA).....	84,510	92,268	70,717
Transit Administration and Oversight (EA).....	4,488	4,488	4,488
PUBLIC TRANSPORTATION TRUST FUND TOTAL.....	\$ 852,298	\$ 928,710	\$ 1,180,867
UNCONVENTIONAL GAS WELL FUND:			
Rail Freight Assistance.....	\$ 2,000	\$ 1,000	\$ 1,000
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 17,212	\$ 7,777	\$ 6,909
SPECIAL FUNDS.....	1,916,619	1,876,331	1,949,853
FEDERAL FUNDS.....	1,745,925	1,886,439	1,781,070
AUGMENTATIONS.....	188,751	98,372	266,548
RESTRICTED.....	868,787	1,012,922	1,487,008
OTHER FUNDS.....	1,355,880	1,457,266	1,777,024
TOTAL ALL FUNDS.....	\$ 6,093,174	\$ 6,339,107	\$ 7,268,412

^a Act 89 of 2013 established the Multimodal Transportation Fund which includes Rail Freight and Intermodal Coordination, PennPORTS and Rail Freight Assistance programs.

^b Appropriated in Community and Economic Development.

^c Not added to the total to avoid double counting: 2012-13 Actual is \$91,268,000, 2013-14 Available is \$92,956,000, and 2014-15 Budget is \$94,443,000.

^d Per Act 71 of 2013, Vehicle Code fines revenue and subsequent distribution are redirected from the Motor License Fund to the General Fund.

^e Not added to the total to avoid double counting: 2012-13 Actual is \$17,325,000, 2013-14 Available is \$17,687,000, and 2014-15 Budget is \$18,122,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
TRANSPORTATION SUPPORT SERVICES							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	56,264	56,264	57,619	57,619	57,619	57,619	57,619
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	841	995	1,312	1,312	1,312	1,312	1,312
SUBCATEGORY TOTAL.....	\$ 57,105	\$ 57,259	\$ 58,931	\$ 58,931	\$ 58,931	\$ 58,931	\$ 58,931
HIGHWAYS AND BRIDGES							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	1,412,490	1,374,829	1,409,906	1,395,123	1,478,402	1,571,741	1,561,150
FEDERAL FUNDS.....	1,413,552	1,539,000	1,504,000	1,504,000	1,504,000	1,504,000	1,504,000
OTHER FUNDS.....	887,473	925,314	1,510,753	1,617,082	1,703,079	1,834,349	1,810,388
SUBCATEGORY TOTAL.....	\$ 3,713,515	\$ 3,839,143	\$ 4,424,659	\$ 4,516,205	\$ 4,685,481	\$ 4,910,090	\$ 4,875,538
LOCAL HIGHWAY AND BRIDGE ASSISTANCE							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	235,488	237,092	260,973	287,101	303,001	314,225	329,068
FEDERAL FUNDS.....	16,964	16,400	1,300	1,300	1,300	1,300	1,300
OTHER FUNDS.....	444,215	448,653	500,159	529,880	546,472	569,477	571,221
SUBCATEGORY TOTAL.....	\$ 696,667	\$ 702,145	\$ 762,432	\$ 818,281	\$ 850,773	\$ 885,002	\$ 901,589
MULTIMODAL TRANSPORTATION							
GENERAL FUND.....	\$ 14,908	\$ 5,473	\$ 4,605	\$ 4,605	\$ 4,605	\$ 4,605	\$ 4,605
SPECIAL FUNDS.....	80,975	80,975	85,975	85,975	85,975	85,975	85,975
FEDERAL FUNDS.....	307,549	323,679	268,410	268,410	268,410	268,410	268,410
OTHER FUNDS.....	1,032,751	1,141,784	1,466,542	1,596,389	1,614,748	1,696,346	1,713,870
SUBCATEGORY TOTAL.....	\$ 1,436,183	\$ 1,551,911	\$ 1,825,532	\$ 1,955,379	\$ 1,973,738	\$ 2,055,336	\$ 2,072,860
SAFETY ADMINISTRATION AND LICENSING							
GENERAL FUND.....	\$ 2,304	\$ 2,304	\$ 2,304	\$ 2,304	\$ 2,304	\$ 2,304	\$ 2,304
SPECIAL FUNDS.....	131,402	127,171	135,380	134,989	134,989	134,989	134,989
FEDERAL FUNDS.....	7,860	7,360	7,360	7,360	7,360	7,360	7,360
OTHER FUNDS.....	48,138	51,814	51,814	51,814	51,814	51,814	51,814
SUBCATEGORY TOTAL.....	\$ 189,704	\$ 188,649	\$ 196,858	\$ 196,467	\$ 196,467	\$ 196,467	\$ 196,467
ALL PROGRAMS:							
GENERAL FUND.....	\$ 17,212	\$ 7,777	\$ 6,909	\$ 6,909	\$ 6,909	\$ 6,909	\$ 6,909
SPECIAL FUNDS.....	1,916,619	1,876,331	1,949,853	1,960,807	2,059,986	2,164,549	2,168,801
FEDERAL FUNDS.....	1,745,925	1,886,439	1,781,070	1,781,070	1,781,070	1,781,070	1,781,070
OTHER FUNDS.....	2,413,418	2,568,560	3,530,580	3,796,477	3,917,425	4,153,298	4,148,605
DEPARTMENT TOTAL.....	\$ 6,093,174	\$ 6,339,107	\$ 7,268,412	\$ 7,545,263	\$ 7,765,390	\$ 8,105,826	\$ 8,105,385

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 activities necessary for the achievement of commonwealth transportation goals and objectives.

The General Government Operations appropriation within the Motor License Fund develops general guidelines for highway-related activities while directing and coordinating construction, maintenance and safety functions discussed under the Highways and Bridges program and the Safety Administration and Licensing program. Managerial responsibilities include providing support in legal, budgetary, accounting, personnel, procurement, information systems and public relations

matters. A central municipal services staff handles grant allocations to local governments and coordinates highway transfer activities which are discussed under the Local Highway and Bridge Assistance program. In addition, the State Transportation Commission and the Transportation Advisory Committee are funded within this appropriation.

Funding for direct supervision and oversight of aviation, mass transportation, rail freight and port activities is shown under the Multimodal Transportation program.

The Refunding Collected Monies appropriation provides for refunds of Motor License Fund overpayments associated with operator licenses, vehicle registrations, and safety inspection stickers.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations
 \$ 1,355 —to continue current program.

Refunding Collected Monies (EA) is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
MOTOR LICENSE FUND:							
General Government Operations	\$ 53,764	\$ 53,764	\$ 55,119	\$ 55,119	\$ 55,119	\$ 55,119	\$ 55,119
Refunding Collected Monies (EA)	2,500	2,500	2,500	2,500	2,500	2,500	2,500
TOTAL MOTOR LICENSE FUND.....	\$ 56,264	\$ 56,264	\$ 57,619	\$ 57,619	\$ 57,619	\$ 57,619	\$ 57,619

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

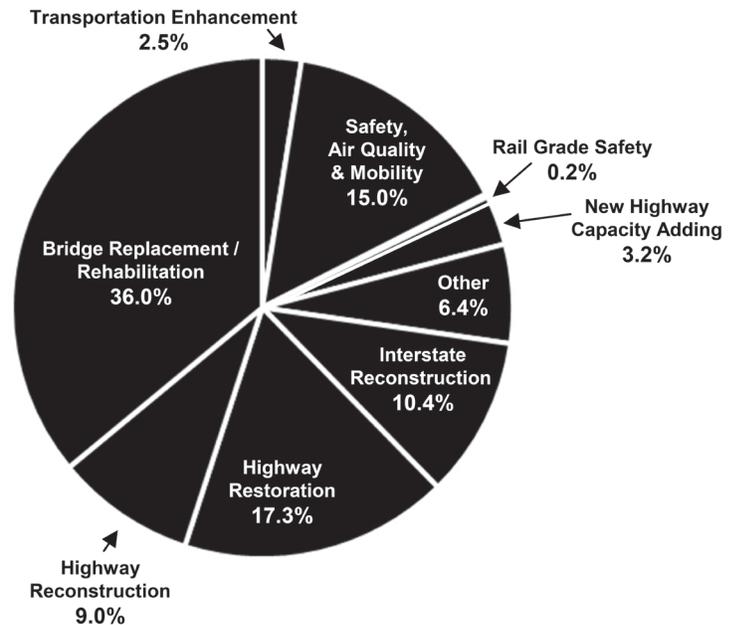
This program contributes to the economic vitality of the commonwealth and to the mobility of its residents through major reconstruction or construction of highways and bridges on the state-owned network.

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. 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 authorizes grants to states and 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 2012 – September 2016)



Represents the current program, which is in the process of being updated to reflect passage of Act 89 of 2013.

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.

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 the department 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 approximately 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 typically 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 with excess weight or size loads for the use of certain highways and bridges. 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 software to identify those highway locations that have experienced more accidents than similar roads with similar traffic volumes. Another program identifies locations that have had an inordinate number of accidents in which vehicles run 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 Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 198	<p>Welcome Centers —to continue current program.</p>		<p>rehabilitation at Marshall Avenue Interchange in Allegheny County, I 81 two bridge rehabilitation and a railroad bridge removal in Lackawanna County, Masontown Bridge replacement in Fayette County, 8th Street Bridge rehabilitation in Lehigh County, Lowther Street Bridge replacement in Cumberland County, Platt Bridge restoration in Philadelphia County, I 84 over the Delaware River in Pike County, and Armand Hammer Bridge restoration and new alignment in Chester County.</p>
\$ 190,000	<p>Highway and Safety Improvement —to continue current program. New highway construction and reconstruction focuses on projects that will spur economic development. Major projects expected to start or continue in Fiscal Year 2014-15 include the adding of lanes, highway reconstruction and bridge restoration at the Swedsford Exchange off US 202 and reconstruction and additional lanes at US 202 Exton Bypass - PA 29 in Chester County, highway restoration York Road: Bristol PA 413 in Bucks County, PA 61: SR 2014 to SR 895 Deer Lake Borough and West Brunswick Township safety improvement & construct new southbound roadway, bridge replacement and construction of new bridge in Schuylkill County, US 422 at PA 363 West Norriton and Lower Providence Townships, Additional movements to interchange TIP #M06 in Montgomery County, widening, resurfacing, and reconstruction to provide four standard lanes with median barrier PA 28/I 579 E Ohio in Allegheny County, Restoration - 3-R Improvements SR 2001 Milford-Bushkill #2 in Pike County, and new four lane roadway US 219 Garrett Bridges and 219 Garret Earthwork in Somerset County. US 322 environmental mitigation in Delaware County.</p>		<p>Additional projects expected to start in Fiscal Year 2014-15 includes the replacement of bridge on Holme Avenue over Roosevelt Boulevard in Philadelphia County, bridge replacement on SR 11 over abandoned RR in Luzerne County, Lehigh County, bridge replacement on Brandywine Avenue over Brandywine Creek in Chester County, replacement of 17 span Trafford Bridge viaduct in Westmoreland County, bridge replacement Glenwood Interchange at SR 85 & SR 37 intersection, bridge rehabilitation on PA 291 over Darby Creek, replacement of Snyders Bridge in Schuylkill County, and a bridge replacement on Butler Avenue over Neshaminy Creek in Bucks County.</p>
	<p>Another priority is the preservation of the Interstate Highway System. Key projects expected to start or continue in Fiscal Year 2014-15 will include I 95 roadway & bridge reconstruction, Columbia-Ann Street in Philadelphia, Squirrel Hill Tunnel, New Interchange and redesign Mount Rose Ave and I 83 Interchange in York County, I 83/PA 581 mainline and ramp safety improvements & bridge work in Cumberland County.</p>	\$ -165,000	<p>Expanded Highway and Bridge Program —funding provided by Act 44 of 2007 has been redirected to transit due to the passage of Act 89 of 2013. Projects will be funded through the Highway and Safety Improvement appropriation.</p>
		\$ 67,426	<p>Highway Maintenance —for distribution to all 67 counties through a needs-based formula.</p>
		\$ -61,547	<p>Secondary Roads - Maintenance and Resurfacing (EA) —funding eliminated due to the passage of Act 89 of 2013. County distributions will continue through the Highway Maintenance appropriation.</p>
\$ 80,000	<p>Bridge Restricted Revenue —major projects expected to start or continue in Fiscal Year 2014-15 include the West Carson Street Bridge viaduct replacement on SR 51 in Allegheny County, replacement of Butler Street Bridge with minor roadway realignment in Allegheny County, six bridge</p>	\$ 4,000	<p>Reinvestment - Facilities —to provide increased funding to address safety and operational concerns at department facilities.</p>

Highway Capital Projects (EA) and Payment to Turnpike Commission (EA) are recommended at the current year funding level.

Program: Highways and Bridges (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
MOTOR LICENSE FUND:							
Welcome Centers	\$ 3,309	\$ 3,282	\$ 3,480	\$ 3,480	\$ 3,480	\$ 3,480	\$ 3,480
Highway and Safety Improvements.....	110,000	105,000	295,000	265,000	338,000	491,000	480,000
Expanded Highway and Bridge Program ..	165,000	165,000	0	0	0	0	0
Highway Capital Projects (EA)	220,000	220,000	220,000	220,000	220,000	220,000	220,000
Highway Maintenance	810,000	780,000	847,426	862,643	872,922	813,261	813,670
Secondary Road - Maintenance and Resurfacing (EA)	64,181	61,547	0	0	0	0	0
Reinvestment - Facilities	12,000	12,000	16,000	16,000	16,000	16,000	16,000
Payment to Turnpike Commission (EA).....	28,000	28,000	28,000	28,000	28,000	28,000	28,000
TOTAL MOTOR LICENSE FUND.....	\$ 1,412,490	\$ 1,374,829	\$ 1,409,906	\$ 1,395,123	\$ 1,478,402	\$ 1,571,741	\$ 1,561,150

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 the Metropolitan and Rural Transportation Planning Organizations.

A portion of the revenues from motor fuel taxes are directed by law to municipal payments. The Oil Company Franchise Tax, 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. Act 89 of 2013 eliminated the 12 cent flat tax on gasoline and diesel fuel and replaced it with an additional Oil Company Franchise Tax component that provides an equivalent share to municipal governments. The distribution of funds to the commonwealth's 2,562 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 Act 655. The department provides technical assistance to local governments and is responsible for assuring 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 89 of 2013. An additional \$6 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 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 established

in the Motor License Fund receives revenue from a portion of the Oil Company Franchise Tax and annual registration fees of 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 approximately 6,300 bridges greater than 20 feet long owned by these political subdivisions. Projects are selected by the Metropolitan and 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 the 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 the program's inception in 1983, approximately 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, which is funded from 4.17 percent of the additional Oil Company Franchise Tax from Act 89 of 2013, which replaced the 12 cent flat tax. About \$31 million is distributed to the 67 counties each fiscal year based on a statutory formula. A second program is funded from a share of the Oil Company Franchise Tax, 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 and replaced with an equal component in Act 89 of 2013. Act 89 of 2013 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 of all counties in the state.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Local Road Maintenance and Construction Payments</p> <p>\$ 13,881 —increased transportation investment due to the passage of Act 89 of 2013.</p>	<p>Municipal Traffic Signals</p> <p>\$ 10,000 —for traffic signal grant and synchronization program established by Act 89 of 2013.</p>
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All other appropriations are recommended at the current year funding levels.

Program: Local Highway and Bridge Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
MOTOR LICENSE FUND:							
Local Road Maintenance and Construction Payments	\$ 195,488	\$ 197,092	\$ 210,973	\$ 237,101	\$ 253,001	\$ 264,225	\$ 279,068
Supplemental Local Road Maintenance & Construction Payments	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Municipal Roads and Bridges	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Maintenance and Construction of County Bridges	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Municipal Traffic Signals	0	0	10,000	10,000	10,000	10,000	10,000
TOTAL MOTOR LICENSE FUND.....	\$ 235,488	\$ 237,092	\$ 260,973	\$ 287,101	\$ 303,001	\$ 314,225	\$ 329,068

PROGRAM OBJECTIVE: To support public transportation, intercity bus, intercity rail, rail freight, ports 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: Multimodal Transportation

Act 89 of 2013 reorganized the Department of Transportation by creating a Multimodal Deputy Secretary who is responsible for public transportation, aviation, rail freight and ports. It also created a Multimodal Transportation Fund to fund projects in these areas. Revenues deposited into the Multimodal Transportation Fund include payments from the Pennsylvania Turnpike Commission, a portion of certain motor vehicle fees and beginning in 2015-16, a portion of the Oil Company Franchise Tax.

Act 44 of 2007, as amended by Act 89 of 2013, authorizes programs and funding for public transportation in Pennsylvania. The funds deposited in the Public Transportation Trust Fund are dedicated and predictable, and distribution of the funding is linked to need and performance. In addition, Act 44 of 2007 as amended, provides the department with strong oversight authority and requires heightened accountability of transit agencies.

The Public Transportation Trust Fund consists of five separate accounts. The Transit Operating Assistance account provides grants to service providers for transit operations. Three sections of Act 44 of 2007 as amended, authorize capital assistance: the Asset Improvement program through capital grants, the Alternative Energy Capital Investment 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

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.

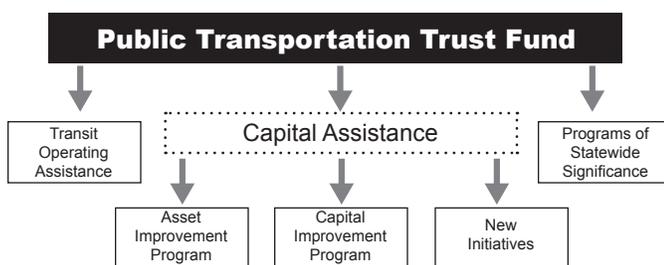
Program Element: Public Transportation

Public transportation service within Pennsylvania is provided by 37 transit systems. Operating grants to these organizations are determined by a base allocation equal to the prior year subsidy and supplemental funding distributed on 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 local match equal to 15 percent of the state grant.

As a result of the Act 89 of 2013 amendments, Asset Improvement is the sole program into which public transportation capital funding is deposited. Sources of funding include payments from the Pennsylvania Turnpike Commission and other fees in accordance with Act 89 of 2013 provisions. Another funding source is the Transportation Assistance Program based on capital budget project authorizations. These funds require a local match equal to 3.33 percent of the state grant. In addition to traditional transit operations, the commonwealth supports affordable access to demographic groups whose mobility would otherwise be more 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 (PwD) program provides discounted fares on shared ride services to individuals who do not have access to other publicly funded transportation. Act 44 of 2007 authorized expansion of this program to all eligible counties, excluding Allegheny and Philadelphia counties. Act 89 of 2013 extends the program to Allegheny County. Philadelphia, with its extensive fixed route network and complementary paratransit service, is not eligible for this program. In 2012-13, individuals with disabilities scheduled over 370,000 shared ride trips and paid only 15 percent of the fare.

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. Act 44 of 2007 provided program authorization and state funding to leverage federal grants.



bus and rail, Welfare to Work and Job Access Reverse Commute, technical assistance for performance reviews, demonstration projects and rail safety oversight.

Act 89 of 2013, provides additional revenue sources for the Public Transportation Trust Fund. Primary revenue sources for the Public Transportation Trust Fund are a 4.4 percent share of the state sales and use tax, payments from the Pennsylvania Turnpike Commission, transfers from the Lottery Fund, and the Public Transportation Assistance Fund, and certain motor vehicle fees, fines and surcharges. Transit agencies also receive additional state funds from Capital Facilities Fund bond proceeds.

Program: Multimodal Transportation (continued)

Program Element: Older Pennsylvanians Transit

The commonwealth's older citizens have benefited from greater mobility through the implementation of the Free Transit program in 1973 and the subsequent addition of the Shared Ride program in 1980. Both programs are funded from a portion of the revenues received from state lottery sales.

Under the State Lottery Law, Pennsylvanians who are 65 years of age or older are eligible for free rides on participating local fixed route operations. Act 44 of 2007 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 enables senior citizens 65 years or older to use demand responsive service at a significant fare discount. The department grants lottery funds to shared-ride service providers who operate on a non-fixed route basis and allow senior citizens to ride at an 85 percent discount on the general public fare. Senior citizen 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. In 2012-13, fixed route transportation systems provided approximately 35.5 million trips at no charge to senior citizens and shared-ride operators provided 4.1 million trips at an 85 percent discount to senior citizens. 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 the National Railroad Passenger Corporation (Amtrak).

The commonwealth's intercity bus program supports operations on routes where, without state assistance, essential service would be terminated. In 2012-13, the commonwealth's subsidy resulted in more than 430,000 passengers on intercity bus services. As private operators propose termination of such services, the department evaluates the economic and social impacts of service termination and determines the merits of public subsidy. Federal funds also are used to support intercity bus operations and supplement the existing state-sponsored program.

Intercity rail passenger service in Pennsylvania, as distinguished from local or regional commuter service, is presently provided by Amtrak. The department has contracted with Amtrak to supplement Amtrak's national system schedule in the Harrisburg to Philadelphia Corridor (The Keystone) and to sustain service between Harrisburg and Pittsburgh (The Pennsylvanian). This financial assistance helps to support 79 one-way trains per week on The Keystone, with 1.46 million passenger trips made through this service in 2012-13, a 4.9 percent increase over 2011-12. Beginning in 2013-14, federal legislation requires the commonwealth to support The Pennsylvanian, to provide two one-way trips per day between Philadelphia and Pittsburgh.

Program Element: PennPORTS

Pennsylvania's ports provide a competitive advantage for the commonwealth in attracting and retaining business. Pennsylvania boasts a deepwater port in Philadelphia, a busy, sprawling inland port in Pittsburgh, and a Great Lakes port in Erie with access to the world through the St. Lawrence Seaway, as well as a number of privately-owned and operated ports throughout the commonwealth.

The Port of Philadelphia is one of the busiest along the Atlantic Coast. It handles more than one-quarter of the entire North Atlantic District's annual tonnage and it is the fourth largest port in the United States for the handling of imported goods. The Port of Pittsburgh moves more than 40 million tons of cargo annually along its three major waterways, the Allegheny, Monongahela and Ohio Rivers, making it the second largest inland port in the United States and the origin for more tons of raw materials than any other port in the world. Midway between New York and Chicago, Erie is within a 300 mile radius of one-third of the population of the United States, making it easy to reach major markets such as Detroit, New York, Chicago, Washington D.C. and parts of Canada.

The PennPORTS program was transferred to the department in 2013-14 and is funded through the Multimodal Transportation Fund created by Act 89 of 2013. PennPORTS supports the operation and maintenance of the ports of Erie, Pittsburgh and Philadelphia as well as strategic planning and policy development. The program also works with privately-owned and operated terminals engaged in waterborne commerce to increase jobs and cargo opportunities throughout the commonwealth. The funds are distributed among the ports based upon need demonstrated through a competitive application process. State funds aid in the development of port assets, which not only generate port and shipping-related jobs, but also assist Pennsylvania firms to export and import products.

Program Element: Rail Freight

Commonwealth involvement in rail freight began in the mid-1970's as a result of the bankruptcy of seven

Program: Multimodal Transportation (continued)

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 of 1984 authorized the department to issue grants to these entities for acquisition, accelerated maintenance and new construction. Pennsylvania now has approximately 67 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 the Multimodal Transportation Fund 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).

Beginning in 2012, the department receives \$1 million annually from the Unconventional Gas Well Fund that it can use to fund rail freight grants for projects related to or directly benefitting the commonwealth's Marcellus Shale gas drilling industry.

Program Element: Aviation

Aviation plays a major role in the movement of passengers and cargo throughout the commonwealth, with 132 public use airports and heliports. These include 15 with scheduled passenger service, all of which are operated by local governments or authorities. In addition to facilitating the movement of people and goods, aviation facilities bring substantial economic benefits to the commonwealth. According to a 2011 study, aviation contributes over \$23 billion of economic benefits to Pennsylvania annually and is responsible for over 304,000 jobs, representing \$9.2 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 state and federal grant programs that are available 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 fuel sold in the commonwealth are deposited, and the Multimodal Transportation Fund. This includes an airport development grant program for public use airports to meet safety, security, capacity, environmental and planning needs as well as a real estate tax rebate program for private and public-use airports, funded from the statewide aviation fuel tax.

The Transportation Assistance Program, consists of a state aviation program that is only available to airports that have a public sponsor.

Pennsylvania is one of only 10 states chosen as a federal block grant state. The commonwealth, through the department, receives approximately \$16 million each year from the Federal Aviation Administration to distribute to qualifying airports.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND Rail Freight and Intermodal Coordination —program transferred to Multimodal Transportation Fund.</p>	<p>LOTTERY FUND Older Pennsylvanians Shared Rides (EA) —to continue current program based on transit system projections.</p>
<p>\$ -868</p>	<p>\$ 5,000</p>

PennPORTS - Philadelphia Regional Port Authority Debt Service is recommended at the current year funding level.

This budget recommends the Airport Development Grants program at the \$6 million level. It is funded from the Aviation Restricted Revenue Account.

Program: Multimodal Transportation (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Rail Freight and Intermodal Coordination..	\$ 855	\$ 868	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
PennPORTS.....	3,699	0	0	0	0	0	0
PennPORTS-Philadelphia Regional Port Authority Debt Service.....	4,604	4,605	4,605	4,605	4,605	4,605	4,605
Rail Freight Assistance.....	5,750	0	0	0	0	0	0
TOTAL GENERAL FUND	\$ 14,908	\$ 5,473	\$ 4,605	\$ 4,605	\$ 4,605	\$ 4,605	\$ 4,605
LOTTERY FUND:							
Older Pennsylvanians Shared Rides (EA)	\$ 80,975	\$ 80,975	\$ 85,975	\$ 85,975	\$ 85,975	\$ 85,975	\$ 85,975
MULTIMODEL TRANSPORTATION FUND:							
Aviation Grants (EA).....	\$ 0	\$ 5,000	\$ 6,000	\$ 6,360	\$ 6,360	\$ 6,472	\$ 6,472
Rail Freight Grants (EA).....	0	8,000	10,000	10,600	10,600	11,236	11,236
Passenger Rail Grants (EA).....	0	6,000	8,000	8,480	8,480	8,989	8,989
Ports and Waterways Grants (EA).....	0	8,000	10,000	10,600	10,600	11,236	11,236
Bicycle and Pedestrian Facilities Grants (EA).....	0	2,000	2,000	2,120	2,120	2,247	2,247
Statewide Programs Grants (EA).....	0	0	20,000	40,000	40,000	40,000	40,000
Multimodal Administration and Oversight (EA).....	0	1,000	1,300	1,300	1,300	1,300	1,300
Transfer to Commonwealth Financing Authority (EA).....	0	0	39,700	63,540	63,540	67,250	67,250
TOTAL MULTIMODEL TRANSPORTATION FUND	\$ 0	\$ 30,000	\$ 97,000	\$ 143,000	\$ 143,000	\$ 148,730	\$ 148,730
PUBLIC TRANSPORTATION TRUST FUND:							
Mass Transit Operating (EA).....	\$ 710,000	\$ 725,361	\$ 767,426	\$ 813,213	\$ 824,720	\$ 847,139	\$ 858,481
Asset Improvement (EA).....	13,300	93,000	338,236	372,076	373,076	415,808	415,808
Capital Improvement (EA).....	40,000	13,593	0	0	0	0	0
Programs of Statewide Significance (EA)..	84,510	92,268	70,717	70,113	71,547	77,161	78,555
Transit Administration and Oversight (EA)	4,488	4,488	4,488	4,488	4,488	4,488	4,488
TOTAL PUBLIC TRANSPORTATION TRUST FUND	\$ 852,298	\$ 928,710	\$ 1,180,867	\$ 1,259,890	\$ 1,273,831	\$ 1,344,596	\$ 1,357,332

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. Pennsylvania has more than 11 million registered vehicles including individual automobiles, commercial vehicles, trailers and fleet vehicles, as well as fee-exempt vehicles owned by state and local governments and certain non-profit organizations. This total includes over 200,000 heavy trucks greater than 17,000 pounds and more than 195,000 trailers greater than 10,000 pounds. The number of licensed drivers has remained constant over the past few years at 8.8 million, including 440,000 commercial drivers. The Safety Administration and Licensing program oversees operator and vehicular licensing activities such as testing, inspections and revocations. The department also operates the Driver's License Examination program. Over 745,000 driving knowledge and skills tests were conducted in 2012-13 to certify applicants to operate passenger and commercial vehicles and motorcycles. A statewide network of facilities conducts written, oral and skills tests. Generally, around 300,000 new drivers are licensed each year, either as first-time drivers or drivers from other states.

The Vehicle 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 Clean Air Act amendments of 1990, the commonwealth operates an annual Vehicle Emissions Inspection program in 25 counties affecting approximately 7 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 Vehicle Emissions Inspection program, the annual Vehicle 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. Approximately 450,000 of the 1.3 million citations issued in 2012-13 resulted 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. In addition to the regular suspension criteria, commercial vehicle drivers may lose their privilege to drive a commercial vehicle for adjudication of a single major offense or for an accumulation of serious traffic offenses.

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 who do not have insurance, can result in a revocation or suspension of vehicle registration, or payment of a \$500 civil penalty (effective January 1, 2015). A total of 116,000 vehicle suspensions were imposed during 2012-13 for insurance infractions.

The department currently has 97 offices statewide offering 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 2012-13, 2.4 million customers visited driver license centers and over 3.4 million customers came to get their pictures taken for their photo license and photo ID cards. The computerized online messenger program, which connects private businesses with the department, has been the cornerstone of the decentralization effort. There are currently 252 messenger sites, processing 1 million driver's license and motor vehicle transactions annually. Other efforts to improve service include more efficient linkage between the department and automobile dealers, leasing and rental agencies, and fleet owners for the immediate processing of registration and titling transactions. Customers can also process transactions on the department's Internet renewal system. During 2012-13, approximately 4.1 million customers renewed their non-commercial driver's license, photo identification card or vehicle registration via the Internet.

Beginning December 31, 2016, vehicle owners may elect to renew their vehicle registration for one or two years, and vehicle registration stickers will no longer be issued.

Program: Safety Administration and Licensing (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

All appropriations are recommended at the current year funding levels.

\$ 8,209

MOTOR LICENSE FUND

Safety Administration and Licensing
—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Vehicle Sales Tax Collections.....	\$ 882	\$ 904	\$ 904	\$ 904	\$ 904	\$ 904	\$ 904
Voter Registration.....	422	504	504	504	504	504	504
Photo ID Cards.....	1,000	896	896	896	896	896	896
TOTAL GENERAL FUND	\$ 2,304	\$ 2,304	\$ 2,304	\$ 2,304	\$ 2,304	\$ 2,304	\$ 2,304
MOTOR LICENSE FUND:							
Safety Administration and Licensing.....	\$ 131,402	\$ 127,171	\$ 135,380	\$ 134,989	\$ 134,989	\$ 134,989	\$ 134,989

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Program: Transportation Support Services							
Overhead costs as a percentage of department budget (state funds)	1.38%	1.31%	1.11%	1.06%	1.05%	0.93%	0.92%
Program: Highways and Bridges							
Highway and Bridge Construction/Reconstruction							
Miles of new highway construction	6	15	17	19	18	19	19
Miles of Interstate reconstruction or restoration	156	115	117	122	120	122	125
Miles of non-Interstate reconstruction or restoration	88	133	156	168	164	168	170
Interstate Highway System in good or excellent condition	82.10%	80.90%	81.60%	82.20%	82.90%	83.50%	84.20%
Interstate Highway System in poor condition	3.80%	4.20%	3.90%	3.80%	3.70%	3.50%	3.30%
National Highway System non-Interstate highways in good or excellent condition	63.30%	61.40%	62.90%	64.30%	67.30%	68.70%	70.20%
National Highway System non-Interstate highways in poor condition	15.30%	16.80%	16.30%	15.80%	14.80%	14.30%	13.80%
Bridges replaced/repaired	291	270	320	340	340	340	340
Structurally deficient bridges by deck area	11.40%	11.10%	11%	10.80%	10.60%	10.40%	10.20%
Variance of final cost of construction versus original contract amount	5%	3%	3%	3%	3%	3%	3%
Number of bridges preserved	193	200	210	210	210	210	210
Highway and Bridge Maintenance							
Miles of state maintained highways	39,792	39,760	39,735	39,710	39,685	39,660	39,635
Miles of state maintained highways improved:							
Structural restoration	210	175	220	233	231	230	228
Structural resurfacing	475	195	770	1,035	1,170	1,145	1,145
Non-structural resurfacing	712	225	350	440	490	485	485
Surface Repairs	3,559	3,000	3,865	3,820	3,850	3,850	3,850
Total:	4,956	3,595	5,205	5,518	5,741	5,710	5,708
Program: Local Highway and Bridge Assistance							
Miles of highway locally administered:							
Total	77,889	78,000	78,100	78,200	78,300	78,400	78,500
Percentage of all locally maintained highways in the commonwealth	66.20%	66.20%	66.30%	66.30%	66.40%	66.40%	66.40%
Local bridges:							
Total (greater than 20 feet)	6,352	6,352	6,352	6,352	6,352	6,352	6,352
Brought up to standard through State Bridge program	48	40	40	35	35	35	35
Program: Multimodal Transportation							
Mass Transportation							
Passengers carried by state-assisted operators (millions annually)	435.30	442.30	442.30	442.30	442.30	442.30	442.30
Passengers per vehicle hour	41.40	41.20	41.20	41.20	41.20	41.20	41.20

Program Measures

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Percentage share of average income of mass transit trips:							
From revenue	36.50%	36.20%	36.20%	36.20%	36.20%	36.20%	36.20%
From commonwealth	48.40%	48.70%	48.70%	48.70%	48.70%	48.70%	48.70%
From federal government	7.80%	7.70%	7.70%	7.70%	7.70%	7.70%	7.70%
From local government	7.30%	7.40%	7.40%	7.40%	7.40%	7.40%	7.40%
Older Pennsylvanians Transit							
Free transit trips (millions annually)	35.46	35.81	36.17	36.53	36.90	37.27	37.64
Trips on state assisted shared ride vehicles (millions annually)	4.09	4.13	4.18	4.22	4.26	4.30	4.34
Cost to the commonwealth per trip:							
Free Transit	\$2.57	\$2.60	\$2.62	\$2.63	\$2.64	\$2.65	\$2.67
State assisted shared ride vehicles	\$17	\$17.55	\$17.90	\$18.26	\$18.63	\$19	\$19.38
Intercity Transportation							
Intercity Bus:							
Passengers handled	434,412	435,424	434,354	433,854	433,354	432,854	432,854
Subsidy per passenger trip	\$4.59	\$4.57	\$4.59	\$4.59	\$4.59	\$4.59	\$4.59
Intercity Rail:							
Passengers handled	1,460,548	1,511,667	1,564,576	1,619,336	1,676,012	1,734,673	1,795,386
Subsidy per passenger mile	\$0.20	\$0.14	\$0.12	\$0.12	\$0.12	\$0.12	\$0.12
Rail Freight:							
Miles of rail lines, state assisted	135	200	200	200	200	200	200
Direct and indirect jobs created by state-supported rail freight improvements	13,507	24,000	24,000	24,000	24,000	24,000	24,000
Additional trucks that would be needed without rail freight bulk cargo service	380,738	350,000	350,000	350,000	350,000	350,000	350,000
Aviation:							
Airport development grants	85	75	75	75	75	75	75
Projects receiving federal priority	87%	86%	90%	90%	90%	90%	90%
Runways with a pavement condition index of fair or better	96%	96%	96%	96%	96%	96%	96%
Program: Safety Administration and Licensing							
Vehicles inspected:							
Safety inspections	10,800,605	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Emission inspections	6,517,348	6,800,000	6,800,000	6,800,000	6,800,000	6,800,000	6,800,000
Registrations:							
New vehicle registrations	1,628,209	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Renewed vehicle registrations	8,433,379	8,500,000	8,500,000	8,500,000	8,500,000	8,288,000	8,288,000
Licensed drivers:							
New drivers licensed	285,895	310,000	310,000	310,000	310,000	310,000	310,000
Renewed drivers licenses	2,140,059	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
New commercial drivers licensed	16,774	17,000	17,000	17,000	17,000	17,000	17,000
Photo identification cards issued (non-driver photos)	354,747	350,000	350,000	350,000	350,000	350,000	350,000
Service center customers served within 30 minutes	85%	90.50%	90.50%	90.50%	90.50%	90.50%	90.50%
Access rate of driver and vehicle services call center	99.20%	99.50%	99.50%	99.50%	99.50%	99.50%	99.50%

Per Act 89 of 2013, voluntary biennial vehicle registration becomes effective December 31, 2016.

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LEGISLATURE

The mission of the General Assembly of Pennsylvania is to formulate and enact the public policy of the commonwealth.

Through legislation and resolution, the General Assembly defines the functions of 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.

Programs and Objectives

Legislature: *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.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Senate:			
Senators' Salaries.....	\$ 7,184	\$ 7,292	\$ 7,292
Senate President - Expenses.....	300	305	305
Employees of Chief Clerk.....	2,540	2,578	2,578
Salaried Officers and Employees.....	10,650	10,810	10,810
Incidental Expenses.....	2,671	2,711	2,711
Expenses - Senators.....	1,238	1,257	1,257
Legislative Printing and Expenses.....	6,717	6,818	6,818
Committee on Appropriations (R).....	1,249	0	0
Committee on Appropriations (D).....	1,249	0	0
Committee on Appropriations (R) and (D).....	0	2,535	2,535
Caucus Operations (R) and (D).....	0	60,697	60,697
Caucus Operations (R).....	31,512	0	0
Caucus Operations (D).....	28,288	0	0
Subtotal.....	\$ 93,598	\$ 95,003	\$ 95,003
House of Representatives:			
Members' Salaries, Speaker's Extra Compensation.....	\$ 26,984	\$ 27,389	\$ 27,389
Caucus Operations (R) and (D).....	0	97,948	97,948
Caucus Operations (R).....	52,040	0	0
Caucus Operations (D).....	44,460	0	0
Speaker's Office.....	1,714	1,740	1,740
Bi-Partisan Committee, Chief Clerk, Comptroller and EMS.....	14,048	14,259	14,259
Mileage - Representatives, Officers and Employees.....	352	357	357
Chief Clerk and Legislative Journal.....	2,645	2,685	2,685
Speaker.....	20	0	0
Chief Clerk.....	553	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	681	681
Incidental Expenses.....	4,800	4,872	4,872
Expenses - Representatives.....	4,026	4,086	4,086
Legislative Printing and Expenses.....	10,108	10,260	10,260
National Legislative Conference - Expenses.....	484	491	491

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
Committee on Appropriations (R).....	3,052	3,098	3,098
Committee on Appropriations (D).....	3,052	3,098	3,098
Special Leadership Account (R).....	5,725	5,811	5,811
Special Leadership Account (D).....	5,725	5,811	5,811
Subtotal.....	<u>\$ 179,886</u>	<u>\$ 182,586</u>	<u>\$ 182,586</u>
Total - General Government.....	<u>\$ 273,484</u>	<u>\$ 277,589</u>	<u>\$ 277,589</u>
GENERAL FUND TOTAL.....	<u>\$ 273,484</u>	<u>\$ 277,589</u>	<u>\$ 277,589</u>

* This budget presents the Government Support Agencies appropriations on page E45.1.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
LEGISLATURE							
GENERAL FUND.....	\$ 273,484	\$ 277,589	\$ 277,589	\$ 277,589	\$ 277,589	\$ 277,589	\$ 277,589
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.....	\$ 273,484	\$ 277,589	\$ 277,589	\$ 277,589	\$ 277,589	\$ 277,589	\$ 277,589
ALL PROGRAMS:							
GENERAL FUND.....	\$ 273,484	\$ 277,589	\$ 277,589	\$ 277,589	\$ 277,589	\$ 277,589	\$ 277,589
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.....	\$ 273,484	\$ 277,589	\$ 277,589	\$ 277,589	\$ 277,589	\$ 277,589	\$ 277,589

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)

Legislature

The Legislature is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
TOTAL GENERAL FUND	\$ 273,484	\$ 277,589	\$ 277,589	\$ 277,589	\$ 277,589	\$ 277,589	\$ 277,589



JUDICIARY

The mission 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 Philadelphia Municipal Court, Pittsburgh Municipal Court and magisterial district judges.

Programs and Objectives

State Judicial System: *To provide the citizens of the commonwealth with prompt and equitable justice under the law.*

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Supreme Court:			
Supreme Court.....	\$ 13,239	\$ 13,636	\$ 13,636
Justices Expenses.....	115	118	118
Judicial Center Operations.....	655	675	675
Judicial Council.....	137	141	141
District Court Administrators.....	16,773	17,276	17,276
Interbranch Commission.....	299	308	308
Court Management Education.....	71	73	73
Rules Committees.....	1,448	1,491	1,491
Court Administrator.....	9,663	9,953	9,953
(F)Court Improvement Project.....	1,420	1,100 ^a	1,130
(F)Veterans Court Process Evaluation.....	200	200	0
(F)PA Weighted Caseload Project.....	80	80	0
(F)ARRA - Specialty Courts IT Project (EA).....	450	279	0
Integrated Criminal Justice System.....	2,303	2,372	2,372
(R)Judicial Computer System.....	53,307	57,048	57,048
Unified Judicial System Security.....	1,944	2,002	2,002
Subtotal.....	\$ 102,104	\$ 106,752	\$ 106,223
Superior Court:			
Superior Court.....	\$ 26,237	\$ 27,024	\$ 27,024
Judges Expenses.....	178	183	183
Subtotal.....	\$ 26,415	\$ 27,207	\$ 27,207
Commonwealth Court:			
Commonwealth Court.....	\$ 15,926	\$ 16,404	\$ 16,404
Judges Expenses.....	128	132	132
Subtotal.....	\$ 16,054	\$ 16,536	\$ 16,536
Courts of Common Pleas:			
Courts of Common Pleas.....	\$ 97,705	\$ 100,636	\$ 100,636
Senior Judges.....	3,607	3,715	3,715
Judicial Education.....	1,105	1,138	1,138
Ethics Committee.....	55	57	57
Problem-Solving Courts.....	100	103	103
Subtotal.....	\$ 102,572	\$ 105,649	\$ 105,649
Magisterial District Judges:			
Magisterial District Judges.....	\$ 71,381	\$ 73,522	\$ 73,522
Magisterial District Judge Education.....	651	671	671
Subtotal.....	\$ 72,032	\$ 74,193	\$ 74,193
Philadelphia Courts:			
Traffic Court.....	\$ 912	\$ 939	\$ 0 ^b
Municipal Court.....	5,746	5,918	6,857 ^b
Subtotal.....	\$ 6,658	\$ 6,857	\$ 6,857

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
Judicial Conduct Board	\$ 1,531	\$ 1,577	\$ 1,577
Court of Judicial Discipline	454	468	468
Subtotal.....	<u>\$ 1,985</u>	<u>\$ 2,045</u>	<u>\$ 2,045</u>
Subtotal - State Funds.....	\$ 272,363	\$ 280,532	\$ 280,532
Subtotal - Federal Funds.....	2,150	1,659	1,130
Subtotal - Restricted Revenues.....	53,307	57,048	57,048
Total - General Government.....	<u>\$ 327,820</u>	<u>\$ 339,239</u>	<u>\$ 338,710</u>
Grants and Subsidies:			
Reimbursement of County Costs:			
Jurors Cost Reimbursement	\$ 1,085	\$ 1,118	\$ 1,118
County Courts Reimbursement	33,405	34,407	34,407
Senior Judge Reimbursement	1,335	1,375	1,375
Court Consolidation	1,100	0	0
Subtotal.....	<u>\$ 36,925</u>	<u>\$ 36,900</u>	<u>\$ 36,900</u>
Total - Grants and Subsidies.....	<u>\$ 36,925</u>	<u>\$ 36,900</u>	<u>\$ 36,900</u>
STATE FUNDS.....	\$ 309,288	\$ 317,432	\$ 317,432
FEDERAL FUNDS.....	2,150	1,659	1,130
RESTRICTED REVENUES.....	53,307	57,048	57,048
GENERAL FUND TOTAL	<u>\$ 364,745</u>	<u>\$ 376,139</u>	<u>\$ 375,610</u>

^a Includes recommended supplemental appropriation of \$158,000.

