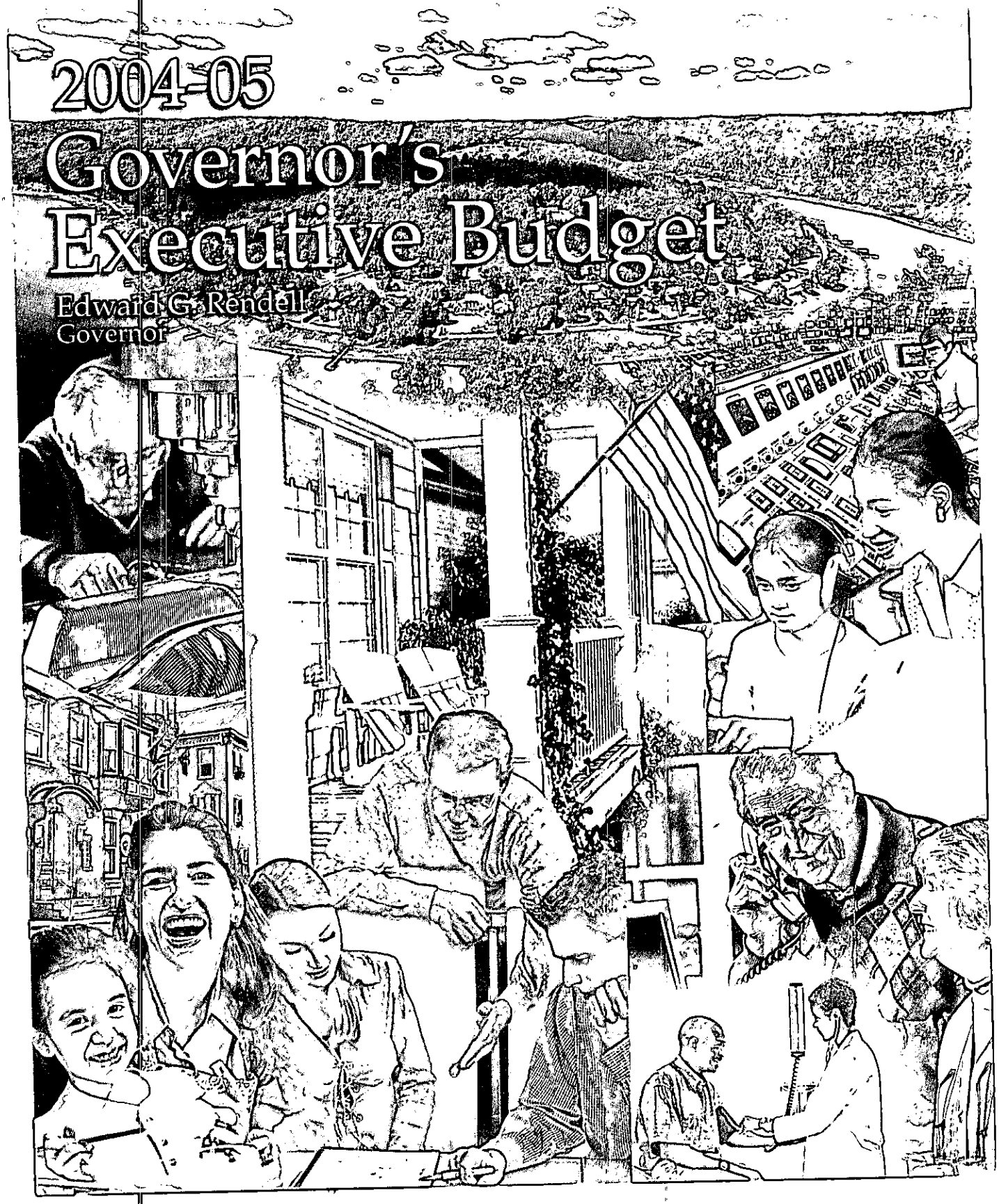
COMMONWEALTH OF PENNSYLVANIA

2004-05 Governor's Executive Budget

Edward G. Rendell
Governor



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

THE GOVERNOR

February 3, 2004

To The People of Pennsylvania:

A year ago, facing a $2.5 billion budget deficit, a troubled economy and a nation on the brink of war, I proposed a responsible budget for Pennsylvania based on the promises and the vision I set forth in my campaign – a budget that controlled spending while making strategic investments to build a new and better Pennsylvania.

After many months of debate, the General Assembly and my administration at last approved a budget for Fiscal Year 2003-04 this past December. That budget substantially reduces Pennsylvania's structural deficit and significantly restrains state administrative spending. Even more importantly, our 2003-04 state budget is an important step forward in making Pennsylvania once again a desired place for all Americans to live, work and do business.

Before asking the people of Pennsylvania to send an additional penny of their money to Harrisburg, I promised I would attack wasteful spending. The budget I proposed last year contained more than $1 billion in spending reductions in an overall budget of more than $21 billion, and included cuts of more than $210 million in administrative spending by state agencies. To insure that these spending cuts do not adversely affect vital public services, my administration has also launched a major effort to improve the productivity and efficiency of state government that will save taxpayers over $25 million in 2003-04 alone and aims to achieve nearly $1 billion in savings over the next four years.

Pennsylvania received some unanticipated fiscal help from the federal government this year, over $800 million in total. We used about half of this unforeseen and non-recurring revenue in Fiscal Year 2003-2004 to restore some of the most severe spending cuts that were initially made in essential state programs. The budget package agreed to in December closed the budget deficit further through enhanced revenue from a variety of sources. While raising taxes is always painful, this government has relied for too long on one-time revenue sources to achieve budget balance while our recurring fiscal condition deteriorated. Failure to address our structural deficit at this crucial time would have put future generations of Pennsylvanians at risk.

Closing the state budget gap is important and necessary, but we must do much more if we hope to address the underlying conditions that have troubled Pennsylvania for so long and led our Commonwealth into its current cycle of inadequate and uncompetitive economic performance.

For this reason, I proposed three major initiatives in my 2003-04 budget message: a significant and targeted program of investment to improve our elementary-secondary education system, a substantial cut in local property taxes, and an unprecedented economic stimulus program.

I am happy to report that progress is being made on all three fronts.

In December we reached agreement to make several major new state investments in public education. The first, included in the 2003-04 budget agreement, provides $34 million for tutoring programs to help students who have fallen behind. The second, a program to provide block grants to school districts for targeted programs including early-childhood education and smaller class sizes, will take effect during the 2004-2005 school year, with a $250 million proposed spending level. Finally, an additional $15 million in state funds to support Head Start is also included in the 2004-05 budget proposal. These investments represent a significant commitment by the state of Pennsylvania to improved academic achievement by our children.

During my campaign for Governor, and in my first budget message, I promised to increase the state's contribution to the cost of public education and reduce our school districts' reliance on property taxes to fund public schools. Your representatives and I have developed a framework for a program that could eventually cut school property taxes by as much as 20 percent across Pennsylvania using revenue generated by slot-machine gaming at a limited number of locations. After 15 years of effort, state-funded property-tax tax relief is within reach.

Finally, the administration and the General Assembly are nearing agreement on a comprehensive economic-stimulus proposal that will use over $2 billion in state bonds to leverage another $3.1 billion to help jump start Pennsylvania's economy.

My budget for Fiscal Year 2004-2005 is designed first and foremost to implement these programs. With few exceptions, state agencies are being called upon in 2004-05 to build upon the savings that were implemented in 2003-2004 and to reduce administrative spending even further, other than to fund rising health benefit costs. Maintaining budget balance will remain a formidable challenge for the foreseeable future. Our prison population continues to expand. Enrollment in Medical Assistance and other state-funded safety net programs continues to rise. Health-care costs are soaring. If we do not control these costs, the structural deficit will reappear and grow. Unlike many other states, we have continued to provide comprehensive public health coverage to our low-income families and the elderly. It is my hope that we will never have to reduce health care services for any Pennsylvanian in need.

The programs we are implementing now will help us make progress toward our goal of building a New Pennsylvania on a foundation of high-skill, high-wage jobs and boundless entrepreneurial opportunity. But if we hope to make our Commonwealth a great place to live, work and do business, we need to do more. And so I am proposing several new initiatives this year to help us meet this essential goal.

First, we must address the inequities in our business-tax system. A simpler, fairer and more competitive tax structure for business is essential for sustained economic growth. Too many businesses pay little or nothing in state taxes, while other business enterprises endure high tax burdens that hurt Pennsylvania's competitiveness. I will therefore create a blue ribbon commission this year to assess our business tax system and propose improvements.

Second, we must ensure that the infrastructure that supports our economy is up-to-date. Our future will depend on a high-quality, comprehensive *telecommunications infrastructure* that serves every region of the state. Access to broadband communications will enable businesses across the Commonwealth to compete in a global economy, while guaranteeing that every child has access to the information and knowledge that he or she needs. A modern *transportation infrastructure*, including roads, mass transit and airports, is also a precondition for robust growth. Our *energy infrastructure* must be reliable, affordable and diverse to support a healthy and growing economy and environment. Pennsylvania led the nation into the Industrial Revolution through the development of its coal and petroleum industries. We can and should lead the nation again in the generation of renewable energy.

Finally, we need to do more to preserve and create livable communities that offer a clean environment, abundant open space, lively town centers and vibrant neighborhoods so Pennsylvania will be a place where companies want to invest and grow, and where workers want to live and raise their families.

The proposed budget for Fiscal Year 2004-2005 contains specific proposals to advance each of these goals.

Last year our state took some important steps to improve our competitiveness and prosperity. This year, we can build on those efforts and make strategic investments in our common wealth that will help us grow and prosper. I am confident our brightest days are still ahead—in a New 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 Fiscal Year 2004-2005.

Sincerely,

Edward G. Rendell

Edward G. Rendell

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Commonwealth of Pennsylvania

For the Fiscal Year Beginning

July 1, 2003

President | Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the Commonwealth of Pennsylvania for its annual budget for the fiscal year beginning July 1, 2003. This award is valid for a period of one year.