^b Transition of Traffic Court functions and judges to Municipal Court in accordance with Act 17 of 2013.

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
STATE JUDICIAL SYSTEM							
GENERAL FUND.....	\$ 309,288	\$ 317,432	\$ 317,432	\$ 317,432	\$ 317,432	\$ 317,432	\$ 317,432
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,150	1,659	1,130	1,130	1,130	1,130	1,130
OTHER FUNDS.....	53,307	57,048	57,048	57,048	57,048	57,048	57,048
SUBCATEGORY TOTAL.....	<u>\$ 364,745</u>	<u>\$ 376,139</u>	<u>\$ 375,610</u>	<u>\$ 375,610</u>	<u>\$ 375,610</u>	<u>\$ 375,610</u>	<u>\$ 375,610</u>
ALL PROGRAMS:							
GENERAL FUND.....	\$ 309,288	\$ 317,432	\$ 317,432	\$ 317,432	\$ 317,432	\$ 317,432	\$ 317,432
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,150	1,659	1,130	1,130	1,130	1,130	1,130
OTHER FUNDS.....	53,307	57,048	57,048	57,048	57,048	57,048	57,048
DEPARTMENT TOTAL.....	<u>\$ 364,745</u>	<u>\$ 376,139</u>	<u>\$ 375,610</u>	<u>\$ 375,610</u>	<u>\$ 375,610</u>	<u>\$ 375,610</u>	<u>\$ 375,610</u>

PROGRAM OBJECTIVE: To provide the citizens of the commonwealth with prompt and equitable justice under the law.

Program: State Judicial System

Pennsylvania's Unified Judicial System consists of the Supreme Court, Superior Court, Commonwealth Court, Courts of Common Pleas, Philadelphia Municipal Court (including its Traffic Division), Pittsburgh Municipal Court, and magisterial district courts.

The Supreme Court is Pennsylvania's court of last resort. The seven justices, including the chief justice, are responsible for the administration of Pennsylvania's Unified Judicial System. The Supreme Court receives more than 3,000 cases for review annually, and the justices select for consideration those that involve an unusually important legal principle as well as those that may clarify or correct a point of law. Other cases are heard by the court as a matter of right, including criminal cases where a defendant has been sentenced to death. The court has exclusive authority in a number of instances, including cases arising from the legislative reapportionment process, and extraordinary authority to hear any case of immediate public importance.

As defined by the state constitution, statute and court rule, the Administrative Office of Pennsylvania Courts (AOPC) assists the Supreme Court in its oversight responsibility of the Unified Judicial System. The AOPC provides services for approximately 2,100 members of the Judiciary and staff, including budgeting, accounting, human resource services, legal representation, policy guidance, technical advice, education, research, intergovernmental relations and communications. The Judicial Computer System, an AOPC department, also serves as a data link for thousands of others in local, state and federal governments.

In addition to the Judicial Computer System, the Supreme Court has initiated a number of programs in recent years to improve the effectiveness and efficiency of the court system. The AOPC's Office for Children and Families in the Court, in conjunction with the Department of Public Welfare (DPW) and county governments, has had remarkable success in expeditiously providing neglected and abused children with safe and permanent homes at considerable savings to DPW. A program assisting judicial districts in establishing, expanding or maintaining special problem-solving courts, such as drug courts, mental health and veterans courts, has been similarly successful.

As a cost-saving and efficiency measure, the Supreme Court and AOPC have methodically examined the need for each of the commonwealth's more than 500 magisterial district courts. Using its authority to realign those districts, 18 courts have been eliminated and at least 10 additional seats are to be cut by January 2018. Projected annual cost savings when fully implemented are \$3.8 million based on current costs. Similarly, AOPC has retained the National

Center for State Courts through a federal grant to help develop a methodology that will allow the court and the legislature to assess the number of trial court judges that are needed statewide.

The integrated case and financial management systems developed by the Judicial Computer System have successfully created a critical information link throughout Pennsylvania's criminal justice system, improving efficiency and effectiveness for state and local governments. Pennsylvania's magisterial district courts, Common Pleas criminal courts and three appellate courts are all part of the system, while a separate system provides administrative computing. A case management module computerizing a portion of Pennsylvania's civil courts is now in use for dependency court proceedings. A similar module is under development for delinquency cases. The Judicial Computer System has also developed an online payment system, PAePay, to improve customer service in the collection of assessed fines, fees, costs and restitution. This system has made possible the electronic filing of all traffic citations issued by the Pennsylvania State Police (and some local police departments) as well as the e-filing of all criminal complaints in Philadelphia and Allegheny counties. Pennsylvania appellate courts are now developing e-filing protocols which will ultimately lead to extensive e-filing capability throughout the entire court system.

Funding for the Judiciary, excluding the Judicial Computer System, is provided through general appropriations and Act 49 of 2009, which provides an additional funding stream to support Judiciary operations. The Judicial Computer System is funded by Act 64 of 1987 and Act 59 of 1990 as amended by Act 122 of 2002. Act 49 created a temporary 25-month surcharge, beginning December 8, 2009, on the existing Act 122 fee, excluding summary traffic offenses, to support the Judicial Computer System and Access to Justice program. The surcharge, extended 36 months to December 31, 2014 by Act 30 of 2011, consists of \$10.25 to fund Judiciary operations and \$1.00 for Access to Justice. Act 49 also established a permanent \$2.25 fee directed to the Criminal Justice Enhancement Account to help support salaries for full-time county district attorneys.

Most cases in Pennsylvania courts are either fully adjudicated or first heard 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 \$12,000. They also issue warrants, hold arraignments and preliminary hearings in all criminal cases, and accept guilty pleas under certain circumstances.

Program: State Judicial System (continued)

In Philadelphia, the municipal court (including the traffic division created in 2013 and comprising of the existing judges and functions from the Philadelphia Traffic Court) is the initial level of the court system. Municipal court is a court of record whose 27 judges must be lawyers. Its limited jurisdiction is analogous but broader than that of magisterial district judges.

The Supreme Court established by order an administrative judicial unit within the Fifth Judicial District (Allegheny County), known as Pittsburgh Municipal Court effective January 2005. Magisterial district judges from Allegheny County sit on assignment by the Fifth Judicial District president judge. Most matters that were previously assigned to Pittsburgh Magistrates Court have been assigned to this court.

Courts of Common Pleas, which are courts of general trial jurisdiction, have original jurisdiction over all cases that are not exclusively assigned to another court. Criminal and civil cases beyond the jurisdiction of magisterial district

and municipal courts are tried in Common Pleas courts. These courts have appellate jurisdiction from final orders of the lower courts as well as appeals from certain state and most local government agencies.

Appeals from the Courts of Common Pleas are generally handled by one of the two intermediate-level appellate courts: Superior Court and Commonwealth Court. Superior Court, comprised of 15 judges, has jurisdiction over all direct appeals that are not within the specific statutory jurisdiction of another appellate court. Commonwealth Court, with nine judges, 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. Appeals from either Superior or Commonwealth courts may be heard by the Supreme Court, either as a matter of right or at the Supreme Court's discretion.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$	-939	Traffic Court —transfer to Municipal Court.	\$	939	Municipal Court —transfer from Traffic Court.
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All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Supreme Court	\$ 13,239	\$ 13,636	\$ 13,636	\$ 13,636	\$ 13,636	\$ 13,636	\$ 13,636
Justices Expenses	115	118	118	118	118	118	118
Judicial Center Operations	655	675	675	675	675	675	675
Judicial Council	137	141	141	141	141	141	141
District Court Administrators	16,773	17,276	17,276	17,276	17,276	17,276	17,276
Interbranch Commission	299	308	308	308	308	308	308
Court Management Education	71	73	73	73	73	73	73
Rules Committees	1,448	1,491	1,491	1,491	1,491	1,491	1,491
Court Administrator	9,663	9,953	9,953	9,953	9,953	9,953	9,953
Integrated Criminal Justice System	2,303	2,372	2,372	2,372	2,372	2,372	2,372
Unified Judicial System Security	1,944	2,002	2,002	2,002	2,002	2,002	2,002
Superior Court	26,237	27,024	27,024	27,024	27,024	27,024	27,024
Judges Expenses	178	183	183	183	183	183	183
Commonwealth Court	15,926	16,404	16,404	16,404	16,404	16,404	16,404
Judges Expenses	128	132	132	132	132	132	132
Courts of Common Pleas	97,705	100,636	100,636	100,636	100,636	100,636	100,636
Senior Judges	3,607	3,715	3,715	3,715	3,715	3,715	3,715
Judicial Education	1,105	1,138	1,138	1,138	1,138	1,138	1,138
Ethics Committee	55	57	57	57	57	57	57
Problem-Solving Courts	100	103	103	103	103	103	103
Magisterial District Judges	71,381	73,522	73,522	73,522	73,522	73,522	73,522
Magisterial District Judge Education	651	671	671	671	671	671	671
Traffic Court	912	939	0	0	0	0	0
Municipal Court	5,746	5,918	6,857	6,857	6,857	6,857	6,857

Program: State Judicial System (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND: (continued)							
Judicial Conduct Board.....	\$ 1,531	\$ 1,577	\$ 1,577	\$ 1,577	\$ 1,577	\$ 1,577	\$ 1,577
Court of Judicial Discipline	454	468	468	468	468	468	468
Jurors Cost Reimbursement.....	1,085	1,118	1,118	1,118	1,118	1,118	1,118
County Courts Reimbursement	33,405	34,407	34,407	34,407	34,407	34,407	34,407
Senior Judge Reimbursement.....	1,335	1,375	1,375	1,375	1,375	1,375	1,375
Court Consolidation.....	1,100	0	0	0	0	0	0
TOTAL GENERAL FUND	\$ 309,288	\$ 317,432	\$ 317,432	\$ 317,432	\$ 317,432	\$ 317,432	\$ 317,432



GOVERNMENT SUPPORT AGENCIES

The mission of the Government Support Agencies is to serve the members of the legislature, legislative committees, the governor, heads of state agencies and, in certain cases, citizens of the commonwealth by providing research, fiscal and regulatory review, and administrative and operational support.

Programs and Objectives

Government Support Agencies: *To provide research, fiscal and regulatory review, and administrative and operational support.*

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Government Support Agencies

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2012-13 ACTUAL	2013-14 AVAILABLE	2014-15 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Legislative Reference Bureau - Salaries and Expenses.....	\$ 8,365	\$ 8,365	\$ 8,365
Printing of PA Bulletin and PA Code.....	803	803	738
Subtotal.....	\$ 9,168	\$ 9,168	\$ 9,103
Legislative Budget and Finance Committee.....	1,775	1,775	1,750
Legislative Data Processing Center.....	17,369	17,369	17,369
Joint State Government Commission.....	1,416	1,416	1,416
Local Government Commission.....	1,074	1,074	1,074
Local Government Codes.....	89	89	89
Joint Legislative Air and Water Pollution Control Committee.....	510	510	510
Legislative Audit Advisory Commission.....	245	245	245
Independent Regulatory Review Commission.....	1,850	1,850	1,850
Capitol Preservation Committee.....	710	710	710
Capitol Restoration.....	1,850	1,850	1,850
Commission on Sentencing.....	1,800	1,800	1,800
(F)JAG - Consolidated Project Grants (EA).....	1,280	1,280	1,280
Center For Rural Pennsylvania.....	875	875	875
Commonwealth Mail Processing Center.....	2,894	2,894	2,894
Legislative Reapportionment Commission.....	1,200	700	700
Independent Fiscal Office.....	1,675	1,675	1,675
Subtotal.....	\$ 36,612	\$ 36,112	\$ 36,087
Subtotal - State Funds.....	\$ 44,500	\$ 44,000	\$ 43,910
Subtotal - Federal Funds.....	1,280	1,280	1,280
Total - General Government.....	\$ 45,780	\$ 45,280	\$ 45,190
STATE FUNDS.....	\$ 44,500	\$ 44,000	\$ 43,910
FEDERAL FUNDS.....	1,280	1,280	1,280
GENERAL FUND TOTAL.....	\$ 45,780	\$ 45,280	\$ 45,190
OTHER FUNDS:			
JUSTICE REINVESTMENT FUND:			
Commission on Sentencing (EA).....	\$ 0	\$ 12	\$ 119
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 44,500	\$ 44,000	\$ 43,910
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	1,280	1,280	1,280
OTHER FUNDS.....	0	12	119
TOTAL ALL FUNDS.....	\$ 45,780	\$ 45,292	\$ 45,309

Program Funding Summary

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GOVERNMENT SUPPORT AGENCIES							
GENERAL FUND.....	\$ 44,500	\$ 44,000	\$ 43,910	\$ 43,910	\$ 43,910	\$ 43,910	\$ 43,910
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,280	1,280	1,280	1,280	1,280	1,280	1,280
OTHER FUNDS.....	0	12	119	119	119	119	119
SUBCATEGORY TOTAL.....	\$ 45,780	\$ 45,292	\$ 45,309	\$ 45,309	\$ 45,309	\$ 45,309	\$ 45,309
ALL PROGRAMS:							
GENERAL FUND.....	\$ 44,500	\$ 44,000	\$ 43,910	\$ 43,910	\$ 43,910	\$ 43,910	\$ 43,910
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,280	1,280	1,280	1,280	1,280	1,280	1,280
OTHER FUNDS.....	0	12	119	119	119	119	119
DEPARTMENT TOTAL.....	\$ 45,780	\$ 45,292	\$ 45,309	\$ 45,309	\$ 45,309	\$ 45,309	\$ 45,309

Government Support Agencies

PROGRAM OBJECTIVE: To provide research, fiscal and regulatory review, and administrative and operational support.

Program: Government Support Agencies

This program primarily supports state government legislative operations by providing research, fiscal and regulatory review, and administrative and operational support.

The Legislative Reference Bureau prepares requested legislative bills and resolutions for introduction in the General Assembly; advises members of the Legislature and legislative committees; and, from time to time, prepares proposed codifications of existing general statutes for adoption or rejection by the General Assembly.

The Legislative Budget and Finance Committee is a bipartisan, bicameral legislative service agency that conducts studies and makes recommendations aimed at eliminating unnecessary expenditures; promoting economy in the government of the commonwealth; and assuring that state funds are being expended in accordance with legislative intent and law.

The Legislative Data Processing Center establishes and operates computer systems capable of storing and retrieving all of the financial, factual, procedural and legal information necessary to serve all of the committees, officers and agencies of the General Assembly.

The Joint State Government Commission serves as the bipartisan and bicameral research agency of the General Assembly.

The Local Government Commission is a bipartisan legislative service agency affording research assistance to propose legislation that will enable local governments to be more effective and efficient in providing services.

The Joint Legislative Air and Water Pollution Control Committee conducts studies regarding air, water and

mining practices in the state and makes recommendations to the General Assembly.

The Legislative Audit Advisory Commission plans and performs the audit of the General Assembly's financial transactions.

The Independent Regulatory Review Commission reviews commonwealth agency regulations to ensure that they are in the public interest.

The Capitol Preservation Committee works to preserve the art, architecture and history of the Pennsylvania Capitol Building and Complex.

The Pennsylvania Commission on Sentencing adopts statewide sentencing guidelines. Act 196 of 2012 distributes funds to the commission in 2013-14 and 2014-15 from the Justice Reinvestment Fund to establish models for risk assessment.

The Center for Rural Pennsylvania serves as a resource for rural policy within the General Assembly.

The Commonwealth Mail Processing Center screens and dispatches correspondences, packages and parcels.

The Legislative Reapportionment Commission receives the Census Bureau redistricting data in each year following the year of the federal decennial census. It is used as a basis for apportioning seats in the U.S. House of Representatives. Census data is also used to redraw legislative districts for the House of Representatives and the State Senate.

The Pennsylvania Independent Fiscal Office provides nonpartisan budget information and analysis.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Government Support Agencies
 \$ -90 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL FUND:							
Government Support Agencies.....	\$ 44,500	\$ 44,000	\$ 43,910	\$ 43,910	\$ 43,910	\$ 43,910	\$ 43,910

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Commonwealth of Pennsylvania

Governor's Executive Budget

CAPITAL BUDGET

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CAPITAL BUDGET

Program Summary

This section contains the 2014-15 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.

2014-15 New Project Authorizations — This section itemizes and describes the new capital projects recommended for authorization in 2014-15 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 2015-16 through 2018-19. 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 2014-15 and projects which will be authorized in the future (2015-19).

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)

	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
GENERAL OBLIGATION BOND FUNDING					
Revenues					
Capital Facilities Bonds:					
Public Improvement Projects - Buildings and Structures.....	\$ 725,000	\$ 600,000	\$ 550,000	\$ 565,000	\$ 450,000
Public Improvement Projects - Furniture and Equipment.....	50,000	20,000	20,000	20,000	20,000
Redevelopment Assistance Projects.....	335,000	300,000	330,000	300,000	185,000
Flood Control Projects.....	10,000	10,000	10,000	10,000	10,000
Transportation Assistance Projects.....	175,000	175,000	175,000	175,000	175,000
Less: Costs of Issue.....	-5,000	-5,000	-5,000	-5,000	-5,000
Miscellaneous Revenue.....	11,230	5,615	5,615	5,615	5,615
Change in Available Cash.....	-43,355	30,678	-33,842	99,569	46,729
Total.....	<u>\$ 1,257,875</u>	<u>\$ 1,136,293</u>	<u>\$ 1,051,773</u>	<u>\$ 1,170,184</u>	<u>\$ 887,344</u>
Expenditures					
Capital Facilities Fund:					
Public Improvement Projects - Buildings and Structures.....	\$ 695,405	\$ 534,137	\$ 544,738	\$ 672,327	\$ 509,488
Public Improvement Projects - Furniture and Equipment.....	42,109	21,795	16,673	19,712	19,712
Redevelopment Assistance Projects.....	325,000	385,000	295,000	295,000	175,000
Flood Control Projects.....	20,362	20,362	20,362	8,145	8,145
Transportation Assistance Projects.....	175,000	175,000	175,000	175,000	175,000
Total - General Obligation Bonds.....	<u>\$ 1,257,875</u>	<u>\$ 1,136,293</u>	<u>\$ 1,051,773</u>	<u>\$ 1,170,184</u>	<u>\$ 887,344</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.....	17,677	18,325	18,325	11,801	17,495
Acquisition, Rehabilitation and Development Projects Environmental Stewardship Fund.....	7,905	11,374	11,786	12,212	12,653
Highway Projects - Motor License Fund.....	399,920	409,059	409,623	422,687	434,245
Total Current Revenues.....	<u>\$ 426,252</u>	<u>\$ 439,508</u>	<u>\$ 440,484</u>	<u>\$ 447,450</u>	<u>\$ 465,143</u>
TOTAL - ALL FUNDS	<u><u>\$ 1,684,128</u></u>	<u><u>\$ 1,575,800</u></u>	<u><u>\$ 1,492,256</u></u>	<u><u>\$ 1,617,634</u></u>	<u><u>\$ 1,352,486</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

(Dollar Amounts in Thousands)

	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Agriculture.....	\$ 14,000	\$ 37,000	\$ 0	\$ 0	\$ 0	\$ 51,000
Conservation and Natural Resources.....	31,325	73,800	102,000	114,000	157,050	478,175
Corrections.....	55,106	0	0	0	0	55,106
Education.....	108,600	255,430	298,890	312,000	265,500	1,240,420
Emergency Management Agency.....	8,350	0	0	0	0	8,350
Environmental Protection.....	37,725	6,990	21,064	49,752	20,425	135,956
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.....	10,435	256,760	149,660	111,660	110,000	638,515
Historical and Museum Commission.....	30,000	38,260	32,600	45,800	45,085	191,745
Military and Veterans Affairs.....	16,500	0	0	0	0	16,500
Public Welfare.....	34,300	32,350	33,600	13,250	0	113,500
State Police.....	26,775	0	0	0	0	26,775
Transportation.....	787,980	475,000	475,000	475,000	475,000	2,687,980
TOTAL.....	\$ 1,161,096	\$ 1,179,590	\$ 1,115,314	\$ 1,123,462	\$ 1,075,060	\$ 5,654,522

RECOMMENDED 2014-15 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.....	\$ 14,000	\$ 0	\$ 0	\$ 0
Corrections.....	55,106	0	0	0
Education.....	107,000	1,600	0	0
Emergency Management Agency.....	8,350	0	0	0
Environmental Protection.....	37,725	0	0	0
General Services.....	10,435	0	0	0
Historical and Museum Commission.....	30,000	0	0	0
Military and Veterans Affairs.....	16,500	0	0	0
Public Welfare.....	34,300	0	0	0
State Police.....	26,775	0	0	0
Transportation.....	0	0	351,372	0
TOTAL.....	\$ 340,191	\$ 1,600	\$ 351,372	\$ 0

	Current Revenues		All Funds
	Highway Projects	Public Improvement Projects	
Agriculture.....	\$ 0	\$ 0	\$ 14,000
Conservation and Natural Resources.....	0	31,325	31,325
Corrections.....	0	0	55,106
Education.....	0	0	108,600
Emergency Management Agency.....	0	0	8,350
Environmental Protection.....	0	0	37,725
General Services.....	0	0	10,435
Historical and Museum Commission.....	0	0	30,000
Military and Veterans Affairs.....	0	0	16,500
Public Welfare.....	0	0	34,300
State Police.....	0	0	26,775
Transportation.....	29,108	407,500	787,980
TOTAL.....	\$ 29,108	\$ 438,825	\$ 1,161,096

DEPARTMENT OF AGRICULTURE

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
2014-15 PUBLIC IMPROVEMENT PROJECTS				
Protection and Development of Agricultural Industries.....	\$ 12,600	\$ 0	\$ 1,400	\$ 14,000
TOTAL.....	<u>\$ 12,600</u>	<u>\$ 0</u>	<u>\$ 1,400</u>	<u>\$ 14,000</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 12,600	\$ 0	\$ 1,400	\$ 14,000
TOTAL.....	<u>\$ 12,600</u>	<u>\$ 0</u>	<u>\$ 1,400</u>	<u>\$ 14,000</u>

Capital Budget

Department of Agriculture 2014-15 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
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Protection and Development of Agricultural Industries

Farm Show Complex

UPGRADE FACILITIES: This project will provide for maintenance and upgrades of the Farm Show Complex . When completed, this project is not expected to increase operating costs.

\$ 12,600	\$ 0	\$ 1,400	\$ 14,000
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PROGRAM TOTAL.....

<u>\$ 12,600</u>	<u>\$ 0</u>	<u>\$ 1,400</u>	<u>\$ 14,000</u>
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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
2014-15 PUBLIC IMPROVEMENT PROJECTS				
Parks and Forest Management.....	\$ 31,325	\$ 0	\$ 0	\$ 31,325
TOTAL PROJECTS.....	\$ 31,325	\$ 0	\$ 0	\$ 31,325

SOURCE OF FUNDS

Current Revenues

Keystone Recreation, Park and Conservation Fund -				
Improvements and Rehabilitation.....	\$ 20,015	\$ 0	\$ 0	\$ 20,015
Growing Greener 'Environmental Stewardship Fund -				
Acquisition, Improvements and Rehabilitation.....	7,740	0	0	7,740
State Forestry Bridge -				
Parks and Forest Management.....	3,570	0	0	3,570
TOTAL.....	\$ 31,325	\$ 0	\$ 0	\$ 31,325

Department of Conservation and Natural Resources 2014-15 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, Union County	\$ 1,600	\$ 0	\$ 0	\$ 1,600
REHABILITATE TRAIL TUNNEL: This project will provide for the rehabilitation of the Mid State Trail Tunnel to meet current needs. When completed, this project is not expected to increase operating costs.				
Bald Eagle State Park, Union County	500	0	0	500
REPAVE ROADS: This project will provide for the repavement of Poe Valley Road and Millhiem-Siglerville Pike. When completed, this project is not expected to increase operating costs.				
Bald Eagle State Park, Centre County	500	0	0	500
REPLACE MAIN WATER LINE: This project will provide for the replacement of the main waterline within the park. When completed, this project is not expected to increase operating costs.				
Buchanan State Park, Fulton County	4,865	0	0	4,865
CONSTRUCT RESOURCE MANAGEMENT CENTER: This project will provide for the construction of a resource management center including infrastructure within the park. When completed, this project is not expected to increase operating costs.				
Buchanan State Park, Fulton County	750	0	0	750
REPLACE MAINTENANCE BUILDING: This project will replace the Chaneyville Maintenance Building to meet current needs and compliance. When completed, this project is not expected to increase operating costs.				
Caledonia State Park, Franklin County	2,500	0	0	2,500
REHABILITATE CAMPGROUNDS: This project will provide for the rehabilitation of campgrounds including infrastructure to comply with current requirements and future needs. When completed, this project is not expected to increase operating costs.				
Canoe Creek State Park, Blair County	500	0	0	500
REHABILITATE SEWAGE TREATMENT PLANT: This project will rehabilitate the sewage treatment plant. When completed, this project is not expected to increase operating costs.				

Department of Conservation and Natural Resources 2014-15 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				
Codorus State Park, York County	\$ 450	\$ 0	\$ 0	\$ 450
REPLACE COMFORT STATION: This project will provide for the replacement of the main launch-bandshell area comfort station including infrastructure to meet current codes and needs. When completed, this project is not expected to increase operating costs.				
Delaware Canal State Park, Bucks County	400	0	0	400
REPLACE BRIDGE: This project will replace Lower Limeport Bridge #2682. When completed, this project is not expected to increase operating costs.				
Delaware Canal State Park, Bucks County	400	0	0	400
REPLACE BRIDGE: This project will replace Smithtown Bridge Three Lane #3517. When completed, this project is not expected to increase operating costs.				
Delaware Canal State Park, Bucks County	750	0	0	750
REPAIR SPILLWAY: This project will provide for emergency repairs to the Cuttalossa Culvert. When completed, this project is not expected to increase operating costs.				
Elk State Forest, Cameron County	250	0	0	250
REPAIR HVAC: This project will provide for repairs to the HVAC system for the district office with infrastructure and pipe repair. When completed, this project is not expected to increase operating costs.				
Forbes State Forest, Westmoreland County	500	0	0	500
CONSTRUCT ADDITION: This project will provide for the construction of an office addition to the Negro Mountain Maintenance Complex. When completed, this project is not expected to increase operating costs.				
Greenwood Furnace State Park, Huntingdon County	550	0	0	550
REHABILITATE BUILDING: This project will provide for the rehabilitation of a maintenance building including infrastructure. When completed, this project is not expected to increase operating costs.				

Department of Conservation and Natural Resources 2014-15 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				
Keystone State Park, Westmoreland County	\$ 300	\$ 0	\$ 0	\$ 300
SEWAGE CONNECTION: This project will provide for a connection to the municipal sewage system. When completed, this project is not expected to increase operating costs.				
Lackawanna State Forest, Lackawanna County	750	0	0	750
RENOVATE OFFICE: This project will provide for the renovation of the park office and foyer. When completed, this project is not expected to increase operating costs.				
Lackawanna State Forest, Lackawanna County	800	0	0	800
REMOVE DAM: This project will provide for the removal of Olyphant Dam #2. When completed, this project is not expected to increase operating costs.				
Little Buffalo State Park, Perry County	500	0	0	500
REPLACE SHOWERHOUSE: This project will provide for the replacement of the campground showerhouse. When completed, this project is not expected to increase operating costs.				
Moraine State Park, Butler County	500	0	0	500
REHABILITATE SEWAGE SYSTEM: This project will provide for the rehabilitation of the sewage system at Pleasant Valley, Phase 1. When completed, this project is not expected to increase operating costs.				
Rothrock State Forest, Huntingdon County	250	0	0	250
REHABILITATE PARKING: This project will provide for the rehabilitation of district office parking lots including drainage and paving. When completed, this project is not expected to increase operating costs.				

Capital Budget

Department of Conservation and Natural Resources 2014-15 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				
Tuscarora State Forest, Perry County	\$ 1,200	\$ 0	\$ 0	\$ 1,200
REHABILITATE BUILDING: This project will provide for the rehabilitation of Bryner Maintenance Headquarters including infrastructure. When completed, this project is not expected to increase operating costs.				
Weiser State Forest, Schuylkill County	1,200	0	0	1,200
REHABILITATE BUILDING: This project will provide for the rehabilitation of Haldeman Maintenance Headquarters including infrastructure. When completed, this project is not expected to increase operating costs.				
PROGRAM TOTAL	<u>\$ 20,015</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,015</u>

Department of Conservation and Natural Resources 2014-15 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM GROWING GREENER ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Buchanan State Forest, Fulton County	\$ 750	\$ 0	\$ 0	\$ 750
REHABILITATE BUILDING: This project will provide for the rehabilitation of Siding Hill Maintenance/Mechanic Shop including infrastructure. When completed, this project is not expected to increase operating costs.				
Colonel Denning State Park, Cumberland County	1,000	0	0	1,000
REHABILITATE COMFORT STATION: This project will provide for the rehabilitation of the comfort station with new showerhouse and sewage infrastructure. When completed, this project is not expected to increase operating costs.				
Frances Slocum State Park, Luzerne County	1,050	0	0	1,050
REHABILITATE INFRASTRUCTURE: This project will provide for the rehabilitation of the sewage connection to DAMA and the demolition of the current STP. When completed, this project is not expected to increase operating costs.				
Greenwood Furnace State Park, Huntingdon County	400	0	0	400
REPLACE WATER LINE: This project will provide for the replacement of the water line from the reservoir to the mansion. When completed, this project is not expected to increase operating costs.				
Laurel Hill State Park, Somerset County	540	0	0	540
REHABILITATE INFRASTRUCTURE: This project will provide for the rehabilitation of the STP and dredge lagoons. When completed, this project is not expected to increase operating costs.				
Moshannon State Forest, Clearfield County	250	0	0	250
CONSTRUCT BUILDING: This project will provide for the construction of a groomer storage building at Black Mountain Headquarters. When completed, this project is not expected to increase operating costs.				
Park Region #2, Various Counties	600	0	0	600
SCOUR BRIDGES: This project will provide for the the scouring and protection of four bridges within the park region. When completed, this project is not expected to increase operating costs.				
Prince Gallitzin State Park, Cambria County	1,000	0	0	1,000
REHABILITATE PARKING: This project will provide for the rehabilitation of parking including paving and drainage improvements. When completed, this project is not expected to increase operating costs.				

Department of Conservation and Natural Resources 2014-15 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM GROWING GREENER ENVIRONMENTAL STEWARDSHIP FUND CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Poe Valley State Park, Centre County	750	0	0	750
REPLACE OFFICE: This project will provide for the replacement of the park office. When completed, this project is not expected to increase operating costs.				
Ridley Creek State Park, Delaware County	900	0	0	900
CONSTRUCT NEW BUILDING: This project will provide for the construction of a new equestrian building. When completed, this project is not expected to increase operating costs.				
Rothrock State Forest, Huntingdon County	250	0	0	250
REHABILITATE BUILDING This project will provide for the rehabilitation of the pole building at Whipple Dam. When completed, this project is not expected to increase operating costs.				
Sproul State Forest, Clinton County	250	0	0	250
CONSTRUCT BUILDING This project will provide for the construction of a pole building at the district office. When completed, this project is not expected to increase operating costs.				
PROGRAM TOTAL	<u>\$ 7,740</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,740</u>

Department of Conservation and Natural Resources 2014-15 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS</i>				
Program: Parks and Forest Management				
Delaware State Forest, Monroe County	\$ 200	\$ 0	\$ 0	\$ 200
REPLACE STRUCTURE: This project will replace Bald Hill Road structure over unnamed creek. When completed, this project is not expected to increase operating costs.				
Elk State Forest, Cameron County	200	0	0	200
REPLACE STRUCTURE: This project will replace Fee Hollow Road structure over W. Cowley Run. When completed, this project is not expected to increase operating costs.				
Elk State Forest, Cameron County	200	0	0	200
REPLACE CULVERT: This project will replace the Vantassel Culvert. When completed, this project is not expected to increase operating costs.				
Forbes State Forest, Somerset County	200	0	0	200
REPLACE BRIDGE AND CULVERT: This project will replace Bridge #1 and culvert over Lick Hollow. When completed, this project is not expected to increase operating costs.				
Loyalsock State Forest, Sullivan County	200	0	0	200
REPLACE STRUCTURE: This project will replace Walker Road structure over E. Branch Mill Creek. When completed, this project is not expected to increase operating costs.				
Loyalsock State Forest, Sullivan County	300	0	0	300
REPLACE STRUCTURE: This project will replace Rock Run Road structure over Loyalsock Creek. When completed, this project is not expected to increase operating costs.				
Michaux State Forest, Franklin County	200	0	0	200
REPLACE BOX CULVERT: This project will replace the box culvert along Milesburn Road over Kato Run. When completed, this project is not expected to increase operating costs.				
Moshannon State Forest, Clearfield County	200	0	0	200
REPLACE STRUCTURE: This project will replace Ames Road structure over Deer Creek. When completed, this project is not expected to increase operating costs.				

Department of Conservation and Natural Resources 2014-15 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Moshannon State Forest, Clearfield County	\$ 200	\$ 0	\$ 0	\$ 200
REPLACE STRUCTURE: This project will replace Medix Grade Road structure over tributary to Medix Run. When completed, this project is not expected to increase operating costs.				
Rothrock State Forest, Huntingdon County	200	0	0	200
REPLACE STRUCTURE: This project will replace Laurel Run Road structure over tributary to Galbraith Gap Run. When completed, this project is not expected to increase operating costs.				
Sproul State Forest, Clinton County	200	0	0	200
REPLACE STRUCTURE: This project will replace Graham Road structure over Ferney Run. When completed, this project is not expected to increase operating costs.				
Tiadaghton State Forest, Lycoming County	350	0	0	350
REPLACE STRUCTURE: This project will replace Morris Run Road structure over Slate Run 0046. When completed, this project is not expected to increase operating costs.				
Tioga State Forest, Tioga County	320	0	0	320
REPLACE STRUCTURE: This project will replace Painter Leetonia Road structure over Four Mile Run. When completed, this project is not expected to increase operating costs.				
Tuscarora State Forest, Perry County	300	0	0	300
REPLACE STRUCTURE: This project will replace Spectacle Gap Road structure over Spectacle Run and replace Steltzer Road structure over Black Log Creek. When completed, this project is not expected to increase operating costs.				
Weiser State Forest, Schuylkill County	300	0	0	300
CONSTRUCT TRAIL BRIDGE: This project will provide for the construction of the south branch trail bridge over South Branch Roaring Creek. When completed, this project is not expected to increase operating costs.				
PROGRAM TOTAL.....	\$ 3,570	\$ 0	\$ 0	\$ 3,570

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
2014-15 PUBLIC IMPROVEMENT PROJECTS				
Institutionalization of Offenders.....	\$ 44,085	\$ 0	\$ 11,021	\$ 55,106
TOTAL.....	<u>\$ 44,085</u>	<u>\$ 0</u>	<u>\$ 11,021</u>	<u>\$ 55,106</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 44,085	\$ 0	\$ 11,021	\$ 55,106
TOTAL.....	<u>\$ 44,085</u>	<u>\$ 0</u>	<u>\$ 11,021</u>	<u>\$ 55,106</u>

Department of Corrections 2014-15 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 Albion	\$ 1,500	\$ 0	\$ 375	\$ 1,875
UPGRADE CAMERA SYSTEM: This project will provide for the replacement of all institutional cameras and system components and add cameras to comply with DOC security requirements. When completed, this project is not expected to increase operating costs.				
State Correctional Institution at Pine Grove	380	0	95	475
ADDITIONAL PERIMETER CAMERAS: This project will provide for additional cameras and equipment to meet DOC security requirements. When completed, this project is not expected to increase operating costs.				
State Correctional Institution at Camp Hill	745	0	186	931
RENOVATE SEWER SYSTEM: This project will provide for the installation of new gravity flow sewer lines and allow for removal of pumping systems. When completed, this project is not expected to increase operating costs.				
State Correctional Institution at Forest	460	0	115	575
RENOVATE WATER TOWER: This project will provide for the painting of the water tower to inhibit corrosion. When completed, this project is not expected to increase operating costs.				
State Correctional Institution at Albion	1,500	0	375	1,875
RENOVATE CHILLED WATER SYSTEM: This project will provide the renovation of the institution's chilled water system including replacement of chillers, cooling towers, and other system components. When completed, this project is not expected to increase operating costs.				
State Correctional Institution at Muncy	600	0	150	750
REPLACE AUTOMATIC TEMPERATURE CONTROLS: This project will provide for the replacement of automatic temperature controls for heating/air conditioning systems in various buildings. When completed, this project is not expected to increase operating costs.				

Capital Budget

Department of Corrections 2014-15 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	\$ 10,200	\$ 0	\$ 2,550	\$ 12,750
REPLACE WATER PLANT: This project will provide for the construction of a replacement water purification plant. When completed, this project is not expected to increase operating costs.				
State Correctional Institution at Waymart	3,000	0	750	3,750
REPLACE HVAC SYSTEM: This project will provide for the replacement of the HVAC system in C Block and provide for independent controls. When completed, this project is not expected to increase operating costs.				
State Correctional Institution at Waymart	2,000	0	500	2,500
REPLACE HVAC SYSTEM: This project will provide for the replacement of the HVAC system in Building #1 and provide for independent controls. When completed, this project is not expected to increase operating costs.				
State Correctional Institution at Cambridge Springs	1,000	0	250	1,250
REPLACE FIRE ALARM SYSTEM: This project will provide for the replacement of the current fire alarm system to meet life safety codes. When completed, this project is not expected to increase operating costs.				
State Correctional Institution at Forest	700	0	175	875
REPLACE POWER INVERTERS: This project will provide for the replacement of power inverter systems in various buildings. When completed, this project is not expected to increase operating costs.				
State Correctional Institution at Muncy	22,000	0	5,500	27,500
CONSTRUCT NEW DIAGNOSTIC CLASSIFICATION CENTER: This project will provide for the construction of a new diagnostic classification center equipped with inmate cells, a medical section, psychology group area and feeding areas. When completed, this project is not expected to increase operating costs.				
PROGRAM TOTAL.....	\$ 44,085	\$ 0	\$ 11,021	\$ 55,106

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
2014-15 PUBLIC IMPROVEMENT PROJECTS				
Higher Education - State-Related Universities.....	\$ 86,000	\$ 4,000	\$ 18,600	\$ 108,600
TOTAL PROJECTS.....	<u>\$ 86,000</u>	<u>\$ 4,000</u>	<u>\$ 18,600</u>	<u>\$ 108,600</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 84,400	\$ 4,000	\$ 18,600	\$ 107,000
Capital Facilities Fund - Furniture and Equipment.....	1,600	0	0	1,600
TOTAL.....	<u>\$ 86,000</u>	<u>\$ 4,000</u>	<u>\$ 18,600</u>	<u>\$ 108,600</u>

Department of Education 2014-15 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
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Higher Education - State-Related Universities

Lincoln University	\$ 24,000	\$ 0	\$ 6,000	\$ 30,000
RENOVATE GYMNASIUM: This project will provide for the renovation of the Manuel Rivero Gymnasium to meet current codes and needs. When completed, this project will not increase operating costs since the university is responsible for maintenance.				
Pennsylvania State University	35,000	0	7,000	42,000
REHABILITATE HOSLER BUILDING: This project will provide for the rehabilitation of the Hosler Building to meet current needs and comply with modern codes. When completed, this project will not increase operating costs since the university is responsible for maintenance.				
University of Pittsburgh	16,000	0	4,000	20,000
DEFERRED MAINTENANCE: This project will provide for the continued maintenance and upgrades on all campuses including infrastructure. When completed, this project will not increase operating costs since the university is responsible for maintenance.				
University of Pittsburgh	1,600	0	0	1,600
ORIGINAL FURNITURE AND EQUIPMENT: This project will provide for original furniture and equipment in relation to Deferred Maintenance Phase VIII. When completed, this project will not increase operating costs since the university is responsible for maintenance.				
Temple University	5,000	4,000	1,000	10,000
ACQUIRE BUILDING: This project will provide for the acquisition of the old William Penn High School property, for future growth. When completed, this project will not increase operating costs since the university is responsible for maintenance.				

Capital Budget

Department of Education 2014-15 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-Related Universities				
Thaddeus Stevens College of Technology	\$ 4,400	\$ 0	\$ 600	\$ 5,000
UPGRADE TECHNOLOGY CENTER: This project will provide for the expansion of the technology center to meet current and future demands. When completed, this project will not increase operating costs since the college is responsible for maintenance.				
 PROGRAM TOTAL.....	\$ 86,000	\$ 4,000	\$ 18,600	\$ 108,600

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
2014-15 PUBLIC IMPROVEMENT PROJECTS				
Emergency Management.....	\$ 7,000	\$ 500	\$ 850	\$ 8,350
TOTAL.....	<u>\$ 7,000</u>	<u>\$ 0</u>	<u>\$ 850</u>	<u>\$ 8,350</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 7,000	\$ 500	\$ 850	\$ 8,350
TOTAL.....	<u>\$ 7,000</u>	<u>\$ 500</u>	<u>\$ 850</u>	<u>\$ 8,350</u>

Emergency Management and Homeland Security 2014-15 Projects

<i>This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.</i>	(Dollar Amounts in Thousands)			Total Project Cost
	Base Project Cost	Land Cost	Design & Contingencies	
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS</i>				
Program: Emergency Management				
Western Area Office Building	\$ 3,000	\$ 0	\$ 350	\$ 3,350
CONSTRUCT NEW FACILITY: This project will provide for the demolition of the current facility, design and construction of a new facility to meet current needs and codes. When completed, this project is not expected to increase operating costs.				
State Fire Academy	4,000	500	500	5,000
EXPAND FACILITY: This project will provide for the expansion of the State Fire Academy including training space for unconventional gas drilling, props gear parking and a Pennsylvania memorial to fallen firefighters. When completed, this project is not expected to increase operating costs.				
PROGRAM TOTAL.....	<u>\$ 7,000</u>	<u>\$ 500</u>	<u>\$ 850</u>	<u>\$ 8,350</u>

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
2014-15 PUBLIC IMPROVEMENT PROJECTS				
Environmental Protection and Management.....	\$ 30,200	\$ 0	\$ 7,525	\$ 37,725
TOTAL.....	<u>\$ 30,200</u>	<u>\$ 0</u>	<u>\$ 7,525</u>	<u>\$ 37,725</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 30,200	\$ 0	\$ 7,525	\$ 37,725
TOTAL.....	<u>\$ 30,200</u>	<u>\$ 0</u>	<u>\$ 7,525</u>	<u>\$ 37,725</u>

Department of Environmental Protection 2014-15 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
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Environmental Protection and Management

Coalport, Clearfield County

\$ 2,500	\$ 0	\$ 625	\$ 3,125
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FLOOD PROTECTION PROJECT: This project will provide additional funding for DGS project 182-14. When completed, this project is not expected to increase operating costs.

Port Allegheny, McKean County

5,500	0	1,375	6,875
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FLOOD PROTECTION PROJECT: This project will provide additional funding for DGS project 182-10. When completed, this project is not expected to increase operating costs.

Clearfield, Clearfield County

1,500	0	375	1,875
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FLOOD PROTECTION PROJECT: This project will provide additional funding for DGS project 182-22. When completed, this project is not expected to increase operating costs.

Clearfield, Clearfield County

1,500	0	375	1,875
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FLOOD PROTECTION PROJECT: This project will provide additional funding for Orrs Run flood protection. When completed, this project is not expected to increase operating costs.

Elkland, Tioga County

5,000	0	1,250	6,250
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FLOOD PROTECTION PROJECT: This project will provide additional funding for Camp Brook flood protection. When completed, this project is not expected to increase operating costs.

Montoursville, Lycoming County

5,000	0	1,250	6,250
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FLOOD PROTECTION PROJECT: This project will provide additional funding for Loyalsock Creek flood protection. When completed, this project is not expected to increase operating costs.

Monroe, Bradford County

1,500	0	375	1,875
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FLOOD PROTECTION PROJECT: This project will provide additional funding for DGS project 181-26. When completed, this project is not expected to increase operating costs.