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

Overview of Sections within the Budget

Preface

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

A. Overview and Summaries

Provides an overview of program and financial goals and administration policies. It discusses the economic outlook, major operating funds and overall complement. It summarizes the budget for several major Commonwealth funds including the General Fund, Motor License Fund, Environmental Stewardship Fund, Lottery Fund, Tobacco Settlement Fund and Budget Stabilization Reserve (Rainy Day) Fund. It also provides summary information regarding 2003-04 Program Policy Direction and Budget Themes, Federal Block Grants, Public Information & Communications and selected other summaries.

B. Program Budget Summary

Provides a summary of the 2003-04 Budget by major revenue source and provides information for each major program by component categories and subcategories (subdivisions of programs).

C. Summary by Fund

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

D. Tax Expenditures

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

E. Department Presentations

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

F. Capital Budget

Provides detailed information by agency regarding proposed capital budget projects recommended in 2003-04. In addition, proposed funding sources and amounts needed to support the entire capital program for the next five years are listed.

G. Public Debt

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

H. Other Special Funds

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

I. Complement

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

J. Statistical Data

Provides historical data for various Pennsylvania economic indicators.

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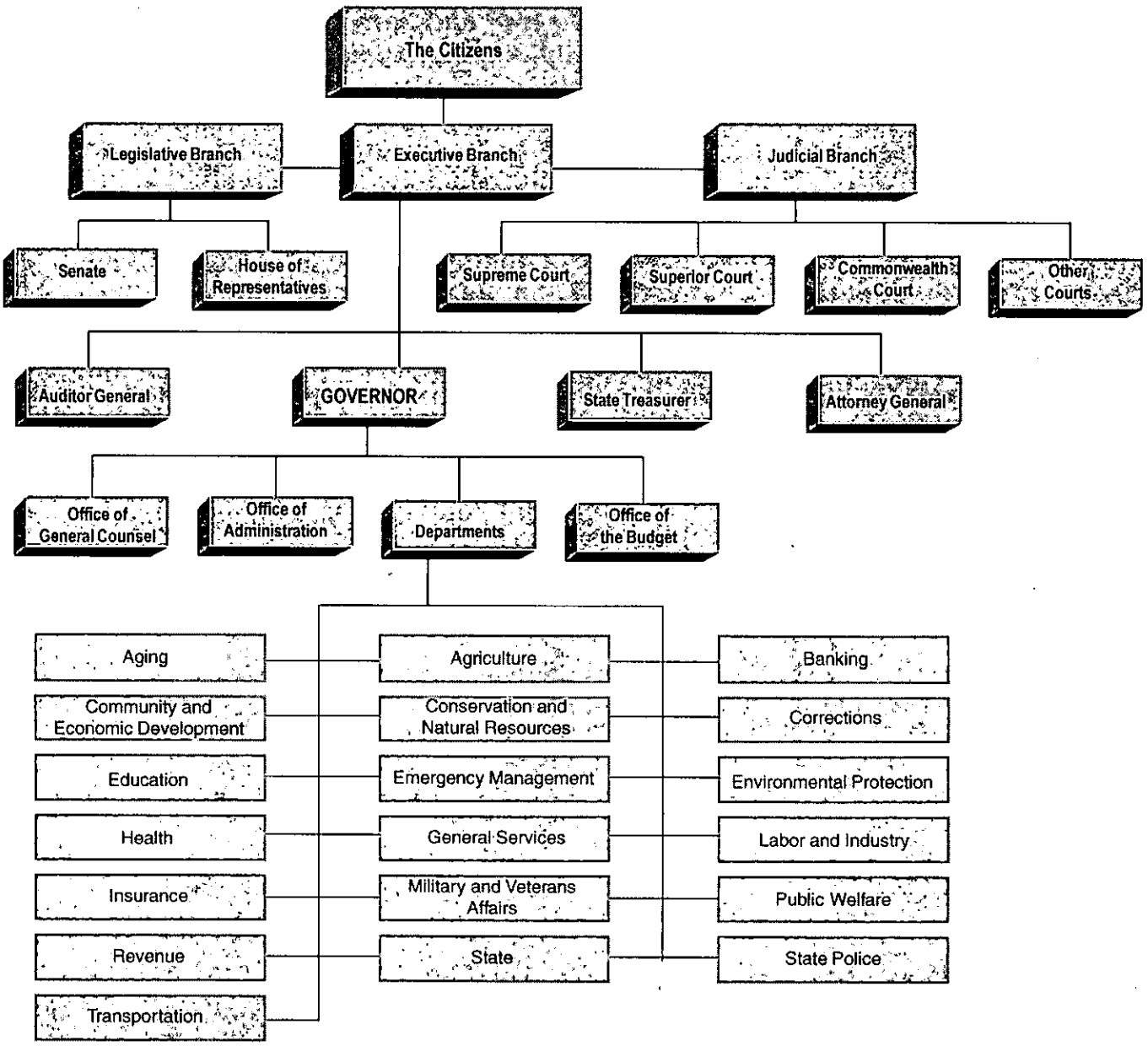
READER'S GUIDE

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

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

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

Commonwealth of Pennsylvania
Organization Chart



AGENCIES

Higher Education Assistance
Housing Finance
Interstate Agencies

AUTHORITIES

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

BOARDS

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

COMMISSIONS

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

The Budget Process

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

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

PHASES OF THE BUDGET PROCESS

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

PREPARATION

The preparation stage of the budget process begins nearly twelve months prior to the start of that fiscal year. The first step of the preparation stage is the distribution of the Budget Instructions by the Office of the Budget and the Program Policy Guidelines by the Governor. The Program Policy Guidelines define major policy issues, spell out priorities and provide policy direction to the agencies for budget preparation.

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

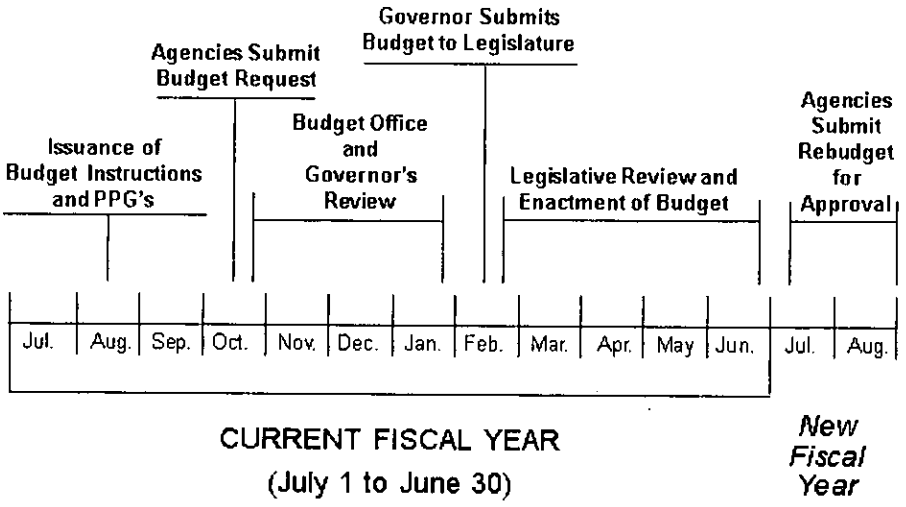
During December, the Governor apprises Legislative leaders of anticipated spending and revenue levels and major fiscal issues expected to be addressed in the upcoming budget.

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

APPROVAL

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

BUDGET CYCLE IN PENNSYLVANIA



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

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

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

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

EXECUTION

The Office of the Budget 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, ie, personnel. The rebudgets are based primarily on the enacted appropriations. The Office of the Budget uses Imagine PA to electronically enter allocation amounts into the accounting system based upon the approved rebudget. Program managers and administrators are responsible for operating their programs within the resources that are available and for producing the results cited in the budget.

AUDIT

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

The Capital Budget Process

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

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

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

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

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

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

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

The Structure of the Budget

THE COMMONWEALTH PROGRAM PLAN

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

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

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

THE DEPARTMENTAL PRESENTATION

Recommendations for the continuation of current programs at essentially current levels of commitment are shown within departmental program subcategories. Recommendations for major program changes in 2004-05 are identified as departmental Program Revision Requests (PRRs) which provide explanations and justification for the change.

Beyond 2004-05, the projections of financial data, as well as impacts and other program measures, show the future implications of the 2004-05 recommendations and policies. Consequently, the five-year plan is a base line which represents the future program effort and financial resources needed to sustain the 2004-05 level of commitment.

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

Summary By Fund And Appropriation

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

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

For purposes of this presentation, State funds include the General, Motor License, Banking Department, Boat, Environmental Stewardship, Farm Products Show, Fish, Game, Keystone Recreation, Park and Conservation, Lottery, Milk Marketing, Racing and Tobacco Settlement Funds.

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

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

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

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

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

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

Program Presentation

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

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

Narrative—Describes program services and activities.

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

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

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

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

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

The Summary by Fund and Appropriation

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

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

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

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

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

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

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

Histor

Summary by Fund

GENERAL FUND:
General Government:
General Government Operations .....
(F) Historic Preservation .....
(F) Intermodal Surface Transportation Safety Act .....
(F) Railroad Museum Improvement .....
(F) Erie Maritime Center .....
(A) Historic Preservation Fund .....
(R) Keystone Fund .....
Subtotal .....
Records and Management Information .....
Maintenance Program .....
Subtotal - State Funds .....
Subtotal - Federal Funds .....
Subtotal - Augmentations .....
Total - General Government .....
Grants and Subsidies:
Museum Assistance Grants .....
University of Pennsylvania Museum .....
Carnegie Museum of Natural History .....
Franklin Institute Science Museum .....
Academy of Natural Sciences .....
Carnegie Science Center .....
Afro-American Historical and Cultural Museum .....
Whitaker Center for Science and the Arts .....
Total - Grants and Subsidies .....
STATE FUNDS .....
FEDERAL FUNDS .....
AUGMENTATIONS .....
GENERAL FUND TOTAL .....
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:
Grants and Subsidies:
Historic Site Development - Bond Proceeds .....
Historic Site Development - Realty Transfer Tax .....
Total - Grants and Subsidies .....
KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL
OTHER FUNDS:
GENERAL FUND:
Historic Preservation Act of 1966 .....
HISTORICAL PRESERVATION FUND:
Historic Preservation Fund .....
DEPARTMENT TOTAL - ALL FUNDS
GENERAL FUNDS .....
SPECIAL FUNDS .....
FEDERAL FUNDS .....
AUGMENTATIONS .....
OTHER FUNDS .....
TOTAL ALL FUNDS .....

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al and Museum Commission

nd Appropriation

	2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
	(Dollar Amounts in Thousands)		
.....	$ 15,354	$ 16,794	$ 18,891
.....	1,059	1,100	1,000
.....	52	47	0
.....	312	1,312	0
.....	50	50	10
.....	435	400	400
.....	0	230	232
.....	$ 17,262	$ 19,933	$ 23,291
.....	$ 450	$ 444	$ 0
.....	$ 944	$ 1,000	$ 1,000
.....	$ 16,748	$ 18,238	$ 19,891
.....	1,473	2,509	1,010
.....	435	630	632
.....	$ 18,656	$ 21,377	$ 21,533
.....	$ 4,930	$ 5,400	$ 4,000
.....	181	181	181
.....	181	181	181
.....	547	547	547
.....	335	335	335
.....	181	181	181
.....	256	256	256
.....	100	100	100
.....	$ 6,711	$ 7,181	$ 5,781
.....	$ 23,459	$ 25,419	$ 25,672
.....	1,473	2,509	1,010
.....	435	630	632
.....	$ 25,367	$ 28,558	$ 27,314
.....	$ 3,403	$ 0	$ 0
.....	6,341	4,555	4,646
.....	$ 9,744	$ 4,555	$ 4,646
.....	$ 9,744	$ 4,555	$ 4,646
.....	$ 930	$ 80	$ 80
.....	$ 4,301	$ 6,500	$ 5,500
.....	$ 23,459	$ 25,419	$ 25,672
.....	9,744	4,555	4,646
.....	1,473	2,509	1,010
.....	435	630	632
.....	5,231	6,580	5,580
.....	$ 40,342	$ 39,693	$ 37,540

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

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

Identifies selected restricted accounts and/or one of a group of special funds which are presented on a limited basis in Section H: Other Special Funds.

Program Presentation

Each Program Presentation provides a written and financial explanation of the activities of the program. Recommendations for the continuation of current programs at essentially current levels of commitment are shown within department program subcategories. Recommendations for major program changes in 2004-05 are identified as department Program Revision Requests (PRRs) which provide explanations and justification for the change.

Histori

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

Program: State Historic Preservatic

The State Historical Preservation Program administered by the Historical and Museum Commission is comprised of four major elements. These elements include Executive Direction and Administration, Pennsylvania State and Local Records, Historic Site and Museum Operations, and Historic Preservation.

Program Element: Executive Direction and Administration

This element provides general policy and direction for administering the commission's operations. It includes legislative and press relations, personnel management, procurement, information technology, financial grant administration, fiscal and revenue management, and other services. In addition, it administers a Property Management and Lease Program through cooperative agreements with management groups or profit and nonprofit organizations to operate, maintain and utilize historic sites, buildings and agricultural lands under the custody of the commission.

Program Measures:

Historic Preservation		
Objects maintained and conserved (in thousands)	2,000	2,000
Commission buildings undergoing improvement	88	76

The measure "Commission buildings undergoing improveme because 1) all bond funds under the Keystone Recreation, Pa June 30, 1997 and 2) revised approach to managing maintena

Program Recommendations:

This budget

	General Government Operations
$ 1,000	—PRR — Administrative Support for Historic Sites. To provide administrative support necessary to open the Erie Maritime Museum, and for the expansion of the Railroad Museum of Pennsylvania, and the Somerset Historical Center. See the Program Revision following this program for additional information.
230	—to continue current program.
$ 1,230	*Appropriation Increase*

Appropriations within this Program:

	2002-03 Actual	2003-04 Available
GENERAL FUND:		
General Government Operations	$ 15,354	$ 16,794
Records and Management Information	450	4444
Maintenance Program	944	1,000
TOTAL GENERAL FUND	$ 16,748	$ 18,238

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

General Government Operations — *Identifies a specific appropriation.*

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

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

al and Museum Commission

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

n

Program Element: Historic Preservation

This element is responsible for the identification, protection and enhancement of buildings, structures and districts of historic and architectural significance within the Commonwealth. It provides for the infusion of Federal funds from the Department of the Interior to enhance the economic base of many communities in Pennsylvania; provide a survey and National Register nomination program; maintain an information network providing direction and assistance to local preservation organizations; administer an archeological program to improve policies and procedures and provide direction to the professional and advocational community; and preserve and protect endangered historic public and private buildings, structures and landmarks through a nonprofit Statewide revolving fund.

2,000	2,000	2,000	2,000	2,000
50	50	50	50	50

nt" has been reduced substantially from last year's budget
k and Conservation Fund are anticipated to be expended by
nce projects.

recommends the following changes: (Dollar Amounts in Thousands)

		Records and Management Information
$	–6	—to continue current program.
		Maintenance Program
$	56	—to continue current program.

(Dollar Amounts in Thousands)

2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
$ 18,891	$ 19,916	$ 20,262	$ 20,610	$ 20,973
0	0	0	0	0
1,000	1,020	1,040	1,061	1,082
$ 19,891	$ 20,936	$ 21,302	$ 21,671	$ 22,055

Identifies the agency being presented.

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

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

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

Narrative *— Describes program services and activities.*

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

Budgetary Basis of Accounting

The Commonwealth's 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 Commonwealth's budgets are prepared essentially on a modified cash basis. Total appropriations enacted by the General Assembly may not exceed the ensuing fiscal year's estimated revenues, as developed by the Governor, plus (less) the unappropriated fund balance (deficit) of the preceding fiscal year, except for constitutionally authorized debt service payments.

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 at fiscal year end and become available for appropriation in the subsequent year. On the budgetary basis of accounting, certain estimated tax revenue accruals are recorded at fiscal year end for the General Fund and the Motor License Fund, a special revenue fund. Accruals include sales and use taxes and personal income taxes, both applicable to the General Fund, and liquid fuels taxes applicable to the Motor License Fund, which are estimated to be owed to the Commonwealth but not collected at fiscal year end. Also, funds are retained at fiscal year end to pay direct expenditures such as salaries, wages, travel, and utility costs payable against prior year appropriation authority but expended in the subsequent year. Over-estimates of prior year encumbrances 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, Lottery, Milk Marketing, Motor License, Workmen's Compensation Administration, Emergency Medical Services Operating, Energy Conservation and Assistance, Hazardous Materials Response and Ben Franklin/ Technology Development Authority. Budgets are also statutory adopted for the administration of the State Employees' Retirement and Public School Employees' Retirement Funds.

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

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

GAAP Basis of Accounting

The budgetary basis financial information maintained by the Commonwealth to monitor and enforce budgetary control is adjusted at fiscal year end to reflect appropriate accruals for financial reporting in conformity with generally accepted accounting principles (GAAP). The use of GAAP requires a modified accrual basis of accounting for governmental and certain fiduciary fund types whereby revenues are recognized when they become both measurable and available to finance expenditures and whereby expenditures are generally recognized and recorded when a liability to make a payment, regardless of when the cash disbursement is to be made, is incurred. For proprietary and certain fiduciary fund types, GAAP requires a full accrual basis of accounting.

Financial statements of the Commonwealth prepared under GAAP differ from those traditionally prepared on a budgetary basis for several reasons. Among other differences, the GAAP statements (i) generally recognize revenues when they become measurable and available rather than when cash is received, (ii) report expenditures when goods and services are received and a liability incurred rather than when cash is disbursed, (iii) include a combined balance sheet for the Commonwealth presented by GAAP fund type rather than by Commonwealth funds, and (iv) include activities of all funds in the reporting entity, including agencies and authorities usually considered as independent of the Commonwealth for budgetary and financial reporting purposes. Budgetary basis revenues and expenditures required to conform to GAAP accounting generally require including (i) corporation tax accruals and audit adjustments for other accrued taxes, (ii) tax refunds payable and tax credits, and (iii) expenses not covered by appropriations.

Terms Used in the Budget Process

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

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

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

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

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

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

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

Deficit: A fiscal condition 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 an expenditure pursuant to a contract, a purchase order, or a known invoice but where an actual disbursement has not been made. In accrual accounting it is treated as a debit against the appropriation in the same manner as a disbursement of cash.

Executive Authorization: An authorization made in the name of the Governor to spend money from funds which had been previously appropriated through blanket action of the General Assembly. Usually this term is used in connection with the special funds. An example of this would be Tax Anticipation Notes interest and Sales Tax refunds.

Expenditure: As contrasted with disbursement, an accounting entry which is both the payment of cash or any encumbrance, as in accrual accounting.

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, 2003 to Sept. 30, 2004 would be FFY 2004.

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

Fiscal Year: A twelve-month period beginning July 1 and ending June 30 of the following calendar year which is used as the State's accounting and appropriation period. Referred to by the year in which the fiscal year begins, for example, July 1, 2004 to June 30, 2005 would be 2004.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Surplus: A fiscal condition 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 year.