Department of Environmental Protection 2014-15 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
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Environmental Protection and Management

Mount Carmel, Northumberland County

\$ 1,500	\$ 0	\$ 375	\$ 1,875
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FLOOD PROTECTION PROJECT: This project will provide additional funding for DGS project 182-19. When completed, this project is not expected to increase operating costs.

Butler, Butler County

2,500	0	625	3,125
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FLOOD PROTECTION PROJECT: This project will provide additional funding for DGS project 183-21. When completed, this project is not expected to increase operating costs.

Ashley, Luzerne County

500	0	100	600
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FLOOD PROTECTION PROJECT: This project will provide additional funding for DGS project 181-20. When completed, this project is not expected to increase operating costs.

Duryea, Luzerne County

3,200	0	800	4,000
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FLOOD PROTECTION PROJECT: This project will provide flood protection for the town of Duryea including rehabilitation of levee, as well as watershed and channel improvements. When completed, this project is not expected to increase operating costs.

PROGRAM TOTAL.....

<u>\$ 30,200</u>	<u>\$ 0</u>	<u>\$ 7,525</u>	<u>\$ 37,725</u>
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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
2014-15 PUBLIC IMPROVEMENT PROJECTS				
Facility, Property and Commodity Management.....	\$ 8,900	\$ 0	\$ 1,535	\$ 10,435
TOTAL.....	<u>\$ 8,900</u>	<u>\$ 0</u>	<u>\$ 1,535</u>	<u>\$ 10,435</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 8,900	\$ 0	\$ 1,535	\$ 10,435
TOTAL.....	<u>\$ 8,900</u>	<u>\$ 0</u>	<u>\$ 1,535</u>	<u>\$ 10,435</u>

Department of General Services 2014-15 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
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Facility, Property and Commodity Management

Capitol Complex, Dauphin County ADDITIONAL FUNDING: This project will provide for additional funding for project 948-81 Capitol Complex Rehabilitation. When completed, this project is not expected to increase operating costs.	\$ 4,000	\$ 0	\$ 1,000	\$ 5,000
Capitol Complex, Dauphin County REPAIR TUNNEL CEILINGS: This project will provide for the repair of spalling concrete tunnel ceilings in the steam tunnels leading from the North Office Building to the South Office Building and to the Central Plant. When completed, this project is not expected to increase operating costs.	2,000	0	200	2,200
Keystone Building, Dauphin County REPLACE LIGHTING CONTROL SYSTEM: This project will provide for the replacement of the existing interior lighting control system. When completed, this project is not expected to increase operating costs.	350	0	35	385
Capitol Complex East Wing, Dauphin County REPLACE GENERATORS: This project will provide for the replacement of four generators located in the P2 level of the East Wing at the Capitol Complex. When completed, this project is not expected to increase operating costs.	2,000	0	200	2,200
DGS Annex Building, Dauphin County RENOVATE BOILER CONTROLS: This project will provide for the renovation of Boiler #3 at the DGS Annex Central Plant. When completed, this project is not expected to increase operating costs.	550	0	100	650
PROGRAM TOTAL	<u>\$ 8,900</u>	<u>\$ 0</u>	<u>\$ 1,535</u>	<u>\$ 10,435</u>

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
2014-15 PUBLIC IMPROVEMENT PROJECTS				
State Historic Preservation.....	\$ 30,000	\$ 0	\$ 0	\$ 30,000
TOTAL.....	<u>\$ 30,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,000</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 30,000	\$ 0	\$ 0	\$ 30,000
TOTAL.....	<u>\$ 30,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,000</u>

Capital Budget

Historical and Museum Commission 2014-15 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
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: State Historic Preservation

State Archives Building, Dauphin County

RENOVATE BUILDING: This project will provide for the acquisition and renovation of an off-site building; renovation and modification of current site. When completed, this project is not expected to increase operating costs.

\$ 30,000	\$ 0	\$ 0	\$ 30,000
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PROGRAM TOTAL.....	<u>\$ 30,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,000</u>
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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
2014-15 PUBLIC IMPROVEMENT PROJECTS				
State Military Readiness.....	\$ 0	\$ 16,500	\$ 0	\$ 16,500
TOTAL.....	<u>\$ 0</u>	<u>\$ 16,500</u>	<u>\$ 0</u>	<u>\$ 16,500</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 0	\$ 16,500	\$ 0	\$ 16,500
TOTAL.....	<u>\$ 0</u>	<u>\$ 16,500</u>	<u>\$ 0</u>	<u>\$ 16,500</u>

Department of Military and Veterans Affairs 2014-15 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
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: State Military Readiness

Western Readiness Center, Armstrong County

\$ 0	\$ 2,000	\$ 0	\$ 2,000
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NEW READINESS CENTER: This project will provide for the aquisition of land for a new readiness center in Allegheny, Armstrong or Butler County. When completed, this project is not expected to increase operating costs.

Berks Readiness Center, Berks County

0	2,000	0	2,000
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NEW READINESS CENTER: This project will provide for the aquisition of land for a new readiness center in Berks County. When completed, this project is not expected to increase operating costs.

Northeastern Readiness Center, Wyoming County

0	2,000	0	2,000
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NEW READINESS CENTER: This project will provide for the aquisition of land for a new readiness center in Bradford, Wyoming or Luzerne County. When completed, this project is not expected to increase operating costs.

Bucks Readiness Center, Bucks County

0	3,500	0	3,500
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NEW READINESS CENTER: This project will provide for the aquisition of land for a new readiness center in Bucks County. When completed, this project is not expected to increase operating costs.

West Northwest Readiness Center, Lawrence County

0	2,000	0	2,000
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NEW READINESS CENTER: This project will provide for the aquisition of land for a new readiness center in Lawrence or Mercer County. When completed, this project is not expected to increase operating costs.

Department of Military and Veterans Affairs 2014-15 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				
East Northeast Readiness Center, Northampton County	\$ 0	\$ 3,000	\$ 0	\$ 3,000
NEW READINESS CENTER: This project will provide for the acquisition of land for a new readiness center in Lehigh or Northampton County. When completed, this project is not expected to increase operating costs.				
Eastern Central Readiness Center, Carbon County	0	2,000	0	2,000
NEW READINESS CENTER: This project will provide for the acquisition of land for a new readiness center in Schuylkill or Carbon County. When completed, this project is not expected to increase operating costs.				
PROGRAM TOTAL.....	\$ 0	\$ 16,500	\$ 0	\$ 16,500

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
2014-15 PUBLIC IMPROVEMENT PROJECTS				
Human Services.....	\$ 27,440	\$ 0	\$ 6,860	\$ 34,300
TOTAL.....	<u>\$ 27,440</u>	<u>\$ 0</u>	<u>\$ 6,860</u>	<u>\$ 34,300</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 27,440	\$ 0	\$ 6,860	\$ 34,300
TOTAL.....	<u>\$ 27,440</u>	<u>\$ 0</u>	<u>\$ 6,860</u>	<u>\$ 34,300</u>

Department of Public Welfare 2014-15 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: Human Services				
Clarks Summit State Hospital, Lackawanna County	\$ 1,440	\$ 0	\$ 360	\$ 1,800
UPGRADE INFRASTRUCTURE: This project will provide for the installation of a new water line from the Chlorination Building to two reservoirs. When completed, this project is not expected to increase operating costs.				
Ebensburg Center, Cambria County	1,600	0	400	2,000
INSTALL ELECTRICAL SWITCHING: This project will provide for the installation of a automatic electrical main switching system to the existing facility back-up generator system. When completed, this project is not expected to increase operating costs.				
South Mountain Secure Treatment Unit, Franklin County	400	0	100	500
REFURBISH BUILDING: This project will provide for the refurbishing of the existing gymnasium shell including HVAC and infrastructure. When completed, this project is not expected to increase operating costs.				
South Mountain Restoration Center, Franklin County	3,200	0	800	4,000
REPLACE ELECTRICAL EQUIPMENT: This project will provide for the replacement of current electrical distribution equipment including panels, substations and switches. When completed, this project is not expected to increase operating costs.				
White Haven Center, Luzerne County	2,000	0	500	2,500
REPLACE WINDOWS: This project will provide for the replacement of the single pane windows with energy efficient windows on various buildings. When completed, this project is not expected to increase operating costs.				
North Central Secure Treatment Unit, Montour County	400	0	100	500
REPLACE ROOF: This project will provide for the replacement of a flat rubber roof. When completed, this project is not expected to increase operating costs.				

Department of Public Welfare 2014-15 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: Human Services				
Clarks Summit State Hospital, Lackawanna County	\$ 4,000	\$ 0	\$ 1,000	\$ 5,000
UPGRADE SEWAGE TREATMENT PLANT: This project will provide for the the upgrade of the current waste water treatment plant to meet current EPA requirements. When completed, this project is not expected to increase operating costs.				
Polk Center, Venango County	640	0	160	800
REPLACE ELEVATORS: This project will provide for the replacement of elevators and controls in residential buildings. When completed, this project is not expected to increase operating costs.				
Loysville Youth Development Center, Perry County	560	0	140	700
REPLACE FIRE HYDRANTS: This project will replace existing fixtures and shutoff valves and add several new hydrants throughout the campus. When completed, this project is not expected to increase operating costs.				
Warren State Hospital, Warren County	4,800	0	1,200	6,000
INSTALL HVAC: This project will provide for the installation of a HVAC to meet code requirements. When completed, this project is not expected to increase operating costs.				
Ebensburg Center, Cambria County	1,200	0	300	1,500
REPLACE INFRASTRUCTURE: This project will provide for the replacement of water lines throughout the facility. When completed, this project is not expected to increase operating costs.				
Wernersville State Hospital, Berks County	2,000	0	500	2,500
REPLACE ROOFS: This project will provide for the replacement of roofs on various buildings . When completed, this project is not expected to increase operating costs.				

Department of Public Welfare 2014-15 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: Human Services				
Selinsgrove Center, Snyder County	\$ 400	\$ 0	\$ 100	\$ 500
REPLACE ELEVATORS: This project will provide for the replacement of elevators and controls throughout the facility. When completed, this project is not expected to increase operating costs.				
Torrance State Hospital, Westmoreland County	4,800	0	1,200	6,000
UPGRADE WATER FILTRATION: This project will provide for the replacement of the water filtration system and water treatment facility to meet current code requirements. When completed, this project is not expected to increase operating costs.				
PROGRAM TOTAL.....	<u>\$ 27,440</u>	<u>\$ 0</u>	<u>\$ 6,860</u>	<u>\$ 34,300</u>

STATE POLICE

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2014-15 PUBLIC IMPROVEMENT PROJECTS				
Public Protection and Law Enforcement.....	\$ 20,725	\$ 2,000	\$ 4,050	\$ 26,775
TOTAL.....	<u>\$ 20,725</u>	<u>\$ 2,000</u>	<u>\$ 4,050</u>	<u>\$ 26,775</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 20,725	\$ 2,000	\$ 4,050	\$ 26,775
TOTAL.....	<u>\$ 20,725</u>	<u>\$ 2,000</u>	<u>\$ 4,050</u>	<u>\$ 26,775</u>

State Police 2014-15 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
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Public Protection and Law Enforcement

Reading Headquarters, Berks County

CONSTRUCT NEW HEADQUARTER FACILITY: This project will provide for the design and construction of a new headquarters facility to meet requirements and codes. When completed, this project is not expected to increase operating costs.

\$ 8,500	\$ 1,000	\$ 1,950	\$ 11,450
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Lancaster Headquarters, Lancaster County

CONSTRUCT NEW HEADQUARTER FACILITY: This project will provide for the design and construction of a new headquarters facility to meet requirements and codes. When completed, this project is not expected to increase operating costs.

12,225	1,000	2,100	15,325
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PROGRAM TOTAL.....

<u>\$ 20,725</u>	<u>\$ 2,000</u>	<u>\$ 4,050</u>	<u>\$ 26,775</u>
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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
2014-15 PUBLIC IMPROVEMENT PROJECTS				
State Highway and Bridge Maintenance.....	\$ 306,625	\$ 60,200	\$ 40,675	\$ 407,500
TRANSPORTATION ASSISTANCE PROJECTS				
Urban Mass Transportation.....	\$ 895,417	\$ 750	\$ 99,044	\$ 995,211
HIGHWAY AND BRIDGE PROJECTS				
State Highway, Bridge & Administration Construction/Reconstruction.....	\$ 112,660	\$ 2,502	\$ 7,172	\$ 122,334
TOTAL.....	\$ 1,314,702	\$ 63,452	\$ 146,891	\$ 1,525,045
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Transportation Assistance.....	\$ 316,181	\$ 145	\$ 35,046	\$ 351,372
Current Revenues				
Motor License Fund.....	\$ 331,947	\$ 61,019	\$ 43,642	\$ 436,608
Federal Funds.....	654,286	2,283	66,787	723,356
Local Funds.....	12,288	5	1,416	13,709
TOTAL.....	\$ 1,314,702	\$ 63,452	\$ 146,891	\$ 1,525,045

Department of Transportation 2014-15 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
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FROM MOTOR LICENSE FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: State Highway and Bridge Maintenance

Project Description	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Westmoreland County Maintenance Building CONSTRUCT SALT STORAGE FACILITY: This project will provide for the construction of a new salt storage building. When completed, this project is not expected to increase operating costs.	\$ 5,500	\$ 0	\$ 500	\$ 6,000
Various Counties, Bridgebeam Facilities CONSTRUCT BRIDGE BEAM FACILITIES: This project will provide for the design and construction of three (3) new bridge beam fabrication facilities. When completed, this project is not expected to increase operating costs.	8,100	0	900	9,000
Crawford County Bridgebeam Facility RENOVATE BRIDGEBEAM FACILITY: This project will provide for the renovation and expansion of the current facility to bring the building into code compliance, upgrade building systems, roof repair, improve program requirements and energy efficiency. When completed, this project is not expected to increase operating costs.	2,750	0	250	3,000
Mercer County Bridgebeam Facility RENOVATE BRIDGEBEAM FACILITY: This project will provide for the renovation and expansion of the current facility to bring the building into code compliance, upgrade building systems, roof repair, improve program requirements and energy efficiency. When completed, this project is not expected to increase operating costs.	2,750	0	250	3,000
Warren County Bridgebeam Facility RENOVATE BRIDGEBEAM FACILITY: This project will provide for the renovation and expansion of the current facility to bring the building into code compliance, upgrade building systems, roof repair, improve program requirements and energy efficiency. When completed, this project is not expected to increase operating costs.	2,750	0	250	3,000
Cameron County Bridgebeam Facility RENOVATE BRIDGEBEAM FACILITY: This project will provide for the renovation and expansion of the current facility to bring the building into code compliance, upgrade building systems, roof repair, improve program requirements and energy efficiency. When completed, this project is not expected to increase operating costs.	2,750	0	250	3,000

Department of Transportation 2014-15 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM MOTOR LICENSE FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: State Highway and Bridge Maintenance				
Northumberland County Bridgebeam Facility	\$ 2,750	\$ 0	\$ 250	\$ 3,000
RENOVATE BRIDGEBEAM FACILITY: This project will provide for the renovation and expansion of the current facility to bring the building into code compliance, upgrade building systems, roof repair, improve program requirements and energy efficiency. When completed, this project is not expected to increase operating costs.				
Allegheny County Maintenance Garage	10,500	2,000	500	13,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Allegheny County Maintenance Facility	2,400	100	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Allegheny County Stockpile Facility	900	0	100	1,000
CONSTRUCT SALT STORAGE BUILDINGS: This project will provide for the construction of two new salt storage buildings. When completed, this project is not expected to increase operating costs.				
Beaver County Maintenance Garage	2,000	100	100	2,200
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Beaver County Maintenance Facility	2,400	100	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and construction. When completed, this project is not expected to increase operating costs.				
Bedford County Maintenance Facility	2,400	100	500	3,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Bedford County Stockpile Facility	900	0	100	1,000
CONSTRUCT SALT STORAGE BUILDINGS: This project will provide for the construction of two new salt storage buildings. When completed, this project is not expected to increase operating costs.				

Department of Transportation 2014-15 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM MOTOR LICENSE FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: State Highway and Bridge Maintenance				
Blair County Stockpile Facility	\$ 900	\$ 0	\$ 100	\$ 1,000
CONSTRUCT SALT STORAGE BUILDINGS: This project will provide for the construction of two new salt storage buildings. When completed, this project is not expected to increase operating costs.				
Cambria County Maintenance Garage	12,500	2,000	500	15,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Fulton County Maintenance Garage	13,500	2,000	500	16,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Fulton County Maintenance Facility	2,400	100	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Fulton County Stockpile Facility	900	0	100	1,000
CONSTRUCT SALT STORAGE BUILDINGS: This project will provide for the construction of two new salt storage buildings. When completed, this project is not expected to increase operating costs.				
Greene County Maintenance Garage	12,500	2,000	500	15,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Greene County Maintenance Facility	2,400	100	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				

Department of Transportation 2014-15 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM MOTOR LICENSE FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: State Highway and Bridge Maintenance				
Greene County Stockpile Facility	\$ 900	\$ 0	\$ 100	\$ 1,000
CONSTRUCT SALT STORAGE BUILDINGS: This project will provide for the construction of two new salt storage buildings. When completed, this project is not expected to increase operating costs.				
Huntingdon County Maintenance Facility	2,400	100	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Lawrence County Stockpile Facility	900	0	100	1,000
CONSTRUCT SALT STORAGE BUILDINGS: This project will provide for the construction of two new salt storage buildings. When completed, this project is not expected to increase operating costs.				
Somerset County Maintenance Garage	12,500	2,000	500	15,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Somerset County Maintenance Facility	1,600	100	500	2,200
CONSTRUCT NEW STORAGE BUILDINGS: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Somerset County Stockpile Facility	900	0	100	1,000
CONSTRUCT SALT STORAGE BUILDINGS: This project will provide for the construction of two new salt storage buildings. When completed, this project is not expected to increase operating costs.				
Washington County Stockpile Facility	900	0	100	1,000
CONSTRUCT SALT STORAGE BUILDINGS: This project will provide for the construction of two new salt storage buildings. When completed, this project is not expected to increase operating costs.				
Westmoreland County Maintenance Facility	2,400	100	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				

Department of Transportation 2014-15 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM MOTOR LICENSE FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: State Highway and Bridge Maintenance				
Westmoreland County Stockpile Facility	\$ 900	\$ 0	\$ 100	\$ 1,000
CONSTRUCT SALT STORAGE BUILDINGS: This project will provide for the construction of two new salt storage buildings. When completed, this project is not expected to increase operating costs.				
Schuylkill County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Northampton County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDINGS: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Monroe County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Lehigh County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Carbon County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Berks County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Bucks County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				

Department of Transportation 2014-15 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM MOTOR LICENSE FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: State Highway and Bridge Maintenance				
Chester County Maintenance Facility	\$ 1,750	\$ 750	\$ 500	\$ 3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Delaware County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Montgomery County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Philadelphia County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Lackawanna County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Pike County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Susquehanna County Maintenance Facility	1,750	750	600	3,100
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				

Department of Transportation 2014-15 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM MOTOR LICENSE FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: State Highway and Bridge Maintenance				
Susquehanna County Maintenance Facility	\$ 975	\$ 300	\$ 225	\$ 1,500
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Wayne County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Wyoming County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Dauphin County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Adams County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Cumberland County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Franklin County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				

Department of Transportation 2014-15 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM MOTOR LICENSE FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: State Highway and Bridge Maintenance				
York County Maintenance Facility	\$ 1,750	\$ 750	\$ 500	\$ 3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Lancaster County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Lebanon County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Perry County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Erie County Stockpile Facility	450	0	50	500
CONSTRUCT SALT STORAGE BUILDING: This project will provide for the construction of a new salt storage building. When completed, this project is not expected to increase operating costs.				
Erie County Maintenance Garage	12,500	2,000	500	15,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the development of a new storage building to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Crawford County Stockpile Facility	450	0	50	500
CONSTRUCT SALT STORAGE BUILDING: This project will provide for the construction of a new salt storage building. When completed, this project is not expected to increase operating costs.				
Crawford County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				

Department of Transportation 2014-15 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM MOTOR LICENSE FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: State Highway and Bridge Maintenance				
Forest County Maintenance Facility	\$ 1,750	\$ 750	\$ 500	\$ 3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Warren County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Warren County Maintenance Garage	12,500	2,000	500	15,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Venango County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Centre County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Centre County Stockpile Facility	450	0	50	500
CONSTRUCT SALT STORAGE BUILDING: This project will provide for the construction of a new salt storage building. When completed, this project is not expected to increase operating costs.				
Clinton County Maintenance Facility	2,000	0	500	2,500
RENOVATE STORAGE FACILITY: This project will provide for the renovation and expansion of a storage building to include code compliance, building systems, roof, and energy efficiency. When completed, this project is not expected to increase operating costs.				
Clinton County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				

Department of Transportation 2014-15 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM MOTOR LICENSE FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: State Highway and Bridge Maintenance				
Cameron County Maintenance Facility	\$ 1,750	\$ 750	\$ 500	\$ 3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
Cameron County Stockpile Facility	450	0	50	500
CONSTRUCT SALT STORAGE BUILDING: This project will provide for the construction of a new salt storage building. When completed, this project is not expected to increase operating costs.				
McKean County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STORAGE BUILDING: This project will provide for the construction of a new storage building to include site purchase, development, design, and site work. When completed, this project is not expected to increase operating costs.				
McKean County Maintenance Garage	12,500	1,000	500	14,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Elk County Maintenance Garage	2,000	0	500	2,500
RENOVATE STORAGE BUILDING: This project will provide for the renovation and expansion of a storage building to include code compliance, building systems, roof, improve program requirements and energy efficiency. When completed, this project is not expected to increase operating costs.				
Elk County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Potter County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Mifflin County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				

Department of Transportation 2014-15 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM MOTOR LICENSE FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: State Highway and Bridge Maintenance				
Mifflin County Stockpile Facility	\$ 450	\$ 0	\$ 50	\$ 500
CONSTRUCT SALT STORAGE BUILDING: This project will provide for the construction of a new salt storage building. When completed, this project is not expected to increase operating costs.				
Juniata County Maintenance Garage	12,500	2,000	500	15,000
RENOVATE STORAGE BUILDING: This project will provide for the renovation and expansion of a storage building to include code compliance, building systems, roof, and energy efficiency. When completed, this project is not expected to increase operating costs.				
Juniata County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Juniata County Stockpile Facility	450	0	50	500
CONSTRUCT SALT STORAGE BUILDING: This project will provide for the construction of a new salt storage building. When completed, this project is not expected to increase operating costs.				
Columbia County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Lycoming County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Montour County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Northumberland County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				

Department of Transportation 2014-15 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM MOTOR LICENSE FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: State Highway and Bridge Maintenance				
Snyder County Maintenance Garage	\$ 2,000	\$ 0	\$ 500	\$ 2,500
RENOVATE STORAGE BUILDING: This project will provide for the renovation and expansion of a storage building to include code compliance, building systems, roof, improve program requirements and energy efficiency. When completed, this project is not expected to increase operating costs.				
Snyder County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Sullivan County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Tioga County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Union County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Armstrong County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Butler County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Butler County Stockpile Facility	450	0	50	500
CONSTRUCT SALT STORAGE BUILDING: This project will provide for the construction of a new salt storage building. When completed, this project is not expected to increase operating costs.				

Department of Transportation 2014-15 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM MOTOR LICENSE FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: State Highway and Bridge Maintenance				
Clarion County Maintenance Garage	\$ 12,500	\$ 2,000	\$ 500	\$ 15,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Clarion County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Clarion County Stockpile Facility	450	0	50	500
CONSTRUCT SALT STORAGE BUILDING: This project will provide for the construction of a new salt storage building. When completed, this project is not expected to increase operating costs.				
Indiana County Maintenance Garage	12,500	2,000	500	15,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Indiana County Stockpile Facility	450	0	50	500
CONSTRUCT SALT STORAGE BUILDING: This project will provide for the construction of a new salt storage building. When completed, this project is not expected to increase operating costs.				
Jefferson County Maintenance Garage	12,500	2,000	500	15,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Jefferson County Maintenance Facility	1,750	750	500	3,000
CONSTRUCT NEW STOCKPILE: This project will provide for the development of a new stockpile to include site purchase, development, design and construction of all required buildings. When completed, this project is not expected to increase operating costs.				
Jefferson County Stockpile Facility	450	0	50	500
CONSTRUCT SALT STORAGE BUILDING: This project will provide for the construction of a new salt storage building. When completed, this project is not expected to increase operating costs.				

Department of Transportation 2014-15 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM MOTOR LICENSE FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: State Highway and Bridge Maintenance				
Montgomery County 6-0 Parking Garage	\$ 3,600	\$ 0	\$ 400	\$ 4,000
RENOVATE PARKING GARAGE: This project will provide for the renovation and repairs to the existing parking garage. When completed, this project is not expected to increase operating costs.				
Montgomery County 6-0 District Office	2,250	0	250	2,500
INSTALL STANDBY GENERATOR: This project will provide for the installation of a standby generator capable of running the entire facility. When completed, this project is not expected to increase operating costs.				
Wayne County Maintenance Garage	450	0	50	500
RESURFACE FLOORS: This project will provide for the resurfacing and necessary repairs of garage floors. When completed, this project is not expected to increase operating costs.				
 PROGRAM TOTAL.....	 <u>\$ 306,625</u>	 <u>\$ 60,200</u>	 <u>\$ 40,675</u>	 <u>\$ 407,500</u>

Department of Transportation 2014-15 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost	
FROM CAPITAL FACILITIES BOND FUNDS					
TRANSPORTATION ASSISTANCE PROJECTS					
Program: Urban Mass Transportation					
All of the following projects are grants to local transportation authorities. Staffing and operating cost impacts are not provided since these will be borne by localities.					
Southeastern Pennsylvania Transportation Authority	State	\$ 42,852	\$ 0	\$ 4,761	\$ 47,613
URBANIZED AREA OF FORMULA PROGRAM: This project will provide for SEPTA's state funds to match federal capital funding to replace buses and rehabilitate various facilities.	Federal	177,120	0	19,680	196,800
	Local	1,428	0	159	1,587
Southeastern Pennsylvania Transportation Authority	State	45,987	0	5,110	51,097
STATE OF GOOD REPAIR PROGRAM: This project will provide for SEPTA's state of good repair program, facilities overhaul program, and rehabilitate or replace various facilities and infrastructure.	Federal	190,080	0	21,120	211,200
	Local	1,533	0	170	1,703
Southeastern Pennsylvania Transportation Authority	State	3,136	0	348	3,484
BUS AND BUS FACILITIES PROGRAM: This project will provide for SEPTA's state funds to match federal capital funding to replace buses and rehabilitate various facilities and infrastructure.	Federal	12,960	0	1,440	14,400
	Local	104	0	12	116
Southeastern Pennsylvania Transportation Authority	State	7,439	0	827	8,266
BUS PURCHASE FLEX PROGRAM: This project will provide for SEPTA's state funds to match federal capital funding to replace buses and rehabilitate various facilities and infrastructure.	Federal	30,749	0	3,417	34,166
	Local	248	0	28	276
Southeastern Pennsylvania Transportation Authority	State	5,226	0	581	5,807
FEDERAL GRANT PROGRAM: This project will provide for the state funds to match discretionary federal capital funding to rehabilitate or replace existing facilities and infrastructure.	Federal	21,600	0	2,400	24,000
	Local	174	0	19	193
Port Authority of Allegheny County	State	44,624	0	4,958	49,582
BUS RAPID TRANSIT PROGRAM: This project will provide for the bus system expansion in PAAC and will include construction, technology/software updates and vehicle acquisition.	Federal	47,700	0	5,300	53,000
	Local	3,076	0	342	3,418
Port Authority of Allegheny County	State	4,251	0	472	4,723
SECTION 5307 PROGRAM: This project will provide for the state funds to match discretionary federal capital and local funding for the replacement of major components of a bus and fixed guideway system.	Federal	17,568	0	1,952	19,520
	Local	141	0	16	157
Port Authority of Allegheny County	State	627	0	70	697
BUS AND BUS FACILITIES PROGRAM: This project will provide for PAAC's state funds to match federal capital funding to replace buses and rehabilitate various facilities and infrastructure.	Federal	2,592	0	288	2,880
	Local	21	0	2	23

Department of Transportation 2014-15 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					
Port Authority of Allegheny County	State	\$ 5,836	\$ 0	\$ 648	\$ 6,484
FEDERAL GRANT PROGRAM: This project will provide for the state funds to match discretionary federal capital funding to rehabilitate or replace existing facilities and infrastructure.	Federal	24,120	0	2,680	26,800
	Local	194	0	22	216
Port Authority of Allegheny County	State	1,652	0	184	1,836
SECTION 5307 FLEX FUNDS PROGRAM: This project will provide for the state funds to match discretionary federal capital funding to purchase 70 replacement buses.	Federal	6,825	0	758	7,583
	Local	55	0	6	61
Beaver County Transportation Authority	State	517	0	57	574
CONSTRUCT CNG FACILITY: This project will provide for the construction of a CNG fueling station and renovate the maintenance facility to accommodate CNG vehicles.	Federal	2,135	0	237	2,372
	Local	17	0	2	19
Berks Area Reading Transportation Authority	State	850	0	0	850
BUS PURCHASE PROGRAM: This project will provide for the replacement of buses that have exceeded their useful life and expand service.	Federal	3,514	0	0	3,514
	Local	28	0	0	28
Butler Transit Authority	State	779	0	0	779
BUS PURCHASE PROGRAM: This project will provide funding for the purchase of new and/or used buses to replace the existing fleet and expand service.	Federal	3,220	0	0	3,220
	Local	26	0	0	26
Cambria County Transit Authority	State	523	0	58	581
REHABILITATE INFRASTRUCTURE: This project will provide funding for the rehabilitation of facilities and miscellaneous improvements to bring to a state of good repair.	Federal	2,160	0	240	2,400
	Local	17	0	2	19
Centre Area Transportation Authority	State	1,379	0	0	1,379
BUS PURCHASE PROGRAM: This project will provide for the replacement of buses that have exceeded their useful life and expand service.	Federal	5,700	0	0	5,700
	Local	46	0	0	46
County of Lackawanna Transit System	State	726	0	0	726
BUS PURCHASE PROGRAM: This project will provide for the replacement of buses that have exceeded their useful life and expand service.	Federal	3,000	0	0	3,000
	Local	24	0	0	24
Hazleton Public Transit	State	87	0	0	87
BUS PURCHASE PROGRAM: This project will provide for the replacement of buses that have exceeded their useful life and expand service.	Federal	360	0	0	360
	Local	3	0	0	3

Department of Transportation 2014-15 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					
Mid Mon Valley Transit Authority	State	\$ 395	\$ 0	\$ 0	\$ 395
BUS PURCHASE PROGRAM: This project will provide for the replacement of buses that have exceeded their useful life and expand service.	Federal	1,633	0	0	1,633
	Local	13	0	0	13
Monroe County Transit Authority	State	348	0	39	387
CONSTRUCT PARK & RIDE LOT: This project will provide funding for the design and construction of a park and ride lot for MCTA customers.	Federal	1,440	0	160	1,600
	Local	12	0	1	13
Monroe County Transit Authority	State	523	0	58	581
CONSTRUCT FACILITY: This project will provide funding for the construction of a maintenance facility building.	Federal	2,160	0	240	2,400
	Local	17	0	2	19
River Valley Transit	State	871	0	97	968
EXPAND TRANSIT CENTER: This project will provide funding for the expansion of River Transit Center to accommodate current and future operational needs.	Federal	3,600	0	400	4,000
	Local	29	0	3	32
River Valley Transit	State	658	0	73	731
CONSTRUCT CNG FACILITY: This project will provide for the construction of a CNG fueling station and renovate the maintenance facility to accommodate CNG vehicles.	Federal	2,718	0	302	3,020
	Local	22	0	2	24
River Valley Transit	State	484	0	0	484
PURCHASE BUSES: This project will provide funding for the replacement of rolling stock which have met their useful life.	Federal	2,000	0	0	2,000
	Local	16	0	0	16
Schuylkill Transportation System	State	523	0	58	581
IMPROVE TRANSIT FACILITIES: This project will provide funding for the expansion of existing facility to accommodate current and future operational needs.	Federal	2,160	0	240	2,400
	Local	17	0	2	19
Westmoreland County Transportation Authority	State	0	145	436	581
CONSTRUCT PARK & RIDE LOT: This project will provide funding for the purchase of property along with design and construction of a park and ride lot for MCTA customers.	Federal	0	600	1,800	2,400
	Local	0	5	14	19
Southeastern Pennsylvania Transportation Authority	State	62,710	0	6,968	69,678
INFRASTRUCTURE SAFETY RENEWAL PROGRAM: This project provides for the restoration of SEPTA's transit and railroad infrastructure including maintenance support facilities.	Federal	0	0	0	0
	Local	2,090	0	232	2,322

Department of Transportation 2014-15 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					
Southeastern Pennsylvania Transportation Authority	State	\$ 17,420	\$ 0	\$ 1,936	\$ 19,356
STATE OF GOOD REPAIR PROGRAM: This project will provide for SEPTA's state of good repair program, facilities overhaul program, rehabilitate or replace various facilities and infrastructure.	Federal	0	0	0	0
	Local	579	0	65	644
Southeastern Pennsylvania Transportation Authority	State	49,646	0	5,516	55,162
VEHICLE OVERHAUL PROGRAM: This project will provide for SEPTA's FY 2014-15 Vehicle Overhaul Program, which provides for the replacement of existing assets.	Federal	0	0	0	0
	Local	1,654	0	184	1,838
Port Authority of Allegheny County	State	13,064	0	1,452	14,516
INFRASTRUCTURE SAFETY RENEWAL PROGRAM: This project will provide for PAAC's Infrastructure Safety Renewal Program, which includes capital improvements to stations, signals, track, power and buildings.	Federal	0	0	0	0
	Local	436	0	48	484
Port Authority of Allegheny County	State	3,048	0	339	3,387
VEHICLE OVERHAUL PROGRAM: This project will provide for PAAC's Vehicle Overhaul Program, which provides for the major overhaul of the rolling stock.	Federal	0	0	0	0
	Local	102	0	11	113
TOTAL STATE FUNDS.....	\$ 316,181	\$ 145	\$ 35,046	\$ 351,372	
TOTAL FEDERAL FUNDS.....	567,114	600	62,654	630,368	
TOTAL LOCAL FUNDS.....	12,122	5	1,344	13,471	
PROGRAM TOTAL.....	<u>\$ 895,417</u>	<u>\$ 750</u>	<u>\$ 99,044</u>	<u>\$ 995,211</u>	

Capital Budget

Department of Transportation 2014-15 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	\$ 38	\$ 0	\$ 9	\$ 47
MONONGAHELA RIVER, CSX RR, NS RR, WATERFRONT DRIVE PRESERVATION (56957)	Federal	200	0	48	248
	Local	13	0	3	16
ALLEGHENY COUNTY	State	3	0	0	3
RAREDON RUN	Federal	10	0	0	10
FINDLAY TOWNSHIP, MOON TOWNSHIP REPAIR (87775)					
ALLEGHENY COUNTY	State	487	11	20	518
BRANCH MONTOUR RUN	Federal	1,947	46	80	2,073
FINDLAY TOWNSHIP, MOON TOWNSHIP PRESERVATION (87775)					
ALLEGHENY COUNTY	State	10	0	0	10
BRANCH OF MCCLARENS RUN	Federal	39	1	2	42
FINDLAY TOWNSHIP, MOON TOWNSHIP REPAIR (87775)					
ALLEGHENY COUNTY	State	1,000	120	400	1,520
DAYS RUN					
EAST DEER TOWNSHIP REPLACEMENT (63351)					
ALLEGHENY COUNTY	State	1,900	110	660	2,670
B&LE RR					
WEST DEER TOWNSHIP REHABILITATION (27452)					
ALLEGHENY COUNTY	State	38	0	9	47
SMALLMAN STREET, ALLEGHENY RIVER	Federal	200	0	48	248
CITY OF PITTSBURGH	Local	13	0	3	16
PRESERVATION (95796)					
ALLEGHENY COUNTY	State	584	14	24	622
SERVICE ROAD & MCCLAREN RUN	Federal	2,336	55	96	2,487
FINDLAY TOWNSHIP, MOON TOWNSHIP REPAIR (87775)					
ALLEGHENY COUNTY	State	487	11	20	518
SERVICE ROAD & MCCLAREN RUN	Federal	1,947	46	80	2,073
FINDLAY TOWNSHIP, MOON TOWNSHIP REPLACEMENT (87775)					

Capital Budget

Department of Transportation 2014-15 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	\$ 10	\$ 0	\$ 0	\$ 10
MCCLARENS RUN	Federal	39	1	2	42
MOON TOWNSHIP REPAIR (87775)					
ALLEGHENY COUNTY	State	8	0	4	12
NONE - PARALLEL TO CSX RR	Federal	40	0	20	60
HOMESTEAD BOROUGH PRESERVATION (95797)	Local	3	0	1	4
ALLEGHENY COUNTY	State	487	11	20	518
PRIVATE ACCESS ROAD	Federal	1,947	46	80	2,073
FINDLAY TOWNSHIP, MOON TOWNSHIP PRESERVATION (87775)					
ARMSTRONG COUNTY	State	175	0	250	425
GUFFY RUN	Federal	700	0	0	700
PARKS TOWNSHIP REPLACEMENT (77920)					
BUTLER COUNTY	State	108	0	0	108
BUTCHER RUN	Federal	433	0	0	433
BUTLER TOWNSHIP REHABILITATION (96786)					
CAMBRIA COUNTY	State	150	0	0	150
BRUBAKER RUN	Federal	600	0	0	600
ELDER TOWNSHIP REHABILITATION (96102)					
CLARION COUNTY	State	280	41	50	371
MAHLES RUN					
WASHINGTON TOWNSHIP REPLACEMENT (83265)					
ERIE COUNTY	State	590	10	100	700
OVER KEPPELS RUN					
CITY OF CORRY REHABILITATION (88605)					

Capital Budget

Department of Transportation 2014-15 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	\$ 0	\$ 20	\$ 295	\$ 315
OVER TROUPS CREEK BROOKFIELD TOWNSHIP REPLACEMENT (95548)	1,300	0	80	1,380
TOTAL STATE FUNDS.....	State \$ 6,355	\$ 348	\$ 1,861	\$ 8,564
TOTAL FEDERAL FUNDS.....	Federal 11,738	195	536	12,469
TOTAL LOCAL FUNDS.....	Local 29	0	7	36
PROGRAM TOTAL.....	<u>\$ 18,122</u>	<u>\$ 543</u>	<u>\$ 2,404</u>	<u>\$ 21,069</u>

Capital Budget

Department of Transportation 2014-15 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	\$ 431	\$ 0	\$ 241	\$ 672
ELIZABETH TOWNSHIP, CITY OF PITTSBURGH, CITY OF NEW CASTLE, BALDWIN BOROUGH, MONROEVILLE BOROUGH, PLEASANT HILLS BOROUGH, TARENTUM BOROUGH	Federal	1,291	2	737	2,030
VARIOUS CORRIDORS THROUGH ALLEGHENY AND LAWRENCE COUNTIES. SIGNAL IMPROVEMENT TRAFFIC SIGNAL EQUIPMENT UPGRADES AND TRAFFIC SIGNAL RETIMING AT VARIOUS LOCATIONS. (92370)	Local	137	0	65	202
ALLEGHENY COUNTY	State	14,934	351	615	15,900
FINDLAY TOWNSHIP, MOON TOWNSHIP	Federal	59,735	1,406	2,460	63,601
INTERSTATE MAINTENANCE PROGRAM - CRACK AND SEAT, MILLING AND OVERLAY, BRIDGE REPAIR AND PRESERVATION ON I376, BEAVER COUNTY LINE TO BUSINESS 376 ((87775)					
CLINTON COUNTY	State	300	20	60	380
CASTANEA TOWNSHIP, CITY OF LOCK HAVEN	Federal	1,200	80	240	1,520
SR 120 IN LOCK HAVEN RESURFACING RECONSTRUCTION (93310)					
LYCOMING COUNTY	State	600	0	0	600
FAIRFIELD TOWNSHIP	Federal	2,400	0	0	2,400
INTERSECTION IMPROVEMENT, HIGHWAY RECONSTRUCTION (98166)					
MCKEAN COUNTY	State	2,400	100	190	2,690
HAMILTON TOWNSHIP, HAMLIN TOWNSHIP, WETMORE TOWNSHIP, KANE BOROUGH	Federal	9,600	0	160	9,760
SR 6 FROM LUDLOW TO LANTZ CORNERS HIGHWAY RESURFACING RECONSTRUCTION (93354)					
SNYDER COUNTY	State	302	0	0	302
FRANKLIN TOWNSHIP, PERRY TOWNSHIP, WASHINGTON TOWNSHIP, MIDDLEBURG BOROUGH	Federal	1,208	0	0	1,208
0160/2388 TO 0240/0435 MILL AND RESURFACE (87889)					
TOTAL STATE FUNDS.....	State	\$ 18,967	\$ 471	\$ 1,106	\$ 20,544
TOTAL FEDERAL FUNDS.....	Federal	75,434	1,488	3,597	80,519
TOTAL LOCAL FUNDS.....	Local	137	0	65	202
PROGRAM TOTAL.....		<u>\$ 94,538</u>	<u>\$ 1,959</u>	<u>\$ 4,768</u>	<u>\$ 101,265</u>

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>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Agriculture.....	\$ 37,000	\$ 0	\$ 0	\$ 0
Conservation and Natural Resources.....	73,800	102,000	114,000	157,050
Education.....	255,430	298,890	312,000	265,500
Environmental Protection.....	6,990	21,064	49,752	20,425
Fish and Boat Commission.....	2,000	1,500	1,000	1,000
Game Commission.....	2,000	1,000	1,000	1,000
General Services.....	256,760	149,660	111,660	110,000
Historical and Museum Commission.....	38,260	32,600	45,800	45,085
Public Welfare.....	32,350	33,600	13,250	0
Transportation.....	475,000	475,000	475,000	475,000
TOTAL.....	\$ 1,179,590	\$ 1,115,314	\$ 1,123,462	\$ 1,075,060

Forecast of Future Projects

This section contains estimated authorizations (State funds only) for future Capital Budgets from 2015-16 through 2018-19. 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 laboratory.

	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Agriculture	\$ 37,000	\$ 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, central garages, radio communications systems and rehabilitation of forest roads in forest districts. Also may include original furniture and equipment authorizations.

Conservation and Natural Resources	33,800	61,000	72,000	114,050
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Corrections

PUBLIC IMPROVEMENT PROJECTS: Provides for construction and renovation of administrative, industrial, educational and housing facilities and utilities at the state-owned correctional institutions. Also may include original furniture and equipment authorizations.

Corrections	0	0	0	0
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Education

PUBLIC IMPROVEMENT PROJECTS: Provides for construction, expansion, renovation and conversion of classroom and auxiliary buildings, utilities and recreational facilities for the State System of Higher Education, State-Owned Schools and for the State-Related Universities. Also may include original furniture and equipment authorizations.

Education	255,430	298,890	312,000	265,500
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Emergency Management Agency

PUBLIC IMPROVEMENT PROJECTS: Provides for construction and renovations at the State Fire Academy, Emergency Operations Centers around the state and other emergency facilities.

Emergency Management Agency	0	0	0	0
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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	6,990	21,064	49,752	20,425
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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, lakes, reservoirs and other works deemed necessary to control floods. Also, will control, preserve and regulate the flow of rivers and streams.

Environmental Protection	0	0	0	0
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General Services

PUBLIC IMPROVEMENT PROJECTS: Provides for the construction, renovation and improvements to state office buildings and facilities.