Federal Funds Identification

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

ADA	Americans with Disabilities Act
ARC	Appalachian Regional Commission
BG	Block Grant
CCDFBG	Child Care and Development Fund Block Grant
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
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
LIHEABG	Low-Income Home Energy Assistance Block Grant
LSTA	Library Services and Technology Act
LWCF	Land and Water Conservation Fund
MA	Medical Assistance
MAGLOCLEN	Middle Atlantic Great Lakes Organized Crime Law Enforcement Network
MCH	Maternal and Child Health
MCHSBG	Maternal and Child Health Services Block Grant
MH/MR	Mental Health/Mental Retardation Services
MHSBG	Mental Health Services Block Grant
MR	Mental Retardation
NEA	National Endowment for the Arts
NPDES	National Pollutant Discharge Elimination System
NSF	National Science Foundation
OEP	Office of Emergency Preparedness
OSM	Office of Surface Mining
PHHSBG	Preventive Health and Health Services Block Grant
RSAT	Residential Substance Abuse Treatment
SABG	Substance Abuse Block Grant
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	Transportation Efficiency Act
USFWS	United States Fish and Wildlife Service
VA	Veterans' Administration
VOCA	Victims of Crime Act
WIA	Workforce Investment Act
WIC	Women, Infants and Children Program
YDC	Youth Development Center

Governor's Executive Budget

OVERVIEW AND SUMMARIES

OVERVIEW

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

GOAL: CREATE JOBS AND BUILD A VITAL ECONOMY

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

GOAL: BUILD A WORLD CLASS PUBLIC EDUCATION SYSTEM

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

GOAL: INCREASE ACCESS TO HIGH QUALITY HEALTH CARE

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

GOAL: BOOST THE SKILLS OF OUR WORKERS

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

GOAL: PROTECT OUR NATURAL RESOURCES

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

GOAL: ENSURE THE SAFETY OF OUR CITIZENS

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

GOAL: DELIVER GREATER VALUE AND EFFICIENCY IN GOVERNMENT

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

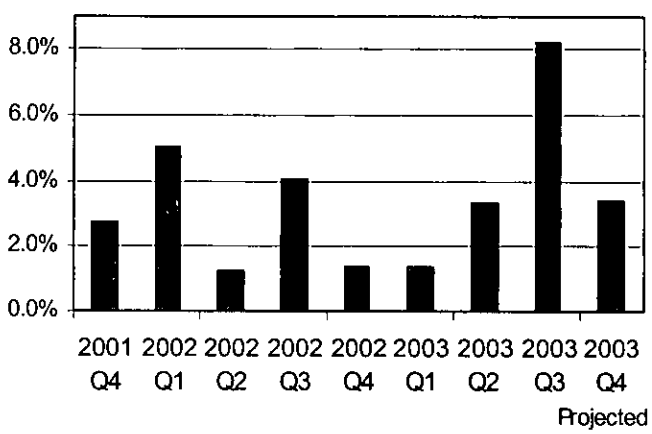
ECONOMIC OUTLOOK

The economic assumptions used to produce many of the tax revenue estimates in this budget were obtained from two main sources of forecast data: 1) Global Insight, Inc. (formerly known as DRI-WEFA) of Lexington, Massachusetts and 2) Economy.com, Inc. of West Chester, Pennsylvania. Both of these firms are private economic forecasting and consulting firms currently providing forecast data to the Commonwealth. Various projections from both Global Insight's national baseline and low growth forecasts as well as forecasts produced by Economy.com were used to develop the estimates of revenue for the budget year and other future fiscal years in this document. Analyses and discussion in this section, as well as the revenue estimates utilized in this budget, are based on a combination of data from each source of econometric forecast. The resulting budget year forecast may be characterized as a "conservative baseline" projection in that it is below the national baseline estimate developed by Global Insight yet above its low-growth forecast. Further, the economic forecast that is utilized for this budget is also generally consistent with many of the forecast assumptions contained in Economy.com's forecasts.

Recent Trends

According to the National Bureau of Economic Research, the most recent U.S. recession ended in November 2001. However, with persistent state budget deficits across the nation, slow growing state revenues, equally slow growing levels of personal income, a steep wave of job losses now followed by a persistent lack of job creation, one would be hard pressed to delineate the start of the ensuing recovery. During the past three years, most measures of economic activity have consistently performed below expectation. While the last recession was not particularly long or deep, the post-recession economy has been disappointingly sluggish to date, although the spike in growth in the third quarter of 2003 was intriguing and potentially promising.

Chart 1
Quarterly Real GDP Growth



Growth in real gross domestic product (GDP) has been erratic over the past 2 years, with a quarter of strong economic gains more often than not followed by growth levels that were well below the prior quarter and also well below expectations. Chart 1 displays the on again-off again nature of the recovery to date. As a result of this whipsaw effect since 2002, the U.S. economy has seen a continuing pattern where sustained growth has been stymied by mounting layoffs combined with a reluctance on the part of businesses to spend on capital investments or expanded payrolls. The result has been a recovery supported solely by consumer spending and productivity gains. Business investment has been non-existent until recently and job losses have been mounting with over 3 million jobs lost nationally since 2001. This persistent combination, along with external shocks to the economy coming from corporate accounting scandals and the war with Iraq, have short-circuited the recovery to date.

Recent economic indicators at the national level portray a more robust and sustainable recovery that may be starting to take shape. However, reasons for caution remain. Real GDP grew at a very healthy annual rate of 8.2 percent in the third quarter of 2003, but much of that gain was fueled by federal tax cuts, refund checks and mortgage refinancing, the latter two being temporary fiscal stimuli only. As the impacts from these temporary stimuli fade, real job growth will be needed in order for the consumer to sustain the current rate of growth in personal consumption. Virtually all growth during the recovery through the second quarter of 2003 has been from either productivity gains or the rise in consumer spending, which has been steady since the recession despite the wave of layoffs. Continued lack of job growth, slow growth in wages, high debt burdens, and the likely peak in mortgage refinancing could potentially combine to slow future growth in personal consumption.

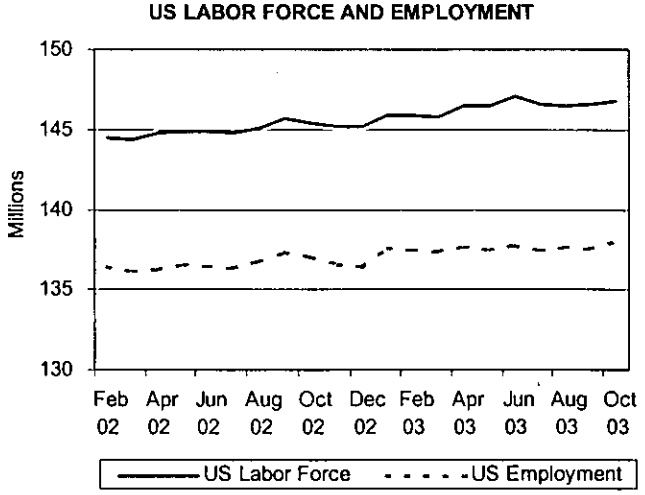
The degree of success of the emerging recovery will eventually turn on whether improvements can be achieved in the labor markets. Since the recession, businesses have been purging themselves of excess capacity and payrolls have been in constant retreat until only recently. The focus on productivity gains to improve corporate profits has been a double-edged sword. While these gains can improve business income, restrain inflation, lower the cost of borrowing and improve real personal income, recent productivity gains have come largely at the expense of job growth. With productivity rising at twice the rate of growth in demand, firms have been able to meet orders for goods and services even while they were cutting payrolls. Businesses are facing intense cost pressures ranging from global competition to soaring health care costs to under-funded pension liabilities — all these factors are combining to reduce profit margins. Double digit increases in health care costs in particular are likely restraining growth in salaries and wages. Forecasts project a 12 percent increase in such costs for 2004. Pension fund losses are also diverting revenues away from wage growth as a recent federal study found that 90 percent of the S&P 500 companies had under-funded pensions, with total under-funding in excess of $200 billion. With little room to maneuver on prices in a low inflation environment, businesses have been responding to all of these pressures by squeezing more output from fewer hours worked. The result has been the jobless recovery the U.S. has experienced through the fourth quarter of 2003.

The U.S. unemployment rate currently stands at 5.7 percent, down slightly from its nine-year high in June. The drop in the unemployment rate to 5.7 percent in December, from 5.9 percent in November, was the result of people leaving the labor force, perhaps giving up hope of finding a job, not the result of increased employment. As a result of this trend, a lower percentage of the U.S. population is currently in the labor force. From 1997 to 2000, the percentage of the U.S. adult population either employed or actively seeking employment was around 67 percent. By December 2003, the participation rate slipped to 66 percent. While this difference may appear minor, had the rate stayed at 67 percent an additional 2 million people would be working or looking for work. Further, the modest gain in payrolls during the fall came to an abrupt halt with the release of the December 2003 employment figures, which indicated that nationally only 1,000 jobs were created that month.

As a result, caution regarding the prospects for sustainable job creation within the national economy is warranted. The pace of growth in employment is well below a typical recovery. However, recent upward trends do indicate a marked change over the past few years which showed the longest drop in payrolls since the Great Depression, with 3 million jobs were lost nationally, including 1.3 million manufacturing jobs. Due to globalization, a greater number of these job losses are now likely permanent, rather than the temporary side effects from the business cycle.

If the labor markets have in fact stabilized, hiring must now rise to a level sufficient for a self-sustaining recovery to ensue. Growth in job creation in excess of 150,000 net new jobs per month is the general benchmark needed to begin to see declines in the unemployment rate. This level of job growth is necessary because of the level of new entrants into the labor force on a monthly basis. Growth in excess of 200,000 per month is typical of a normal recovery.

Chart 2
US LABOR FORCE AND EMPLOYMENT



While job losses appear to have ceased, job creation at the national level over the past four months has been sub par, with only 277,000 jobs having been created, or 69,250 jobs per month.

Chart 2 indicates that the US economy has generated little growth in employment. What growth there has been is well below that which is needed to reduce the unemployment rate and sustain a prolonged recovery.

Given the very low level of job creation from September through December 2003, it is likely that the decline in the unemployment rate was solely a function of lack of growth in the labor force itself as participation in the labor force fell to a 12-year low during the fall. Participation is continuing to decline, as the national labor force declined in excess of 300,000 persons in December. Productivity gains will need to slow and demand will need to rise in order for gains to be achieved in the labor market. However, at the same time, reductions in productivity could likely restrain growth in real GDP.