General Services	256,760	149,660	111,660	110,000
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Forecast of Future Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS (continued)	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Historical and Museum Commission	\$ 38,260	\$ 32,600	\$ 45,800	\$ 45,085
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	32,350	33,600	13,250	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 intellectually disabled, 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 buildings, driver examination facilities, welcome centers and state-owned airport facilities. Also may include original furniture and equipment authorizations.				
Transportation	175,000	175,000	175,000	175,000
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.....	\$ 660,590	\$ 596,814	\$ 604,462	\$ 555,060
Total — Flood Control Program.....	0	0	0	0
Total — Transportation Assistance Program.....	175,000	175,000	175,000	175,000
SUBTOTAL— CAPITAL FACILITIES BOND FUNDS.....	\$ 835,590	\$ 771,814	\$ 779,462	\$ 730,060

Forecast of Future Projects

(Dollar Amounts in Thousands)

	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 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 environments.				
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 assets 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 lands.				
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.....	\$ 1,179,590	\$ 1,115,314	\$ 1,123,462	\$ 1,075,060

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	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Executive Offices.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agriculture.....	997	1,849	5,803	8,215	8,009
Conservation and Natural Resources.....	52,384	39,302	49,219	58,951	75,200
Community and Economic Development.....	390,202	446,594	341,525	359,466	212,961
Corrections.....	137,001	35,586	37,354	46,833	30,731
Education.....	250,885	240,953	245,467	251,427	217,332
Emergency Management Agency.....	2,009	2,284	3,861	5,200	3,759
Environmental Protection.....	28,700	34,098	38,457	27,699	25,782
Fish and Boat Commission.....	7,866	4,428	5,747	5,588	3,822
Game Commission.....	41	32	55	83	53
General Services.....	202,687	140,412	119,554	189,944	109,612
Historical and Museum Commission.....	6,441	8,775	15,494	21,698	23,412
Military and Veterans Affairs.....	11,553	7,558	9,873	10,260	5,743
Public Welfare.....	6,360	8,583	13,943	18,825	18,731
State Police.....	4,327	11,373	10,003	5,441	4,921
Transportation.....	582,676	593,975	595,902	608,004	612,420
TOTAL - ALL STATE FUNDS.....	\$ 1,684,128	\$ 1,575,802	\$ 1,492,257	\$ 1,617,634	\$ 1,352,488

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)

	<u>2014-15 Estimated</u>	<u>2015-16 Estimated</u>	<u>2016-17 Estimated</u>	<u>2017-18 Estimated</u>	<u>2018-19 Estimated</u>
CAPITAL FACILITIES BOND FUNDS					
Executive Offices					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Furniture and Equipment.....	0	0	0	0	0
Projects in 2014-15 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2015-19)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - EXECUTIVE OFFICES.....	<u>\$ 0</u>				
Agriculture					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 857	\$ 219	\$ 373	\$ 565	\$ 359
Furniture and Equipment.....	0	0	0	0	0
Projects in 2014-15 Budget					
Buildings and Structures.....	140	1,260	2,100	2,100	2,100
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2015-19)					
Buildings and Structures.....	0	370	3,330	5,550	5,550
Furniture and Equipment.....	0	0	0	0	0
TOTAL - AGRICULTURE.....	<u>\$ 997</u>	<u>\$ 1,849</u>	<u>\$ 5,803</u>	<u>\$ 8,215</u>	<u>\$ 8,009</u>
Conservation and Natural Resources					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 26,666	\$ 8,324	\$ 11,266	\$ 13,548	\$ 6,851
Furniture and Equipment.....	136	541	180	0	0
Projects in 2014-15 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2015-19)					
Buildings and Structures.....	0	738	7,662	21,390	38,201
Furniture and Equipment.....	0	0	0	0	0
TOTAL - CONSERVATION AND NATURAL RESOURCES.....	<u>\$ 26,802</u>	<u>\$ 9,603</u>	<u>\$ 19,108</u>	<u>\$ 34,938</u>	<u>\$ 45,052</u>
Community and Economic Development					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 65,202	\$ 61,594	\$ 46,525	\$ 64,466	\$ 37,961
Furniture and Equipment.....	0	0	0	0	0
Projects in 2014-15 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2015-19)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Subtotal.....	<u>\$ 65,202</u>	<u>\$ 61,594</u>	<u>\$ 46,525</u>	<u>\$ 64,466</u>	<u>\$ 37,961</u>

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	<u>2014-15</u> <u>Estimated</u>	<u>2015-16</u> <u>Estimated</u>	<u>2016-17</u> <u>Estimated</u>	<u>2017-18</u> <u>Estimated</u>	<u>2018-19</u> <u>Estimated</u>
Redevelopment Assistance Projects					
Projects Currently Authorized					
Acquisition and Construction.....	\$ 325,000	\$ 385,000	\$ 295,000	\$ 295,000	\$ 175,000
TOTAL - COMMUNITY AND ECONOMIC DEVELOPMENT.....	<u>\$ 390,202</u>	<u>\$ 446,594</u>	<u>\$ 341,525</u>	<u>\$ 359,466</u>	<u>\$ 212,961</u>
Corrections					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 136,420	\$ 30,597	\$ 29,078	\$ 38,567	\$ 22,465
Furniture and Equipment.....	30	29	10	0	0
Projects in 2014-15 Budget					
Buildings and Structures.....	551	4,960	8,266	8,266	8,266
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2015-19)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - CORRECTIONS.....	<u>\$ 137,001</u>	<u>\$ 35,586</u>	<u>\$ 37,354</u>	<u>\$ 46,833</u>	<u>\$ 30,731</u>
Education					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 245,239	\$ 212,857	\$ 188,727	\$ 152,330	\$ 72,686
Furniture and Equipment.....	4,176	14,712	14,712	14,712	14,712
Projects in 2014-15 Budget					
Buildings and Structures.....	1,070	9,630	16,050	16,050	16,050
Furniture and Equipment.....	400	1,200	0	0	0
Future Projects (2015-19)					
Buildings and Structures.....	0	2,554	25,978	68,335	113,884
Furniture and Equipment.....	0	0	0	0	0
TOTAL - EDUCATION.....	<u>\$ 250,885</u>	<u>\$ 240,953</u>	<u>\$ 245,467</u>	<u>\$ 251,427</u>	<u>\$ 217,332</u>
Emergency Management Agency					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 1,925	\$ 1,532	\$ 2,608	\$ 3,947	\$ 2,506
Furniture and Equipment.....	0	0	0	0	0
Projects in 2014-15 Budget					
Buildings and Structures.....	84	752	1,253	1,253	1,253
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2015-19)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - EMERGENCY MANAGEMENT AND HOMELAND SECURITY.....	<u>\$ 2,009</u>	<u>\$ 2,284</u>	<u>\$ 3,861</u>	<u>\$ 5,200</u>	<u>\$ 3,759</u>

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	<u>2014-15</u> <u>Estimated</u>	<u>2015-16</u> <u>Estimated</u>	<u>2016-17</u> <u>Estimated</u>	<u>2017-18</u> <u>Estimated</u>	<u>2018-19</u> <u>Estimated</u>
Environmental Protection					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 7,961	\$ 10,271	\$ 11,596	\$ 10,452	\$ 3,087
Furniture and Equipment.....	0	0	0	0	0
Projects in 2014-15 Budget					
Buildings and Structures.....	377	3,395	5,659	5,659	5,659
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2015-19)					
Buildings and Structures.....	0	70	840	3,443	8,891
Furniture and Equipment.....	0	0	0	0	0
Subtotal	<u>\$ 8,338</u>	<u>\$ 13,736</u>	<u>\$ 18,095</u>	<u>\$ 19,554</u>	<u>\$ 17,637</u>
Flood Control Projects					
Projects Currently Authorized					
Structures and Improvements.....	\$ 20,362	\$ 20,362	\$ 20,362	\$ 8,145	\$ 8,145
Projects in 2014-15 Budget					
Structures and Improvements.....	0	0	0	0	0
Future Projects (2015-19)					
Structures and Improvements.....	0	0	0	0	0
Subtotal	<u>\$ 20,362</u>	<u>\$ 20,362</u>	<u>\$ 20,362</u>	<u>\$ 8,145</u>	<u>\$ 8,145</u>
TOTAL - ENVIRONMENTAL PROTECTION.....	<u>\$ 28,700</u>	<u>\$ 34,098</u>	<u>\$ 38,457</u>	<u>\$ 27,699</u>	<u>\$ 25,782</u>
Fish and Boat Commission					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 7,116	\$ 3,678	\$ 4,997	\$ 4,838	\$ 3,072
Furniture and Equipment.....	0	0	0	0	0
Projects in 2014-15 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2015-19)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - FISH AND BOAT COMMISSION.....	<u>\$ 7,116</u>	<u>\$ 3,678</u>	<u>\$ 4,997</u>	<u>\$ 4,838</u>	<u>\$ 3,072</u>
Game Commission					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 41	\$ 32	\$ 55	\$ 83	\$ 53
Furniture and Equipment.....	0	0	0	0	0
Projects in 2014-15 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2015-19)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - GAME COMMISSION.....	<u>\$ 41</u>	<u>\$ 32</u>	<u>\$ 55</u>	<u>\$ 83</u>	<u>\$ 53</u>

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	<u>2014-15</u> <u>Estimated</u>	<u>2015-16</u> <u>Estimated</u>	<u>2016-17</u> <u>Estimated</u>	<u>2017-18</u> <u>Estimated</u>	<u>2018-19</u> <u>Estimated</u>
General Services					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 167,580	\$ 132,845	\$ 92,031	\$ 130,279	\$ 30,935
Furniture and Equipment.....	3	4,060	1,353	0	0
Projects in 2014-15 Budget					
Buildings and Structures.....	104	939	1,565	1,565	1,565
Furniture and Equipment.....	35,000	0	0	0	0
Future Projects (2015-19)					
Buildings and Structures.....	0	2,568	24,605	53,100	72,112
Furniture and Equipment.....	0	0	0	5,000	5,000
TOTAL - GENERAL SERVICES.....	<u>\$ 202,687</u>	<u>\$ 140,412</u>	<u>\$ 119,554</u>	<u>\$ 189,944</u>	<u>\$ 109,612</u>
Historical and Museum Commission					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 6,141	\$ 5,602	\$ 7,195	\$ 8,067	\$ 3,710
Furniture and Equipment.....	0	90	30	0	0
Projects in 2014-15 Budget					
Buildings and Structures.....	300	2,700	4,500	4,500	4,500
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2015-19)					
Buildings and Structures.....	0	383	3,769	9,131	15,202
Furniture and Equipment.....	0	0	0	0	0
TOTAL - HISTORICAL AND MUSEUM	<u>\$ 6,441</u>	<u>\$ 8,775</u>	<u>\$ 15,494</u>	<u>\$ 21,698</u>	<u>\$ 23,412</u>
Military and Veterans Affairs					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 11,388	\$ 5,954	\$ 7,358	\$ 7,785	\$ 3,268
Furniture and Equipment.....	0	119	40	0	0
Projects in 2014-15 Budget					
Buildings and Structures.....	165	1,485	2,475	2,475	2,475
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2015-19)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - MILITARY AND VETERANS AFFAIRS.....	<u>\$ 11,553</u>	<u>\$ 7,558</u>	<u>\$ 9,873</u>	<u>\$ 10,260</u>	<u>\$ 5,743</u>

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	<u>2014-15</u> Estimated	<u>2015-16</u> Estimated	<u>2016-17</u> Estimated	<u>2017-18</u> Estimated	<u>2018-19</u> Estimated
Public Welfare					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 3,653	\$ 4,128	\$ 5,202	\$ 5,670	\$ 2,500
Furniture and Equipment.....	2,364	1,044	348	0	0
Projects in 2014-15 Budget					
Buildings and Structures.....	343	3,087	5,145	5,145	5,145
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2015-19)					
Buildings and Structures.....	0	324	3,248	8,010	11,086
Furniture and Equipment.....	0	0	0	0	0
TOTAL - PUBLIC WELFARE.....	<u>\$ 6,360</u>	<u>\$ 8,583</u>	<u>\$ 13,943</u>	<u>\$ 18,825</u>	<u>\$ 18,731</u>
State Police					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 4,059	\$ 8,963	\$ 5,987	\$ 1,425	\$ 905
Furniture and Equipment.....	0	0	0	0	0
Projects in 2014-15 Budget					
Buildings and Structures.....	268	2,410	4,016	4,016	4,016
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2015-19)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - STATE POLICE	<u>\$ 4,327</u>	<u>\$ 11,373</u>	<u>\$ 10,003</u>	<u>\$ 5,441</u>	<u>\$ 4,921</u>
Transportation					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 7,756	\$ 9,916	\$ 11,279	\$ 10,317	\$ 3,175
Furniture and Equipment.....	0	0	0	0	0
Projects in 2014-15 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2015-19)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Subtotal.....	<u>\$ 7,756</u>	<u>\$ 9,916</u>	<u>\$ 11,279</u>	<u>\$ 10,317</u>	<u>\$ 3,175</u>
Transportation Assistance Projects					
Projects Currently Authorized					
Mass Transit, Rail and Air.....	\$ 175,000	\$ 144,000	\$ 111,500	\$ 69,250	\$ 65,250
Projects in 2014-15 Budget					
Mass Transit, Rail and Air.....	0	31,000	46,000	62,000	31,000
Future Projects (2015-19)					
Mass Transit, Rail and Air.....	0	0	17,500	43,750	78,750
Subtotal.....	<u>\$ 175,000</u>				
TOTAL - TRANSPORTATION.....	<u>\$ 182,756</u>	<u>\$ 184,916</u>	<u>\$ 186,279</u>	<u>\$ 185,317</u>	<u>\$ 178,175</u>

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
TOTAL - CAPITAL FACILITIES BOND FUNDS					
Public Improvement Projects					
Buildings and Structures.....	\$ 695,405	\$ 534,137	\$ 544,738	\$ 672,327	\$ 509,488
Furniture and Equipment.....	42,109	21,795	16,673	19,712	19,712
Redevelopment Assistance Projects					
Acquisition and Construction.....	325,000	385,000	295,000	295,000	175,000
Flood Control Projects					
Structures and Improvements.....	20,362	20,362	20,362	8,145	8,145
Transportation Assistance Projects.....					
Mass Transit, Rail and Air.....	175,000	175,000	175,000	175,000	175,000
TOTAL.....	<u>\$ 1,257,876</u>	<u>\$ 1,136,294</u>	<u>\$ 1,051,773</u>	<u>\$ 1,170,184</u>	<u>\$ 887,345</u>
CURRENT REVENUES					
FISH AND BOAT FUND					
Fish and Boat Commission					
Public Improvement Projects					
Projects Currently Authorized.....	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750
Projects in 2014-15 Budget	0	0	0	0	0
Future Projects (2015-19)	0	0	0	0	0
TOTAL - FISH AND BOAT COMMISSION.....	<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.....	\$ 17,677	\$ 15,549	\$ 11,661	\$ 0	\$ 0
Projects in 2014-15 Budget	0	2,002	3,002	4,003	4,503
Future Projects (2015-19)	0	774	3,661	7,798	12,992
Subtotal.....	<u>\$ 17,677</u>	<u>\$ 18,325</u>	<u>\$ 18,325</u>	<u>\$ 11,801</u>	<u>\$ 17,495</u>
ENVIRONMENTAL STEWARDSHIP FUND					
Conservation and Natural Resources					
Environmental Stewardship Projects - Acquisition, Rehabilitation and Development					
Projects Currently Authorized.....	\$ 7,905	\$ 10,600	\$ 6,875	\$ 3,551	\$ 3,992
Projects in 2014-15 Budget	0	0	0	0	0
Future Projects (2015-19)	0	774	4,911	8,661	8,661
Subtotal.....	<u>\$ 7,905</u>	<u>\$ 11,374</u>	<u>\$ 11,786</u>	<u>\$ 12,212</u>	<u>\$ 12,653</u>
TOTAL - CONSERVATION AND NATURAL RESOURCES.....	<u>\$ 25,582</u>	<u>\$ 29,699</u>	<u>\$ 30,111</u>	<u>\$ 24,013</u>	<u>\$ 30,148</u>
MOTOR LICENSE FUND					
Transportation					
Highway and Bridge Projects					
Projects Currently Authorized.....	\$ 399,774	\$ 400,468	\$ 401,163	\$ 401,866	\$ 401,001
Projects in 2014-15 Budget	146	582	437	728	1,164
Future Projects (2015-19)	0	8,009	8,023	20,093	32,080
TOTAL - TRANSPORTATION.....	<u>\$ 399,920</u>	<u>\$ 409,059</u>	<u>\$ 409,623</u>	<u>\$ 422,687</u>	<u>\$ 434,245</u>

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	<u>2014-15</u> Estimated	<u>2015-16</u> Estimated	<u>2016-17</u> Estimated	<u>2017-18</u> Estimated	<u>2018-19</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.....	17,677	18,325	18,325	11,801	17,495
Acquisition, Rehabilitation and Development Projects					
Environmental Stewardship Fund.....	7,905	11,374	11,786	12,212	12,653
Highway and Bridge Projects					
Motor License Fund	399,920	409,059	409,623	422,687	434,245
TOTAL - CURRENT REVENUES.....	\$ 426,252	\$ 439,508	\$ 440,484	\$ 447,450	\$ 465,143
TOTAL - ALL STATE FUNDS.....	\$ 1,684,129	\$ 1,575,801	\$ 1,492,256	\$ 1,617,634	\$ 1,352,487

Totals may not add due to rounding.

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Commonwealth of Pennsylvania

Governor's Executive Budget

PUBLIC DEBT

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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.
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DEBT AUTHORIZED, ISSUED AND OUTSTANDING

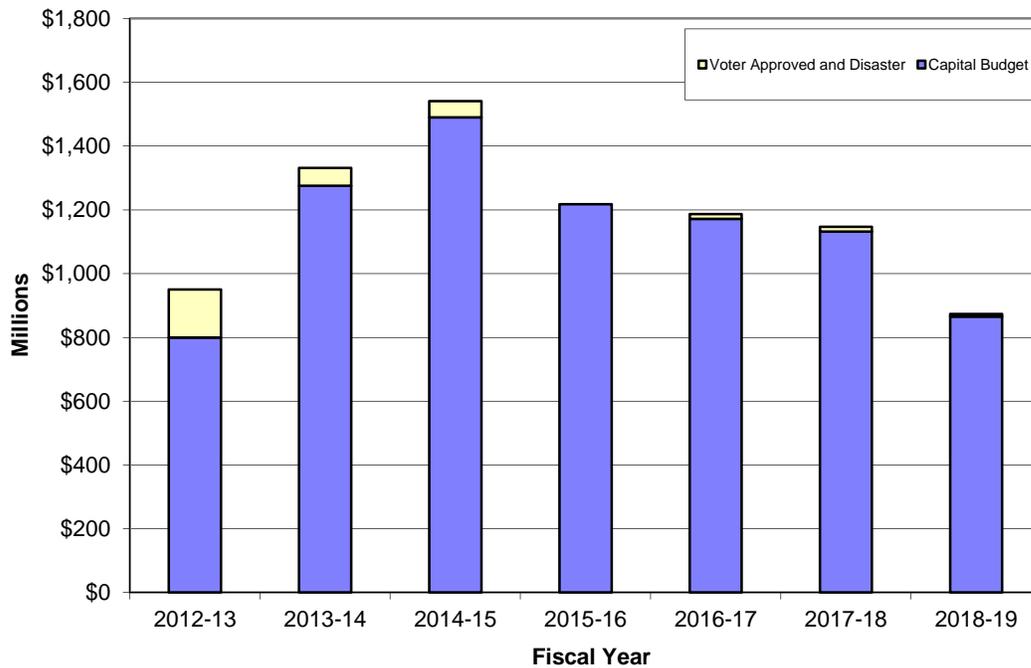
The following statement reflects the debt of the commonwealth as of December 31, 2013. Issues for which all authorized debt has been previously issued and for which said debt has been completely redeemed are not included. The Constitution permits capital budget debt to be issued without voter approval but subject to a debt limit. Except for debt issued for disaster recovery purposes, all other debt requires voter approval.

	(Dollar Amounts in Thousands)		
	Total Debt Authorized	Original Debt Issued	Debt Outstanding
Debt Subject to Constitutional Limit			
Capital Budget.....	\$ 120,002,043	\$ 22,700,955	\$ 7,423,516
Capital Budget Refunding Bonds Outstanding.....	NA	NA	2,489,339
Less: Capital Debt Fund Balance.....	NA	NA	-6,743
Subtotal.....	<u>\$ 120,002,043</u>	<u>\$ 22,700,955</u>	<u>\$ 9,906,112</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	0
Economic Revitalization.....	190,000	176,000	0
Land and Water Development.....	500,000	499,700	0
Vietnam Veterans' Compensation.....	65,000	62,000	0
Volunteer Companies Loan.....	100,000	50,000	0
Water Facilities - 1981 Referendum.....	300,000	288,500	0
PENNVEST- 1988 & 1992 Referenda.....	650,000	634,000	206,275
PENNVEST- 2008 Referendum.....	400,000	364,400	349,355
Agricultural Conservation Easement.....	100,000	100,000	0
Local Criminal Justice.....	200,000	197,000	1,875
Nursing Home Loans.....	100,000	69,000	0
Keystone Recreation, Park and Conservation.....	50,000	50,000	0
Water Supply and Wastewater Infrastructure.....	250,000	211,275	151,450
Growing Greener.....	625,000	569,000	432,270
Persian Gulf Conflict Veterans' Compensation.....	20,000	7,000	5,120
Refunding Bonds Outstanding.....	NA	NA	138,600
Less: Non-capital Sinking Fund Balances.....	NA	NA	-2,140
Subtotal.....	<u>\$ 3,852,708</u>	<u>\$ 3,474,675</u>	<u>\$ 1,282,805</u>
TOTAL.....	<u>\$ 123,854,751</u>	<u>\$ 26,175,630</u>	<u>\$ 11,188,917</u>

GENERAL OBLIGATION BOND ISSUES 2012-13 Through 2018-19

This table shows the projected amount of general obligation bonds of the commonwealth to be issued during the prior and current fiscal year and the subsequent five fiscal years based on current projects. Refunding bonds are not included in the data.

New General Obligation Bond Issues



(Dollar Amounts in Thousands)

General Obligation Bond Issues

Capital Budget

	2012-13 Actual	2013-14 Estimated	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Buildings and Structures.....	\$ 120,000	\$ 695,000	\$ 725,000	\$ 600,000	\$ 550,000	\$ 565,000	\$ 450,000
Flood Control.....	0	10,000	10,000	10,000	10,000	10,000	10,000
Furnishings and Equipment.....	40,000	10,000	50,000	20,000	20,000	20,000	20,000
Redevelopment Assistance.....	345,000	340,000	335,000	300,000	330,000	300,000	185,000
Transportation Assistance.....	210,000	180,000	175,000	175,000	175,000	175,000	175,000
Bridge Projects.....	85,000	40,000	195,000	113,000	87,000	62,000	25,000
Subtotal.....	<u>\$ 800,000</u>	<u>\$ 1,275,000</u>	<u>\$ 1,490,000</u>	<u>\$ 1,218,000</u>	<u>\$ 1,172,000</u>	<u>\$ 1,132,000</u>	<u>\$ 865,000</u>

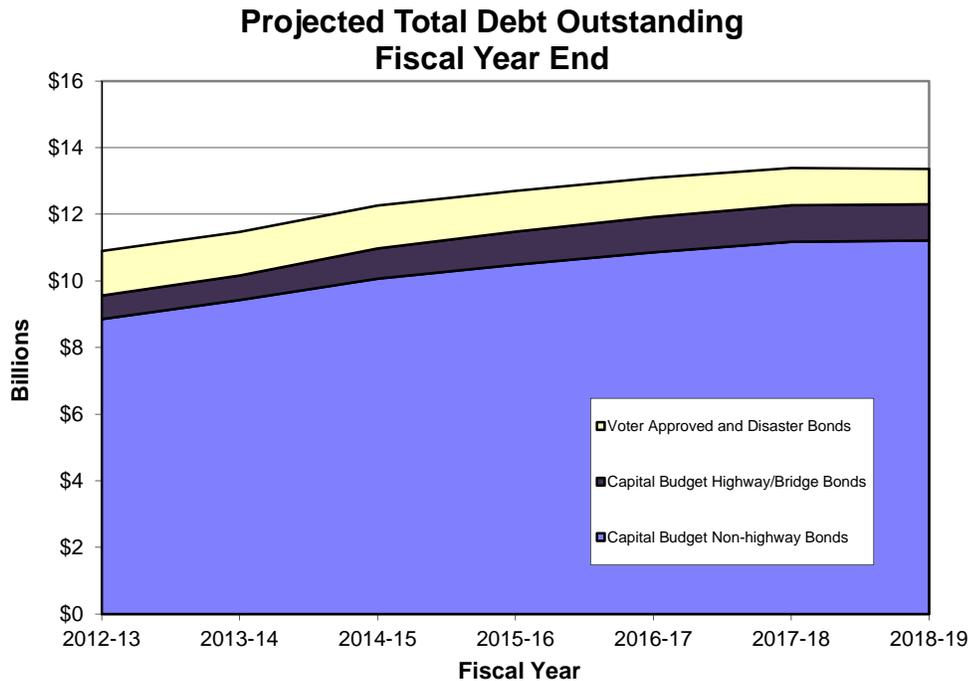
Voter Approved and Disaster

PENNVEST -- 1988, 1992 & 2008 Ref.....	\$ 110,000	\$ 25,000	\$ 26,000	\$ 0	\$ 0	\$ 0	\$ 0
Water and Wastewater Referendum.....	0	0	0	0	15,000	15,000	8,000
Growing Greener Referendum.....	40,000	31,000	25,000	0	0	0	0
Subtotal.....	<u>\$ 150,000</u>	<u>\$ 56,000</u>	<u>\$ 51,000</u>	<u>\$ 0</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 8,000</u>

TOTAL.....	<u><u>\$ 950,000</u></u>	<u><u>\$ 1,331,000</u></u>	<u><u>\$ 1,541,000</u></u>	<u><u>\$ 1,218,000</u></u>	<u><u>\$ 1,187,000</u></u>	<u><u>\$ 1,147,000</u></u>	<u><u>\$ 873,000</u></u>
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GENERAL OBLIGATION DEBT OUTSTANDING 2012-13 Through 2018-19

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)].

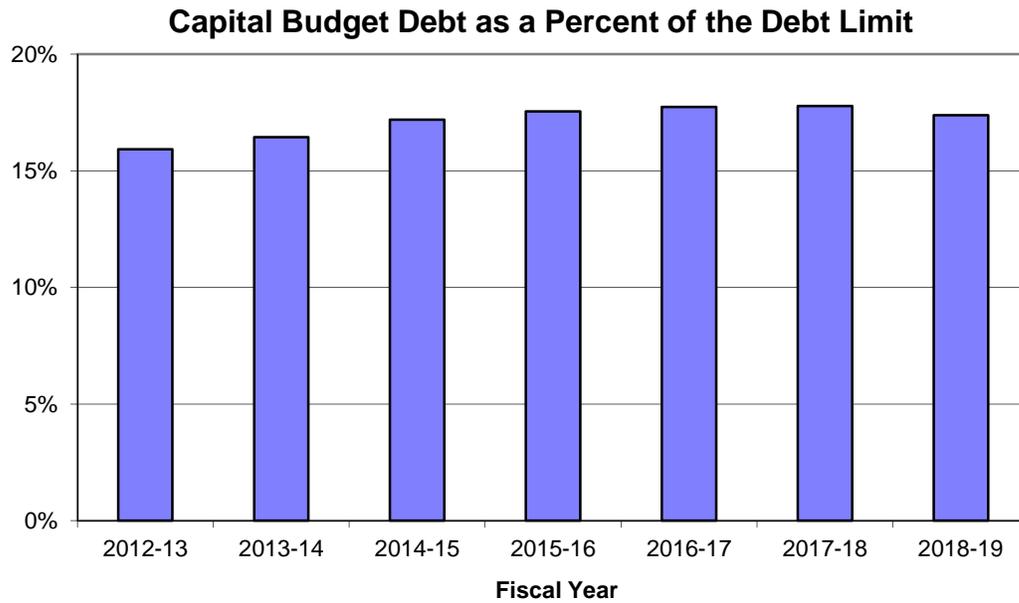


(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Estimated	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Fiscal Year End Debt Outstanding							
Capital Budget Non-Highway Bonds....	\$ 8,851,305	\$ 9,426,044	\$10,064,238	\$ 10,481,465	\$ 10,857,536	\$ 11,174,676	\$ 11,213,681
Capital Budget Highway/Bridge Bonds	710,350	731,975	910,381	1,001,062	1,061,332	1,092,721	1,083,772
Voter Approved and Disaster Bonds....	1,335,510	1,308,041	1,286,566	1,218,346	1,170,660	1,121,975	1,064,736
TOTAL.....	\$ 10,897,165	\$ 11,466,060	\$12,261,185	\$ 12,700,873	\$ 13,089,528	\$ 13,389,372	\$ 13,362,189

CONSTITUTIONAL DEBT LIMIT 2012-13 Through 2018-19

The state constitution limits outstanding capital budget debt to 1.75 times the average tax revenues during the previous five (5) fiscal years. Voter approved and disaster relief debt are not subject to the constitutional debt limit. The table and chart below present actual data for one fiscal year and current projections for six fiscal years.



(Dollar Amounts in Thousands)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	Actual	Estimated	Budget	Estimated	Estimated	Estimated	Estimated

Debt Limit Projection

Capital Budget Debt Subject to Constitutional Debt Limit:

Outstanding Debt

Beginning of Fiscal Year*.....	\$ 9,443,224	\$ 9,526,884	\$ 10,123,248	\$ 10,939,848	\$ 11,447,756	\$ 11,884,097	\$ 12,232,626
Debt to be Issued**.....	1,159,640	1,265,000	1,490,000	1,218,000	1,172,000	1,132,000	865,000
Debt to be Retired***.....	-1,075,980	-668,636	-673,400	-710,092	-735,659	-783,471	-834,944

Outstanding Debt

End of Fiscal Year*.....	\$ 9,526,884	\$ 10,123,248	\$ 10,939,848	\$ 11,447,756	\$ 11,884,097	\$ 12,232,626	\$ 12,262,682
Debt Limit (from below).....	59,804,115	61,563,429	63,631,008	65,260,547	66,977,624	68,778,567	70,545,071
Capital Budget Debt as a percent of Debt Limit.....	15.9%	16.4%	17.2%	17.5%	17.7%	17.8%	17.4%

Calculation of Debt Limit:

Average Tax Revenues

Previous Five Years.....	\$ 34,173,780	\$ 35,179,102	\$ 36,360,576	\$ 37,291,741	\$ 38,272,928	\$ 39,302,038	\$ 40,311,469
Debt Limit (1.75 times revenues).....	59,804,115	61,563,429	63,631,008	65,260,547	66,977,624	68,778,567	70,545,071

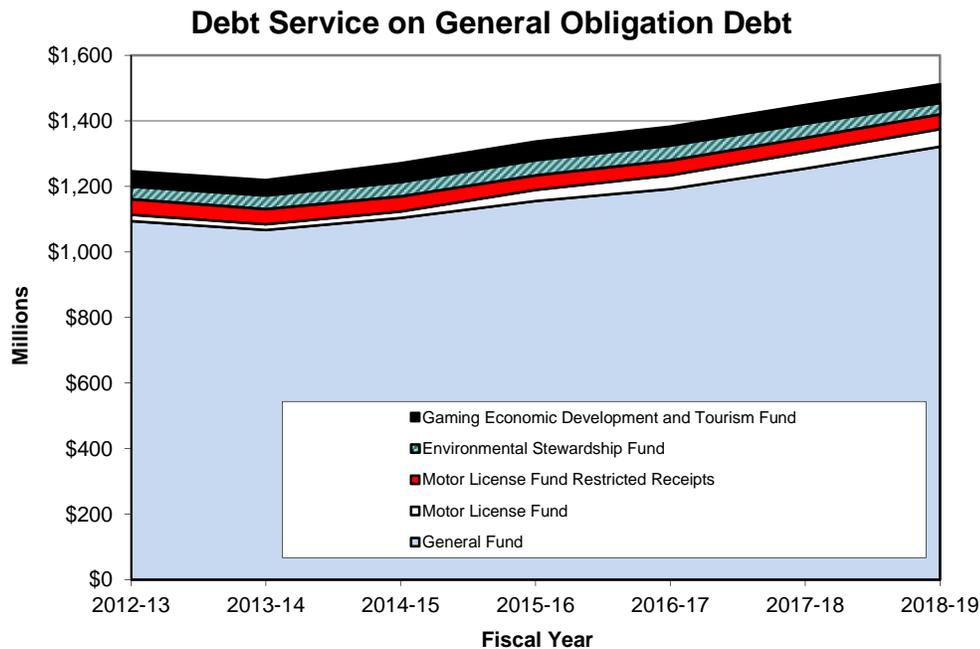
* Actual year amount is net of June 30 Capital Debt Fund balance.

** Actual year amount includes refunding bonds of \$359,640,000.

*** Actual year amount includes \$410,525,000 in bonds refunded.

DEBT SERVICE ON GENERAL OBLIGATION DEBT 2012-13 Through 2018-19

This table shows the estimated debt service payable by the commonwealth on currently outstanding general obligation bonds and on projected general obligation bond issues.

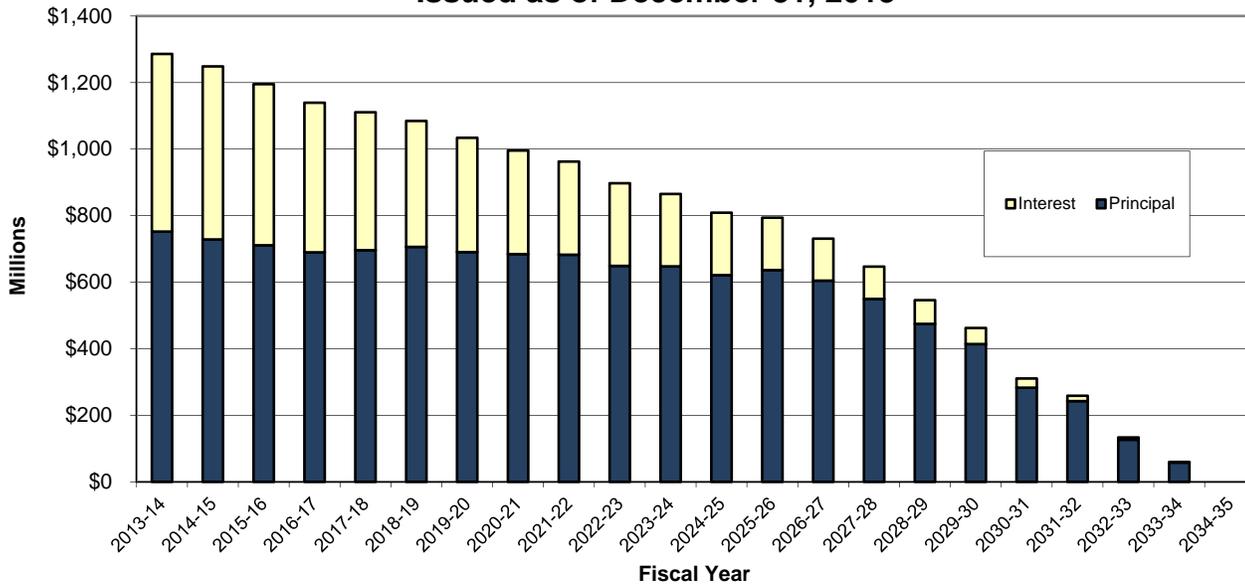


	(Dollar Amounts in Thousands)						
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	Actual	Estimated	Budget	Estimated	Estimated	Estimated	Estimated
General Fund							
Capital Budget Non-Highway.....	\$ 1,047,784	\$1,019,451	\$1,056,074	\$ 1,105,927	\$1,142,628	\$1,207,914	\$ 1,278,569
Voter Approved and Disaster.....	46,548	47,540	47,926	49,402	49,471	46,869	42,911
Subtotal.....	<u>\$ 1,094,332</u>	<u>\$1,066,991</u>	<u>\$1,104,000</u>	<u>\$ 1,155,328</u>	<u>\$1,192,099</u>	<u>\$1,254,783</u>	<u>\$ 1,321,480</u>
Environmental Stewardship Fund							
Growing Greener II.....	\$ 38,910	\$ 41,451	\$ 43,849	\$ 45,729	\$ 45,597	\$ 42,873	\$ 34,793
Gaming Economic Development and Tourism Fund							
Pennsylvania Convention Center.....	\$ 47,023	\$ 47,074	\$ 57,137	\$ 57,137	\$ 57,137	\$ 57,137	\$ 57,137
Motor License Fund							
Capital Budget -- Highways.....	\$ 4,321	\$ 749	\$ 2,376	\$ 16,989	\$ 25,685	\$ 32,315	\$ 36,796
Capital Budget.....	14,800	17,001	16,936	16,936	16,889	16,889	16,889
Subtotal.....	<u>\$ 19,121</u>	<u>\$ 17,750</u>	<u>\$ 19,312</u>	<u>\$ 33,925</u>	<u>\$ 42,574</u>	<u>\$ 49,204</u>	<u>\$ 53,685</u>
Motor License Fund Restricted Rec.							
Aviation -- Capital Budget.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Highway Bridge Improvement -- Cap. Bdgt....	47,765	46,763	46,530	45,510	45,385	45,298	45,230
Subtotal.....	<u>\$ 47,765</u>	<u>\$ 46,763</u>	<u>\$ 46,530</u>	<u>\$ 45,510</u>	<u>\$ 45,385</u>	<u>\$ 45,298</u>	<u>\$ 45,230</u>
TOTAL.....	<u>\$ 1,247,151</u>	<u>\$1,220,028</u>	<u>\$1,270,828</u>	<u>\$ 1,337,629</u>	<u>\$1,382,791</u>	<u>\$1,449,294</u>	<u>\$ 1,512,324</u>

ANNUAL DEBT SERVICE ON OUTSTANDING GENERAL OBLIGATION BONDS Bonds Issued as of December 31, 2013

Fiscal year principal and interest payments on general obligation bonds issued as of the end of calendar year 2013 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, 2013



General Obligation Bond Annual Debt Service

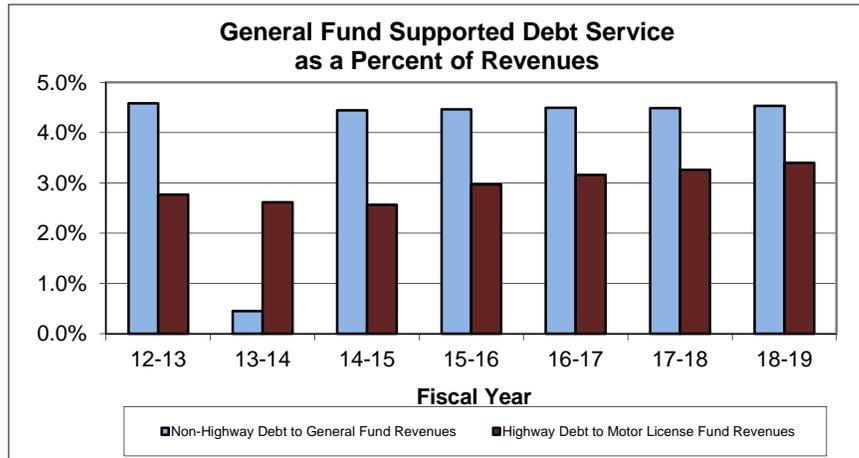
(Dollar Amounts in Thousands)

Fiscal Year	Capital Budget (Non-highway)			Capital Budget (Highway)			Voter Approved and Disaster			Grand
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Total
2013-14	\$ 650,261	\$ 435,480	\$ 1,085,741	18,375	35,315	53,690	\$ 83,469	\$ 63,090	\$ 146,559	\$ 1,285,990
2014-15	641,529	425,146	1,066,675	16,050	35,323	51,373	70,781	59,722	130,503	1,248,551
2015-16	630,105	393,479	1,023,584	15,850	34,545	50,395	64,900	56,288	121,188	1,195,167
2016-17	613,975	362,718	976,693	16,520	33,752	50,272	59,200	53,255	112,455	1,139,419
2017-18	619,360	331,426	950,786	17,260	32,925	50,185	59,570	50,162	109,732	1,110,703
2018-19	627,475	299,515	926,990	18,055	32,061	50,116	60,465	47,096	107,561	1,084,666
2019-20	586,010	268,651	854,661	34,150	30,990	65,140	70,250	43,941	114,191	1,033,992
2020-21	575,460	241,172	816,632	35,750	29,382	65,132	73,200	40,635	113,835	995,599
2021-22	558,200	214,989	773,189	46,585	27,670	74,255	77,710	37,370	115,080	962,524
2022-23	517,380	189,357	706,737	48,830	25,434	74,264	82,730	33,647	116,377	897,377
2023-24	508,110	164,966	673,076	51,685	23,058	74,743	87,705	29,588	117,293	865,112
2024-25	474,920	141,913	616,833	54,280	20,517	74,797	91,940	25,319	117,259	808,889
2025-26	482,630	118,893	601,523	57,085	17,792	74,877	96,615	20,752	117,367	793,766
2026-27	452,630	95,392	548,022	60,055	14,871	74,926	91,905	15,937	107,842	730,790
2027-28	410,600	73,617	484,217	63,185	11,766	74,951	75,870	11,798	87,668	646,836
2028-29	349,320	54,462	403,782	66,560	8,400	74,960	58,795	8,412	67,207	545,950
2029-30	303,180	37,766	340,946	54,100	4,986	59,086	56,695	5,528	62,223	462,255
2030-31	215,285	22,803	238,088	30,405	2,182	32,587	37,140	2,680	39,820	310,494
2031-32	200,205	13,732	213,937	17,580	1,102	18,682	24,790	1,232	26,022	258,641
2032-33	106,500	5,916	112,416	8,290	382	8,672	11,780	471	12,251	133,339
2033-34	56,170	1,229	57,399	1,700	37	1,737	0	0	0	59,136
2034-35	0	0	0	0	0	0	0	0	0	0

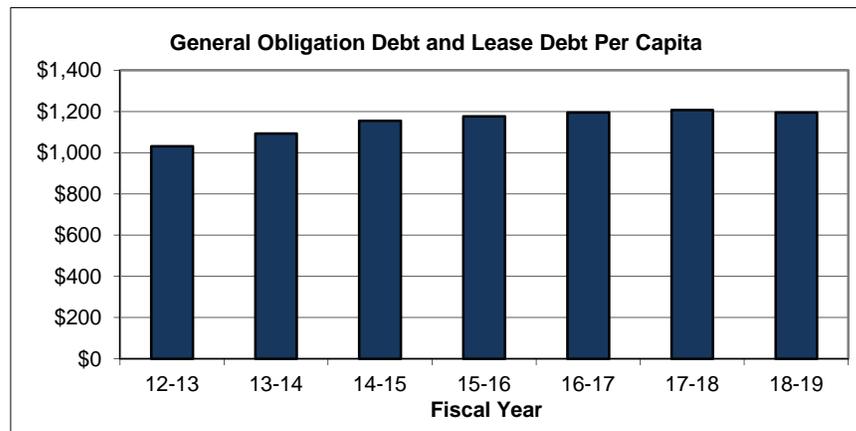
TRENDS IN DEBT SERVICE AND DEBT RATIOS 2012-13 Through 2018-19

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.

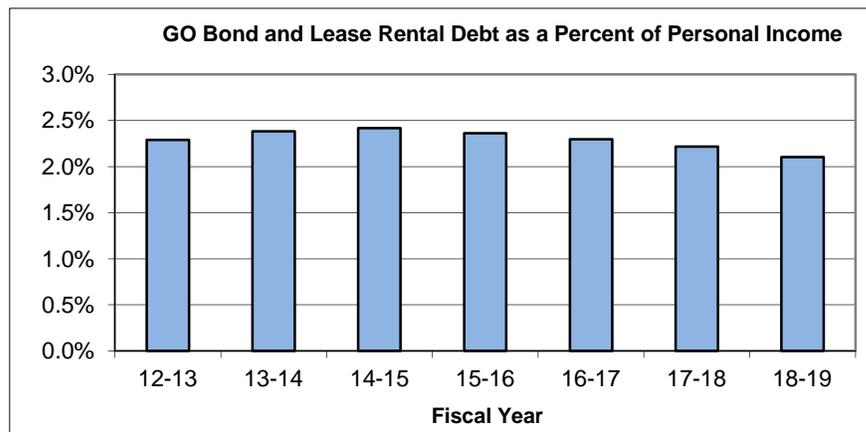
General Fund debt service as a percent of revenues remains below Standard & Poors criteria of 5% for issuers considered to have a "low debt burden."



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
12/31/13
(in millions)**

<p>Commonwealth Financing Authority Created to promote health, safety, employment, business opportunities, economic activity and the general welfare of the commonwealth. Debt service on the bonds is paid from revenues of the authority.</p>	\$ 1,713.9
<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>	343.5
<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>	1,654.2
<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>	6,056.1
<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>	0.0
<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>	7,055.2
<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>	6,442.3
<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>	3,526.1
<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>	237.2
<p>Pennsylvania Infrastructure Investment Authority Provides low interest rate loans and grants for constructing new and for improving existing water supply and sewage disposal systems. Loans and grants are available to local governments and, in certain circumstances, to private companies. The bonds are secured by principal repayments and interest payments on loans.</p>	1.6
<p>Pennsylvania Turnpike Commission Constructs, maintains and operates the Pennsylvania Turnpike. Debt service on the bonds is paid from tolls and other revenue sources of the commission.</p>	8,856.4
<p>Philadelphia Regional Port Authority Operates port facilities in Bucks and Delaware counties, and the City of Philadelphia. Debt service on the bonds is paid by a pledge of the authority's revenues, rentals and receipts.</p>	27.2
<p>State Public School Building Authority Constructs, improves, equips and makes loans to local school districts for school facilities. Debt service on the bonds is paid from rentals collected for the use of the facilities and from loan repayments.</p>	3,291.1
<p>TOTAL.....</p>	<p><u>\$ 39,204.8</u></p>



Commonwealth of Pennsylvania

Governor's Executive Budget

OTHER
SPECIAL FUNDS

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OTHER SPECIAL FUNDS

This section provides information and financial data for the more than 150 Other Special Funds contributing revenue to the commonwealth's operating budget. The funds included here were created to more closely relate specific revenue sources to specific programs or to support particular government programs or activities. This information is presented to demonstrate the magnitude and complexity of the commonwealth's financial structure as well as provide important details about the various funds. Additional information on Other Special Funds expenditures can be found in Section E Department Presentations in each agency's Summary by Fund and Appropriation statement.

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OTHER SPECIAL FUNDS

This section 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.

For the funds included in this section, all financial data shown herein is on a calculated cash basis. Receipts include only those items actually received and credited to the funds by the Department of Revenue. Several funds carrying long-term investments show an investment adjustment to reflect the current market value of those investments as of June 30. Disbursements are recorded at the time payment requisitions and invoices are posted to the commonwealth's accounting system and do not include commitments or encumbrances.

The cash beginning and ending balances reported through this format may differ from the actual cash balance in Treasury and/or the cash general ledger account in the commonwealth's accounting system due to timing differences, but the calculated cash balances reported provide an accurate reflection of the true cash position of the fund.

The vast majority of the commonwealth's 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. The groups are defined as follows:

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, Capital Project Funds and Debt Service 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 on a cost-reimbursement basis to other departments or agencies within the commonwealth or to other governmental units.

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.

The special funds are categorized on the next two pages.

SPECIAL FUND CATEGORIES

Governmental Funds – Special Revenue Funds

Acid Mine Drainage Abatement and Treatment Fund
Administration Fund
Agricultural College Land Scrip Fund
Agricultural Conservation Easement Purchase Fund
Anthracite Emergency Bond Fund
Automobile Theft Prevention Trust Fund
Ben Franklin Tech Development Authority Fund
Broadband Outreach and Aggregation Fund
Budget Stabilization Reserve Fund
Capitol Restoration Trust Fund
Catastrophic Loss Benefits Continuation Fund
Children's Trust Fund
Cigarette Fire Safety & Firefighter Protection Act Enforcement Fund
Clean Air Fund
Coal Lands Improvement Fund
Community College Capital Fund
Compulsive and Problem Gambling Treatment Fund
Conrad Weiser Memorial Park Trust Fund
Conservation District Fund
DNA Detection Fund
Educational Assistance Program Fund
Emergency Medical Services Operating Fund
Energy Conservation and Assistance Fund
Energy Development Fund
Environmental Education Fund
Environmental Stewardship Fund
Fire Insurance Tax Fund
Gov Robert P. Casey Organ & Tissue Donation Awareness Trust Fund
Growing Greener Bond Fund
Hazardous Material Response Fund
Hazardous Sites Cleanup Fund
Higher Education Assistance Fund
Highway Beautification Fund
HOME Investment Trust Fund
Homeowners Assistance Settlement Fund
Housing Affordability and Rehabilitation Enhancement Fund
Industrial Development Fund
Industrial Sites Cleanup Fund
Insurance Fraud Prevention Trust Fund
Insurance Regulation and Oversight Fund
Job Training Fund
Justice Reinvestment Fund
Marcellus Legacy Fund
Medical Care Availability & Reduction of Error Fund
Milk Marketing Fund
Mine Safety Fund
Motor Vehicle Transaction Recovery Fund
Multimodal Transportation Fund
Municipalities Financial Recovery Revolving Aid Fund
Non-Coal Surface Mining Conservation and Reclamation Fund
Nutrient Management Fund
Oil and Gas Lease Fund
Patient Safety Trust Fund
Pennsylvania Economic Revitalization Fund
Pennsylvania eHealth Partnership Fund
Pennsylvania Gaming Economic Develop&Tourism
Pennsylvania Historical & Museum Commission Trust
Pennsylvania Race Horse Development Fund
Pennsylvania Veterans Memorial Trust Fund
PENNVEST Bond Authorization Fund
PENNVEST Drinking Water Revolving Fund
PENNVEST Fund
PENNVEST Non-Revolving Equity Fund
PENNVEST Revolving Fund
PENNVEST Trustee Fund
PENNVEST Water Pollution Control Revolving Fund
Persian Gulf Conflict Veterans' Comp Bond Fund
Pharmaceutical Assistance Fund
Philadelphia Regional Port Authority Fund
Port of Pittsburgh Commission Fund
Property Tax Relief Fund
Public Transportation Assistance Fund
Public Transportation Trust Fund
Real Estate Recovery Fund
Recycling Fund
Remining Financial Assurance Fund
Self-Insurance Guaranty Fund
Solid Waste-Resource Recovery Development Fund
Special Administration Fund
State College Experimental Farm Fund
State Gaming Fund
State Insurance Fund
State School Fund
State Treasury Armory Fund
Storage Tank Fund
Substance Abuse Education & Demand Reduction
Surface Mining Conservation and Reclamation Fund
Tobacco Settlement Fund
Treasury Initiative Support Fund
Unconventional Gas Well Fund
Underground Storage Tank Indemnification Fund
Uninsured Employers Guaranty Fund
Vocational Rehabilitation Fund
Water and Sewer Systems Assistance Bond Fund
Water Supply and Wastewater Treatment Fund
Wild Resources Conservation Fund
Wireless E-911 Emergency Services Fund
Workers' Compensation Security Fund
Workmen's Compensation Administration Fund
Workmen's Compensation Supersedeas Fund

SPECIAL FUND CATEGORIES

Governmental Funds – Capital Project Funds

Capital Facilities Fund

Keystone Recreation, Park and Conservation Fund

Land and Water Development Fund

Governmental Funds – Debt Service Funds

Agricultural Cons Easement Purchase Sinking Fund

Capital Debt Fund

Growing Greener Bond Sinking Fund

Land and Water Development Sinking Fund

Local Criminal Justice Sinking Fund

Pennsylvania Economic Revitalization Sinking Fund

PENNVEST Redemption Fund

Persian Gulf Conflict Veterans' Comp Sinking Fund

Tax Note Sinking Fund

Volunteer Companies Loan Sinking Fund

Water & Sewer System Assist Bond Sinking Fund

Water Facilities Loan Redemption Fund

Water Supply & Wastewater Treatment Sinking

Proprietary Funds – Enterprise Funds

Coal and Clay Mine Subsidence Insurance Fund

Employment Fund for the Blind

Historical Preservation Fund

Local Government Capital Project Loan Fund

Machinery and Equipment Loan Fund

Minority Business Development Fund

Pennsylvania Infrastructure Bank

Philadelphia Taxicab&Limousine Regulatory Fund

Philadelphia Taxicab Medallion Fund

Rehabilitation Center Fund

Small Business First Fund

State Restaurant Fund

State Stores Fund

State Worker's Insurance Fund

Tuition Account Guaranteed Savings Program Fund

Unemployment Comp Benefit Payment Fund

Unemployment Compensation Contribution Fund

Unemployment Compensation Debt Service Fund

Veterans Trust Fund

Volunteer Companies Loan Fund

Proprietary Funds – Internal Service Funds

Manufacturing Fund

Purchasing Fund

Fiduciary Funds

Benefit Completion Fund

Deferred Compensation Fund

Deferred Compensation Fund Short-Term Portfolio

Insurance Liquidation Fund

Liquid Fuels Tax Fund

Liquor License Fund

Municipal Pension Aid Fund

Neighborhood Improvement Zone Fund

Pennsylvania Municipal Retirement Fund

Rightful Owners' Claims Payment Fund

School Employees' Retirement Fund

School Retirees' Health Insurance Fund

State Employees' Retirement Fund

Tuition Account Investment Program Fund

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 56,149	\$ 52,535	\$ 52,998
Receipts:			
Federal Receipts.....	\$ 0	\$ 12,040	\$ 13,192
Interest.....	422	448	448
Total Receipts.....	<u>422</u>	<u>12,488</u>	<u>13,640</u>
Total Funds Available	\$ 56,571	\$ 65,023	\$ 66,638
Disbursements:			
Environmental Protection.....	\$ 4,036	\$ 12,025	\$ 13,192
Total Disbursements.....	<u>-4,036</u>	<u>-12,025</u>	<u>-13,192</u>
Cash Balance, Ending	\$ 52,535	\$ 52,998	\$ 53,446

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 monies requisitioned from the commonwealth's account in the Federal Unemployment Trust Fund.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 2,610	\$ 5,884	\$ 6,249
Receipts:			
Federal Unemployment Trust Fund.....	\$ 237,080	\$ 266,000	\$ 268,000
Federal — Other Funds.....	8,641	9,000	9,000
Interest.....	6	5	5
Other.....	2,210	360	360
Total Receipts.....	<u>247,937</u>	<u>275,365</u>	<u>277,365</u>
Total Funds Available	\$ 250,547	\$ 281,249	\$ 283,614
Disbursements:			
Labor and Industry.....	\$ 244,663	\$ 275,000	\$ 277,620
Total Disbursements.....	<u>-244,663</u>	<u>-275,000</u>	<u>-277,620</u>
Cash Balance, Ending	\$ 5,884	\$ 6,249	\$ 5,994

Agricultural College Land Scrip Fund

This fund was established in 1862 with \$500,000 received from the sale of lands and scrip which was donated to the commonwealth by an Act of Congress to establish a college for the benefit of Agriculture and the Mechanical Arts. The income derived from the investment of the monies in the fund plus appropriations which may be made from time to time by the General Assembly serve as revenue to the fund. Monies in this fund can be disbursed only for use by the officially designated land grant college (Pennsylvania State University) for the benefit of Agriculture and Mechanical Arts. Act 26 of 2011 established a restricted revenue account in the Fund for the Department of Agriculture. This budget proposes a transfer of \$47.737 million from the General Fund in 2014-15.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 629	\$ 635	\$ 640
Receipts:			
Transfer from General Fund.....	\$ 44,737	\$ 46,237	\$ 47,737
Interest.....	6	5	5
Total Receipts.....	44,743	46,242	47,742
Total Funds Available	\$ 45,372	\$ 46,877	\$ 48,382
Disbursements:			
Agriculture.....	\$ 44,737	\$ 46,237	\$ 47,737
Total Disbursements.....	-44,737	-46,237	-47,737
Cash Balance, Ending	\$ 635	\$ 640	\$ 645

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. Beginning in 2005-06 the program receives a set percentage (14.8%) of the Environmental Stewardship Fund for the continued purchase of agricultural easements.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 18,627	\$ 25,910	\$ 20,154
Receipts:			
Transfer of Cigarette Tax.....	\$ 20,485	\$ 20,485	\$ 20,485
Transfer from Environmental Stewardship Fund.....	6,799	8,436	9,244
Interest.....	59	63	63
Other.....	0	350	350
Total Receipts.....	27,343	29,334	30,142
Total Funds Available	\$ 45,970	\$ 55,244	\$ 50,296
Disbursements:			
Agriculture.....	\$ 20,060	\$ 35,090	\$ 30,000
Total Disbursements.....	-20,060	-35,090	-30,000
Cash Balance, Ending	\$ 25,910	\$ 20,154	\$ 20,296

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 670	\$ 0	\$ 0
Total Receipts	<u>670</u>	<u>0</u>	<u>0</u>
Total Funds Available	<u>\$ 670</u>	<u>\$ 0</u>	<u>\$ 0</u>
Disbursements:			
Treasury.....	\$ 670	\$ 0	\$ 0
Total Disbursements	<u>-670</u>	<u>0</u>	<u>0</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 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 596	\$ 631	\$ 382
Receipts:			
Operator Payments.....	\$ 34	\$ 0	\$ 0
Interest	1	1	1
Total Receipts	<u>35</u>	<u>1</u>	<u>1</u>
Total Funds Available	<u>\$ 631</u>	<u>\$ 632</u>	<u>\$ 383</u>
Disbursements:			
Environmental Protection	\$ 0	\$ 250	\$ 79
Total Disbursements	<u>0</u>	<u>-250</u>	<u>-79</u>
Cash Balance, Ending	<u>\$ 631</u>	<u>\$ 382</u>	<u>\$ 304</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 as well as 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 6	\$ 0	\$ 3
Receipts:			
Assessments.....	\$ 6,785	\$ 6,978	\$ 7,199
Interest	2	1	1
Total Receipts	<u>6,787</u>	<u>6,979</u>	<u>7,200</u>
Total Funds Available	<u>\$ 6,793</u>	<u>\$ 6,979</u>	<u>\$ 7,203</u>
Disbursements:			
Automobile Theft Prevention Authority.....	\$ 6,793	\$ 6,976	\$ 7,200
Total Disbursements	<u>-6,793</u>	<u>-6,976</u>	<u>-7,200</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 3</u>	<u>\$ 3</u>

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 18,303	\$ 13,140	\$ 4,381
Receipts:			
Transfer from Commonwealth Financing			
Authority - Energy.....	\$ 6,000	\$ 0	\$ 0
Transfer from General Fund.....	14,500	14,500	14,500
Interest on Escrow.....	1,468	1,500	1,500
Loan Principal and Interest Repayments.....	96	123	123
Interest.....	47	27	27
Other.....	40	64	0
Total Receipts	<u>22,151</u>	<u>16,214</u>	<u>16,150</u>
Total Funds Available	<u>\$ 40,454</u>	<u>\$ 29,354</u>	<u>\$ 20,531</u>
Disbursements:			
Community and Economic Development.....	\$ 27,314	\$ 24,973	\$ 19,000
Total Disbursements	<u>-27,314</u>	<u>-24,973</u>	<u>-19,000</u>
Cash Balance, Ending	<u>\$ 13,140</u>	<u>\$ 4,381</u>	<u>\$ 1,531</u>

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 are 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 1,442	\$ 1,854	\$ 1,793
Receipts:			
Employer Contributions	\$ 3,390	\$ 2,918	\$ 2,930
Interest.....	5	4	4
Total Receipts	<u>3,395</u>	<u>2,922</u>	<u>2,934</u>
Total Funds Available	<u>\$ 4,837</u>	<u>\$ 4,776</u>	<u>\$ 4,727</u>
Disbursements:			
State Employees' Retirement System.....	\$ 2,983	\$ 2,983	\$ 1,745
Total Disbursements.....	<u>-2,983</u>	<u>-2,983</u>	<u>-1,745</u>
Cash Balance, Ending	<u>\$ 1,854</u>	<u>\$ 1,793</u>	<u>\$ 2,982</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 (PUC) 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 3,508	\$ 3,296	\$ 1,157
Receipts:			
Transfer from PUC.....	\$ 138	\$ 138	\$ 138
Interest.....	8	6	5
Total Receipts	<u>146</u>	<u>144</u>	<u>143</u>
Total Funds Available	<u>\$ 3,654</u>	<u>\$ 3,440</u>	<u>\$ 1,300</u>
Disbursements:			
Community and Economic Development.....	\$ 358	\$ 2,283	\$ 1,300
Total Disbursements	<u>-358</u>	<u>-2,283</u>	<u>-1,300</u>
Cash Balance, Ending	<u>\$ 3,296</u>	<u>\$ 1,157</u>	<u>\$ 0</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. Act 53 of 2008 suspended the transfer of surplus funds for 2007-08. Act 50 of 2009 transferred \$755 million to the General Fund in 2009-10. Act 46 of 2010 transferred \$745,000 to the General Fund in 2010-11. Act 26 of 2011 suspended the transfer of surplus funds for 2010-11. Act 87 of 2012 suspended the transfer of surplus funds for 2011-12. Act 71 of 2013 suspended the transfer of surplus funds for 2012-13. This budget proposes to suspend the transfer of 25 percent of the 2013-14 General Fund surplus.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 61	\$ 61	\$ 61
Receipts:			
Interest	\$ 0	\$ 0	\$ 0
Total Receipts	0	0	0
Total Funds Available	<u>\$ 61</u>	<u>\$ 61</u>	<u>\$ 61</u>
Disbursements:			
Transfer to General Fund.....	\$ 0	\$ 0	\$ 0
Total Disbursements	0	0	0
Cash Balance, Ending	<u>\$ 61</u>	<u>\$ 61</u>	<u>\$ 61</u>

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 are the primary sources of revenue. Funds in 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 30,569	\$ 34,772	\$ 6,549
Receipts:			
Transfer from Other Funds.....	\$ 1,161,695	\$ 1,131,038	\$ 1,179,051
Refunding Bond Maturing Escrow Funds.....	892,968	659,615	138,681
Build America Bond Federal Subsidies.....	24,473	25,382	25,907
Interest on Securities.....	12	236	200
Total Receipts	<u>2,079,148</u>	<u>1,816,271</u>	<u>1,343,839</u>
Total Funds Available	<u>\$ 2,109,717</u>	<u>\$ 1,851,043</u>	<u>\$ 1,350,388</u>
Disbursements:			
Treasury.....	\$ 2,074,945	\$ 1,844,494	\$ 1,347,377
Total Disbursements	<u>-2,074,945</u>	<u>-1,844,494</u>	<u>-1,347,377</u>
Cash Balance, Ending	<u>\$ 34,772</u>	<u>\$ 6,549</u>	<u>\$ 3,011</u>

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 435,421	\$ 172,788	\$ 136,785
Receipts:			
Sale of Bonds.....	\$ 800,300	\$ 1,265,000	\$ 1,490,000
Premium on Sale of Bonds.....	112,684	87,100	0
Interest on Securities.....	787	256	800
Other	36,710	20,000	20,000
Total Receipts	<u>950,481</u>	<u>1,372,356</u>	<u>1,510,800</u>
Total Funds Available	\$ 1,385,902	\$ 1,545,144	\$ 1,647,585
Disbursements:			
Community and Economic Development.....	\$ 299,540	\$ 431,487	\$ 335,000
Environmental Protection.....	32	0	0
Conservation & Natural Resources.....	5,549	0	0
General Services.....	552,742	744,346	725,000
Transportation.....	349,949	222,526	400,000
Treasury.....	917	0	0
Other.....	4,385	10,000	60,000
Total Disbursements	<u>-1,213,114</u>	<u>-1,408,359</u>	<u>-1,520,000</u>
Cash Balance, Ending	\$ 172,788	\$ 136,785	\$ 127,585

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 429	\$ 422	\$ 419
Receipts:			
Contribution & Sales.....	\$ 14	\$ 10	\$ 5
Interest.....	2	1	1
Total Receipts	<u>16</u>	<u>11</u>	<u>6</u>
Total Funds Available	\$ 445	\$ 433	\$ 425
Disbursements:			
Capitol Preservation Committee.....	\$ 23	\$ 14	\$ 20
Total Disbursements	<u>-23</u>	<u>-14</u>	<u>-20</u>
Cash Balance, Ending	\$ 422	\$ 419	\$ 405

Catastrophic Loss Benefits Continuation Fund

This fund was established by Act 24 of 1989 to replace the Catastrophic Loss Trust Fund. The purpose of the Catastrophic Loss Benefits Continuation Fund (CAT fund) is to pay all medical claims owed by the Catastrophic Loss Trust Fund. Monies in the former Catastrophic Loss Trust Fund were transferred to this fund effective July 1, 1989.

Act 13 of 2002 established the Medical Care Availability and Reduction of Error (Mcare) Fund and mandated that all surcharges levied and collected under the CAT fund be remitted to the Mcare Fund beginning in January 2004. Act 50 of 2009 redirected the surcharge to the General Fund for 2009-10 and 2010-11. Act 26 of 2011 redirected the surcharge to the General Fund for 2011-12 and for each fiscal year thereafter.

This fund will continue to pay claimants from its balance and interest earnings until no further obligations exist. The most recent actuarial report estimates final expenditure in 2088.

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 94,474	\$ 91,094	\$ 86,970
Receipts:			
Interest	\$ 2,278	\$ 2,436	\$ 2,436
Other	-16	150	0
Total Receipts	<u>2,262</u>	<u>2,586</u>	<u>2,436</u>
Total Funds Available	\$ 96,736	\$ 93,680	\$ 89,406
Disbursements:			
Insurance	\$ 5,642	\$ 6,710	\$ 6,276
Total Disbursements	<u>-5,642</u>	<u>-6,710</u>	<u>-6,276</u>
Cash Balance, Ending	\$ 91,094	\$ 86,970	\$ 83,130

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 for child abuse and neglect prevention.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 2,140	\$ 2,165	\$ 1,924
Receipts:			
Marriage/Divorce Surcharge.....	\$ 1,084	\$ 1,084	\$ 1,084
Interest.....	5	4	4
Total Receipts	<u>1,089</u>	<u>1,088</u>	<u>1,088</u>
Total Funds Available	<u>\$ 3,229</u>	<u>\$ 3,253</u>	<u>\$ 3,012</u>
Disbursements:			
Public Welfare.....	\$ 1,064	\$ 1,329	\$ 1,300
Total Disbursements	<u>-1,064</u>	<u>-1,329</u>	<u>-1,300</u>
Cash Balance, Ending	<u>\$ 2,165</u>	<u>\$ 1,924</u>	<u>\$ 1,712</u>

Cigarette Fire Safety and Firefighter Protection Act Enforcement Fund

On July 4, 2008 the Governor signed Act 42. It provides for cigarette fire safety, for certification of compliance by manufacturers, for package markings, and for enforcement and penalties. Certification fees are collected by the Department of Revenue at a rate of \$1,000 per brand family and \$500 for each additional listing within a brand family. Penalties are charged for specified violations. The Attorney General's Office enforces the act.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 336	\$ 342	\$ 312
Receipts:			
Fees.....	\$ 5	\$ 19	\$ 118
Interest.....	1	1	1
Total Receipts	<u>6</u>	<u>20</u>	<u>119</u>
Total Funds Available	<u>\$ 342</u>	<u>\$ 362</u>	<u>\$ 431</u>
Disbursements:			
Attorney General.....	\$ 0	\$ 50	\$ 50
Total Disbursements	<u>0</u>	<u>-50</u>	<u>-50</u>
Cash Balance, Ending	<u>\$ 342</u>	<u>\$ 312</u>	<u>\$ 381</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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 59,546	\$ 53,463	\$ 39,803
Receipts:			
Fines and Penalties.....	\$ 2,518	\$ 1,887	\$ 2,518
Fees.....	16,296	14,750	11,889
Interest.....	1,047	1,106	1,106
Other.....	0	150	0
Total Receipts	<u>19,861</u>	<u>17,893</u>	<u>15,513</u>
Total Funds Available	\$ 79,407	\$ 71,356	\$ 55,316
Disbursements:			
Environmental Protection	\$ 25,944	\$ 31,553	\$ 31,639
Total Disbursements	<u>-25,944</u>	<u>-31,553</u>	<u>-31,639</u>
Cash Balance, Ending	\$ 53,463	\$ 39,803	\$ 23,677

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. A sufficient balance in the fund must be maintained to provide adequate protection for the solvency of the fund.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 90,898	\$ 94,138	\$ 94,678
Receipts:			
Premiums Collected.....	\$ 4,876	\$ 4,750	\$ 5,000
Interest.....	1,617	1,730	1,730
Other.....	-1	2	2
Total Receipts	<u>6,492</u>	<u>6,482</u>	<u>6,732</u>
Total Funds Available	\$ 97,390	\$ 100,620	\$ 101,410
Disbursements:			
Environmental Protection	\$ 3,252	\$ 5,942	\$ 6,017
Total Disbursements	<u>-3,252</u>	<u>-5,942</u>	<u>-6,017</u>
Cash Balance, Ending	\$ 94,138	\$ 94,678	\$ 95,393

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 2,777	\$ 2,784	\$ 2,539
Receipts:			
Interest	\$ 7	\$ 5	\$ 5
Total Receipts	<u>7</u>	<u>5</u>	<u>5</u>
Total Funds Available	<u>\$ 2,784</u>	<u>\$ 2,789</u>	<u>\$ 2,544</u>
Disbursements:			
Environmental Protection	\$ 0	\$ 250	\$ 100
Total Disbursements	<u>0</u>	<u>-250</u>	<u>-100</u>
Cash Balance, Ending	<u>\$ 2,784</u>	<u>\$ 2,539</u>	<u>\$ 2,444</u>

Community College Capital Fund

This fund was established by Act 46 of 2005. Fund revenue consists of an appropriation from the General Fund for transfer to the Community College Capital Fund. Monies in this fund can be disbursed only for payment of the commonwealth's annual share of approved capital debt service and lease payments to Pennsylvania's community colleges.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 1,115	\$ 1,372	\$ 1,411
Receipts:			
Transfer from General Fund.....	\$ 47,869	\$ 48,869	\$ 47,869
Interest.....	46	39	39
Total Receipts.....	<u>47,915</u>	<u>48,908</u>	<u>47,908</u>
Total Funds Available	<u>\$ 49,030</u>	<u>\$ 50,280</u>	<u>\$ 49,319</u>
Disbursements:			
Education.....	\$ 47,658	\$ 48,869	\$ 47,869
Total Disbursements.....	<u>-47,658</u>	<u>-48,869</u>	<u>-47,869</u>
Cash Balance, Ending	<u>\$ 1,372</u>	<u>\$ 1,411</u>	<u>\$ 1,450</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 to support a compulsive and problem gambling program within the Department of Health. This program provides public education, awareness and training regarding both the problem of compulsive and problem gambling and its treatment and prevention. Act 1 of 2010 amended the funding for this program by increasing revenues provided based on the greater of \$2 million or .002 multiplied by the gross terminal revenue of all active and operating gaming entities. It also provides for an annual \$3 million transfer to the Compulsive and Problem Gambling Treatment Fund for drug and alcohol addiction treatment services in the Department of Health.

Act 50 of 2010 created the Department of Drug and Alcohol Programs and requires that all drug and alcohol funding previously allocated to the Department of Health be transferred to the Department of Drug and Alcohol Programs. As a result, beginning in 2012-13, these funds are allocated to the Department of Drug and Alcohol Programs.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 9,005	\$ 8,121	\$ 6,870
Receipts:			
Transfer from the State Gaming Fund - Drug and Alcohol.....	\$ 3,000	\$ 3,000	\$ 3,000
Transfer from the State Gaming Fund	4,930	5,242	4,900
Interest	19	24	24
Total Receipts	7,949	8,266	7,924
Total Funds Available	\$ 16,954	\$ 16,387	\$ 14,794
Disbursements:			
Drug and Alcohol Programs.....	\$ 8,718	\$ 9,517	\$ 9,800
Health	115	0	0
Total Disbursements	-8,833	-9,517	-9,800
Cash Balance, Ending	\$ 8,121	\$ 6,870	\$ 4,994

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 93	\$ 93	\$ 84
Receipts:			
Interest	\$ 0	\$ 0	\$ 0
Total Receipts	0	0	0
Total Funds Available	\$ 93	\$ 93	\$ 84
Disbursements:			
Historical and Museum Commission	\$ 0	\$ 9	\$ 11
Total Disbursements	0	-9	-11
Cash Balance, Ending	\$ 93	\$ 84	\$ 73

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. Act 13 of 2012 provided for the collection and distribution of unconventional gas well impact fees, including transfers to conservation districts from the Public Utility Commission. Fifty percent of the Act 13 revenue is distributed directly by the Public Utility Commission in equal payments to all county conservation districts. The remaining fifty percent of this revenue is deposited into the Conservation District Fund to provide additional conservation district support.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 901	\$ 3,418	\$ 3,868
Receipts:			
Transfer from General Fund.....	\$ 3,875	\$ 3,375	\$ 3,375
Transfer from Unconventional Gas Well Fund.....	3,750	3,750	3,844
Interest.....	5	9	9
Total Receipts	<u>7,630</u>	<u>7,134</u>	<u>7,228</u>
Total Funds Available	\$ 8,531	\$ 10,552	\$ 11,096
Disbursements:			
Environmental Protection.....	\$ 3,913	\$ 4,078	\$ 4,428
Agriculture.....	1,200	2,606	2,791
Total Disbursements	<u>-5,113</u>	<u>-6,684</u>	<u>-7,219</u>
Cash Balance, Ending	<u>\$ 3,418</u>	<u>\$ 3,868</u>	<u>\$ 3,877</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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 45,234	\$ 3,973	\$ 6,095
Receipts:			
Employee Contributions	\$ 126,844	\$ 129,381	\$ 131,968
Discount on Sale of Securities	-228	-230	-232
Interest	32,047 ^a	31,406 ^a	32,034 ^a
Total Receipts	<u>158,663</u>	<u>160,557</u>	<u>163,770</u>
Total Funds Available	\$ 203,897	\$ 164,530	\$ 169,865
Disbursements:			
Executive Offices	\$ 106,015	\$ 100,714	\$ 95,678
State Employees' Retirement System	93,909	57,721	66,460
Total Disbursements	<u>-199,924</u>	<u>-158,435</u>	<u>-162,138</u>
Cash Balance, Ending	\$ 3,973	\$ 6,095	\$ 7,727

^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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 47,270	\$ 51,571	\$ 51,048
Receipts:			
Transfers from Deferred Compensation Fund	\$ 11,405	\$ 11,177	\$ 11,400
Interest	102	93	93
Total Receipts	<u>11,507</u>	<u>11,270</u>	<u>11,493</u>
Total Funds Available	\$ 58,777	\$ 62,841	\$ 62,541
Disbursements:			
State Employees' Retirement System	\$ 7,206	\$ 11,793	\$ 12,519
Total Disbursements	<u>-7,206</u>	<u>-11,793</u>	<u>-12,519</u>
Cash Balance, Ending	\$ 51,571	\$ 51,048	\$ 50,022

DNA Detection Fund

The DNA Detection 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 10,120	\$ 10,055	\$ 9,903
Receipts:			
Assessments.....	\$ 2,026	\$ 2,000	\$ 2,000
Interest.....	22	19	19
Total Receipts	<u>2,048</u>	<u>2,019</u>	<u>2,019</u>
Total Funds Available	\$ 12,168	\$ 12,074	\$ 11,922
Disbursements:			
State Police.....	\$ 2,113	\$ 2,171	\$ 2,691
Total Disbursements	<u>-2,113</u>	<u>-2,171</u>	<u>-2,691</u>
Cash Balance, Ending	\$ 10,055	\$ 9,903	\$ 9,231

Educational Assistance Program Fund

The Educational Assistance Program Fund was established in Act 212 of 2004 to fund the Educational Assistance Program for members of the National Guard.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 733	\$ 3,503	\$ 3,541
Receipts:			
Transfer from General Fund.....	\$ 12,870	\$ 12,870	\$ 11,500
Interest.....	13	15	15
Other.....	-6	0	0
Total Receipts	<u>12,877</u>	<u>12,885</u>	<u>11,515</u>
Total Funds Available	\$ 13,610	\$ 16,388	\$ 15,056
Disbursements:			
Military and Veterans Affairs.....	\$ 10,107	\$ 12,847	\$ 11,500
Total Disbursements	<u>-10,107</u>	<u>-12,847</u>	<u>-11,500</u>
Cash Balance, Ending	\$ 3,503	\$ 3,541	\$ 3,556

Emergency Medical Services Operating Fund

The fund was created by the Emergency Medical Services Act, Act 45 of 1985, to assist in activities relating to the prevention and reduction of premature death and disability in the commonwealth; to provide assistance, coordination and support of the development and maintenance of the comprehensive emergency medical services system; to determine qualifications, eligibility and certification of emergency medical services personnel; and to fund ambulance services. Revenue is derived from a \$10 fine levied on all moving traffic violations and a \$25 fee imposed on persons admitted to programs for Accelerated Rehabilitation Disposition (ARD) related to driving under the influence of drugs and/or alcohol. The initial legislation that supported the revenue for these programs expired on January 1, 2014. Act 126 of 2013 restored the \$10 surcharge funding that had been set to expire on January 1, 2014.

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 15,643	\$ 13,187	\$ 9,259
Receipts:			
Fines	\$ 12,770	\$ 12,770	\$ 12,770
Interest	466	282	282
Other	0	0	0
Total Receipts	<u>13,236</u>	<u>13,052</u>	<u>13,052</u>
Total Funds Available	\$ 28,879	\$ 26,239	\$ 22,311
Disbursements:			
Health	\$ 15,692	\$ 16,980	\$ 15,600
Total Disbursements	<u>-15,692</u>	<u>-16,980</u>	<u>-15,600</u>
Cash Balance, Ending	\$ 13,187	\$ 9,259	\$ 6,711

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 1,885	\$ 2,211	\$ 2,119
Receipts:			
Vending Stand Equipment Rentals	\$ 387	\$ 241	\$ 241
Vending Machine Receipts	333	463	463
Interest	5	4	4
Total Receipts	<u>725</u>	<u>708</u>	<u>708</u>
Total Funds Available	\$ 2,610	\$ 2,919	\$ 2,827
Disbursements:			
Labor and Industry.....	\$ 399	\$ 800	\$ 800
Total Disbursements	<u>-399</u>	<u>-800</u>	<u>-800</u>
Cash Balance, Ending	\$ 2,211	\$ 2,119	\$ 2,027

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Total Cash Balance, Beginning	\$ 7	\$ 7	\$ 0
Receipts:			
Interest.....	\$ 0	\$ 0	\$ 0
Total Receipts	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Available	<u>\$ 7</u>	<u>\$ 7</u>	<u>\$ 0</u>
Disbursements:			
Public Welfare.....	\$ 0	\$ 7	\$ 0
Total Disbursements	<u>0</u>	<u>-7</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 7</u>	<u>\$ 0</u>	<u>\$ 0</u>

Energy Development Fund

The Energy Development Fund was created by Act 280 of 1982. The fund provides the vehicle to accomplish the purposes of the Pennsylvania Energy Development Authority (PEDA) including the sale of bonds. Activities of the fund include 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 loan repayments and interest earnings.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 6,879	\$ 4,442	\$ 350
Receipts:			
Loan Principal and Interest Repayments.....	\$ 118	\$ 116	\$ 115
Transfer to General Fund.....	-1,017	0	0
Interest	219	95	95
Total Receipts	<u>-680</u>	<u>211</u>	<u>210</u>
Total Funds Available	<u>\$ 6,199</u>	<u>\$ 4,653</u>	<u>\$ 560</u>
Disbursements:			
Environmental Protection.....	\$ 1,757	\$ 4,303	\$ 95
Total Disbursements	<u>-1,757</u>	<u>-4,303</u>	<u>-95</u>
Cash Balance, Ending	<u>\$ 4,442</u>	<u>\$ 350</u>	<u>\$ 465</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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 1,348	\$ 1,131	\$ 536
Receipts:			
Transfers from Other Funds.....	\$ 816	\$ 603	\$ 640
Interest.....	4	2	2
Total Receipts	<u>820</u>	<u>605</u>	<u>642</u>
Total Funds Available	\$ 2,168	\$ 1,736	\$ 1,178
Disbursements:			
Conservation and Natural Resources.....	\$ 236	\$ 126	\$ 122
Environmental Protection	801	1,074	666
Total Disbursements	<u>-1,037</u>	<u>-1,200</u>	<u>-788</u>
Cash Balance, Ending	\$ 1,131	\$ 536	\$ 390

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. The 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 2002-03, the first \$50 million received from this fee was deposited into this special fund. In 2003-04, and thereafter, all revenue from these fees is deposited in this special fund. Act 13 of 2012 authorized an annual transfer from the Marcellus Legacy Fund into the Environmental Stewardship Fund.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 55,200	\$ 59,690	\$ 5,735
Receipts:			
Licenses and Fees.....	\$ 63,936	\$ 65,000	\$ 65,000
Transfer from Marcellus Legacy Fund.....	14,427	27,804	42,896
Interest.....	1,353	1,097	1,097
Other.....	-8	0	0
Total Receipts	<u>79,708</u>	<u>93,901</u>	<u>108,993</u>
Total Funds Available	\$ 134,908	\$ 153,591	\$ 114,728
Disbursements:			
Treasury:			
Debt Service for Growing Greener.....	\$ 38,910	\$ 41,451	\$ 43,849
Agriculture:			
Agricultural Conservation Easement Program.....	6,973	8,652	9,481
Conservation and Natural Resources:			
Community Conservation Grants.....	6,380	12,094	4,174
Park and Forest Facility Rehabilitation.....	50	16,496	10,899
Natural Diversity Conservation Grants.....	468	971	366
Environmental Protection:			
Watershed Protection and Restoration.....	10,641	52,582	23,960
Abandoned Mine Reclamation and Remediation.....	629	1,755	0
Infrastructure Investment Authority:			
Stormwater, Water and Sewer Grants	11,167	13,855	15,183
Total Disbursements	<u>-75,218</u>	<u>-147,856</u>	<u>-107,912</u>
Cash Balance, Ending	\$ 59,690	\$ 5,735	\$ 6,816

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 78,744	\$ 88,098	\$ 88,640
Receipts:			
Tax Payable to Municipalities.....	\$ 87,765	\$ 88,642	\$ 89,528
Total Receipts	<u>87,765</u>	<u>88,642</u>	<u>89,528</u>
Total Funds Available	<u>\$ 166,509</u>	<u>\$ 176,740</u>	<u>\$ 178,168</u>
Disbursements:			
Auditor General.....	\$ 78,411	\$ 88,100	\$ 88,964
Total Disbursements	<u>-78,411</u>	<u>-88,100</u>	<u>-88,964</u>
Cash Balance, Ending	<u>\$ 88,098</u>	<u>\$ 88,640</u>	<u>\$ 89,204</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 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 2,311	\$ 2,375	\$ 1,497
Receipts:			
Donations - State Income Tax Forms	\$ 22	\$ 22	\$ 22
Donations - Driver's License Applicants	286	303	303
Donations - Motor Vehicle Registrations	583	577	577
Interest	5	4	4
Total Receipts	<u>896</u>	<u>906</u>	<u>906</u>
Total Funds Available	<u>\$ 3,207</u>	<u>\$ 3,281</u>	<u>\$ 2,403</u>
Disbursements:			
Education.....	\$ 129	\$ 399	\$ 200
Health.....	703	1,385	964
Total Disbursements	<u>-832</u>	<u>-1,784</u>	<u>-1,164</u>
Cash Balance, Ending	<u><u>\$ 2,375</u></u>	<u><u>\$ 1,497</u></u>	<u><u>\$ 1,239</u></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. This budget includes a special allocation of \$45 million from this fund for the *Investing in Penn's Woods* initiative, a two-year \$211 million investment in state parks and forests infrastructure. Because of premiums earned on bond issuances and accrued interest, this additional funding is available to support this initiative.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 16,030	\$ 41,293	\$ 40,287
Receipts:			
Referendum Bonds.....	\$ 40,000	\$ 31,000	\$ 25,000
Premium/Discount on Sale of Bonds.....	5,634	0	0
Interest.....	28	25	25
Total Receipts	45,662	31,025	25,025
Total Funds Available	\$ 61,692	\$ 72,318	\$ 65,312
Disbursements:			
Treasury	\$ 22	\$ 22	\$ 17
Agriculture:			
Purchase of County Easements.....	46	125	132
Community and Economic Development:			
Main Street Downtown Development.....	1,254	3,000	2,668
Industrial Sites Reuse.....	2,054	3,000	1,476
Conservation and Natural Resources:			
Parks & Recreation Improvements.....	2,616	3,000	1,286
State Parks/Forest Projects.....	609	40	45,000
Open Space Conservation.....	250	750	683
Environmental Protection:			
Authority Projects.....	3,349	6,000	3,384
Environmental Improvement Projects.....	6,290	6,000	1,262
Acid Mine Drainage Abatement.....	2,496	4,000	1,839
Fish and Boat Commission:			
Capital Improvement Projects.....	283	6,000	2,907
Game Commission:			
Capital Improvement Projects.....	1,130	94	36
Total Disbursements	-20,399	-32,031	-60,690
Cash Balance, Ending	\$ 41,293	\$ 40,287	\$ 4,622

Growing Greener Bond Sinking Fund

Payment of interest and principal due on outstanding Growing Greener bonds is made from this fund. The annual authorization from the Environmental Stewardship 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 1	\$ 0
Receipts:			
Transfer from Environmental Stewardship Fund.....	\$ 38,910	\$ 41,451	\$ 43,849
Build America Bond Federal Subsidies.....	929	1,286	1,309
Total Receipts	<u>39,839</u>	<u>42,737</u>	<u>45,158</u>
Total Funds Available	<u>\$ 39,839</u>	<u>\$ 42,738</u>	<u>\$ 45,158</u>
Disbursements:			
Treasury.....	\$ 39,838	\$ 42,738	\$ 45,158
Total Disbursements	<u>-39,838</u>	<u>-42,738</u>	<u>-45,158</u>
Cash Balance, Ending	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ 0</u>

Hazardous Material Response Fund

The Hazardous Material Response 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 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 4,295	\$ 3,448	\$ 2,294
Receipts:			
Toxic Chemical Release Form Fee	\$ 630	\$ 800	\$ 800
Chemical Inventory Fee	367	360	360
Interest	82	70	70
Other.....	70	90	90
Total Receipts	<u>1,149</u>	<u>1,320</u>	<u>1,320</u>
Total Funds Available	<u>\$ 5,444</u>	<u>\$ 4,768</u>	<u>\$ 3,614</u>
Disbursements:			
Emergency Management.....	\$ 2,010	\$ 2,304	\$ 2,000
Labor and Industry.....	-14	170	120
Total Disbursements	<u>-1,996</u>	<u>-2,474</u>	<u>-2,120</u>
Cash Balance, Ending	<u>\$ 3,448</u>	<u>\$ 2,294</u>	<u>\$ 1,494</u>

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 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 provided for a one-time transfer in 2007-08 of monies lapsed from certain appropriations within the Legislative Department. Beginning in 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. Act 13 of 2012 includes an annual transfer from the Marcellus Legacy Fund beginning in 2014-15.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Total Cash Balance, Beginning	\$ 52,254	\$ 53,910	\$ 42,140
Receipts:			
Capital Stock and Franchise Tax.....	\$ 40,000	\$ 40,000	\$ 40,000
Transfer from Marcellus Legacy Fund.....	0	0	3,948
Hazardous Waste Fee.....	1,632	1,999	1,999
Cost Recovery.....	1,992	1,709	1,709
Interest.....	456	472	472
Other.....	354	0	0
Total Receipts	44,434	44,180	48,128
Total Funds Available	\$ 96,688	\$ 98,090	\$ 90,268
Disbursements:			
Environmental Protection.....	\$ 37,778	\$ 50,950	\$ 51,697
Transfer to Industrial Sites Environmental Assessment Fund.....	2,000	2,000	2,000
Transfer to Industrial Sites Cleanup Fund.....	2,000	2,000	0
Transfer to Household Hazardous Waste Account.....	1,000	1,000	500
Total Disbursements	-42,778	-55,950	-54,197
Cash Balance, Ending	\$ 53,910	\$ 42,140	\$ 36,071

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. Funding is used primarily for the following purposes: (1) grants to students; (2) grants to nonsectarian private post-secondary educational institutions; (3) grants to institutions of higher learning for the purpose of helping the institution secure federal funds to provide direct financial aid to students; (4) funds to institutions for the Federal Work Study Program; (5) grants to minority students entering graduate professional schools under the Bond-Hill Program; (6) funds to recruit gifted students to Cheyney University; (7) funds for the higher education of disadvantaged students; and (8) funds for the higher education of blind or deaf students. Revenues to this fund are derived from General Fund appropriations by the General Assembly, federal funds and interest earnings.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 47,406	\$ 32,491	\$ 20,414
Receipts:			
Transfer from General Fund	\$ 386,125	\$ 386,475	\$ 411,125
Investment Earnings	383	250	250
Federal Revenue.....	2,435	1,831	1,887
Other.....	80,153	90,332	85,478
Total Receipts	469,096	478,888	498,740
Total Funds Available	\$ 516,502	\$ 511,379	\$ 519,154
Disbursements:			
Higher Education Assistance Agency.....	\$ 484,011	\$ 490,965	\$ 498,490
Total Disbursements	-484,011	-490,965	-498,490
Cash Balance, Ending	\$ 32,491	\$ 20,414	\$ 20,664

Highway Beautification Fund

The Highway Beautification Fund was created by Act 5 of Special Session Three of 1966. Highway beautification activities are supported by licenses, fees, fines, penalties and interest. Activities include the regulating of outdoor advertising and junkyards.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 592	\$ 728	\$ 642
Receipts:			
Licenses and Fees.....	\$ 310	\$ 325	\$ 325
Interest.....	1	1	1
Total Receipts	311	326	326
Total Funds Available	\$ 903	\$ 1,054	\$ 968
Disbursements:			
Transportation.....	\$ 175	\$ 412	\$ 408
Total Disbursements	-175	-412	-408
Cash Balance, Ending	\$ 728	\$ 642	\$ 560

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 3,070	\$ 2,977	\$ 2,905
Receipts:			
Admission Fees.....	\$ 1,069	\$ 1,175	\$ 1,290
Interest	7	6	6
Other.....	262	260	280
Total Receipts	<u>1,338</u>	<u>1,441</u>	<u>1,576</u>
Total Funds Available	\$ 4,408	\$ 4,418	\$ 4,481
Disbursements:			
Historical and Museum Commission.....	\$ 1,431	\$ 1,513	\$ 1,635
Total Disbursements	<u>-1,431</u>	<u>-1,513</u>	<u>-1,635</u>
Cash Balance, Ending	\$ 2,977	\$ 2,905	\$ 2,846

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 18	\$ 57	\$ 30
Receipts:			
Federal Revenue.....	\$ 564	\$ 1,470	\$ 1,470
Total Receipts	<u>564</u>	<u>1,470</u>	<u>1,470</u>
Total Funds Available	\$ 582	\$ 1,527	\$ 1,500
Disbursements:			
Community and Economic Development.....	\$ 525	\$ 1,497	\$ 1,486
Total Disbursements	<u>-525</u>	<u>-1,497</u>	<u>-1,486</u>
Cash Balance, Ending	\$ 57	\$ 30	\$ 14

Homeowner Assistance Settlement Fund

This fund was established by Act 70 of 2012. Payments received pursuant to the Homeowner Assistance Settlement Agreement are deposited into this fund. Disbursements are made for the Homeowner's Emergency Mortgage Assistance Program, for housing consumer protection programs and for civil legal assistance related to housing issues.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 43,115	\$ 30,672
Receipts:			
Homeowner Assistance Settlement Proceeds.....	\$ 66,528	\$ 0	\$ 0
Interest.....	77	67	60
Total Receipts	66,605	67	60
Total Funds Available	\$ 66,605	\$ 43,182	\$ 30,732
Disbursements:			
Pennsylvania Housing Finance Agency.....	\$ 22,200	\$ 10,800	\$ 10,800
Attorney General.....	390	1,110	600
Transfer to Access to Justice Account.....	900	600	600
Total Disbursements	-23,490	-12,510	-12,000
Cash Balance, Ending	\$ 43,115	\$ 30,672	\$ 18,732

Housing Affordability and Rehabilitation Enhancement Fund

This fund was established by Act 105 of 2010. Revenue consists of a transfer from the Unconventional Gas Well Fund. Disbursements are made in accordance with the Housing Finance Agency Law.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 1	\$ 1
Receipts:			
Transfer from Unconventional Gas Well Fund.....	\$ 12,926	\$ 8,717	\$ 5,000
Interest.....	1	1	1
Total Receipts	12,927	8,718	5,001
Total Funds Available	\$ 12,927	\$ 8,719	\$ 5,002
Disbursements:			
Pennsylvania Housing Finance Agency.....	\$ 12,926	\$ 8,718	\$ 5,000
Total Disbursements	-12,926	-8,718	-5,000
Cash Balance, Ending	\$ 1	\$ 1	\$ 2

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 of Corporate Net Income tax revenues as provided by Act 22 of 1991. This transfer ended at the close of the 1993-94 fiscal year as part of the PIDA recapitalization.