Current Conditions

Various national economic indicators have recently shown signs of improvement. Business investment has re-emerged following 3 years that saw either absolute reductions and/or little growth. This lack of business investment has been a key factor stifling the recovery to date. Thus, it has been a welcome change that capital spending on new equipment and software grew at a rate of 18.4 percent in the third quarter, up from 8.3 percent in the second quarter of 2003. Much of this expansion can be attributed to the lucrative accelerated federal tax depreciation benefits enacted in 2002. These benefits were increased during the summer of 2003 but are scheduled to return to former levels at the start of 2005. Continued expansion in capital spending is largely dependent upon growth in demand, which is expected to slow from its current pace. As result, capital spending is expected to grow at a rate near 10 percent in 2004.

Productivity improvements are positively impacting real GDP growth and corporate profits but adversely impacting job growth. Businesses are relying on productivity to boost output and profitability without the need for additional workers, as evidenced by the annual increase in productivity since 2001 of 4.3 percent versus growth in the national economy of 2.6 percent annually since 2001. Gains in productivity over the past two years are expected to slow in 2004 and 2005, which could lead to improvements in the labor markets. In the meantime, the end result of productivity gains and the shedding of excess capacity by businesses has been falling payrolls and an unemployment rate that has risen to a nine year high during 2003. Fewer reductions in business inventories have also been boosting real GDP growth. Current inventories are low, indicating a potential need for increases in factory orders; however, the manufacturing sector has yet to pick up in response.

U.S. job losses within manufacturing have totaled over 1.3 million since 2001, with most of the losses feared to be permanent. The unemployment rate is expected to hover around 6 percent through 2005.

Interest rates remain at 45-year lows, with the federal funds rate at 1 percent while the real rate is more likely -1 percent. Favorable policy statements from the Federal Reserve indicate a willingness to maintain low interest rates until the recovery gains strength.

Core inflation has been very low excluding food and energy. Overall inflation is estimated to rise just over 1.5 percent in 2004.

While recent third quarter national economic figures are encouraging, reasons for caution remain and the recovery may continue to be subdued. Although real GDP growth in the third quarter reached 8.2 percent and consumer spending was up 6.9 percent for the quarter, it is likely that only the growth in business investment for capital spending, which grew 14 percent in the quarter, looks to be sustainable, and even that at a reduced level. Much of the recent growth in real GDP and consumer spending appears to have been driven by temporary fiscal stimuli in the

form of federal tax cuts, tax refunds and mortgage refinancing. Of these, only the federal tax cuts are recurring.

The general consensus is that in the near term consumer spending will retreat significantly from third quarter levels, and real GDP growth will moderate to around 3.4 percent on an annual basis for the fourth quarter. Once the benefit of temporary fiscal stimuli passes, improvements in job creation will be necessary to sustain consumer spending and demand, both of which have been slowing from third quarter levels. Reductions in the growth of demand will adversely impact the willingness of businesses to invest in capital equipment or expand payrolls.

Productivity gains have added significantly to the growth to date in real GDP. In order for improvements to be achieved in jobs, productivity will need to slow.

The lack of job growth has been a restraint on the growth in real personal income, which was 1.3 percent in the third quarter of 2003, a level considerably lower than the 4 percent annual rate achieved prior to the recession. Surging benefits costs for employers, which have risen to their highest levels in over a decade, are suppressing job creation and adding costs to employers.

Geo-political risks also remain, highlighted by the uncertain security situation in Iraq.

Combined, these concerns indicate that while the recovery appears to be taking hold, it remains at risk from external shocks as well as internal inefficiencies which could undermine growth. It is expected that growth in the national economy will slow significantly from the pace set in the third quarter of 2003, led by a slowing in the rate of growth of consumer spending. The result is likely to be an annual rate of growth in real GDP of 3 percent for the year.

Moderate growth in personal consumption will likely continue and the re-emergence of capital spending by businesses is expected to continue beyond the current quarter, albeit at a reduced rate. However, until labor markets begin to improve, the U.S. economy is forecast to grow only at a moderate rate, possibly 4.3 percent in 2004.

The Forecast

The current recovery, though slow to take hold, is projected to continue at a modest pace according to a combination of data from both Global Insight's baseline and low-growth forecasts as well as Economy.com's economic forecast.

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

Indicator	2002	2003p	2004p	2005p
Nominal GDP	3.6	4.7	5.4	4.2
Real GDP	2.4	3.0	4.3	2.9
Real Personal Consumption	3.1	3.0	3.6	3.5
Corporate Profits (After Tax)	-4.0	11.2	17.3	10.1
Unemployment Rate (Rate)	5.8	6.0	6.1	5.8
CPI	1.6	2.4	1.4	1.5
Federal Funds (Rate)	1.7	1.1	1.4	3.7

*Assumptions contained herein as well as others are incorporated in the 2004-05 fiscal year revenue estimates.

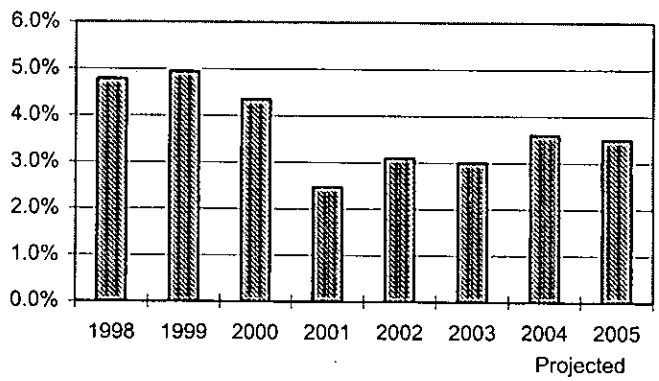
p=projected

A combination of this data, from both sources, is highlighted in Table 1. This table presents actual data for 2002 and forecasts for the 2003-2005 period for several national economic indicators. As shown, both real and nominal GDP are expected to moderately expand in 2004 while giving back some gains in 2005. The forecasts anticipate that economic activity will be positively impacted by the recent participation of businesses in the recovery. Capital investment in new equipment, particularly information technology equipment is expected to accelerate and contribute significantly to growth in real GDP, partially offsetting weakening consumer spending. Consistent demand has pressured businesses to begin to rebuild inventories. The replenishment of inventories is expected to boost the economy starting in 2004. The forecasts anticipate that the recovery will shift in 2004 from consumer-led to business-led drivers of demand, generally in the form of higher capital spending, inventory rebuilding and increased exports. While the consumer has maintained spending during the recovery it is likely that such spending will begin to wane. The various forecasts referenced

herein generally agree that while business activity will boost recovery, the consumer's retrenchment of spending levels will ensure that the recovery will be modest in nature.

Reduced consumer spending will likely be seen through weaker vehicle sales and housing demand. Consumer spending to date has been driven in large part by record low interest rates and a resulting wave of mortgage refinancing. Any movement in monetary policy to tighten supply will likely lead to lower demand for such items as vehicles and housing.

Chart 3
PERSONAL CONSUMPTION EXPENDITURES
Annual Average Growth



Recent evidence suggests that consumers are becoming more cautious in their spending, and consequently, consumption growth for 2004 is expected to be moderate. Due to continued weakness in the labor markets, flat incomes and rising uncertainties, overall consumption is expected to rise little more than one-half percentage point in 2004 to 3.6 percent. Chart 3 displays the actual and projected slow growth, relative to prior years, in personal consumption from 2001 through the end of 2005. Unemployment and the lack of wage growth are likely to continue to impact consumption. The unemployment rate is projected to climb through the first half of 2004, reaching 6.2 percent by the end of the second quarter. For all of 2004, the unemployment rate is projected at an average of 6.1 percent, with progress in job growth likely to occur only in the latter part of the year.

Risks to the forecast remain a concern. The lack of job growth is constraining consumer demand. Low growth in wages and personal income are also drags on the economy. Consumer confidence, which picked up following the completion of the ground phase of the Iraq war, has lost momentum. Concerns over the labor market and the lack of job growth dominate consumer decision-making at this time. Geopolitical uncertainty remains, not only with the tenuous security situation in Iraq but also due to international threats in North Korea, Syria and Iran as well as the possibility of further terrorist strikes at American interests at home or abroad. Therefore, the possibility of external shocks to the economy remains high.

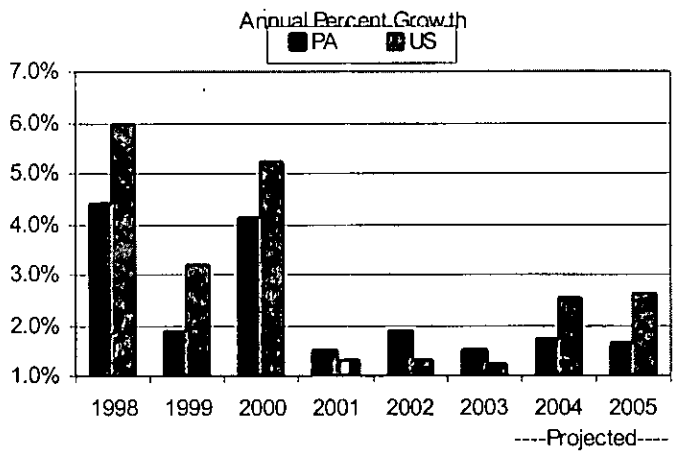
Pennsylvania Outlook

The Pennsylvania economy has traditionally been reflective of national economic trends albeit at reduced levels. While the drop in the national economy during the recession was somewhat more moderate in Pennsylvania, the recovery from the recession has likewise been more moderate in Pennsylvania than what have experienced nationally in recent months. The most recent Index of State Economic Momentum, as published by State Policy Reports, indicates that the Commonwealth is 42nd in total economic momentum as measured by the combination of 1) population growth, 2) personal income growth, and 3) employment growth. Similarly, Pennsylvania ranked 38th and 31st in personal income growth and employment growth in the same study. Pennsylvania currently ranks 48th in terms of job creation nationally and little improvement in unemployment levels is forecast for Pennsylvania compared to projected improvements in the national rates. Employment losses have been broad-based over the prior two years as the manufacturing, transportation, utilities, trade, finance, insurance and real estate sectors have weakened.