The fund makes loans to local industrial development agencies to stimulate economic activity in areas of high unemployment. Repayments of loans and other revenues, generally not credited to this fund, are used by PIDA to make additional loans.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 47	\$ 22	\$ 0
Receipts:			
Interest.....	\$ 0	\$ 0	\$ 0
Total Receipts	0	0	0
Total Funds Available	<u>\$ 47</u>	<u>\$ 22</u>	<u>\$ 0</u>
Disbursements:			
Community and Economic Development.....	\$ 25	\$ 22	\$ 0
Total Disbursements	<u>-25</u>	<u>-22</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 22</u>	<u>\$ 0</u>	<u>\$ 0</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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 16,500	\$ 18,428	\$ 12,196
Receipts:			
Loan Principal and Interest Repayments.....	\$ 850	\$ 895	\$ 895
Transfer from Hazardous Sites Cleanup Fund.....	2,000	2,000	0
Interest.....	240	259	259
Total Receipts	<u>3,090</u>	<u>3,154</u>	<u>1,154</u>
Total Funds Available	<u>\$ 19,590</u>	<u>\$ 21,582</u>	<u>\$ 13,350</u>
Disbursements:			
Community and Economic Development.....	\$ 1,162	\$ 9,386	\$ 5,314
Total Disbursements	<u>-1,162</u>	<u>-9,386</u>	<u>-5,314</u>
Cash Balance, Ending	<u>\$ 18,428</u>	<u>\$ 12,196</u>	<u>\$ 8,036</u>

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, by improving and supporting insurance fraud law enforcement, prosecutions and prevention. The source of funds includes 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 3,934	\$ 3,740	\$ 3,283
Receipts:			
Assessments, Fines and Penalties.....	\$ 12,297	\$ 12,735	\$ 13,078
Interest.....	13	8	8
Total Receipts	<u>12,310</u>	<u>12,743</u>	<u>13,086</u>
Total Funds Available	\$ 16,244	\$ 16,483	\$ 16,369
Disbursements:			
Insurance Fraud Prevention Authority.....	\$ 12,504	\$ 13,200	\$ 13,896
Total Disbursements	<u>-12,504</u>	<u>-13,200</u>	<u>-13,896</u>
Cash Balance, Ending	\$ 3,740	\$ 3,283	\$ 2,473

Insurance Liquidation Fund

The Insurance Department is responsible for administering the liquidation of insolvent domestic insurance carriers pursuant to orders of the Commonwealth Court under Article V of the Insurance Department Act. This fund is used to permit the Treasury Department to invest the assets of insolvent insurance carriers. These assets are used to pay claims and expenses incurred in the administration of domestic insurance carrier insolvencies.

The net investment adjustment shown below is to reflect the current market value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 68,651	\$ 67,887	\$ 4,409
Receipts:			
Net Investment Adjustment.....	\$ -1	\$ 0	\$ 0
Interest	1,265	1,347	20
Other.....	-2,028	-825	0
Total Receipts	<u>-764</u>	<u>522</u>	<u>20</u>
Total Funds Available	\$ 67,887	\$ 68,409	\$ 4,429
Disbursements:			
Insurance	\$ 0	\$ 64,000	\$ 200
Total Disbursements	<u>0</u>	<u>-64,000</u>	<u>-200</u>
Cash Balance, Ending	\$ 67,887	\$ 4,409	\$ 4,229

Insurance Regulation and Oversight Fund

This fund was established by Act 46 of 2013 to provide for the Insurance Department's regulation, management, development and oversight of the commonwealth's insurance industry.

The Insurance Regulation and Oversight Fund will receive 50 percent of all licenses and fees collected by the Insurance Department, all augmentations and reimbursements made to the department by regulated entities and in 2013-14, 100 percent of all penalties, fines, assessments and settlements. The surcharge moving vehicle violations will remain in the General Fund. This fund will be used by the department in lieu of a General Government Operations appropriation from the General Fund.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 16,179
Receipts:			
Licenses and Fees.....	\$ 0	\$ 24,740	\$ 25,000
Fines and Penalties.....	0	3,278	0
Interest.....	0	1	1
Enhanced Regulatory Assessment.....	0	9,560	0
Miscellaneous.....	0	930	930
Total Receipts	<u>0</u>	<u>38,509</u>	<u>25,931</u>
Total Funds Available	<u>\$ 0</u>	<u>\$ 38,509</u>	<u>\$ 42,110</u>
Disbursements:			
Insurance	\$ 0	\$ 22,330	\$ 22,757
Total Disbursements	<u>0</u>	<u>-22,330</u>	<u>-22,757</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 16,179</u>	<u>\$ 19,353</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 awards 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 1,143	\$ 608	\$ 563
Receipts:			
Transfer from Special Administration Fund.....	\$ 1,200	\$ 5,000	\$ 5,000
Interest.....	2	212	212
Total Receipts	<u>1,202</u>	<u>5,212</u>	<u>5,212</u>
Total Funds Available	<u>\$ 2,345</u>	<u>\$ 5,820</u>	<u>\$ 5,775</u>
Disbursements:			
Labor and Industry.....	\$ 1,737	\$ 5,257	\$ 5,000
Total Disbursements	<u>-1,737</u>	<u>-5,257</u>	<u>-5,000</u>
Cash Balance, Ending	<u>\$ 608</u>	<u>\$ 563</u>	<u>\$ 775</u>

Justice Reinvestment Fund

The Justice Reinvestment Fund was created by Act 196 of 2012 to support programs and activities that will improve the delivery of criminal justice services within the commonwealth. Receipts are derived from savings to the Department of Corrections (DOC) through implementation of Act 122 of 2012, which establishes the Justice Reinvestment Initiative (JRI). Disbursements are made according to the provisions of Act 196 and include fixed amounts in 2013-14 and 2014-15 to the Pennsylvania Commission on Crime and Delinquency (PCCD) and the Pennsylvania Commission on Sentencing. Amounts remaining in the fund after these disbursements are distributed by formula to various JRI programs managed by the PCCD, DOC, and the Pennsylvania Board of Probation and Parole.

Disbursements fund various state and county programs, such as victim services; offender risk assessment modeling; county probation grants; county innovative policing and contracts to divert short- and medium-minimum offenders from incarceration; state parole processes and coordinated safe community reentry programs.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 0	\$ 43	\$ 418
Total Receipts	0	43	418
Total Funds Available	\$ 0	\$ 43	\$ 418
Disbursements:			
PA Commission on Crime and Delinquency.....	\$ 0	\$ 31	\$ 299
PA Commission on Sentencing.....	0	12	119
Total Disbursements	0	-43	-418
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Keystone Recreation, Park and Conservation Fund

The Keystone Recreation, Park and Conservation Fund is a special 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.

Act 50 of 1993 approved the transfer of 15 percent of revenues from the state Realty Transfer Tax to this fund. These monies are distributed to programs according to the formula contained in the act.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Total Cash Balance, Beginning	\$ 87,637	\$ 92,205	\$ 4,042
Receipts:			
Realty Transfer Tax.....	\$ 58,317	\$ 67,341	\$ 77,047
Interest.....	1,711	1,868	1,868
Total Receipts	60,028	69,209	78,915
Total Funds Available	\$ 147,665	\$ 161,414	\$ 82,957
Disbursements:			
Conservation and Natural Resources.....	\$ 37,326	\$ 112,251	\$ 51,380
Education.....	12,203	23,718	17,391
Historical and Museum Commission.....	5,931	21,403	10,276
Total Disbursements	-55,460	-157,372	-79,047
Cash Balance, Ending	\$ 92,205	\$ 4,042	\$ 3,910

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 423	\$ 247	\$ 247
Receipts:			
Sale of Refuse Bank Materials.....	\$ 0	\$ 0	\$ 0
Total Receipts	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Available	<u>\$ 423</u>	<u>\$ 247</u>	<u>\$ 247</u>
Disbursements:			
Environmental Protection	\$ 176	\$ 0	\$ 0
Total Disbursements	<u>-176</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 247</u>	<u>\$ 247</u>	<u>\$ 247</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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 111	\$ 9	\$ 16
Receipts:			
Transfer from General Fund.....	\$ 142	\$ 0	\$ 0
Remining Financial Assurance Assist Fund Interest	8	7	7
Interest.....	1	0	0
Total Receipts	<u>151</u>	<u>7</u>	<u>7</u>
Total Funds Available	<u>\$ 262</u>	<u>\$ 16</u>	<u>\$ 23</u>
Disbursements:			
Treasury.....	\$ 253	\$ 0	\$ 0
Total Disbursements	<u>-253</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 9</u>	<u>\$ 16</u>	<u>\$ 23</u>

Liquid Fuels Tax Fund

The Liquid Fuels Tax Fund was created in 1931 to assist in funding the local roads system. Through December 2013, one-half cent per gallon of gasoline and diesel fuel taxes was deposited into the fund for semi-annual distribution to county governments and to pay registration fees for vehicles operated by mass transportation systems. Beginning January 2014, per Act 89 of 2013, a new millage rate will replace the one-half cent per gallon on gasoline and diesel fuel tax. The new rate is 4.17% of the mills imposed under Title 75, Section 9502 (A) (5). 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 5,287	\$ 5,208	\$ 5,066
Receipts:			
Tax on Gasoline	\$ 24,374	\$ 24,905	\$ 24,604
Tax on Diesel Fuel	6,617	7,003	6,609
Total Receipts	<u>30,991</u>	<u>31,908</u>	<u>31,213</u>
Total Funds Available	\$ 36,278	\$ 37,116	\$ 36,279
Disbursements:			
Treasury.....	\$ 67	\$ 300	\$ 100
Transportation.....	31,003	31,750	31,750
Total Disbursements.....	<u>-31,070</u>	<u>-32,050</u>	<u>-31,850</u>
Cash Balance, Ending.....	\$ 5,208	\$ 5,066	\$ 4,429

Liquor License Fund

The Liquor License Fund serves as a pass-through account for liquor and/or beer license fees from hotels, restaurants and clubs. 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 2,263	\$ 2,324	\$ 2,283
Receipts:			
License Fees.....	\$ 4,550	\$ 4,784	\$ 4,635
Other.....	-8	6	3
Total Receipts	<u>4,542</u>	<u>4,790</u>	<u>4,638</u>
Total Funds Available	\$ 6,805	\$ 7,114	\$ 6,921
Disbursements:			
Liquor Control Board.....	\$ 4,481	\$ 4,831	\$ 4,602
Total Disbursements	<u>-4,481</u>	<u>-4,831</u>	<u>-4,602</u>
Cash Balance, Ending	\$ 2,324	\$ 2,283	\$ 2,319

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 905	\$ 566	\$ 259
Receipts:			
Interest	\$ 2	\$ 1	\$ 1
Total Receipts	<u>2</u>	<u>1</u>	<u>1</u>
Total Funds Available	<u>\$ 907</u>	<u>\$ 567</u>	<u>\$ 260</u>
Disbursements:			
Treasury.....	\$ 341	\$ 308	\$ 181
Total Disbursements	<u>-341</u>	<u>-308</u>	<u>-181</u>
Cash Balance, Ending	<u>\$ 566</u>	<u>\$ 259</u>	<u>\$ 79</u>

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 2,993	\$ 3,226	\$ 2,636
Receipts:			
Loan Principal and Interest Repayments.....	\$ 351	\$ 404	\$ 404
Interest	7	6	6
Total Receipts	<u>358</u>	<u>410</u>	<u>410</u>
Total Funds Available	<u>\$ 3,351</u>	<u>\$ 3,636</u>	<u>\$ 3,046</u>
Disbursements:			
Community and Economic Development.....	\$ 125	\$ 1,000	\$ 1,000
Total Disbursements	<u>-125</u>	<u>-1,000</u>	<u>-1,000</u>
Cash Balance, Ending	<u>\$ 3,226</u>	<u>\$ 2,636</u>	<u>\$ 2,046</u>

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. It is now funded from loan repayments, transfers from the General Fund, Small Business First 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.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 113,181	\$ 121,591	\$ 72,076
Receipts:			
Loan Principal and Interest Repayments.....	\$ 14,935	\$ 15,000	\$ 16,000
Loan Service Fees.....	38	38	38
Other.....	11	0	0
Interest.....	1,368	1,448	1,448
Total Receipts	<u>16,352</u>	<u>16,486</u>	<u>17,486</u>
Total Funds Available	\$ 129,533	\$ 138,077	\$ 89,562
Disbursements:			
Community and Economic Development.....	\$ 7,942	\$ 66,001	\$ 25,778
Total Disbursements	<u>-7,942</u>	<u>-66,001</u>	<u>-25,778</u>
Cash Balance, Ending	\$ 121,591	\$ 72,076	\$ 63,784

Manufacturing Fund

The Manufacturing Fund, created in 1915, is a self-sustaining enterprise providing 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.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 26,386	\$ 19,222	\$ 5,513
Receipts:			
Sale of Products.....	\$ 63,984	\$ 67,404	\$ 72,812
Interest.....	363	377	377
Other.....	-1	0	0
Total Receipts	<u>64,346</u>	<u>67,781</u>	<u>73,189</u>
Total Funds Available	\$ 90,732	\$ 87,003	\$ 78,702
Disbursements:			
Corrections.....	\$ 71,510	\$ 81,490	\$ 75,442
Total Disbursements	<u>-71,510</u>	<u>-81,490</u>	<u>-75,442</u>
Cash Balance, Ending	\$ 19,222	\$ 5,513	\$ 3,260

Marcellus Legacy Fund

This fund was created by Act 13 of 2012 to provide for the distribution of unconventional gas well impact fees to counties, municipalities, and Commonwealth agencies. The fee revenue will be used for statewide initiatives in the areas of acid mine drainage abatement, gas well management and plugging, development and rehabilitation of greenways and recreational trails, sewage treatment projects, replacement and repair of deteriorated bridges in municipalities with unconventional gas wells. Receipts deposited into the Marcellus Legacy Fund come from transfers from the Unconventional Gas Well Fund and the Oil and Gas Lease Fund.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 86,066	\$ 180
Receipts:			
Transfer from Unconventional Gas Well Fund.....	\$ 161,773	\$ 80,539	\$ 78,964
Transfer from Oil and Gas Lease Fund.....	0	20,000	35,000
Interest.....	63	116	116
Total Receipts	<u>161,836</u>	<u>100,655</u>	<u>114,080</u>
Total Funds Available	\$ 161,836	\$ 186,721	\$ 114,260
Disbursements:			
Public Utility Commission:			
County Grants.....	\$ 21,641	\$ 11,706	\$ 11,845
Transfer to Commonwealth Financing Authority.....	0	44,462	15,793
Transfer to Commonwealth Financing Authority-H2O.....	0	27,789	9,871
Community and Economic Development.....	3,624	7,491	0
Environmental Protection.....	10	19,990	0
PENNVEST.....	0	27,789	9,871
Transfer to Highway Bridge Improvement.....	36,068	19,510	19,741
Transfer to Environmental Stewardship Fund.....	14,427	27,804	42,896
Transfer to Hazardous Sites Cleanup Fund.....	0	0	3,948
Total Disbursements	<u>-75,770</u>	<u>-186,541</u>	<u>-113,965</u>
Cash Balance, Ending	\$ 86,066	\$ 180	\$ 295

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 that accrued to the Catastrophic Loss Benefits Continuation Fund accrues to this fund for a period of ten years. Act 50 of 2009 provided that \$100 million be transferred from the fund to the General Fund in 2009-10 and redirected the moving violation surcharge to the General Fund for 2009-10 and 2010-11. Act 26 of 2011 redirected the surcharge to the General Fund for 2011-12 and for each fiscal year thereafter.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 202,385	\$ 213,346	\$ 238,119
Receipts:			
Assessments.....	\$ 216,413	\$ 235,000	\$ 235,000
Interest	1,521	1,628	1,628
Other.....	444	40	100
Total Receipts	<u>218,378</u>	<u>236,668</u>	<u>236,728</u>
Total Funds Available	\$ 420,763	\$ 450,014	\$ 474,847
Disbursements:			
Insurance.....	\$ 207,417	\$ 211,895	\$ 210,608
Total Disbursements	<u>-207,417</u>	<u>-211,895</u>	<u>-210,608</u>
Cash Balance, Ending	\$ 213,346	\$ 238,119	\$ 264,239

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 4,003	\$ 4,073	\$ 3,684
Receipts:			
License and Fees	\$ 2,387	\$ 2,537	\$ 2,537
Fines and Penalties.....	13	8	8
Other.....	0	-15	0
Interest.....	8	7	7
Total Receipts	<u>2,408</u>	<u>2,537</u>	<u>2,552</u>
Total Funds Available	\$ 6,411	\$ 6,610	\$ 6,236
Disbursements:			
Milk Marketing Board.....	\$ 2,338	\$ 2,926	\$ 2,840
Total Disbursements	<u>-2,338</u>	<u>-2,926</u>	<u>-2,840</u>
Cash Balance, Ending	\$ 4,073	\$ 3,684	\$ 3,396

Mine Safety Fund

Act 55 of 2008 created the Mine Safety Fund to recover expenses for responding to mine safety. The monies are used for mine safety activities and the administration of the Act.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 100	\$ 138	\$ 110
Receipts:			
Fines and Penalties.....	\$ 38	\$ 33	\$ 33
Total Receipts	<u>38</u>	<u>33</u>	<u>33</u>
Total Funds Available	<u>\$ 138</u>	<u>\$ 171</u>	<u>\$ 143</u>
Disbursements:			
Environmental Protection	\$ 0	\$ 61	\$ 61
Total Disbursements	<u>0</u>	<u>-61</u>	<u>-61</u>
Cash Balance, Ending	<u>\$ 138</u>	<u>\$ 110</u>	<u>\$ 82</u>

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 4,055	\$ 4,884	\$ 3,343
Receipts:			
Loan Principal and Interest Repayments.....	\$ 1,037	\$ 1,037	\$ 1,037
Interest.....	9	9	9
Other.....	11	11	11
Total Receipts	<u>1,057</u>	<u>1,057</u>	<u>1,057</u>
Total Funds Available	<u>\$ 5,112</u>	<u>\$ 5,941</u>	<u>\$ 4,400</u>
Disbursements:			
Community and Economic Development.....	\$ 228	\$ 2,598	\$ 1,302
Total Disbursements	<u>-228</u>	<u>-2,598</u>	<u>-1,302</u>
Cash Balance, Ending	<u>\$ 4,884</u>	<u>\$ 3,343</u>	<u>\$ 3,098</u>

Motor Vehicle Transaction Recovery Fund

The Motor Vehicle Transaction Recovery 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 2,227	\$ 2,263	\$ 2,227
Receipts:			
Title & Registration Fees.....	\$ 31	\$ 40	\$ 40
Interest	5	4	4
Total Receipts	<u>36</u>	<u>44</u>	<u>44</u>
Total Funds Available	<u>\$ 2,263</u>	<u>\$ 2,307</u>	<u>\$ 2,271</u>
Disbursements:			
Transportation.....	\$ 0	\$ 80	\$ 80
Total Disbursements	<u>0</u>	<u>-80</u>	<u>-80</u>
Cash Balance, Ending	<u>\$ 2,263</u>	<u>\$ 2,227</u>	<u>\$ 2,191</u>

Multimodal Transportation Fund

The Multimodal Transportation Fund was created by Act 89 of 2013 to provide additional funding for passenger rail, rail freight, ports and waterways, aviation, bicycle and pedestrian facilities, roads and bridges, and other modes of transportation. The program is funded by deposits from the Pennsylvania Turnpike Commission, a portion of certain Motor Vehicle Fees, and beginning in 2015-16 the Oil Company Franchise Tax.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Pennsylvania Turnpike Commission.....	\$ 0	\$ 0	\$ 30,000
Motor Vehicle Fees.....	0	30,000	67,000
Total Receipts.....	<u>0</u>	<u>30,000</u>	<u>97,000</u>
Total Funds Available	<u>\$ 0</u>	<u>\$ 30,000</u>	<u>\$ 97,000</u>
Disbursements:			
Transportation.....	\$ 0	\$ 30,000	\$ 97,000
Total Disbursements.....	<u>0</u>	<u>-30,000</u>	<u>-97,000</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 249,499	\$ 264,489	\$ 277,078
Receipts:			
Foreign Casualty Insurance Premium Tax.....	\$ 256,265	\$ 259,924	\$ 262,523
Foreign Fire Insurance Premium Tax.....	10,936	11,044	10,454
Interest	-110	25	35
Total Receipts	267,091	270,993	273,012
Total Funds Available	\$ 516,590	\$ 535,482	\$ 550,090
Disbursements:			
Auditor General.....	\$ 252,101 ^a	\$ 258,404 ^b	\$ 264,864 ^c
Total Disbursements	-252,101	-258,404	-264,864
Cash Balance, Ending	\$ 264,489	\$ 277,078	\$ 285,226

^a Includes post-retirement payment of \$2,278,433 as authorized by Act 147 of 1988 and \$7,888,595 per Act 64 of 2002.

^b Includes post-retirement payment of \$2,116,798 as authorized by Act 147 of 1988 and \$8,818,732 per Act 64 of 2002.

^c Includes post-retirement payment of \$2,096,000 as authorized by Act 147 of 1988 and \$7,652,000 per Act 64 of 2002.

Municipalities Financial Recovery Revolving Aid Fund

This fund was created by Act 157 of 1988 to make loans and grants to assist municipalities that are declared financially distressed. Initial funding was provided through the transfer of unused funds remaining from a 1986-87 General Fund appropriation for Distressed Community Emergency Aid. In addition, Act 157 stipulated that all repayments on loans made from the fund should be redeposited into the fund and used to make additional loans and grants to distressed municipalities. Act 58 of 1996 transferred this program from the Department of Community Affairs to the Department of Community and Economic Development.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 4,081	\$ 11,870	\$ 9,348
Receipts:			
Transfers In.....	\$ 12,096	\$ 7,096	\$ 5,250
Loan Principal and Interest Repayments.....	1,502	402	402
Interest	24	23	23
Total Receipts	<u>13,622</u>	<u>7,521</u>	<u>5,675</u>
Total Funds Available	\$ 17,703	\$ 19,391	\$ 15,023
Disbursements:			
Community and Economic Development.....	\$ 5,833	\$ 10,043	\$ 9,000
Total Disbursements	<u>-5,833</u>	<u>-10,043</u>	<u>-9,000</u>
Cash Balance, Ending	\$ 11,870	\$ 9,348	\$ 6,023

Neighborhood Improvement Zone Fund

This fund was established by Act 50 of 2009. This fund is administered by the State Treasurer and the primary administrator of the program is the Department of Revenue. An entity collecting a local tax within the neighborhood improvement zone shall, within 30 days of the end of a fiscal quarter, submit all the local taxes collected to the State Treasurer for transfer to the fund. Interest income derived from investment of the money in the fund shall be credited by the Treasury Department to the fund. Funds may only be utilized for payment of debt service on bonds issued for the improvement and development of all or any part of the neighborhood improvement zone and the purpose of constructing a facility or facility complex. Funds may not be utilized for purposes of renovating or repairing a facility or facility complex, except for capital maintenance and improvement projects.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 1	\$ 0	\$ 0
Receipts:			
State Tax Share.....	\$ 31,288	\$ 39,900	\$ 45,600
Local Tax Share.....	910	1,157	1,322
Total Receipts	<u>32,198</u>	<u>41,057</u>	<u>46,922</u>
Total Funds Available	\$ 32,199	\$ 41,057	\$ 46,922
Disbursements:			
Treasury.....	\$ 32,199	\$ 41,057	\$ 46,922
Total Disbursements	<u>-32,199</u>	<u>-41,057</u>	<u>-46,922</u>
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 11,893	\$ 10,695	\$ 10,367
Receipts:			
Licenses and Fees	\$ 1,036	\$ 2,634	\$ 2,634
Penalties	203	245	245
Interest	360	227	227
Collateral	7	0	0
Forfeiture	40	0	0
Payment in Lieu of Bonds	105	138	138
Total Receipts	1,751	3,244	3,244
Total Funds Available	\$ 13,644	\$ 13,939	\$ 13,611
Disbursements:			
Environmental Protection	\$ 2,949	\$ 3,572	\$ 3,686
Total Disbursements	-2,949	-3,572	-3,686
Cash Balance, Ending	\$ 10,695	\$ 10,367	\$ 9,925

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 1,531	\$ 1,875	\$ 972
Receipts:			
Transfer from General Fund	\$ 2,714	\$ 2,714	\$ 2,714
Interest	4	1	1
Fees	21	60	60
Fines	25	20	20
Total Receipts	2,764	2,795	2,795
Total Funds Available	\$ 4,295	\$ 4,670	\$ 3,767
Disbursements:			
Agriculture	\$ 755	\$ 932	\$ 885
Environmental Protection	1,665	2,766	2,073
Total Disbursements	-2,420	-3,698	-2,958
Cash Balance, Ending	\$ 1,875	\$ 972	\$ 809

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. Act 50 of 2009 provides \$50 million for an annual appropriation from the fund to the Department of Conservation and Natural Resources. In addition, any monies above the \$50 million must be specifically appropriated by the General Assembly. Act 46 of 2010 authorized a transfer of \$180 million to the General Fund. Act 13 of 2012 authorized annual transfers to the Marcellus Legacy Fund.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 51,368	\$ 87,691	\$ 73,182
Receipts:			
Rents and Royalties.....	\$ 103,636	\$ 120,808	\$ 110,887
Non-Surface Impact Leasing Revenue.....	0	0	75,000
Interest.....	430	464	464
Other.....	80	0	0
Total Receipts	104,146	121,272	186,351
Total Funds Available	\$ 155,514	\$ 208,963	\$ 259,533
Disbursements:			
Conservation and Natural Resources.....	\$ 51,698	\$ 59,235	\$ 50,000
State Parks Operations.....	16,125	39,160	41,160
State Forests Operations.....	0	17,386	26,386
Transfer to General Fund.....	0	0	75,000
Transfer to Marcellus Legacy Fund.....	0	20,000	35,000
Total Disbursements	-67,823	-135,781	-227,546
Cash Balance, Ending	\$ 87,691	\$ 73,182	\$ 31,987

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.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 7,321	\$ 7,512	\$ 5,914
Receipts:			
Surcharges.....	\$ 6,831	\$ 7,121	\$ 6,400
Contract/Grants.....	-339	1,102	496
Interest	12	11	11
Total Receipts	6,504	8,234	6,907
Total Funds Available	\$ 13,825	\$ 15,746	\$ 12,821
Disbursements:			
Patient Safety Authority.....	\$ 6,313	\$ 9,832	\$ 7,750
Total Disbursements	-6,313	-9,832	-7,750
Cash Balance, Ending	\$ 7,512	\$ 5,914	\$ 5,071

Pennsylvania Economic Revitalization Fund

The Pennsylvania Economic Revitalization Fund 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 1,563	\$ 2,181	\$ 2,798
Receipts:			
Loan Principal and Interest Repayments.....	\$ 613	\$ 613	\$ 613
Interest.....	5	4	4
Total Receipts.....	<u>618</u>	<u>617</u>	<u>617</u>
Total Funds Available	<u>\$ 2,181</u>	<u>\$ 2,798</u>	<u>\$ 3,415</u>
Disbursements:			
Transfer to General Fund.....	\$ 0	\$ 0	\$ 0
Total Disbursements.....	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 2,181</u>	<u>\$ 2,798</u>	<u>\$ 3,415</u>

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 505	\$ 0	\$ 0
Total Receipts	<u>505</u>	<u>0</u>	<u>0</u>
Total Funds Available	<u>\$ 505</u>	<u>\$ 0</u>	<u>\$ 0</u>
Disbursements:			
Treasury.....	\$ 505	\$ 0	\$ 0
Total Disbursements	<u>-505</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Pennsylvania eHealth Partnership Fund

This fund was established by Act 121 of 2012. The fund is administered by the Pennsylvania eHealth Partnership Authority. The authority will develop, establish and maintain a health information exchange that complies with federal and state law. The authority will expire on July 5, 2017.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 3,961	\$ 1,249
Receipts:			
Contracts/Grants.....	\$ 1,861	\$ 2,246	\$ 0
Transfer from General Fund.....	2,100	2,200	2,000
Federal Funds.....	0	8,858	0
Fees.....	0	0	3,100
Interest.....	1	3	3
Total Receipts	3,962	13,307	5,103
Total Funds Available	\$ 3,962	\$ 17,268	\$ 6,352
Disbursements:			
Pennsylvania eHealth Partnership Authority.....	\$ 1	\$ 16,019	\$ 5,100
Total Disbursements	-1	-16,019	-5,100
Cash Balance, Ending	\$ 3,961	\$ 1,249	\$ 1,252

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 (GEDTF) to receive a daily assessment of 5 percent of each licensed gaming entity's gross terminal revenue. Proceeds of the fund are distributed through specific enacted capital budgets. Funds for economic development and tourism projects in Philadelphia and Allegheny counties were authorized in Act 53 of 2007. In addition, pursuant to Act 63 of 2008, GEDTF proceeds can be used to fund debt service for water and sewer projects, flood control projects, and high hazard unsafe dam projects located elsewhere in Pennsylvania as approved by the Commonwealth Financing Authority.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 77,820	\$ 71,654	\$ 42,681
Receipts:			
Gross Terminal Revenue Assessments.....	\$ 121,040	\$ 120,312	\$ 121,108
Build America Bonds Federal Interest Subsidy.....	9,657	9,218	9,111
Loan from Infrastructure Investment Authority.....	0	0	0
Interest.....	175	136	136
Total Receipts	130,872	129,666	130,355
Total Funds Available	\$ 208,692	\$ 201,320	\$ 173,036
Disbursements:			
Community and Economic Development.....	\$ 93,473	\$ 101,200	\$ 101,200
General Services.....	545	737	5,676 ^a
Transfer to Commonwealth Financing Authority.....	43,020	56,702	56,577
Total Disbursements	-137,038	-158,639	-163,453
Cash Balance, Ending	\$ 71,654	\$ 42,681	\$ 9,583

^a Includes a \$4.729M remaining pledge installment owed by a casino operator that is due on April 1, 2014. This installment amount is illustrated due to cashflow timing and is not expected to be paid by this fund or any other commonwealth fund.

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 183	\$ 183	\$ 183
Receipts:			
Interest.....	\$ 0	\$ 0	\$ 0
Total Receipts	0	0	0
Total Funds Available	<u>\$ 183</u>	<u>\$ 183</u>	<u>\$ 183</u>
Disbursements:			
Historical and Museum Commission.....	\$ 0	\$ 0	\$ 0
Total Disbursements	0	0	0
Cash Balance, Ending	<u>\$ 183</u>	<u>\$ 183</u>	<u>\$ 183</u>

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 loan repayments and interest earnings.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 61,193	\$ 58,524	\$ 41,792
Receipts:			
Loan Principal and Interest Repayments.....	\$ 16,256	\$ 17,050	\$ 20,272
Interest.....	1,140	1,218	1,218
Total Receipts	<u>17,396</u>	<u>18,268</u>	<u>21,490</u>
Total Funds Available	<u>\$ 78,589</u>	<u>\$ 76,792</u>	<u>\$ 63,282</u>
Disbursements:			
Transportation.....	\$ 20,065	\$ 35,000	\$ 30,000
Total Disbursements	<u>-20,065</u>	<u>-35,000</u>	<u>-30,000</u>
Cash Balance, Ending	<u>\$ 58,524</u>	<u>\$ 41,792</u>	<u>\$ 33,282</u>

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 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Total Cash Balance, Beginning	\$ 1,546,271	\$ 1,729,430	\$ 1,900,875
Receipts:			
Contributions.....	\$ 58,169	\$ 63,986	\$ 70,384
Interest.....	23,646	24,947	26,319
Premium / Discount on Sale of Securities.....	36,673	38,690	40,818
Net Investment Adjustment.....	142,371	126,967	55,993
Other.....	6	0	0
Total Receipts	260,865	254,590	193,514
	\$ 1,807,136	\$ 1,984,020	\$ 2,094,389
Disbursements:			
Municipal Retirement Board.....	\$ 77,706	\$ 83,145	\$ 88,966
Total Disbursements	-77,706	-83,145	-88,966
Cash Balance, Ending	\$ 1,729,430	\$ 1,900,875	\$ 2,005,423

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. Act 1 of 2010 provides for a transfer from the Pennsylvania Race Horse Development Fund to the General Fund for fiscal years 2009-10 through 2012-13. Current legislation under review will provide for a transfer to the State Racing Fund in 2013-14. The 2014-15 budget assumes this legislation will be enacted.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 390	\$ 396	\$ 410
Receipts:			
Assessments.....	\$ 263,349	\$ 252,110	\$ 252,160
Interest.....	15	13	13
Total Receipts	<u>263,364</u>	<u>252,123</u>	<u>252,173</u>
Total Funds Available	\$ 263,754	\$ 252,519	\$ 252,583
Disbursements:			
Revenue.....	\$ 214,439	\$ 229,950	\$ 234,500
Agriculture.....	0	13,659	13,659
Transfer to Farm Products Show Fund.....	5,000	4,000	4,000
Transfer to General Fund.....	43,919	0	0
Transfer to State Racing Fund.....	0	4,500	0
Total Disbursements	<u>-263,358</u>	<u>-252,109</u>	<u>-252,159</u>
Cash Balance, Ending	\$ 396	\$ 410	\$ 424

Pennsylvania Veterans Memorial Trust Fund

Act 60 of 1988 established the Pennsylvania Veterans Memorial Trust 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 include operation and maintenance of the memorial.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 309	\$ 278	\$ 191
Receipts:			
Public and Private Donations.....	\$ 3	\$ 5	\$ 5
Interest	1	1	1
Total Receipts	<u>4</u>	<u>6</u>	<u>6</u>
Total Funds Available	\$ 313	\$ 284	\$ 197
Disbursements:			
Military and Veterans Affairs.....	\$ 35	\$ 93	\$ 75
Total Disbursements	<u>-35</u>	<u>-93</u>	<u>-75</u>
Cash Balance, Ending	\$ 278	\$ 191	\$ 122

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 5,887	\$ 9,780	\$ 5,808
Receipts:			
Referendum Bonds.....	\$ 90,000	\$ 5,000	\$ 11,000
Premium on Sale of Bonds.....	12,677	0	0
Interest.....	36	30	30
Total Receipts	<u>102,713</u>	<u>5,030</u>	<u>11,030</u>
Total Funds Available	<u>\$ 108,600</u>	<u>\$ 14,810</u>	<u>\$ 16,838</u>
Disbursements:			
Treasury.....	\$ 21	\$ 2	\$ 4
Infrastructure Investment Authority.....	98,799	9,000	12,000
Total Disbursements	<u>-98,820</u>	<u>-9,002</u>	<u>-12,004</u>
Cash Balance, Ending	<u>\$ 9,780</u>	<u>\$ 5,808</u>	<u>\$ 4,834</u>

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 82,621	\$ 144,285	\$ 118,861
Receipts:			
PENNVEST Fund.....	\$ -5	\$ 10,000	\$ 5,000
Federal Funds.....	57,598	87,238	63,282
Transfer from Water Pollution Control Revolving Fund.....	31,186	26,300	20,000
Loan Principal and Interest Repayments.....	7,419	29,000	56,300
Interest.....	2,086	1,912	1,912
Total Receipts	<u>98,284</u>	<u>154,450</u>	<u>146,494</u>
Total Funds Available	<u>\$ 180,905</u>	<u>\$ 298,735</u>	<u>\$ 265,355</u>
Disbursements:			
Infrastructure Investment Authority.....	\$ 36,620	\$ 179,874	\$ 164,282
Total Disbursements	<u>-36,620</u>	<u>-179,874</u>	<u>-164,282</u>
Cash Balance, Ending	<u>\$ 144,285</u>	<u>\$ 118,861</u>	<u>\$ 101,073</u>

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 169,192	\$ 175,716	\$ 109,754
Receipts:			
Revolving Loan Payments.....	\$ 62,281	\$ 65,000	\$ 65,000
Non-Revolving Equity Fund.....	0	30	30
Revolving Fund.....	0	36	36
Transfer from Environmental Stewardship Fund.....	11,167	13,855	15,183
Transfer from Marcellus Legacy Fund.....	0	27,789	9,871
Commercial Paper.....	0	100,000	50,000
Interest.....	4,113	3,379	3,128
Other.....	3	0	0
Total Receipts	<u>77,564</u>	<u>210,089</u>	<u>143,248</u>
Total Funds Available	\$ 246,756	\$ 385,805	\$ 253,002
Disbursements:			
Infrastructure Investment Authority:			
Grants.....	\$ 0	\$ 2,000	\$ 1,000
Administration.....	2,513	3,943	4,561
Growing Greener Grants.....	8,309	14,000	15,000
Revenue Bond Loan Pool.....	0	10	10
Marcellus Grants.....	0	27,789	9,871
Revolving Loans and Administration.....	60,218	125,309	150,000
Commercial Paper Disbursements.....	0	100,000	50,000
State Conditional Fund.....	0	3,000	10,000
Total Disbursements	<u>-71,040</u>	<u>-276,051</u>	<u>-240,442</u>
Cash Balance, Ending	\$ 175,716	\$ 109,754	\$ 12,560

PENNVEST Non-Revolving Equity Fund

This fund, created under the authority of Act 16 of 1988, receives monies 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 30	\$ 30	\$ 0
Receipts:			
Bond Authorization Fund.....	\$ 0	\$ 0	\$ 0
Total Receipts	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Available	\$ 30	\$ 30	\$ 0
Disbursements:			
Infrastructure Investment Authority.....	\$ 0	\$ 30	\$ 0
Total Disbursements	<u>0</u>	<u>-30</u>	<u>0</u>
Cash Balance, Ending	\$ 30	\$ 0	\$ 0

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 889	\$ 1,481	\$ 2,198
Receipts:			
Transfer from General Fund.....	\$ 6,084	\$ 7,226	\$ 4,889
Interest on Securities.....	1	1	1
Non-Revolving Loan Repayments.....	8,182	11,483	13,853
Total Receipts	<u>14,267</u>	<u>18,710</u>	<u>18,743</u>
Total Funds Available	<u>\$ 15,156</u>	<u>\$ 20,191</u>	<u>\$ 20,941</u>
Disbursements:			
Treasury.....	\$ 13,675	\$ 17,993	\$ 18,977
Total Disbursements	<u>-13,675</u>	<u>-17,993</u>	<u>-18,977</u>
Cash Balance, Ending	<u>\$ 1,481</u>	<u>\$ 2,198</u>	<u>\$ 1,964</u>

PENNVEST Revolving Fund

This fund, created under the authority of Act 16 of 1988, receives monies 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 2006-07, funds were redirected to the PENNVEST Non-Revolving Equity Fund and other PENNVEST funds.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 35	\$ 36	\$ 0
Receipts:			
Bond Authorization Fund.....	\$ 0	\$ 0	\$ 0
Interest.....	1	0	0
Total Receipts	<u>1</u>	<u>0</u>	<u>0</u>
Total Funds Available	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 0</u>
Disbursements:			
Infrastructure Investment Authority.....	\$ 0	\$ 36	\$ 0
Total Disbursements	<u>0</u>	<u>-36</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 36</u>	<u>\$ 0</u>	<u>\$ 0</u>

PENNVEST Trustee Fund

This fund was created in Treasury by the Pennsylvania Infrastructure Investment Authority (PENNVEST) to record the accounting transactions of their trustee. The trustee will transfer the proceeds from the sale of Commercial Paper and Revenue Bonds to the Authority for loans to the public entities receiving State funds for construction projects.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 14	\$ 28	\$ 28
Receipts:			
Commercial Paper.....	\$ 46,122	\$ 100,000	\$ 50,000
Interest.....	4	0	0
Total Receipts	<u>46,126</u>	<u>100,000</u>	<u>50,000</u>
Total Funds Available	<u>\$ 46,140</u>	<u>\$ 100,028</u>	<u>\$ 50,028</u>
Disbursements:			
Infrastructure Investment Authority.....	\$ 46,112	\$ 100,000	\$ 50,000
Total Disbursements	<u>-46,112</u>	<u>-100,000</u>	<u>-50,000</u>
Cash Balance, Ending	<u>\$ 28</u>	<u>\$ 28</u>	<u>\$ 28</u>

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 321,655	\$ 510,495	\$ 419,963
Receipts:			
PENNVEST Fund.....	\$ -12	\$ 31,771	\$ 10,722
Federal Funds.....	159,498	165,276	150,050
Transfer from PENNVEST Drinking Water Revolving Fund.....	0	10,000	20,000
Loan Principal and Interest Repayments.....	137,982	119,400	120,000
Interest.....	6,495	7,151	7,151
Other.....	108	0	0
Total Receipts	<u>304,071</u>	<u>333,598</u>	<u>307,923</u>
Total Funds Available	<u>\$ 625,726</u>	<u>\$ 844,093</u>	<u>\$ 727,886</u>
Disbursements:			
Infrastructure Investment Authority.....	\$ 115,231	\$ 424,130	\$ 390,772
Total Disbursements	<u>-115,231</u>	<u>-424,130</u>	<u>-390,772</u>
Cash Balance, Ending	<u>\$ 510,495</u>	<u>\$ 419,963</u>	<u>\$ 337,114</u>

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 is 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 is \$5,000. Applications will be accepted until August 31, 2015.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 2,820	\$ 2,632	\$ 2,337
Receipts:			
Interest	\$ 6	\$ 5	\$ 5
Other	-2	0	0
Total Receipts	<u>4</u>	<u>5</u>	<u>5</u>
Total Funds Available	\$ 2,824	\$ 2,637	\$ 2,342
Disbursements:			
Military and Veterans Affairs	\$ 192	\$ 300	\$ 300
Total Disbursements	<u>-192</u>	<u>-300</u>	<u>-300</u>
Cash Balance, Ending	\$ 2,632	\$ 2,337	\$ 2,042

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund	\$ 498	\$ 506	\$ 503
Total Receipts	<u>498</u>	<u>506</u>	<u>503</u>
Total Funds Available	\$ 498	\$ 506	\$ 503
Disbursements:			
Treasury	\$ 498	\$ 506	\$ 503
Total Disbursements	<u>-498</u>	<u>-506</u>	<u>-503</u>
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 claims processing for the Auto Cat and the Worker's Compensation Security Fund programs in the Insurance Department 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, Insurance and Public Welfare.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 95,811	\$ 133,006	\$ 76,616
Receipts:			
Transfer from Lottery Fund	\$ 190,000	\$ 140,000	\$ 165,000
Transfer from Tobacco Settlement Fund	25,282	0	0
Interest	695	792	455
Disease Specific Programs.....	5,176	5,507	5,508
Special Pharmaceutical Services	56,738	44,801	55,532
Auto Cat Program.....	938	939	940
Workers' Compensation Security Fund Program.....	3,034	3,021	3,021
Total Receipts	<u>281,863</u>	<u>195,060</u>	<u>230,456</u>
Total Funds Available	\$ 377,674	\$ 328,066	\$ 307,072
Disbursements:			
Aging	\$ 181,390	\$ 196,824	\$ 183,617
Health	59,329	50,666 ^a	61,040 ^a
Insurance.....	3,949	3,960 ^a	3,961 ^a
Total Disbursements	<u>-244,668</u>	<u>-251,450</u>	<u>-248,618</u>
Cash Balance, Ending	\$ 133,006	\$ 76,616	\$ 58,454

^a Expenditures from restricted accounts in the Department of Aging.

Philadelphia Regional Port Authority Fund

The Philadelphia Regional Port Authority was created by Act 50 of 1989 to acquire and operate the port facilities of the former Philadelphia Port Corporation. The Philadelphia Regional Port Authority Fund handles payroll of the authority via transfer of funds from the authority's private bank accounts. The authority is authorized to issue bonds to finance port improvements and may pay off such bonds.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 748	\$ 416	\$ 504
Receipts:			
Transfer from Philadelphia Regional Port Authority.....	\$ 7,243	\$ 8,000	\$ 8,400
Interest.....	2	2	2
Total Receipts	<u>7,245</u>	<u>8,002</u>	<u>8,402</u>
Total Funds Available	<u>\$ 7,993</u>	<u>\$ 8,418</u>	<u>\$ 8,906</u>
Disbursements:			
Philadelphia Regional Port Operations.....	\$ 7,577	\$ 7,914	\$ 8,273
Total Disbursements	<u>-7,577</u>	<u>-7,914</u>	<u>-8,273</u>
Cash Balance, Ending	<u>\$ 416</u>	<u>\$ 504</u>	<u>\$ 633</u>

Philadelphia Taxicab and Limousine Regulatory Fund

This fund was created by Act 64 of 2013 to act as the primary operating fund for the Philadelphia Parking Authority to regulate taxicabs and limousines in the city of the first class. Revenues in the fund are derived from assessments and fees to taxicab, limousine, and dispatcher utility groups. Monies in the fund are used by the Authority for administration and enforcement of the taxicab and limousine program.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 15
Receipts:			
Assessments.....	\$ 0	\$ 0	\$ 2,791
Interest.....	0	15	15
Other.....	0	5,875	4,281
Total Receipts	<u>0</u>	<u>5,890</u>	<u>7,087</u>
Total Funds Available	<u>\$ 0</u>	<u>\$ 5,890</u>	<u>\$ 7,102</u>
Disbursements:			
Philadelphia Parking Authority.....	\$ 0	\$ 5,875	\$ 7,072
Total Disbursements	<u>0</u>	<u>-5,875</u>	<u>-7,072</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 15</u>	<u>\$ 30</u>

Philadelphia Taxicab Medallion Fund

This fund was created by Act 64 of 2013 for the Philadelphia Parking Authority to administer the taxicab medallion program. Revenues are generated from the sale of medallions. Expenditures are those limited to the operation and enforcement of the medallion program.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 5
Receipts:			
Sale of Medallions.....	\$ 0	\$ 500	\$ 500
Interest.....	0	5	5
Total Receipts	<u>0</u>	<u>505</u>	<u>505</u>
Total Funds Available	<u>\$ 0</u>	<u>\$ 505</u>	<u>\$ 510</u>
Disbursements:			
Philadelphia Parking Authority.....	\$ 0	\$ 500	\$ 500
Total Disbursements	<u>0</u>	<u>-500</u>	<u>-500</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 5</u>	<u>\$ 10</u>

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 sponsored by third parties. Act 111 of 2001 added Indiana County, and Act 131 of 2006 added Blair County to the Port District.

Grants supporting the commission's operations 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 4,531	\$ 3,479	\$ 2,485
Receipts:			
State Grants.....	\$ 296	\$ 200	\$ 500
Federal Grants.....	4,906	4,322	7,500
Private Grants.....	174	0	0
Loan Repayments.....	9	0	0
Interest	9	6	6
Other.....	8	0	0
Total Receipts	<u>5,402</u>	<u>4,528</u>	<u>8,006</u>
Total Funds Available	<u>\$ 9,933</u>	<u>\$ 8,007</u>	<u>\$ 10,491</u>
Disbursements:			
Port of Pittsburgh Commission.....	\$ 6,454	\$ 5,522	\$ 8,700
Total Disbursements	<u>-6,454</u>	<u>-5,522</u>	<u>-8,700</u>
Cash Balance, Ending	<u>\$ 3,479</u>	<u>\$ 2,485</u>	<u>\$ 1,791</u>

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. In addition, transfers are made to the State Lottery Fund for an expanded Property Rent Rebate Program and supplemental senior citizen tax reduction payments. Act 78 of 2012 provides for additional funding for the Volunteer Fire Company Grants out of the Property Tax Relief Reserve Fund. The fiscal year ending balances include the Property Tax Relief Reserve Account and funding for property tax relief payments made in August and October each year.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 557,416	\$ 564,752	\$ 563,376
Receipts:			
Transfer from State Gaming Fund.....	\$ 788,617	\$ 774,639	\$ 780,022
Property Tax Relief Reserve Fund Loan Repayment.....	5,460	6,385	6,385
Interest.....	659	700	700
Total Receipts	<u>794,736</u>	<u>781,724</u>	<u>787,107</u>
Total Funds Available	\$ 1,352,152	\$ 1,346,476	\$ 1,350,483
Disbursements:			
Property Tax Relief Payments:			
Education:			
General Property Tax Relief.....	\$ 595,000	\$ 595,000	\$ 595,000
Sterling Act.....	20,600	16,600	16,600
Subtotal: Education Property Tax Relief Payments.....	<u>615,600</u>	<u>611,600</u>	<u>611,600</u>
Revenue:			
Expanded Prop Tax/Rent Rebate/Senior Tax Reductions.....	137,800	136,700	131,300
Cities and High-Burden.....	29,000	29,800	28,900
Subtotal: Revenue Property Tax Relief Payments.....	<u>166,800</u>	<u>166,500</u>	<u>160,200</u>
Total Property Tax Relief Disbursements.....	<u>782,400</u>	<u>778,100</u>	<u>771,800</u>
Emergency Management:			
Volunteer Company Grants.....	5,000	5,000	5,000
Total Disbursements.....	<u>-787,400</u>	<u>-783,100</u>	<u>-776,800</u>
Cash Balance, Ending	\$ 564,752 ^a	\$ 563,376 ^b	\$ 573,683 ^c

^a 2012-13 Actual includes a balance of \$43,911,217 in the Property Tax Relief Reserve Account.

^b 2013-14 Available includes a balance of \$42,713,863 in the Property Tax Relief Reserve Account.

^c 2014-15 Estimated includes a balance of \$49,098,363 in the Property Tax Relief Reserve Account.

Public Transportation Assistance Fund

The Public Transportation Assistance Fund was established by Act 26 of 1991 to assist the capital, asset maintenance and 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 7,379	\$ 7,639	\$ 7,971
Receipts:			
Tire Fee, Rental Fee and Lease Tax.....	\$ 94,181	\$ 96,300	\$ 98,400
Sales and Use Tax.....	88,753	92,000	95,100
Interest.....	37	32	32
Total Receipts	182,971	188,332	193,532
Total Funds Available	\$ 190,350	\$ 195,971	\$ 201,503
Disbursements:			
Transportation:			
Grants.....	\$ 165,406	\$ 170,313	\$ 175,914
Transfer to Public Transportation Trust Fund.....	17,305	17,687	18,122
Total Disbursements	-182,711	-188,000	-194,036
Cash Balance, Ending	\$ 7,639	\$ 7,971	\$ 7,467

Public Transportation Trust Fund

The Public Transportation Trust Fund was created by Act 44 of 2007 to provide dedicated funding for public transportation in the commonwealth. Act 89 of 2013 increased funding and revenue sources for the fund. Revenues come from scheduled payments by the Pennsylvania Turnpike Commission, a portion of the Sales and Use Tax, certain motor vehicle fees, vehicle code fines and surcharges, 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, capital and asset improvements, and programs of statewide significance.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 154,168	\$ 142,266	\$ 56,396
Receipts:			
Sales and Use Tax.....	\$ 412,368	\$ 429,001	\$ 437,581
Pennsylvania Turnpike Commission.....	250,000	250,000	420,000
Transfer from Lottery Fund.....	91,268	92,956	94,443
Transfer from Public Transportation Assistance Fund.....	17,305	17,687	18,122
Transfer from Supplemental Public Transportation Assistance Fund.....	984	0	0
Motor Vehicle Fees.....	0	34,030	130,170
Vehicle Code Fines	0	26,000	57,000
Interest.....	1,983	1,880	1,880
Total Receipts	773,908	851,554	1,159,196
Total Funds Available	\$ 928,076	\$ 993,820	\$ 1,215,592
Disbursements:			
Transportation.....	\$ 785,810	\$ 937,424	\$ 1,180,867
Total Disbursements	-785,810	-937,424	-1,180,867
Cash Balance, Ending	\$ 142,266	\$ 56,396	\$ 34,725

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 41,536	\$ 25,071	\$ 34,250
Receipts:			
Reimbursements to General Services.....	\$ 357,396	\$ 411,532	\$ 449,236
Reimbursements to Executive Offices.....	60,579	70,885	65,000
General Fund Loan.....	0	7,000	7,000
Interest.....	80	94	94
Total Receipts	<u>418,055</u>	<u>489,511</u>	<u>521,330</u>
Total Funds Available	\$ 459,590	\$ 514,582	\$ 555,580
Disbursements:			
General Services.....	\$ 369,250	\$ 407,435	\$ 460,082
Executive Offices.....	65,269	65,897	62,000
Loan Repayment.....	0	7,000	7,000
Total Disbursements	<u>-434,519</u>	<u>-480,332</u>	<u>-529,082</u>
Cash Balance, Ending	\$ 25,071	\$ 34,250	\$ 26,498

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 311	\$ 113	\$ 463
Receipts:			
Additional License Fees.....	\$ 54	\$ 500	\$ 65
Interest	1	0	0
Total Receipts	<u>55</u>	<u>500</u>	<u>65</u>
Total Funds Available	\$ 366	\$ 613	\$ 528
Disbursements:			
State.....	\$ 253	\$ 150	\$ 150
Total Disbursements	<u>-253</u>	<u>-150</u>	<u>-150</u>
Cash Balance, Ending	\$ 113	\$ 463	\$ 378

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 59,318	\$ 71,904	\$ 60,494
Receipts:			
Recycling Fees.....	\$ 35,689	\$ 36,550	\$ 36,550
Interest	1,142	1,231	1,231
Transfer from Hazardous Sites Cleanup Fund.....	1,000	0	0
Total Receipts	<u>37,831</u>	<u>37,781</u>	<u>37,781</u>
Total Funds Available	\$ 97,149	\$ 109,685	\$ 98,275
Disbursements:			
Environmental Protection	\$ 25,245	\$ 49,191	\$ 46,475
Total Disbursements	<u>-25,245</u>	<u>-49,191</u>	<u>-46,475</u>
Cash Balance, Ending	\$ 71,904	\$ 60,494	\$ 51,800

Rehabilitation Center Fund

This fund was created 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 4,605	\$ 8,554	\$ 8,127
Receipts:			
Client Fees	\$ 21,854	\$ 19,600	\$ 19,600
Interest.....	13	18	18
Labor and Industry	-508	150	150
Other.....	2,356	2,715	2,715
Total Receipts	<u>23,715</u>	<u>22,483</u>	<u>22,483</u>
Total Funds Available	\$ 28,320	\$ 31,037	\$ 30,610
Disbursements:			
Labor and Industry.....	\$ 19,766	\$ 22,910	\$ 23,566
Total Disbursements	<u>-19,766</u>	<u>-22,910</u>	<u>-23,566</u>
Cash Balance, Ending	\$ 8,554	\$ 8,127	\$ 7,044

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 3,431	\$ 4,008	\$ 3,900
Receipts:			
Transfer from Other Funds.....	\$ 500	\$ 0	\$ 0
Interest transfer to Land and Water Development Sinking Fund.....	-8	-7	-7
Interest.....	8	7	7
Other.....	-38	0	0
Operator Annual Fee.....	115	120	120
Total Receipts	<u>577</u>	<u>120</u>	<u>120</u>
Total Funds Available	<u>\$ 4,008</u>	<u>\$ 4,128</u>	<u>\$ 4,020</u>
Disbursements:			
Environmental Protection	\$ 0	\$ 228	\$ 50
Total Disbursements	<u>0</u>	<u>-228</u>	<u>-50</u>
Cash Balance, Ending	<u>\$ 4,008</u>	<u>\$ 3,900</u>	<u>\$ 3,970</u>

Rightful Owners' Claims Payment Fund

The Rightful Owners' Claims Payment Fund was created by Act 45 of 2003 to make reimbursements and prompt payment of claims to 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, five 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 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 60	\$ 27	\$ 124
Receipts:			
Transfers from Unclaimed Property Accounts.....	\$ 490	\$ 308	\$ 314
Total Receipts	<u>490</u>	<u>308</u>	<u>314</u>
Total Funds Available	<u>\$ 550</u>	<u>\$ 335</u>	<u>\$ 438</u>
Disbursements:			
Treasury Payments to Claimants.....	\$ 523	\$ 211	\$ 215
Total Disbursements	<u>-523</u>	<u>-211</u>	<u>-215</u>
Cash Balance, Ending	<u>\$ 27</u>	<u>\$ 124</u>	<u>\$ 223</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, thereby lowering the employer contribution costs. Act 120 of 2010 amended the benefit structure for most new employees hired after July 1, 2011 and amended the funding provisions. Act 120 also established a new shared risk benefit plan.

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.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 48,204,114	\$ 48,712,183	\$ 49,011,933
Receipts:			
Transfer from General Fund —			
Employer Contribution (non-school entities).....	\$ 7,558	\$ 12,000	\$ 15,000
Transfers from State Retirement System.....	9,174	10,000	10,000
Transfer from Tobacco and Health Venture.....	0	0	225,000
Contributions of School Employees.....	1,065,968	979,000	1,004,000
Contributions of Employers.....	1,322,184	2,219,000	2,859,000
Net Investment Adjustment.....	4,056,171	3,684,000	3,706,000
Total Receipts	<u>6,461,055</u>	<u>6,904,000</u>	<u>7,819,000</u>
Total Funds Available	\$ 54,665,169	\$ 55,616,183	\$ 56,830,933
Disbursements:			
Treasury	\$ 236	\$ 250	\$ 250
Public School Employees' Retirement Board	5,952,750	6,604,000	7,015,000
Total Disbursements	<u>-5,952,986</u>	<u>-6,604,250</u>	<u>-7,015,250</u>
Cash Balance, Ending	\$ 48,712,183	\$ 49,011,933	\$ 49,815,683

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. This presentation only reflects the activity of the claims reserve account. PSERS administers other activity through the fund which is not included herein. 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 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Insurance Claims.....	\$ 36,310	\$ 36,000	\$ 37,000
Total Receipts	36,310	36,000	37,000
Total Funds Available	\$ 36,310	\$ 36,000	\$ 37,000
Disbursements:			
School Employees' Retirement System.....	\$ 36,310	\$ 36,000	\$ 37,000
Total Disbursements	-36,310	-36,000	-37,000
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

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 October 30, 1993. The fund is maintained by assessments on self-insurers. Act 53 of 2000 provides for payments of claims resulting from injuries prior to October 30, 1993, 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 48,692	\$ 58,515	\$ 56,655
Receipts:			
Assessments.....	\$ 9,962	\$ 2,980	\$ 3,000
Workmen's Compensation Transfers.....	5,126	0	0
Interest.....	921	997	997
Internal Interest Transfers.....	-916	-920	-900
Total Receipts	15,093	3,057	3,097
Total Funds Available	\$ 63,785	\$ 61,572	\$ 59,752
Disbursements:			
Labor and Industry.....	\$ 5,270	\$ 4,917	\$ 5,000
Total Disbursements	-5,270	-4,917	-5,000
Cash Balance, Ending	\$ 58,515	\$ 56,655	\$ 54,752

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. Act 50 of 2009 enabled the fund to transfer monies to the Machinery and Equipment Loan Fund in support of its activities.

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 82,765	\$ 93,479	\$ 80,854
Receipts:			
Loan Principal and Interest Repayments.....	\$ 17,020	\$ 17,020	\$ 17,020
Interest.....	1,204	1,287	1,287
Other.....	8	8	8
Total Receipts	<u>18,232</u>	<u>18,315</u>	<u>18,315</u>
Total Funds Available	\$ 100,997	\$ 111,794	\$ 99,169
Disbursements:			
Community and Economic Development.....	\$ 7,518	\$ 30,940	\$ 25,458
Total Disbursements	<u>-7,518</u>	<u>-30,940</u>	<u>-25,458</u>
Cash Balance, Ending	\$ 93,479	\$ 80,854	\$ 73,711

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 440	\$ 441	\$ 442
Receipts:			
Interest.....	\$ 1	\$ 1	\$ 1
Total Receipts	<u>1</u>	<u>1</u>	<u>1</u>
Total Funds Available	\$ 441	\$ 442	\$ 443
Disbursements:			
Environmental Protection	\$ 0	\$ 0	\$ 0
Total Disbursements	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	\$ 441	\$ 442	\$ 443

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 monies 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 1,283	\$ 4,770	\$ 199
Receipts:			
Penalty and Interest Collections.....	\$ 15,421	\$ 8,031	\$ 5,353
Interest.....	16	13	13
Total Receipts	<u>15,437</u>	<u>8,044</u>	<u>5,366</u>
Total Funds Available	<u>\$ 16,720</u>	<u>\$ 12,814</u>	<u>\$ 5,565</u>
Disbursements:			
Transfer to Job Training Fund.....	\$ 1,200	\$ 5,000	\$ 5,000
Labor and Industry.....	10,750	7,615	367
Total Disbursements	<u>-11,950</u>	<u>-12,615</u>	<u>-5,367</u>
Cash Balance, Ending	<u>\$ 4,770</u>	<u>\$ 199</u>	<u>\$ 198</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. Interest earned is disbursed to the Pennsylvania State University.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 24	\$ 24	\$ 24
Receipts:			
Interest.....	\$ 0	\$ 0	\$ 0
Total Receipts	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Available	<u>\$ 24</u>	<u>\$ 24</u>	<u>\$ 24</u>
Disbursements:			
Treasury.....	\$ 0	\$ 0	\$ 0
Total Disbursements	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 24</u>	<u>\$ 24</u>	<u>\$ 24</u>

State Employees' Retirement Fund

This fund was created in 1923 to accumulate reserves for the payment of pensions to eligible former state employees. Money in this fund is used to pay retirement, disability and death benefits to members of the State Employees' Retirement System and their beneficiaries. Membership in the system is mandatory for most state employees and available to employees of non-state entities, such as the Pennsylvania State University, the Turnpike Commission, the Delaware River Port Authority and other public and quasi-public institutions authorized by the Retirement Code.

The fund receives revenue from employee contributions, employer contributions and income derived from its investment portfolio. Employer contributions are an actuarially determined percentage of payroll sufficient to fund current and future benefit payments. Investment income is used to credit interest to each member's account; to pay the administrative expenses of the retirement system; and to accumulate monies for the payment of future benefits. Management of the fund and payment of benefits are overseen by the State Employees' Retirement Board.

Act 40 of 2003 changed the retirement system's amortization period, thereby lowering the employer contribution costs. Act 120 of 2010 amended the benefit structure for most new employees hired after December 31, 2010 and amended the funding provisions. Act 120 also established a new shared risk benefit plan.

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.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 24,545,960	\$ 25,344,120	\$ 25,647,235
Receipts:			
Contributions of Employees.....	\$ 361,238	\$ 361,500	\$ 356,500
Contributions of Employers.....	635,384	968,036	1,232,070
Transfer to Annuity Reserve Account.....	11,310	0	0
Directed Commissions.....	103	109	106
Net Investment Adjustment.....	2,571,129	1,856,899	1,936,243
Other.....	1,843	0	0
Total Receipts	<u>3,581,007</u>	<u>3,186,544</u>	<u>3,524,919</u>
Total Funds Available	\$ 28,126,967	\$ 28,530,664	\$ 29,172,154
Disbursements:			
Treasury.....	\$ 147	\$ 250	\$ 300
State Employees' Retirement System.....	2,782,700	2,883,179	2,991,755
Total Disbursements	<u>-2,782,847</u>	<u>-2,883,429</u>	<u>-2,992,055</u>
Cash Balance, Ending	\$ 25,344,120	\$ 25,647,235	\$ 26,180,099

State Gaming Fund

Act 71 of 2004, the Pennsylvania Race Horse Development and Gaming Act, established the State Gaming Fund to receive all licenses fees provided for in the act and 34 percent of the gross terminal revenue (GTR) generated by licensed gaming facilities. These monies are to be distributed annually to various programs as set forth in the act with the remainder being transferred to the Property Tax Relief Fund in order to provide property tax relief as required by Act 1 of Special Session 1 of 2006. Also licensed gaming facilities deposit an additional 4 percent of GTR into the fund for local share distributions where gaming facilities are located.

Act 1 of 2010 expanded gaming in the commonwealth to include table games and required licensed gaming facilities with table games to deposit an additional 2 percent of the gross table games revenue into the fund for local share distributions.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 183,246	\$ 171,805	\$ 158,430
Receipts:			
License Fees.....	\$ 5,000	\$ 0	\$ 0
State Tax Revenue.....	823,073	818,122	823,536
Licensee Deposit Accts.....	46,989	56,410	56,978
Local Share Assessment.....	151,655	150,743	151,740
Interest.....	393	400	400
Other	17,355	6,255	8,500
Total Receipts	<u>1,044,465</u>	<u>1,031,930</u>	<u>1,041,154</u>
Total Funds Available	\$ 1,227,711	\$ 1,203,735	\$ 1,199,585
Disbursements:			
Revenue:			
Transfer to Compulsive and Problem Gambling Treatment Fund.....	\$ 4,930	\$ 5,242	\$ 4,900
Transfer to Compulsive and Problem Gambling Treatment Fund - Drug and Alcohol.....	3,000	3,000	3,000
Payment in Lieu of Taxes:			
Conservation and Natural Resources.....	5,113	5,137	5,146
Fish and Boat Commission.....	17	40	40
Game Commission.....	3,504	3,550	3,550
Emergency Management:			
Volunteer Company Grants.....	25,000	25,000	25,000
Gaming Control Board:			
Local Law Enforcement Grants.....	879	2,000	2,000
Local Share Assessment Distribution:			
Revenue.....	117,683	116,975	117,749
Community and Economic Development.....	35,216	35,004	35,236
Education.....	1,305	1,297	1,306
Administrative Appropriations:			
Gaming Control Board.....	42,744	38,902	38,924
Revenue	8,018	10,086	9,513
State Police.....	18,993	23,338	22,995
Attorney General.....	887	1,094	1,141
Transfer to Property Tax Relief Fund.....	788,617	774,639	780,022
Total Disbursements	<u>-1,055,906</u>	<u>-1,045,304</u>	<u>-1,050,522</u>
Cash Balance, Ending	\$ 171,805^a	\$ 158,430^a	\$ 149,063^a

^a Ending cash balance includes the following restricted balances: 2012-13 Actual is \$166,010,000, 2013-14 Available is \$152,721,000 and 2014-15 Estimated is \$143,076,000.

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 10,886	\$ 9,463	\$ 8,397
Receipts:			
Recovered Damages.....	\$ 122	\$ 461	\$ 450
Interest	248	266	266
Total Receipts	<u>370</u>	<u>727</u>	<u>716</u>
Total Funds Available	\$ 11,256	\$ 10,190	\$ 9,113
Disbursements:			
General Services.....	\$ 1,793	\$ 1,793	\$ 1,800
Total Disbursements	<u>-1,793</u>	<u>-1,793</u>	<u>-1,800</u>
Cash Balance, Ending	\$ 9,463	\$ 8,397	\$ 7,313

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 is the only restaurant operated through this fund. Revenue is derived from profit-sharing with the contracted vendor.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 1,128	\$ 1,056	\$ 976
Receipts:			
Revenue from Operations.....	\$ 22	\$ 15	\$ 20
Interest.....	3	2	2
Total Receipts	<u>25</u>	<u>17</u>	<u>22</u>
Total Funds Available	\$ 1,153	\$ 1,073	\$ 998
Disbursements:			
General Services.....	\$ 97	\$ 97	\$ 100
Total Disbursements	<u>-97</u>	<u>-97</u>	<u>-100</u>
Cash Balance, Ending	\$ 1,056	\$ 976	\$ 898

State School Fund

This fund was established in 1911 and is funded primarily by the sale of escheated estates and other nonpublic real estate and interest earnings of the Sinking Fund. Changes in the escheat law and lack of interest earnings from the Sinking Fund or investment of monies in the State School Fund have resulted in a low revenue level. The fund is active in only a limited sense.

The original purpose of the fund was to equalize educational advantages across the commonwealth; to provide advancements to school districts temporarily in need of aid; and to promote education in the conservation of natural resources, forestry, agriculture and other industrial pursuits. The law was amended in 1960 to change the purpose of the fund to equalization of educational opportunities, and to pay part of the cost of repair or alteration of local public school or state college buildings when required to satisfy requirements of the Department of Labor and Industry or other relevant governmental agencies. Currently, the State Board of Education periodically uses the interest earned to fund research and small projects.

Expenditures from the fund are made at the direction of the State Board of Education.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 663	\$ 665	\$ 666
Receipts:			
Interest.....	\$ 2	\$ 1	\$ 1
Total Receipts	<u>2</u>	<u>1</u>	<u>1</u>
Total Funds Available	<u>\$ 665</u>	<u>\$ 666</u>	<u>\$ 667</u>
Disbursements:			
Education.....	\$ 0	\$ 0	\$ 0
Total Disbursements	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 665</u>	<u>\$ 666</u>	<u>\$ 667</u>

State Stores Fund

The State Stores Fund serves as the general operating fund for the Liquor Control Board. The Pennsylvania State Police also receive funds for the enforcement of the Liquor Code. Prior to 2012-13, the Department of Health received funds for alcohol abuse programs. Act 50 of 2010 created the Department of Drug and Alcohol Programs and requires that all drug and alcohol funding previously allocated to the Department of Health be transferred to the Department of Drug and Alcohol Programs.

This fund receives revenues from the sale of goods in State Liquor Stores, fees not credited to the Liquor License Fund, fines and penalties, losses and damages recovered, and loans from the General Fund to provide working capital. Expenditures cover all costs associated with the operation and administration of the Liquor Store System and enforcement of the Liquor Code. Surplus funds are transferred to the General Fund.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 6,683	\$ -1,193	\$ 7,503
Receipts:			
Fees, Fines and Penalties.....	\$ 13,550	\$ 14,266	\$ 15,698
Sale of Goods.....	1,748,437	1,836,068	1,927,871
Liquor Sales Taxes.....	440,483	462,507	485,632
Recovered Losses and Damages.....	2,268	1,800	1,800
General Fund Loan.....	110,000	0	0
Other.....	-80	0	0
Interest.....	503	319	319
Total Receipts	2,315,161	2,314,960	2,431,320
Total Funds Available	\$ 2,321,844	\$ 2,313,767	\$ 2,438,823
Disbursements:			
Drug and Alcohol Programs.....	\$ 2,070	\$ 2,567	\$ 2,567
Liquor Control Board	1,556,330	1,734,338	1,838,357
State Police.....	24,154	26,852	26,996
General Fund Loan Repayment.....	220,000	0	0
Transfer of Liquor Sales Taxes to General Fund.....	440,483	462,507	485,632
Transfer of Profits to General Fund.....	80,000	80,000	80,000
Total Disbursements	-2,323,037	-2,306,264	-2,433,552
Cash Balance, Ending	\$ -1,193^a	\$ 7,503	\$ 5,271

^a Actual year receipts include \$5,893,272 pending in Treasury. Actual year disbursements include \$167,637,950 posted but not yet paid by Treasury. The cash balance in Treasury at 6/30/2013 was \$160,551,983.

State Treasury Armory Fund

Created in accordance with Act 92 of 1975, the State Treasury Armory 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 2,329	\$ 1,799	\$ 1,538
Receipts:			
Armory Rentals.....	\$ 480	\$ 500	\$ 550
Sale of Armories and Land.....	372	436	575
Interest.....	4	3	3
Total Receipts	<u>856</u>	<u>939</u>	<u>1,128</u>
Total Funds Available	\$ 3,185	\$ 2,738	\$ 2,666
Disbursements:			
Military and Veterans Affairs.....	\$ 1,386	\$ 1,200	\$ 1,200
Total Disbursements	<u>-1,386</u>	<u>-1,200</u>	<u>-1,200</u>
Cash Balance, Ending	\$ 1,799	\$ 1,538	\$ 1,466

State Workers' Insurance Fund

The State Workers' 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 1,521,279	\$ 1,507,787	\$ 1,509,287
Receipts:			
Premiums.....	\$ 200,629	\$ 240,000	\$ 250,000
Interest.....	51,344	55,000	57,000
Net Investment Adjustment.....	0	5,700	5,700
Other.....	3,853	5,600	5,600
Total Receipts	<u>255,826</u>	<u>306,300</u>	<u>318,300</u>
Total Funds Available	\$ 1,777,105	\$ 1,814,087	\$ 1,827,587
Disbursements:			
Treasury.....	\$ 0	\$ 0	\$ 0
Labor and Industry.....	269,318	300,000	324,301
Premium Tax Payment to General Fund.....	0	4,800	5,000
Total Disbursements	<u>-269,318</u>	<u>-304,800</u>	<u>-329,301</u>
Cash Balance, Ending	\$ 1,507,787	\$ 1,509,287	\$ 1,498,286

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 12,154	\$ 9,324	\$ 5,487
Receipts:			
Registration Fees.....	\$ 3,315	\$ 3,162	\$ 3,300
Federal Funds - EPA.....	1,367	4,740	4,740
Fines and Penalties.....	600	482	625
Interest.....	25	18	18
Other.....	2,795	2,700	2,652
Total Receipts	8,102	11,102	11,335
Total Funds Available	\$ 20,256	\$ 20,426	\$ 16,822
Disbursements:			
Environmental Protection.....	\$ 10,932	\$ 14,939	\$ 14,925
Total Disbursements	-10,932	-14,939	-14,925
Cash Balance, Ending	\$ 9,324	\$ 5,487	\$ 1,897

Substance Abuse Education and Demand Reduction Fund

This fund was created by Act 198 of 2002 and amended by Act 36 of 2006. The purpose of the fund is to provide research-based approaches to prevention, intervention, training, treatment and education services to reduce substance abuse and to offer statewide programs to assist families in accessing those services. The fund also provides for statewide programs to educate employers, unions and employees about the dangers of substance abuse in the workplace and provide comprehensive drug-free workplace programs and technical resources for businesses. Revenue to the fund consists of assessments on individuals convicted, adjudicated delinquent or granted accelerated rehabilitative disposition and also those individuals who plead guilty or nolo contendere to either a violation of the Controlled Substance, Drug, Device and Cosmetic Act or a violation relating to driving under the influence of alcohol or controlled substance.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 14,291	\$ 14,040	\$ 9,322
Receipts:			
Assessments.....	\$ 3,465	\$ 3,322	\$ 3,322
Interest.....	192	210	210
Total Receipts	3,657	3,532	3,532
Total Funds Available	\$ 17,948	\$ 17,572	\$ 12,854
Disbursements:			
Executive Offices.....	\$ 3,552	\$ 7,904	\$ 7,954
Attorney General.....	356	346	346
Total Disbursements	-3,908	-8,250	-8,300
Cash Balance, Ending	\$ 14,040	\$ 9,322	\$ 4,554

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. Act 95 of 2012 required sum-certain guarantees to cover stage III reclamation liability under a permittee's reclamation bond, to the extent funds are available.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 67,115	\$ 66,053	\$ 48,867
Receipts:			
Licenses and Fees.....	\$ 227	\$ 600	\$ 600
Fines and Penalties.....	245	242	242
Interest.....	1,360	1,456	1,456
Forfeiture of Bonds.....	120	0	0
Other.....	13,180	0	0
Total Receipts	15,132	2,298	2,298
Total Funds Available	\$ 82,247	\$ 68,351	\$ 51,165
Disbursements:			
Environmental Protection.....	\$ 16,194	\$ 19,484	\$ 4,663
Total Disbursements	-16,194	-19,484	-4,663
Cash Balance, Ending	\$ 66,053	\$ 48,867	\$ 46,502

Tax Note Sinking Fund

Monies in this fund are used solely for the payment of principal and interest on tax anticipation notes issued for the General Fund or the Motor License Fund. Repayment of tax anticipation notes must be accomplished before the end of the fiscal year in which the notes were issued.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 83	\$ 83	\$ 83
Receipts:			
Transfer from General Fund.....	\$ 0	\$ 0	\$ 0
Interest.....	0	0	0
Total Receipts	0	0	0
Total Funds Available	\$ 83	\$ 83	\$ 83
Disbursements:			
Treasury.....	\$ 0	\$ 0	\$ 0
Total Disbursements	0	0	0
Cash Balance, Ending	\$ 83	\$ 83	\$ 83

Tobacco Settlement Fund

The Tobacco Settlement Fund is a special revenue fund comprised of monies from all tobacco settlements under the Tobacco Master Settlement Agreement. Act 77 of 2001 created the Tobacco Settlement Fund (TSF) to receive the revenues from the Master Settlement Agreement that was reached with the five major tobacco companies on December 17, 1999. The TSF was established to provide 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, hospital uncompensated care and an endowment component to preserve a portion of the receipts for future use.

Since 2005-06, a portion of the tobacco revenue has been used to offset the escalating cost of long-term care services for persons with disabilities and older Pennsylvanians. In 2013-14, Act 72 of 2013 appropriated the Master Settlement Agreement (MSA) funds received in April of that year as follows: 13 percent for home and community-based services, 4.5 percent for tobacco use prevention and cessation activities, 13.6 percent for health and related research, 8.18 percent for uncompensated care, 30 percent for Medicaid benefits for workers with disabilities, 8 percent for expansion of Pacenet and 22.72 percent for health-related purposes. In addition, the annual strategic contribution payment was appropriated for health-related purposes.

In September 2013, an arbitration panel hearing the non-participating manufacturer (NPM) adjustment dispute with respect to MSA payments received in 2004 issued a decision adverse to the commonwealth. The Attorney General has challenged the decision, and proceedings are pending before the Philadelphia Court of Common Pleas. If the arbitrators' decision stands, the commonwealth's MSA payment in April 2014 will be reduced by approximately \$180 million. Funds have been placed in budgetary reserve in 2013-14 to offset this loss. This budget proposes to allocate funds for 2014-15 based on the anticipated April 2015 MSA payment. The distribution of funds is 15.12 percent for Medicaid benefits for workers with disabilities (please see the Health Pennsylvania and Enhancing Human Services theme in the Overview and Summaries Section for more information), 13.6 percent for health and related research, 13 percent for home and community-based services, 4.5 percent for tobacco use prevention and cessation, 8.18 percent for uncompensated care and 45.6 percent for health-related purposes. In addition, the annual strategic payment is recommended to be appropriated for health-related purposes. This budget allocates a total of \$328.1 million in 2014-15 for health care related activities.

This budget proposes a transfer of assets and cash reserves in the Tobacco Settlement Fund and the Health Venture Investment Account in the amount of \$225 million to PSERS. This transfer of private equity investments and cash assets will be made in lieu of a full General Fund transfer to support the PSERS' General Fund program.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 429,176	\$ 367,138	\$ 256,372
Receipts:			
Gross Settlements.....	\$ 315,825	\$ 135,825	\$ 307,327
Strategic Contributions.....	21,360	21,360	20,789
Federal Receipts.....	137,201	188,426	126,028
Interest.....	58	3	3
Other.....	6	0	0
Net Investment Adjustment.....	-38,464	0	0
Total Receipts	435,987	345,614	454,147
Total Funds Available	\$ 865,163	\$ 712,752	\$ 710,519
Disbursements:			
Aging:			
PACENET Transfer (EA).....	\$ 25,282	\$ 0	\$ 0
Home and Community-Based Services (EA).....	-347	-9	0
(F)Medical Assistance - Community Services (EA).....	-255	-9	0
Community and Economic Development:			
Tobacco Settlement Investment Board.....	195	288	217 ^a
Life Science Greenhouses.....	3,033	0	3,000
Transfer to Public School Employees Retirement System.....	0	0	225,000
Health:			
Tobacco Use Prevention and Cessation (EA).....	13,091	11,090	13,830
Health Research - Health Priorities (EA).....	39,376	826	38,723
Health Research - National Cancer Institute (EA).....	3,159	0	3,073
Public Welfare:			
Medical Care for Workers with Disabilities (EA).....	64,808	94,892	46,461
(F)Medical Assistance - Workers with Disabilities (EA).....	77,566	110,107	51,351
Uncompensated Care (EA).....	26,267	24,694	25,140
(F)Medical Assistance - Uncompensated Care (EA).....	33,247	30,690	27,039
Home and Community-Based Services (EA).....	42,401	41,057	39,953
(F)Medical Assistance - Community Services (EA).....	48,490	47,638	47,638
Medical Assistance - Long-Term Care.....	121,713	95,116	157,936
Total Disbursements	-498,025	-456,380	-679,361
Cash Balance, Ending	\$ 367,138	\$ 256,372	\$ 31,158

^a This budget contains half-year funding for the board plus an increase of \$75,000 to account for outside legal contracts associated with the transfer of assets to Public School Employees' Retirement System (PSERS).

Treasury Initiative Support Fund

The Treasury Initiative Support Fund was created in 2009 to account for funding received in support of Treasury initiatives and to track spending as required by the various funding agreements. Treasury established the Keystone Home Energy Loan Program (HELP) in 2006 to offer affordable energy efficiency financing options to homeowners. These consumer loans are bundled and purchased as an investment into a Treasury investment pool. This program received funding to administer components of the Alternate Energy Investment Act of July 9, 2008, Special Session 1. It has also received funding to support the HELP loans, including funds for a geothermal energy component. Support received to assist a Micro Lending investment program is also included in this fund. In addition, Treasury has received independent foundation grants to develop a nationwide market to support the sale of energy efficiency loans and to make investments that promote energy efficiency improvements on college and university campuses in Pennsylvania.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 16,631	\$ 14,914	\$ 14,090
Receipts:			
Program Funding.....	\$ 4,730	\$ 5,771	\$ 6,458
Interest.....	142	127	88
Total Receipts	<u>4,872</u>	<u>5,898</u>	<u>6,546</u>
Total Funds Available	\$ 21,503	\$ 20,812	\$ 20,636
Disbursements:			
Treasury.....	\$ 6,589	\$ 6,722	\$ 10,222
Total Disbursements.....	<u>-6,589</u>	<u>-6,722</u>	<u>-10,222</u>
Cash Balance, Ending	\$ 14,914	\$ 14,090	\$ 10,414

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 (TAP) 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 1,397,567	\$ 1,516,126	\$ 1,652,035
Receipts:			
Application Fees	\$ 1,159	\$ 1,371	\$ 1,398
Tuition Unit Purchases.....	181,586	194,601	198,493
Investment Earnings.....	23,863	24,195	24,679
Net Investment Adjustment.....	118,494	127,793	130,349
Other.....	1,361	2,105	2,147
Total Receipts	<u>326,463</u>	<u>350,065</u>	<u>357,066</u>
Total Funds Available	\$ 1,724,030	\$ 1,866,191	\$ 2,009,101
Disbursements:			
Treasury.....	\$ 207,904	\$ 214,156	\$ 218,439
Total Disbursements	<u>-207,904</u>	<u>-214,156</u>	<u>-218,439</u>
Cash Balance, Ending	\$ 1,516,126	\$ 1,652,035	\$ 1,790,662

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 1,359,223	\$ 2,698,966	\$ 5,377,910
Receipts:			
Tuition Investment Purchases.....	\$ 58,930	\$ 58,911	\$ 60,089
Net Investment Adjustment.....	1,339,455	2,678,656	2,732,230
Other.....	-31	0	0
Total Receipts	1,398,354	2,737,567	2,792,319
Total Funds Available	\$ 2,757,577	\$ 5,436,533	\$ 8,170,229
Disbursements:			
Treasury.....	\$ 58,611	\$ 58,623	\$ 59,796
Total Disbursements	-58,611	-58,623	-59,796
Cash Balance, Ending	\$ 2,698,966	\$ 5,377,910	\$ 8,110,433

Unconventional Gas Well Fund

This fund was created by Act 13 of 2012 to provide for the collection and distribution of unconventional gas well impact fees. The fee revenue will be used by Commonwealth agencies for monitoring and oversight of unconventional gas wells, emergency responder training, and for rail freight assistance projects. Distributions will also be made to county conservation districts and to host counties and municipalities. Receipts deposited into the Unconventional Gas Well Fund are derived from an impact fee assessed to drillers of natural gas wells in the Marcellus Shale regions of the Commonwealth. The fee is assessed per gas well and may be adjusted based on the number of wells and changes in the Consumer Price Index for all urban consumers in the Pennsylvania, New Jersey, Delaware, and Maryland area.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 11,099	\$ 184
Receipts:			
Impact Fee Revenues.....	\$ 406,682	\$ 215,598	\$ 215,598
Interest.....	115	69	69
Total Receipts	<u>406,797</u>	<u>215,667</u>	<u>215,667</u>
Total Funds Available	\$ 406,797	\$ 226,766	\$ 215,851
Disbursements:			
Public Utility Commission.....	\$ 204,272	\$ 115,553	\$ 118,290
Emergency Management.....	156	4,344	1,500
Environmental Protection.....	12,000	6,000	6,000
Fish and Boat Commission.....	821	2,179	1,000
Transportation.....	0	3,000	1,000
Transfer to Conservation District Fund.....	3,750	3,750	3,844
Transfer to Marcellus Legacy Fund.....	161,773	83,039	78,964
Transfer to Housing Affordability and Rehabilitation Enhancement Fund.....	12,926	8,717	5,000
Total Disbursements	<u>-395,698</u>	<u>-226,582</u>	<u>-215,598</u>
Cash Balance, Ending	\$ 11,099	\$ 184	\$ 253

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 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 act also established an environmental cleanup program and a pollution prevention program that are administered by the Department of Environmental Protection. A loan of \$100 million was made to the General Fund on October 15, 2002 in accordance with Act 91 of 2002. Act 74 of 2012 extended authority for the Underground Storage Tank Environmental Cleanup Program and the Underground Storage Tank Pollution Prevention Program until June 30, 2017. Act 72 of 2013 changed the repayment of the \$100 million loan to the General Fund to before July 1, 2029.