A struggling recovery and the lack of job growth are having disproportional impacts on State personal income growth. Chart 4 plots actual and forecast annual real personal income growth for Pennsylvania and the United States for the years 1998 through 2005. As shown, growth in real personal income within Pennsylvania lagged the national rate during the period when the economy

was expanding. As indicated, national real personal income growth rate has slowed to a level below that of the Commonwealth during the recession and the subsequent "non-recovery" period to date. However, since the national economy is projected to expand, the divergence between the State and national rates is projected to reappear. Continued weakness in the State's old-line manufacturing and transportation industries, particularly aviation, reduce the prospects for significant State economic growth. Growth in service sector employment and stabilization of employment losses in other sectors are projected to result in growth in real personal income during calendar years 2004 and 2005, but at levels below the national average.

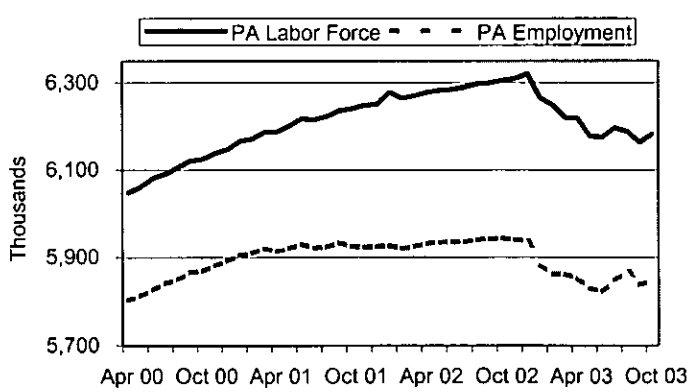
Chart 4
PA AND US REAL PERSONAL INCOME



The strong presence of manufacturing in the Commonwealth and the lack of growth in this important sector have been restraining growth in the Pennsylvania economy. Improvements in the Commonwealth's economic performance will be largely dependent upon improvements in job growth. Pennsylvania's manufacturing sector is projected to begin a rebound in 2004 as business investment restarts. However, in the near term most new jobs are expected to continue to be created in the service sector. The industries driving Pennsylvania's labor markets continue to be higher education, pharmaceuticals, high-technology electronic component manufacturing, financial services, health care, and trucking and warehousing.

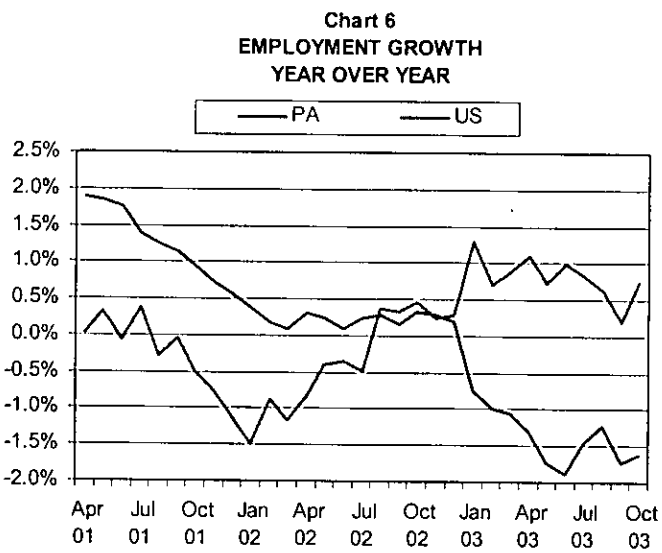
Pennsylvania's labor market continues to struggle through the recovery. Job losses and lack of significant growth following the recent recession continue to adversely impact growth in the Commonwealth. Although the Pennsylvania economy generally tracks the national economy, our unemployment rates had not risen as dramatically as the national average during the depths of the recession. However, the reason Pennsylvania has been experiencing a lower unemployment rate than the U.S. as a whole is because of the lack of growth in the State's labor force over the past few years. Chart 5 indicates that Pennsylvania's labor force is down 2.1 percent and employment is down 1.2 percent since January 2003. As result, most reductions in the Pennsylvania unemployment rate seen since February are the result of a smaller labor force rather than actual job creation.

Chart 5
PA LABOR FORCE AND EMPLOYMENT



Current forecasts indicate that the Pennsylvania labor force will not return to its prior high of 6.3 million participants until December 2005. Mitigating this trend, recent overall lack of significant job growth in the northeast United States has tended to reverse the out-migration of Pennsylvania residents for a period of time. But resurgent job growth in neighboring states could re-start out-migration patterns in the near-term. As seen in Chart 6, employment growth in Pennsylvania has

been moving in the opposite direction from the national economy. As opposed to the moderately growing national employment base, Pennsylvania has been experiencing a net loss in employment growth since January 2003. Current forecasts predict national employment growth of nearly 2 percent annually versus half that for Pennsylvania through 2008.



The short-term outlook for Pennsylvania's economy remains heavily dependent on trends in the national economy. Economic growth in Pennsylvania has a high correlation with growth in the U.S. economy overall. It is estimated that 89 percent of Pennsylvania's employment volatility is associated with U.S. employment changes.

Over the long term, Pennsylvania's economy continues to diversify significantly, and this should enable the State to better cope with cyclical downturns. Pennsylvania's economy is more diverse than those of its neighbors and is second in the nation only to Missouri in terms of diversity as compared to the U.S. economy overall. This diversity means that Pennsylvania's economy is more likely to follow the national economy.

However, due to weak demographic trends, Pennsylvania's economy is also likely to recover at a subdued rate. Demographically, Pennsylvania will continue to experience slow growth in population, and out-migration will likely restart as the national economy improves. On the positive side, the business climate continues to improve within Pennsylvania, with business costs now equal to the national average. Pennsylvania is also succeeding in attracting high value-added industries such as electronics, pharmaceuticals and computer services. On balance, the continued diversification of the Pennsylvania economy and improvements to the business climate are projected to support a rebound, but demographic challenges and an aging infrastructure will likely lead to a slower recovery in Pennsylvania compared to the rest of the U.S.

SUMMARY OF MAJOR OPERATING FUNDS

The total 2004-05 operating budget for the Commonwealth is $50.1 billion. It includes $22.3 billion in the General Fund, $2.1 billion in the Motor License Fund, $16.9 billion in Federal funds and $8.8 billion in fees and other special fund revenues. The amounts for the General Fund and Federal funds reflect the use of $377.6 million in Federal Fiscal Relief funds that this budget proposes to appropriate in lieu of General Fund monies.

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

General Fund

Revenue

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

Tax revenue in the General Fund constitutes over 96 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 79 percent of annual General Fund revenue. For non-tax revenue, the largest single source of revenue is the escheats or "unclaimed property" program.

Recent Revenue Trends: For the five fiscal years ending with 2002-03, total General Fund revenue grew by 10.9 percent, an annual rate of 2.6 percent. The rate of growth for revenue during the period has been affected by the enactment of several tax rate and tax base changes that have impacted receipts. Without adjusting for tax rate and base changes, the major tax revenue sources experiencing the largest growth during this period were the cigarette tax, the realty transfer tax, the liquor tax and the insurance premiums tax. All had five-year increases of over 26 percent. Revenue from some tax sources declined over the period. Receipts from the major corporate taxes and inheritance tax fell by an average annual amount of 5.1 percent and 2.3 percent respectively. The declines in these taxes were partially the result of periodic reductions to the rates and bases enacted over the prior five fiscal years. Non-tax revenue sources during this period increased by 108.3 percent. Increased liquor store profits transfer and miscellaneous receipts, led by revisions to the Commonwealth's escheats program and transfers to the General Fund accounted for most of the increase during the period.

Receipts from the personal income tax in recent fiscal years have been impacted by a slower than projected recovery to the recession of 2001 for both the national and state economies. Personal income tax collections over the past five completed fiscal years have averaged 1.6 percent annual growth. Prior to an upward revision in the personal income tax rate enacted in December 2003, receipts from the personal income tax were anticipated to rise 1.6 percent over prior year levels. Following enactment of a modest increase in the personal income tax rate, receipts are expected to increase 7.2 percent over 2002-03 levels. For fiscal year 2004-05, personal income tax receipts are anticipated to rise 9.8 percent above the official 2003-04 estimate. Estimates for the personal income tax are developed from a regression equation that uses forecasts of wages, salaries, interest, dividends and rents.

The sales and use tax is levied on taxable property and services used by consumers and by businesses. Recently, annual growth rates for this tax have varied significantly from a high of 7.4 percent in 1998-99 to a low of 1.2 percent in 2001-02. Sales and use tax receipts over the past five completed fiscal years have averaged 3.3 percent annual growth with a significant portion of this growth occurring recently within the motor vehicle sales portion of the tax. Sales and use tax receipts through December are 2.2 percent over 2002-03 levels. For 2004-05, the expectation for modest gains in consumption spending is expected to produce a growth rate of 3.1 percent over the 2003-04 official estimate. Estimates for the sales and use tax are developed from a regression equation that uses forecasts of national consumer expenditures on durable goods, national consumption on new and used motor vehicles and the Pennsylvania unemployment rate.

The largest General Fund tax on business is the corporate net income tax. Annual receipts from the corporate net income tax can vary significantly from year-to-year and may experience a year-over-year decline. This variability is due to fluctuations in corporate profitability, including losses, the availability and use of tax credits and net operating loss deductions, and the timing of estimated and final state tax payments based on when a corporation's tax year begins. Corporate tax receipts, including both the corporate net income tax and the capital stock and franchise tax, have experienced negative year over year growth due in part to both recently enacted tax base reductions to the capital stock and franchise tax as well as from the continued impacts of the slower than projected recovery to the 2001 recession. Corporate tax receipts over the past five completed fiscal years have declined by an average of 5.1 percent annually. However, moderately rebounding corporate profits are aiding receipts from this tax for the fiscal year. Current fiscal year-to-date corporate tax receipts are 5.6 percent above 2002-03 levels through November. Receipts for all of 2003-04 are projected to increase by 5.1 percent. More recent economic forecasts indicate that the outlook for corporate profits may continue to improve during calendar year 2004, and tax receipts from corporate taxes are anticipated to increase by 3.6 percent for fiscal year 2004-05 after accounting for tax rate and base reductions scheduled to occur in 2004-05. Estimates for the corporate taxes are developed from a regression equation that uses forecasts of national before-tax corporate profits.