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 139,515	\$ 163,299	\$ 144,413
Receipts:			
Gallon Fee	\$ 53,996	\$ 54,000	\$ 54,000
Tank Capacity Fee	6,174	6,000	6,000
Investment Income	4,381	4,557	4,557
Net Investment Adjustment	5,326	0	0
Loan Repayments	6,697	0	0
Loan Repayments from General Fund.....	0	0	0
Other.....	971	400	1,000
Total Receipts	<u>77,545</u>	<u>64,957</u>	<u>65,557</u>
Total Funds Available	\$ 217,060	\$ 228,256	\$ 209,970
Disbursements:			
Community and Economic Development	\$ 4	\$ 1	\$ 0
Environmental Protection	3,136	12,361	11,497
Insurance	50,621	71,481	61,647
Total Disbursements	<u>-53,761</u>	<u>-83,843</u>	<u>-73,144</u>
Cash Balance, Ending	\$ 163,299	\$ 144,413	\$ 136,826

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Regular Unemployment Compensation Program.....	\$ 2,813,242	\$ 2,253,080	\$ 2,165,680
Federal Receipts in Transit.....	0	0 ^a	0 ^a
Other.....	1,748,679	962,957	53,000
Total Receipts	<u>4,561,921</u>	<u>3,216,037</u>	<u>2,218,680</u>
Total Funds Available	<u>\$ 4,561,921</u>	<u>\$ 3,216,037</u>	<u>\$ 2,218,680</u>
Disbursements:			
Labor and Industry.....	\$ 4,561,921	\$ 3,216,037	\$ 2,218,680
Total Disbursements	<u>-4,561,921</u>	<u>-3,216,037</u>	<u>-2,218,680</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 monies collected from employers under the Unemployment Compensation Law and, except for refunds of collections or transfers to the Special Administration Fund, the monies 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 3,058	\$ 368	\$ 0
Receipts:			
Contributions from Employers and Employees.....	\$ 2,751,950	\$ 2,872,400	\$ 2,919,950
Other.....	3,183,855	49,600	40,050
Total Receipts	<u>5,935,805</u>	<u>2,922,000</u>	<u>2,960,000</u>
Total Funds Available	<u>\$ 5,938,863</u>	<u>\$ 2,922,368</u>	<u>\$ 2,960,000</u>
Disbursements:			
Labor and Industry.....	\$ 5,938,495	\$ 2,922,368	\$ 2,960,000
Total Disbursements	<u>-5,938,495</u>	<u>-2,922,368</u>	<u>-2,960,000</u>
Cash Balance, Ending	<u>\$ 368</u>	<u>\$ 0</u>	<u>\$ 0</u>

Unemployment Compensation Debt Service Fund

This fund was created in accordance with the Unemployment Compensation Law. The fund is administered by the Department of Labor and Industry and was originally used for the collection and repayment of interest on loans from the federal government to the Commonwealth's account in the Unemployment Compensation Trust Fund.

Act 60 of 2012, the Commonwealth's UC Reform Legislation, allowed for the issuance of bonds to repay the state's Unemployment Compensation debt to the federal government. The name of the fund was changed to the Debt Service Fund and its purpose was expanded to process payments for bond obligations and administrative expenses, payment of annual interest on federal loans, and once debt levels are reduced to established thresholds, payment or transfer to the Unemployment Compensation Trust Fund for payment of unemployment compensation to individuals.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 83,782	\$ 1,612	\$ 0
Receipts:			
Contributions from Employers.....	\$ 310,144	\$ 450,636	\$ 476,300
Total Receipts	310,144	450,636	476,300
Total Funds Available	\$ 393,926	\$ 452,248	\$ 476,300
Disbursements:			
Labor and Industry.....	\$ 392,314	\$ 452,248	\$ 476,300
Total Disbursements	-392,314	-452,248	-476,300
Cash Balance, Ending	\$ 1,612	\$ 0	\$ 0

Uninsured Employers Guaranty Fund

This fund was created by Act 147 of 2006, amending the Pennsylvania Workers' Compensation Act. The purpose of this fund is to pay claimants, or their dependents, workers' compensation benefits where the employer liable for the payments failed to insure or self-insure its workers' compensation liability at the time the injuries took place. 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 3,291	\$ 1,577	\$ 510
Receipts:			
Assessments/Self-Insurer's Security.....	\$ 3,793	\$ 3,773	\$ 4,650
Interest.....	8	5	5
Total Receipts	3,801	3,778	4,655
Total Funds Available	\$ 7,092	\$ 5,355	\$ 5,165
Disbursements:			
Labor and Industry.....	\$ 5,515	\$ 4,845	\$ 3,900
Total Disbursements	-5,515	-4,845	-3,900
Cash Balance, Ending	\$ 1,577	\$ 510	\$ 1,265

Veterans Trust Fund

The Veterans Trust Fund was established by Act 87 of 2012. The fund is administered by the Department of Military and Veterans Affairs and consists of proceeds paid by the Department of Transportation relating to special plates for veterans and \$3 check-offs on drivers' license and motor vehicle registration applications, as well as grants, gifts, donations and other payments from an individual or governmental entity. The purpose of this fund is to provide grants for programs or projects supporting Pennsylvania veterans and their families.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 1,074	\$ 198
Receipts:			
Transfer from General Fund.....	\$ 1,700	\$ 0	\$ 1,000
Contributions - Plates, Drivers License and Registration.....	15	180	330
Interest.....	1	2	2
Total Receipts	<u>1,716</u>	<u>182</u>	<u>1,332</u>
Total Funds Available	\$ 1,716	\$ 1,256	\$ 1,530
Disbursements:			
Military and Veterans Affairs:			
Veterans Service Organizations.....	\$ 642	\$ 58	\$ 0
Grants and Assistance.....	0	1,000	1,500
Total Disbursements	<u>-642</u>	<u>-1,058</u>	<u>-1,500</u>
Cash Balance, Ending	\$ 1,074	\$ 198	\$ 30

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 500	\$ -402	\$ 316
Receipts:			
Transfer from General Fund.....	\$ 40,473	\$ 40,473	\$ 41,473
Federal Vocational Rehabilitation Funds.....	125,469	153,447	140,999
Other.....	127	0	0
Interest.....	34	30	30
Total Receipts	<u>166,103</u>	<u>193,950</u>	<u>182,502</u>
Total Funds Available	\$ 166,603	\$ 193,548	\$ 182,818
Disbursements:			
Labor and Industry.....	\$ 167,005	\$ 193,232	\$ 182,502
Total Disbursements	<u>-167,005</u>	<u>-193,232</u>	<u>-182,502</u>
Cash Balance, Ending	\$ -402^a	\$ 316	\$ 316

^a The negative ending balance is due to the posting of expenditures in 2012-13 and the receipt of the corresponding federal reimbursement of \$4,370,904.25 in 2013-14.

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 Office of the State Fire Commissioner. In addition to bond proceeds, revenues include loan repayments and penalty charges. To increase program participation and accessibility, Act 129 of 2013 modified loan amount, loan periods and the number of loans allowed for emergency service providers.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 56,467	\$ 65,843	\$ 67,145
Receipts:			
Loan Principal and Interest Repayments.....	\$ 16,600	\$ 18,000	\$ 18,000
Interest.....	739	792	792
Penalty Charges.....	9	10	10
Total Receipts	17,348	18,802	18,802
Total Funds Available	\$ 73,815	\$ 84,645	\$ 85,947
Disbursements:			
Office of State Fire Commissioner.....	\$ 7,972	\$ 17,500	\$ 20,000
Total Disbursements	-7,972	-17,500	-20,000
Cash Balance, Ending	\$ 65,843	\$ 67,145	\$ 65,947

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 83	\$ 0	\$ 0
Total Receipts	83	0	0
Total Funds Available	\$ 83	\$ 0	\$ 0
Disbursements:			
Treasury.....	\$ 83	\$ 0	\$ 0
Total Disbursements	-83	0	0
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Water and Sewer Systems Assistance Bond Fund

Act 64 of 2008, the Water and Sewer Systems Assistance Act, and Act 50 of 2009 authorized a \$400 million bond issue, which was approved by referendum, to provide grants and loans to municipalities and public utilities for the acquisition, repair, construction, reconstruction, rehabilitation, extension, expansion and improvement of water supply and sewage treatment systems as well as the purchase or trading of nutrient credits.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 100,619	\$ 84,553	\$ 64,649
Receipts:			
Referendum Bonds.....	\$ 20,000	\$ 20,000	\$ 15,000
Premium or Discount on Sale of Bonds.....	2,817	0	0
Interest.....	189	135	135
Total Receipts	23,006	20,135	15,135
Total Funds Available	\$ 123,625	\$ 104,688	\$ 79,784
Disbursements:			
Treasury.....	\$ 39	\$ 39	\$ 35
Infrastructure Investment Authority.....	39,033	40,000	50,000
Total Disbursements	-39,072	-40,039	-50,035
Cash Balance, Ending	\$ 84,553	\$ 64,649	\$ 29,749

Water and Sewer Systems Assistance Bond Sinking Fund

This fund will be established to redeem or pay interest on bonds issued for the Water and Sewer Systems Assistance program. The annual appropriation from the General Fund for general obligation debt service will provide revenues to the fund.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 23,555	\$ 24,992	\$ 27,252
Total Receipts	23,555	24,992	27,252
Total Funds Available	\$ 23,555	\$ 24,992	\$ 27,252
Disbursements:			
Treasury.....	\$ 23,555	\$ 24,992	\$ 27,252
Total Disbursements	-23,555	-24,992	-27,252
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Water Facilities Loan Redemption Fund

Payment of interest and principal due on outstanding water facilities loan bonds is made from this fund. The annual appropriation from the General Fund for general obligation debt service and interest on monies in the Water Facilities Loan Fund provide revenues to this fund.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 1,846	\$ 0	\$ 0
Total Receipts	<u>1,846</u>	<u>0</u>	<u>0</u>
Total Funds Available	<u>\$ 1,846</u>	<u>\$ 0</u>	<u>\$ 0</u>
Disbursements:			
Treasury.....	\$ 1,846	\$ 0	\$ 0
Total Disbursements	<u>-1,846</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 28,857	\$ 28,942	\$ 28,996
Receipts:			
Loan Principal and Interest Repayments.....	\$ 5,700	\$ 5,600	\$ 5,500
Interest.....	62	54	54
Total Receipts	<u>5,762</u>	<u>5,654</u>	<u>5,554</u>
Total Funds Available	<u>\$ 34,619</u>	<u>\$ 34,596</u>	<u>\$ 34,550</u>
Disbursements:			
Community & Economic Development - Public.....	\$ 5,677	\$ 5,600	\$ 5,500
Community & Economic Development - Private.....	0	0	0
Total Disbursements	<u>-5,677</u>	<u>-5,600</u>	<u>-5,500</u>
Cash Balance, Ending	<u>\$ 28,942</u>	<u>\$ 28,996</u>	<u>\$ 29,050</u>

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 General Fund for general obligation debt service provides revenues to the fund.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 13,166	\$ 14,816	\$ 15,282
Total Receipts	<u>13,166</u>	<u>14,816</u>	<u>15,282</u>
Total Funds Available	<u>\$ 13,166</u>	<u>\$ 14,816</u>	<u>\$ 15,282</u>
Disbursements:			
Treasury.....	\$ 13,166	\$ 14,816	\$ 15,282
Total Disbursements	<u>-13,166</u>	<u>-14,816</u>	<u>-15,282</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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 131	\$ 178	\$ 110
Receipts:			
Tax Check-Offs.....	\$ 93	\$ 84	\$ 84
Voluntary Donations.....	2	2	2
License Plate Sales.....	24	21	21
Other.....	3	3	3
Total Receipts	<u>122</u>	<u>110</u>	<u>110</u>
Total Funds Available	<u>\$ 253</u>	<u>\$ 288</u>	<u>\$ 220</u>
Disbursements:			
Conservation and Natural Resources.....	\$ 75	\$ 178	\$ 113
Total Disbursements	<u>-75</u>	<u>-178</u>	<u>-113</u>
Cash Balance, Ending	<u>\$ 178</u>	<u>\$ 110</u>	<u>\$ 107</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 two 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 5,397	\$ 12,525	\$ 8,204
Receipts:			
Surcharges	\$ 116,330	\$ 116,260	\$ 116,260
Interest.....	18	20	20
Total Receipts	<u>116,348</u>	<u>116,280</u>	<u>116,280</u>
Total Funds Available	\$ 121,745	\$ 128,805	\$ 124,484
Disbursements:			
Emergency Management:			
Administration.....	\$ 1,799	\$ 2,465	\$ 2,200
Grants.....	107,421	118,136	115,000
Total Disbursements	<u>-109,220</u>	<u>-120,601</u>	<u>-117,200</u>
Cash Balance, Ending	\$ 12,525	\$ 8,204	\$ 7,284

Workers' Compensation Security Fund

The purpose of this fund is payment of valid claims for compensation provided by the Workers' Compensation Act to individuals who are insured by an insolvent stock company. Expenses for administration of the fund are also covered.

Through June 30, 2000, payment equal to one percent of the net written premiums received for workers' compensation insurance policies written in the commonwealth by stock companies, mutual carriers and reciprocal exchanges during the preceding annual reporting period were credited to the fund. Such payments were required only if the balance less known liabilities of the fund was determined to be less than five percent of the loss reserves of all such companies for payments of benefits under the Workers' Compensation Act.

Act 49 of 2000 removed the statutory annual assessment procedures in conjunction with giving prudent person investment authority to the Insurance Commissioner jointly with the State Treasurer for the investment of monies in the fund. This change was expected to generate increased earnings to the fund, thereby reducing the frequency of the assessment. The act requires the Insurance Department to manage the fund to maintain its actuarial soundness and a minimum balance of \$500 million as of December 31 of any given year. If the fund balance falls below \$500 million by calendar year end, the department will assess contributions to restore the balance in the fund in a timely manner.

The net investment adjustment shown below is to reflect the current market value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 642,655	\$ 687,716	\$ 704,199
Receipts:			
Assessments and Receipts	\$ 23,253	\$ 27,935	\$ 18,000
Net Investment Adjustment.....	22,207	0	0
Interest	24,539	24,898	24,898
Other.....	901	1,650	1,000
Total Receipts	70,900	54,483	43,898
Total Funds Available	\$ 713,555	\$ 742,199	\$ 748,097
Disbursements:			
Treasury	\$ 1	\$ 0	\$ 0
Insurance	25,838	38,000	38,000
Total Disbursements	-25,839	-38,000	-38,000
Cash Balance, Ending	\$ 687,716	\$ 704,199	\$ 710,097

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 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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 107,351	\$ 113,763	\$ 94,046
Receipts:			
Assessments.....	\$ 79,989	\$ 64,092	\$ 70,666
Interest.....	278	224	224
Fines and Penalties.....	4	5	5
Other.....	714	714	720
Total Receipts	80,985	65,035	71,615
Total Funds Available	\$ 188,336	\$ 178,798	\$ 165,661
Disbursements:			
Treasury.....	\$ 5	\$ 0	\$ 0
Community and Economic Development.....	141	194	194
Labor and Industry.....	74,427	84,558	71,066
Total Disbursements	-74,573	-84,752	-71,260
Cash Balance, Ending	\$ 113,763	\$ 94,046	\$ 94,401

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)

	2012-13 Actual	2013-14 Available	2014-15 Estimated
Cash Balance, Beginning	\$ 3,524	\$ 4,533	\$ 3,224
Receipts:			
Assessments.....	\$ 21,961	\$ 19,521	\$ 21,500
Interest.....	21	15	15
Other.....	382	20	21
Total Receipts	22,364	19,556	21,536
Total Funds Available	\$ 25,888	\$ 24,089	\$ 24,760
Disbursements:			
Labor and Industry.....	\$ 21,355	\$ 20,865	\$ 23,000
Total Disbursements	-21,355	-20,865	-23,000
Cash Balance, Ending	\$ 4,533	\$ 3,224	\$ 1,760

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Commonwealth of Pennsylvania

Governor's Executive Budget

COMPLEMENT

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COMPLEMENT

This section provides a summary by department of authorized salaried complement on a full-time equivalent 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.

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**AUTHORIZED SALARIED COMPLEMENT BY AGENCY
FULL-TIME EQUIVALENT**

The following is a summary, by department, of the commonwealth's authorized complement levels on a full-time equivalent basis.

<i>Department</i>	<i>2012-13 Actual</i>	<i>2013-14 Available</i>	<i>2014-15 Budget</i>	<i>Difference Budget vs. Available</i>
Governor's Office	68	68	68	
Executive Offices	1,887	1,802	1,746	-56
Lieutenant Governor's Office	13	13	13	
Aging	97	102	102	
Agriculture	594	592	592	
Banking and Securities	251	243	236	-7
Civil Service Commission	131	121	108	-13
Community and Economic Development	315	310	298	-12
Conservation and Natural Resources	1,383	1,382	1,382	
Corrections	15,965	15,925	15,959	34
Drug and Alcohol Programs	77	77	80	3
Education	551	534	527	-7
Emergency Management Agency	193	194	197	3
Environmental Hearing Board	14	14	13	-1
Environmental Protection	2,770	2,729	2,663	-66
Fish & Boat Commission	432	432	432	
Game Commission	708	708	714	6
General Services	999	1,003	958	-45
Health	1,395	1,323	1,301	-22
Historical and Museum Commission	210	210	210	
Infrastructure Investment Authority	28	28	28	
Insurance	289	273	273	
Labor and Industry	5,916	5,898	5,902	4
Liquor Control Board	3,276	3,269	3,269	
Military and Veterans Affairs	2,218	2,226	2,226	
Milk Marketing Board	32	32	28	-4
Municipal Employees' Retirement	34	35	35	
Probation and Parole Board	1,244	1,264	1,300	36
Public Utility Commission	520	520	503	-17
Public Welfare	16,898	16,722	17,039	317
Revenue	2,012	2,001	1,958	-43
School Employees' Retirement System	314	314	302	-12
State	499	496	491	-5
State Employees' Retirement System	197	197	197	
State Police	6,514	6,516	6,560	44
Transportation	11,876	11,880	11,883	3
TOTAL ALL DEPARTMENTS	79,920	79,453	79,593	140

Summary of 2014-15 Complement Changes

The following is a detailed listing, by department, of the recommended authorized salaried complement changes (on a full-time equivalent basis) for 2014-15. 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 Administration.....	-2	Eliminated positions.
Office of Inspector General.....	-2	Eliminated positions.
Inspector General - Welfare Fraud.....	-17	Eliminated positions.
Commonwealth Technology Services.....	-29	TRANSFERRED: To State Police (-14). Eliminated positions (-15).
Office of the Budget.....	-6	Eliminated positions.
DEPARTMENT TOTAL	<u>-56</u>	
BANKING AND SECURITIES		
General Fund:		
Securities Operations.....	-2	Eliminated positions.
Banking Fund:		
General Government Operations.....	-5	Eliminated positions.
DEPARTMENT TOTAL	<u>-7</u>	
CIVIL SERVICE COMMISSION		
General Fund:		
General Government Operations.....	-13	Eliminated positions.
COMMUNITY AND ECONOMIC DEVELOPMENT		
General Fund:		
General Government Operations.....	-12	TRANSFERRED: To Transportation (-3). Eliminated positions (-9).
Center for Local Government Services.....	1	NEW: For local government services.
World Trade PA.....	-1	Eliminated position.
DEPARTMENT TOTAL	<u>-12</u>	
CORRECTIONS		
General Fund:		
General Government Operations.....	-13	Eliminated positions.
Medical Care.....	4	NEW: For enhanced treatment of inmates with serious mental illness (14). Eliminated positions (-10).
Inmate Education and Training.....	-11	Eliminated positions.
State Correctional Institutions.....	56	NEW: For enhanced treatment of inmates with serious mental illness (98). Eliminated positions (-42).
General Fund Total	<u>36</u>	
Federal Funds:		
Correctional Education (F).....	-2	Eliminated positions.
DEPARTMENT TOTAL	<u>34</u>	
DRUG AND ALCOHOL PROGRAMS		
General Fund:		
General Government Operations.....	1	NEW: For administrative support.
Federal Funds:		
SASP - Administration and Operation (F).....	2	NEW: For administrative support and grant oversight.
DEPARTMENT TOTAL	<u>3</u>	

Summary of 2014-15 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
EDUCATION		
General Fund:		
General Government Operations.....	<u>-7</u>	NEW: For administrative support (2). Eliminated positions (-9).
EMERGENCY MANAGEMENT AGENCY		
General Fund:		
General Government Operations.....	<u>3</u>	NEW: For the State Emergency Operations Center (2) and administrative support (1).
ENVIRONMENTAL HEARING BOARD		
General Fund:		
Environmental Hearing Board.....	<u>-1</u>	Eliminated position.
ENVIRONMENTAL PROTECTION		
General Fund:		
General Government Operations	-17	Eliminated positions.
Environmental Protection Operations.....	-34	Eliminated positions.
Environmental Program Management.....	-11	Eliminated positions.
Black Fly Control and Research.....	-1	Eliminated position.
General Fund Total	<u>-63</u>	
Clean Air Fund:		
Major Emission Facilities.....	<u>-3</u>	Eliminated positions.
DEPARTMENT TOTAL	<u>-66</u>	
GAME COMMISSION		
General Fund:		
General Operations.....	<u>6</u>	NEW: For administrative support (2) and wildlife conservation officers (4).
GENERAL SERVICES		
General Fund:		
General Government Operations.....	-34	Eliminated positions.
Capitol Police Operations.....	-8	Eliminated positions.
General Fund Total	<u>-42</u>	
Purchasing Fund:		
Purchasing Fund.....	<u>-3</u>	Eliminated positions.
DEPARTMENT TOTAL	<u>-45</u>	
HEALTH		
General Fund:		
General Government Operations.....	-7	Eliminated positions.
Quality Assurance.....	-14	Eliminated positions.
Vital Statistics.....	-4	Eliminated positions.
General Fund Total	<u>-25</u>	
Federal Funds:		
Environmental Public Health Tracking (F).....	-1	Eliminated position.
WIC Administration and Operation (F).....	4	NEW: For information technology support.
Federal Funds Total	<u>3</u>	
DEPARTMENT TOTAL	<u>-22</u>	
LABOR AND INDUSTRY		
General Fund:		
Occupational and Industrial Safety.....	<u>4</u>	NEW: For elevator inspections.

Summary of 2014-15 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
MILK MARKETING BOARD		
Milk Marketing Fund:		
General Operations.....	<u>-4</u>	Eliminated positions.
PROBATION AND PAROLE		
General Fund:		
General Government Operations.....	35	NEW: For case processing and review (34) and for victim assistance (1).
Sexual Offenders Assessment Board.....	<u>1</u>	NEW: For case processing.
DEPARTMENT TOTAL	<u>36</u>	
PUBLIC UTILITY COMMISSION		
General Fund:		
General Government Operations.....	<u>-17</u>	Eliminated positions.
PUBLIC WELFARE		
General Fund:		
General Government Operations.....	-22	NEW: For Affordable Care Act and Healthy PA Implementation (31), Child Care Facility Monitoring (22). TRANSFERRED: To County Administration - Statewide (-28). Eliminated positions (-47).
County Administration - Statewide.....	100	NEW: For Affordable Care Act and Healthy PA Implementation (72). TRANSFERRED: From General Government Operations (28).
County Assistance Offices.....	603	NEW: For Affordable Care Act and Healthy PA Implementation (606). Eliminated positions (-3).
Child Support Enforcement.....	-7	Eliminated positions.
Mental Health Services (Hospitals).....	-269	Eliminated positions.
Intellectual Disabilities - State Centers.....	-65	Eliminated positions.
Information Systems.....	-25	NEW: For Affordable Care Act and Healthy PA Implementation (7). Eliminated positions (-32).
General Fund Total	<u>315</u>	
Federal Funds:		
MHSBG - Administration (F).....	<u>2</u>	NEW: For mental health and substance abuse grant administration.
DEPARTMENT TOTAL	<u>317</u>	
REVENUE		
General Fund:		
General Government Operations.....	<u>-43</u>	Eliminated positions.
SCHOOL EMPLOYEES' RETIREMENT SYSTEM		
School Employees' Retirement Fund:		
Administration - Public School Employees' Retirement Board.....	-13	TRANSFERRED: To Investment Related Expenses (-1). Eliminated positions (-12).
Investment Related Expenses.....	<u>1</u>	TRANSFERRED: From Administration - Public School Employees' Retirement Board.
DEPARTMENT TOTAL	<u>-12</u>	
STATE		
General Fund:		
General Government Operations.....	<u>-3</u>	Eliminated positions.
Federal Funds:		
Federal Election Reform (F).....	<u>-2</u>	Eliminated positions.
DEPARTMENT TOTAL	<u>-5</u>	

Summary of 2014-15 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
STATE POLICE		
General Fund:		
General Government Operations.....	<u>44</u>	NEW: To remove Liquor Control Enforcement and Delaware River Joint Toll Bridge Commission from the trooper complement cap (30). TRANSFERRED: From Executive Offices (14).
TRANSPORTATION		
General Fund:		
Rail Freight and Intermodal Coordination.....	<u>-8</u>	TRANSFERRED: To Multimodal Administration and Oversight (-7) and to Transit Administration and Oversight (-1).
Public Transportation Trust Fund:		
Transit Administration and Oversight.....	1	TRANSFERRED: From Rail Freight and Intermodal Coordination.
Multimodal Transportation Fund:		
Multimodal Administration and Oversight.....	10	TRANSFERRED: From Community and Economic Development (3) and from Rail Freight and Intermodal Coordination (7).
Special Funds Total	<u>11</u>	
DEPARTMENT TOTAL	<u><u>3</u></u>	
GRAND TOTAL		<u><u>140</u></u>

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Commonwealth of Pennsylvania

Governor's Executive Budget

STATISTICAL DATA

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STATISTICAL DATA

This section contains historical data for various Pennsylvania economic indicators. Data is obtained from published sources noted on each page. Additional data is available from the Penn State Data Center through their homepage at (www.pasdc.hbg.psu.edu/).

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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 and health services, education and financial institutions.

Pennsylvania's agricultural industries remain an important component of the commonwealth's economic structure, accounting for more than \$5.4 billion in crop and livestock products annually. In 2012, agribusiness and food related industries had export sales surpassing \$1.3 billion in economic activity. Over 63,000 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.

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 66 million tons of anthracite and bituminous coal, 1,310 billion cubic feet of natural gas and about 2.2 million barrels of oil are extracted from Pennsylvania. Pennsylvania is one of the top 10 producing states in the country for aggregate/crushed stone. The value of non-coal mineral production in PA is around \$1 billion dollars annually.

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. Between 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 2012 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, 12.7 million people in 2012, 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 2003 to 2012 and the age distribution of the population for 2012.

Population Trends Pennsylvania, Middle Atlantic Region and the United States 2003-2012

As of <u>July 1</u>	Total Population In Thousands			Total Population as a % of 2003 base		
	<u>PA</u>	<u>Middle Atlantic Region^(a)</u>	<u>U.S.</u>	<u>PA</u>	<u>Middle Atlantic Region^(a)</u>	<u>U.S.</u>
2003	12,357	40,172	290,326	100%	100%	100%
2004	12,388	40,297	293,045	100	100	101
2005	12,418	40,370	295,753	100	101	102
2006	12,471	40,451	296,593	101	101	103
2007	12,522	40,581	301,579	101	101	103
2008	12,566	40,697	304,374	102	101	105
2009	12,604	40,854	307,006	102	102	106
2010	12,711	40,913	309,326	102	102	107
2011	12,743	41,080	311,588	103	102	107
2012	12,763	41,198	313,914	103	103	108

^(a) Middle Atlantic Region: Pennsylvania, New York, New Jersey
Source: U.S. Department of Commerce, Bureau of the Census

Population By Age Group — 2012 Pennsylvania, Middle Atlantic Region and the United States

<u>Age</u>	<u>Pennsylvania</u>	<u>Middle Atlantic Region^(a)</u>	<u>United States</u>
Under 5 years	5.6%	5.9%	6.4%
5-24 years	25.7	25.9	27.1
25-44 years	24.5	26.1	26.3
45-64 years	28.2	27.5	26.4
65 years and over	16.0	14.6	13.8

^(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 2012 increased at an average annual rate of 0.02 percent compared with a 0.03 percent rate for the Middle Atlantic region and 0.03 percent rate for the U.S. The following table shows employment trends from 2003 through 2012.

Non-Agricultural Establishment Employment Trends Pennsylvania, Middle Atlantic Region and the United States 2003-2012

Calendar Year	Total Establishment Employment In Thousands			Total Establishment Employment as a % of 2002 base		
	PA	Middle Atlantic Region ^(a)	U.S.	PA	Middle Atlantic Region ^(a)	U.S.
2003.....	5,614	18,001	130,100	100 %	100 %	100 %
2004.....	5,647	18,110	131,509	100	100	101
2005.....	5,705	18,280	133,747	101	101	102
2006.....	5,759	18,447	136,125	102	102	104
2007.....	5,801	18,612	137,645	103	103	105
2008.....	5,802	18,643	136,852	103	103	105
2009.....	5,618	18,068	130,876	100	100	100
2010.....	5,624	18,039	129,917	100	100	99
2011.....	5,688	18,224	131,497	101	101	101
2012.....	5,730	18,425	131,739	102	102	103

^(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 90.2 percent of total employment by 2012. Consequently, manufacturing employment constitutes a diminished share of total employment within the commonwealth. Manufacturing, contributing 9.8 percent of 2012 non-agricultural employment, has fallen behind the services sector and the trade sector and the government sector as the 4th largest single source of non-governmental employment within the commonwealth. In 2012, the services sector accounted for 48.8 percent of all non-agricultural employment while the trade sector accounted for 14.9 percent. The following table shows trends in employment by sector for Pennsylvania from 2008 through 2012.

Non-Agricultural Establishment Employment by Sector Pennsylvania 2008-2012 (In Thousands)

	CALENDAR YEAR									
	2008		2009		2010		2011		2012	
	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%
Manufacturing:										
Durable.....	398.5	6.9	344.8	6.1	334.3	5.9	341.9	5.9	347.6	6.0
Non-Durable.....	245.2	4.2	229.3	4.1	225.7	3.9	223.0	3.9	219.5	3.8
Total Manufacturing ^(d)	643.7	11.1	574.1	10.2	560.0	9.8	564.9	9.8	567.1	9.8
Non-Manufacturing:										
Trade ^(a)	887.1	15.3	850.3	15.1	848.5	14.8	855.2	14.8	860.6	14.9
Finance ^(b)	329.8	5.7	318.4	5.7	311.0	5.4	308.6	5.4	310.2	5.4
Services.....	2,669.8	46.1	2,655.1	47.1	2,759.9	48.3	2,796.8	48.6	2,818.7	48.8
Government.....	752.0	13.0	759.6	13.5	761.2	13.3	740.5	12.9	721.8	12.4
Utilities ^(c)	238.8	4.1	230.5	4.1	231.6	4.1	238.2	4.1	241.3	4.2
Construction.....	254.6	4.4	224.6	4.0	215.9	3.8	222.8	3.9	225.8	3.9
Mining.....	21.6	0.4	21.7	0.4	25.9	0.5	33.2	0.6	36.3	0.6
Total Non-Manufacturing ^(d)	5,153.7	88.9	5,060.2	89.6	5,154.0	90.2	5,195.3	90.2	5,214.7	90.2
Total Employees ^{(d)(e)}	5,797.4	100.0	5,634.3	99.8	5,714.0	100.0	5,760.2	100.0	5,781.8	100.0

(a) Wholesale and retail trade.

(b) Finance, insurance and real estate.

(c) Includes transportation, communications, electric, gas and sanitary services.

(d) Discrepancies occur due to rounding.

(e) Does not include workers involved in labor-management disputes.

Source: US Bureau of Labor Statistics

The following table presents the percentages of non-agricultural employment in various sectors in Pennsylvania and the United States in 2012.

Non-Agricultural Establishment Employment by Sector Pennsylvania and the United States

	2012 Calendar Year	
	Pennsylvania	United States
Manufacturing.....	9.8%	8.8%
Trade ^(a)	14.9	15.4
Finance ^(b)	5.4	5.8
Services.....	48.8	45.3
Government.....	12.4	16.2
Utilities ^(c)	4.2	3.7
Construction.....	3.9	4.2
Mining.....	0.6	0.6
Total.....	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 about one-tenth of total non-agricultural employment in Pennsylvania, the fabricated metals industries employed the largest number of workers. Employment in the fabricated metals industries is 14.4 percent of Pennsylvania manufacturing employment but only 1.4 percent of total Pennsylvania non-agricultural employment in 2012. The following table shows trends in manufacturing employment by industry for Pennsylvania from 2008 through 2012.

Manufacturing Establishment Employment by Industry Pennsylvania 2008-2012 (In Thousands)

	CALENDAR YEAR									
	2008		2009		2010		2011		2012	
	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%
Durable Goods:										
Primary Metals.....	41.6	6.5	35.6	6.2	36.2	6.5	38.5	6.8	39.5	7.0
Fabricated Metals.....	91.7	14.2	79.5	13.8	77.6	13.9	80.3	14.2	81.8	14.4
Machinery (excluding electrical)	56.4	8.8	47.4	8.3	45.2	8.1	47.0	8.3	48.8	8.6
Electrical Equipment.....	27.1	4.2	24.8	4.3	24.7	4.4	25.9	4.6	26.1	4.6
Transportation Equipment.....	43.6	6.8	38.6	6.7	36.9	6.6	37.6	6.7	39.4	6.9
Furniture Related Products.....	20.3	3.2	16.1	2.8	14.9	2.7	15.1	2.7	15.3	2.7
Other Durable Goods.....	117.8	18.3	102.8	17.9	98.8	17.6	97.5	17.3	96.7	17.1
Total Durable Goods^(a).....	398.5	61.9	344.8	60.1	334.3	59.7	341.9	60.5	347.6	61.3
Non-Durable Goods:										
Pharmaceutical/Medicine.....	22.3	3.5	21.7	3.8	21.3	3.8	20.2	3.6	19.2	3.4
Food Products.....	67.8	10.5	66.8	11.6	66.5	11.9	66.7	11.8	66.8	11.8
Chemical Products.....	45.9	7.1	43.5	7.6	43.0	7.7	42.2	7.5	41.3	7.3
Printing and Publishing.....	33.2	5.2	29.9	5.2	28.2	5.0	27.0	4.8	25.5	4.5
Plastics/Rubber Products.....	39.1	6.1	35.0	6.1	35.2	6.3	35.3	6.2	35.2	6.2
Other Non-Durable Goods.....	36.9	5.7	32.4	5.6	31.5	5.6	31.6	5.6	31.5	5.6
Total Non-Durable Goods^(a).....	245.2	38.1	229.3	39.9	225.7	40.3	223.0	39.5	219.5	38.7
Total Manufacturing Employees^(a).....	643.7	100.0	574.1	100.0	560.0	100.0	564.9	100.0	567.1	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 2000s. Slower economic growth caused the unemployment rate in the commonwealth to rise to 8.4 percent in 2010 compared to 4.4 percent annual unemployment rate in 2007. As of December 2013, the most recent month for which figures are available, Pennsylvania had a seasonally adjusted annual unemployment rate of 6.9 percent. The following table represents the annual non-adjusted unemployment rate in Pennsylvania, the Middle Atlantic Region, and the United States from 2003 through 2012.

Annual Average Unemployment Rate Pennsylvania, Middle Atlantic Region and the United States 2003-2012

Calendar Year	Pennsylvania	Middle Atlantic Region ^(a)	United States
2003	5.7 %	6.1 %	6.0 %
2004	5.4	5.5	5.5
2005	5.0	4.9	5.1
2006	4.5	4.6	4.6
2007	4.4	4.4	4.6
2008	5.3	5.4	5.8
2009	7.9	8.4	9.3
2010	8.4	8.8	9.6
2011	7.9	8.4	8.9
2012	7.7	8.5	8.1

^(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 March 2013

<u>Company</u>	<u>Rank</u>	<u>Company</u>	<u>Rank</u>
Wal-Mart Associates	1	Target Corporation	16
University of Pennsylvania	2	Vanguard Group Inc.	17
Giant Food Stores	3	Comcast Cablevision Corp	18
Pennsylvania State University	4	K-MART Corp.	19
UPMC Presbyterian	5	US Airways Inc	20
University of Pittsburgh	6	Highmark Inc.	21
PNC Bank, NA	7	Heartland Employment Services.....	22
United Parcel Service.....	8	Milton S. Hershey Medical Center	23
Giant Eagle Inc.....	9	Temple University	24
Lowe's Home Centers Inc	10	Pennsylvania CVS Pharmacy, LLC	25
Weis Markets Inc	11	Thomas Jefferson University Hospital	26
Home Depot USA Inc	12	Western Penn Allegheny Health	27
Schering Corp	13	Sheetz Inc.	28
The Children's Hospital of Philadelphia.....	14	WAWA Inc.....	29
GMRI Inc.....	15	Wegmans Food Markets Inc.....	30

Source: Pennsylvania Department of Labor, Office of Employment Security.

Personal Income

Personal income in the commonwealth for 2012 was \$556.7 billion, an increase of 3.3 percent over the previous year. During the same period, national personal income increased by 4.2 percent. Based on the 2012 personal income estimates, per capita income was at \$42,616 in the commonwealth compared to per capita income in the United States of \$42,693. The following tables represent annual personal income data and per capita income from 2003 through 2012.

Personal Income Pennsylvania, Mideast Region and the United States 2003-2012

Year	Total Personal Income Dollars in Millions			Total Personal Income As a % of 2003 base		
	PA	Mideast Region ^(a)	U.S. ^(b)	PA	Mideast Region ^(a)	U.S.
2003.....	\$ 399,547	\$1,707,492	\$9,487,600	100 %	100 %	100 %
2004.....	417,790	1,808,113	10,049,200	105	106	106
2005.....	432,247	1,898,598	10,610,300	108	111	112
2006.....	462,703	2,046,137	11,389,800	116	120	120
2007.....	489,076	2,177,747	11,900,500	122	128	126
2008.....	512,992	2,271,109	12,451,600	128	133	131
2009.....	496,664	2,176,565	11,852,700	124	127	125
2010.....	514,352	2,270,628	12,308,400	129	133	129
2011.....	538,909	2,375,021	12,949,800	135	139	136
2012.....	556,692	2,443,129	13,401,800	139	143	141

^(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 2003-2012

Calendar Year	Per Capita Income			As a % of U.S.	
	PA	Mideast Region ^(a)	U.S.	PA	Mideast Region ^(a)
2003.....	\$ 32,288	\$ 36,303	\$ 33,345	97 %	109 %
2004.....	33,664	38,338	34,224	99	112
2005.....	34,719	40,191	34,428	101	117
2006.....	36,984	43,227	35,361	104	122
2007.....	38,927	45,873	39,506	99	116
2008.....	40,674	47,627	40,947	99	116
2009.....	39,210	45,398	38,637	101	117
2010.....	40,444	47,106	39,791	102	118
2011.....	42,291	49,088	41,560	102	118
2012.....	42,616	50,237	42,693	102	117

^(a) Mideast Region: Pennsylvania, New York, New Jersey, Maryland, District of Columbia, and Delaware.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

The following table presents growth rates in personal income and selected components of personal income for Pennsylvania, the Mideast Region and the United States from 2008 through 2012.

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			
2008.....	4.9%	4.3%	4.6%
2009.....	-3.2	-4.1	-4.8
2010.....	3.6	4.3	3.8
2011.....	4.8	4.6	5.2
2012.....	3.3	2.9	3.4
Manufacturing			
2008.....	1.0%	1.1%	0.2%
2009.....	-11.1	-10.4	-11.3
2010.....	2.0	6.2	2.4
2011.....	4.2	2.1	5.3
2012.....	3.3	1.5	4.6
Trade^(b)			
2008.....	-1.2%	-1.7%	-1.7%
2009.....	-2.8	-3.3	-4.8
2010.....	2.3	2.8	2.3
2011.....	4.7	4.3	4.8
2012.....	3.6	4.2	5.1
Finance^(c)			
2008.....	1.5%	-3.4%	-3.5%
2009.....	-4.0	-10.0	-4.2
2010.....	2.9	12.7	7.8
2011.....	2.8	4.4	4.4
2012.....	-0.9	2.9	-1.3
Services			
2008.....	7.8%	9.4%	8.3%
2009.....	-6.2	-6.4	-7.3
2010.....	1.7	2.7	3.2
2011.....	3.8	5.3	5.7
2012.....	6.5	5.4	5.5
Utilities			
2008.....	9.3%	12.2%	13.3%
2009.....	-8.8	-10.0	-6.3
2010.....	2.7	7.5	3.3
2011.....	8.4	4.0	4.2
2012.....	6.7	8.7	8.9
Construction			
2008.....	-1.3%	0.7%	-4.5%
2009.....	-10.9	-8.9	13.1
2010.....	2.9	1.5	-1.7
2011.....	4.5	2.9	1.8
2012.....	3.7	2.4	5.4
Mining			
2008.....	49.0%	22.0%	44.5%
2009.....	-32.9	-44.9	-40.0
2010.....	30.9	23.1	13.5
2011.....	28.6	34.7	17.7
2012.....	6.5	4.0	3.7

^(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 \$18.26 for manufacturing and production workers compares to the national average of \$19.77 for 2012. The following table presents the average hourly wage rates for 2008 through 2012.

Average Hourly Wages Production Workers on Manufacturing Payrolls Pennsylvania and the United States 2008-2012

Calendar Year	PA	U.S.
2008.....	\$ 15.61	\$ 18.08
2009.....	16.28	18.63
2010.....	16.88	19.07
2011.....	17.49	19.46
2012.....	18.26	19.77

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 2003-2012

Year	Market Value ^(a)	Assessed Valuation	Ratio of Assessed Valuation to Market Value ^(a)
2003	478,362,689,800	348,726,965,926	72.9%
2004	523,595,339,800	352,014,550,601	67.2
2005	546,222,770,500	378,011,903,306	69.2
2006	619,788,036,800	393,869,708,825	63.5
2007	633,886,898,100	400,428,104,035	63.1
2008	708,521,506,000	406,426,527,325	57.3
2009	717,475,983,911	431,911,595,146	60.2
2010	753,847,457,900	436,995,393,629	57.9
2011	756,045,833,849	451,343,272,265	59.7
2012	753,344,175,841	452,361,346,637	60.0

^(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.

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