Proposed Tax and Revenue Modifications: The Governor's proposed 2004-05 General Fund Budget includes a new sales tax holiday and revisions to fees imposed on the disposal of municipal and residual waste in Pennsylvania.

Sales and Use Tax Holiday – A sales and use tax holiday is proposed for qualifying residential purchases of Energy Star household appliances. The estimated 2004-05 cost of this proposal is $2.6 million.

Research and Development Tax Credit – An increase of $10 million to the $30 million annual cap on total research and development tax credits is proposed to be effective for credits awarded after January 1, 2005.

Keystone Innovation Zone Tax Credit – A new tax credit program is proposed to provide up to $25 million in tax credits annually to businesses in targeted industry segments operating in Keystone Innovation Zones. These credits are expected to be utilized beginning in fiscal year 2005-06.

Municipal and Residual Waste Disposal Fees – A proposed increase in the Municipal Waste Disposal Fee of $4.00 per ton of waste deposited in Pennsylvania municipal waste landfills is proposed to be effective July 1, 2004. A new fee of $4.00 per ton on residual waste disposed in Pennsylvania is proposed to be effective January 1, 2005. The proposed fee increase is estimated to raise $70 million in 2004-05 to be used exclusively to fund the proposed Growing Greener II initiative.

Expenditures

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

The total General Fund budget proposed for 2004-05 is $22.3 billion, an increase of $872 million or 4.1 percent. These amounts reflect the use of $377.6 million in Federal Fiscal Relief funds that this budget proposes to appropriate in lieu of General Fund monies. Major program expenditures occur in the areas of state correctional institutions, education, and public health and welfare.

State Correctional Institutions: The 2004-05 budget proposed for the State correctional institutions is in excess of $1.3 billion. This area has shown a constant upward trend in cost in recent years. From 2000-01 to 2004-05, total costs have grown from nearly $1.2 billion to over $1.3 billion. This is due to the continuing rise in the inmate population in the State correctional institutions, which has grown from 36,810 inmates in 2000-01 to an estimated 42,409 inmates in 2004-05.

Basic Education: The financial responsibility for public education in Pennsylvania is shared by the Commonwealth and 501 local school districts. Funds provided by the Commonwealth supplement the funds raised locally. State aid to local school districts is provided through various school subsidy payments for basic instruction, vocational education, debt service, pupil transportation, employee retirement programs including social security and various special education programs.

The largest such subsidy is the Basic Education Funding subsidy, which provides Commonwealth aid to local school districts. This budget proposes over $4.3 billion for the Basic Education Funding subsidy in 2004-05. It also proposes $250 million for a new accountability grant program.

Higher Education: Higher education in Pennsylvania is provided through 239 degree-granting institutions, which include the fourteen universities of the State System of Higher Education, four State-related universities, community colleges and various other independent institutions. The budget proposes over $1.85 billion for higher education institutions and students. This includes nearly $357 million for the Grants to Students Program.

Public Health and Welfare: The Commonwealth provides temporary support for its residents who are seeking to achieve and sustain independence. It also provides care, treatment and rehabilitation to persons with mental and physical disabilities and supports programs to prevent or reduce social, mental and physical disease and disabilities. For 2003-04, the total public health and human services expenditures from all sources is $22.4 billion. For 2004-05, $23.8 billion has been proposed for these programs. In 2004-05, the amount from the General Fund will be $8 billion, which is an increase of $570 million or 7.6 percent.

The largest component of the public health and welfare expenditures is the Medical Assistance Program. In the last ten years, the program grew at an annual rate of 8.96 percent. While the overall economy is rebounding from the recent recession, the jobless recovery results in continued growth in caseload. Technological advances in medicine and general medical inflation, including increase in pharmaceutical prices, result in a significant increase in the projected State MA match requirement for 2004-05. This budget proposes various alternative revenue and cost containment strategies to offset General Fund costs. The 2003-04 cost from all sources is $12.2 billion and the 2004-05 budget proposes appropriations totaling $13.3 billion. Normal growth of Medical Assistance would have required a State fund match of $4.6 billion in 2004-05. However, because of the revenue and cost containment measures built into the 2004-05 budget, $4.0 billion is proposed in the budget as the level of State match.

Income maintenance, including cash assistance payments to families in transition to independence and self-sufficiency, totaled $2.3 billion from all sources for 2003-04. The 2004-05 budget proposes total resources of $2.4 billion. The Commonwealth's General Fund appropriation is increased from $910 million to $917 million. The budget provides a total of $512.5 million for child care services. This represents an increase of 68 percent since 1998-99. The number of children served from low-income families increased by 176 percent.

The 2004-05 budget continues the policy of supporting independence for people with mental retardation and mental health disabilities. In June 1998, the State supported 6,811 institutional beds. By June 2004, that will be reduced to 3,863, a reduction of 43 percent. Over that period, the community budgets will have grown by $699 million in total funds, an increase of 64 percent.

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.

Liquid fuels taxes provided approximately 55 percent of total Motor License Fund revenues in 2002-03. Revenue from liquid fuels taxes has increased only slightly over the past five fiscal years. For the five-year period ending with 2002-03, liquid fuels tax revenues increased at an annual average of 1.6 percent. The budget for 2004-05 projects a 1.0 percent increase.

License and fee revenues represent the other major source of revenues for the Motor License Fund. Annual growth of receipts from these sources has been increasing. For the five-year period ending with 2002-03, license and fee revenues increased at an annual average of 2.3 percent. For 2004-05, a 1.0 percent increase is projected.

For the seventh year in a row, the budget for 2004-05 recommends over a billion dollars for highway maintenance. More importantly, revenue enhancements have permitted a shift in highway maintenance from the least costly and least effective "oil and chip" patch repairs to more substantial and desirable resurfacing and reconstruction methods. At the same time, the additional revenues have allowed more miles of roads to be repaired and safety enhancements to be made in all of the Commonwealth's counties.

In addition to the above, improvements continue to be made in customer services at the Department of Transportation. In 2001, the department successfully implemented its Internet renewal system for use by the general public. This new program gives customers the ability to renew their non-commercial driver's license, photo identification card or vehicle registration electronically. The issuing of licenses and registrations continues to be decentralized, making it easier for the citizens of the Commonwealth to use these services. In addition, the time needed to issue licenses and registrations continues to be reduced.

Looking to the future, the department is researching highway systems technology in such areas as intelligent transportation systems, advanced maintenance technologies, and high performance pavement markings. In addition, the department will provide quality services that are user-friendly and customer-focused and will remain responsive and accountable to the citizens of the Commonwealth.

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

Environmental Stewardship Fund

The Environmental Stewardship Fund is a special fund of the Commonwealth, created in December 1999 by Act 68 of 1999, the Environmental Stewardship and Watershed Protection Act. This is the primary source of funding for the broad "Growing Greener" initiative that addresses environmental issues such as farmland preservation, open space protection, maintenance in State parks, abandoned mine reclamation, watershed protection and restoration, recreational trails, local parks, land use planning, and local drinking water and sewer systems.

This fund is composed of monies received from landfill fees and interest earnings. The Environmental Stewardship Fund originally received revenue from a 25 cent per ton, or 25 cent per three cubic yards, fee for all solid waste received at a landfill in the Commonwealth. Act 90 of 2002 added an additional $4 per ton disposal fee for all solid waste disposed of at any municipal waste landfill.

This budget proposes an additional $1 per ton fee on the disposal of municipal solid waste to support the activities currently funded by the Environmental Stewardship Fund. Without this new revenue source, funding for Growing Greener programs would decrease in fiscal year 2004-05 to $90 million from $107 million in fiscal year 2003-04. The higher funding level was made possible by transfers from the Recycling Fund and Hazardous Sites Cleanup Fund, but these transfers are no longer possible due to low fund balances in these two funds.

In addition, this budget proposes reestablishing permanent funding for the Agriculture Conservation Easement Purchase Fund by providing this program with a yearly percentage (14.8%) of Environmental Stewardship Fund revenues.

The Commonwealth agencies involved with the "Growing Greener" programs are the Department of Conservation and Natural Resources, the Department of Environmental Protection, the Department of Agriculture, and the Infrastructure Investment Authority. For additional details, please see the Environmental Stewardship Fund in Section C.

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 property tax and rent assistance, community care programs, mass transit fare subsidies, and assistance in the purchase of pharmaceuticals.

In recent years, the Pennsylvania State Lottery had reached a state of maturity where growth in sales revenues had slowed dramatically because of decreased participation in the online games. The online games only showed results primarily when there were unusually large jackpots of several million dollars. In addition, the more popular instant games, although increasing in volume, also carry a lower profitability factor. To counter that trend of slow growth in revenues, the Lottery has joined the multi-state Powerball game, is working with retailers to expand sales, has implemented midday drawings, and has expanded advertising campaigns to promote higher levels of participation. Player Activated Terminals are being distributed throughout wider retail locations to broaden game accessibility. Combined, these efforts will address the Fund's previous inability to maintain programs.

The total cost of programs funded through the Lottery Fund continues to increase. The largest program in the Lottery Fund is the Pharmaceutical Assistance Contract for the Elderly (PACE) Program. This program provides pharmaceutical benefits to qualified older Pennsylvanians who face a growing burden from the cost of drugs required to maintain healthy and productive lives. Act 37 of 2003 expanded the income eligibility limits of the PACE Program making more than 100,000 additional individuals eligible for enrollment. The expansion is funded through a combination of Lottery revenue enhancements and cost containment initiatives in the PACE Program. In addition, the Federal Medicare pharmacy program is expected to result in as-yet unquantified savings to the Lottery Fund. For 2004-05, a transfer of $370 million to the Pharmaceutical Assistance Fund will provide assistance to 277,150 older Pennsylvanians at an estimated cost of $469.8 million. This is a $133 million (56 percent) increase in the transfer compared to 1997-98. The second largest program in the Lottery Fund is the PENNCARE Program that provides in-home and community-based services to older Pennsylvanians to enrich their lives and enable them to delay or avoid institutionalization. For 2004-05, $207.8 million is provided for the PENNCARE appropriation. Combined, these programs account for approximately 69 percent of total Lottery Fund program expenditures.

Tobacco Settlement Fund

On December 17, 1999, Pennsylvania finalized its contractual agreement with the five major tobacco companies under the Master Settlement Agreement (MSA). The MSA provides a perpetual reimbursement to states for the costs incurred as a result of tobacco use. Pennsylvania's share of the MSA funds for the first 25 years of the agreement is in excess of $9 billion, with annual payments ranging between $322 million and $434 million from 1999 to 2025.

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

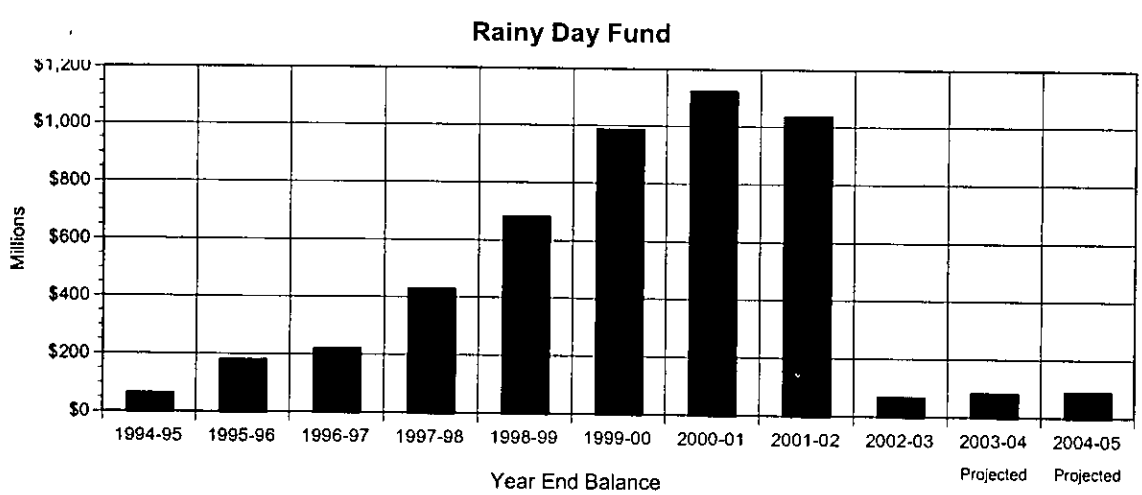
The fund also maintains an endowment component to preserve a portion of the receipts to ensure funds for future generations, sustain critical programs if tobacco allocations decrease, and provide ongoing revenue if tobacco allocations cease. The initial payment from the MSA of $142 million was deposited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

Rainy Day Fund

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

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

At the close of the 2001-02 fiscal year, the balance of the former Tax Stabilization Reserve Fund was nearly $1.04 billion. As shown on the graph below, the fund balance had been built up substantially during the latter part of the 1990's. In order to balance the 2001-02 and 2002-03 General Fund budgets, Act 91 of 2002 repealed the Tax Stabilization Reserve Fund and by law the entire balance was transferred to the General Fund. The General Appropriation Act of 2002 transferred $300 million from the General Fund as an initial deposit into the new Budget Stabilization Reserve Fund. Subsequently, the General Appropriation Act of 2003 repealed this transfer and the $300 million reverted back to the General Fund. In accordance with Act 91 of 2002, 25 percent of the General Fund's 2002-03 fiscal year ending balance, or $69.8 million, was transferred to the Rainy Day Fund after the close of the fiscal year. This transfer put the fund's balance at a level roughly equivalent to the balance at the end of the 1994-95 fiscal year. This budget projects statutory year-end transfers to the Rainy Day Fund of $14.5 million and $0.5 million at the end of fiscal years 2003-04 and 2004-05, respectively.



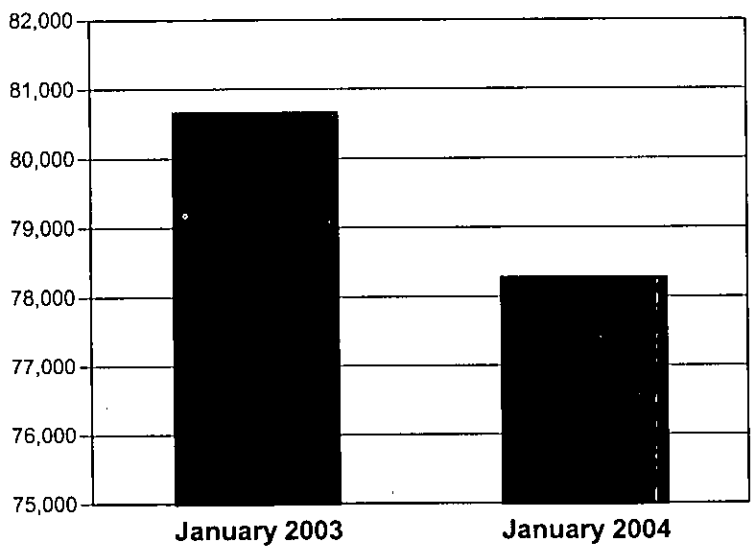
Complement

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

The Commonwealth's total authorized complement level was 86,125 positions when the Rendell Administration took office in January 2003. This level has been reduced thus far during the 2003-04 fiscal year to 84,538 – a reduction of 1,587 positions. This budget proposes an additional reduction in the Commonwealth's total authorized FTE salaried complement level in 2004-05 of 633 positions, from 84,538 to 83,905 positions. Therefore, the total authorized complement level will be reduced by 2,220 positions since the Administration took office.

In conjunction with this reduction in authorized position levels, the number of filled positions has also been declining. The number of filled salaried positions in agencies under the Governor's jurisdiction was 80,673 when the Rendell Administration took office in January 2003. As of mid-January 2004, the number of filled salary positions was 78,297. This represents a reduction of 2,376 filled positions, or a reduction of nearly 3 percent, in the first year the Rendell Administration has been in office.

Filled Salaried Complement



STATEMENTS

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

Seven Year Financial Statements By Fund

The following financial statements are a summary of the General Fund and selected Special Fund revenues and expenditures for the 2002-03 actual year, 2003-04 available year, 2004-05 budget year, as well as future year estimates "prior to corrective action". Additional information on revenues and expenditures is detailed in subsequent tables and in Section C of this budget.

General Fund

(Dollar Amounts in Thousands)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Beginning Balance[a]	$ 142,835	$ 209,325	$ 43,480	$ 1,550	$ 0	$ 0	$ 0
Revenues	$ 21,314,451	$ 22,191,300	$ 23,373,900	$ 24,422,900	$ 25,285,500	$ 26,204,900	$ 27,180,400
Adjustments[b]	-778,082	-957,798	-1,081,500	-1,161,933	-1,194,917	-1,220,631	-1,247,910
Funds Available	$ 20,679,204	$ 21,442,827	$ 22,335,880	$ 23,262,517	$ 24,090,583	$ 24,984,269	$ 25,932,490
Expenditures	-20,400,104	-21,384,853	-22,333,813	-23,272,464	-24,246,246	-25,192,304	-26,317,780
Closing Balance	$ 279,100	$ 57,974	$ 2,067	$ -9,947	$ -155,663	$ -208,035	$ -385,290
Less Transfer to Budget Stabilization Reserve Fund	-69,775	-14,494	-517	0	0	0	0
Ending Balance[a]	$ 209,325	$ 43,480	$ 1,550	$ -9,947	$ -155,663	$ -208,035	$ -385,290

[a] Ending balance not carried forward after 2004-05.

[b] Includes net revenue accruals, refunds, lapses and adjustments to beginning balances.

Seven Year Financial Statements By Fund

Motor License Fund[a]

(Dollar Amounts in Thousands)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Beginning Balance	$ 56,358	$ 30,449	$ 33,982	$ 9,631	$ 12,315	$ 9,839	$ 10,818
Receipts	2,022,214	2,051,368	2,051,410	2,077,600	2,102,850	2,133,810	2,157,410
Funds Available	$ 2,078,572	$ 2,081,817	$ 2,085,392	$ 2,087,231	$ 2,115,165	$ 2,143,649	$ 2,168,228
Less Expenditures	-2,048,123	-2,047,835	-2,075,761	-2,074,916	-2,105,326	-2,132,831	-2,158,039
Ending Balance	$ 30,449	$ 33,982	$ 9,631	$ 12,315	$ 9,839	$ 10,818	$ 10,189

Banking Department Fund

(Dollar Amounts in Thousands)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Beginning Balance	$ 19,740	$ 22,125	$ 25,257	$ 28,194	$ 31,131	$ 34,068	$ 37,005
Receipts	14,447	14,300	14,380	14,380	14,380	14,380	14,380
Funds Available	$ 34,187	$ 36,425	$ 39,637	$ 42,574	$ 45,511	$ 48,448	$ 51,385
Less Expenditures	-12,062	-11,168	-11,443	-11,443	-11,443	-11,443	-11,443
Ending Balance	$ 22,125	$ 25,257	$ 28,194	$ 31,131	$ 34,068	$ 37,005	$ 39,942

Boat Fund

(Dollar Amounts in Thousands)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Beginning Balance	$ 11,549	$ 13,258	$ 13,108	$ 12,403	$ 11,826	$ 10,848	$ 9,768
Receipts	12,562	11,073	10,588	10,634	10,676	10,733	10,762
Funds Available	$ 24,111	$ 24,331	$ 23,696	$ 23,037	$ 22,502	$ 21,581	$ 20,530
Less Expenditures	-10,853	-11,223	-11,293	-11,211	-11,654	-11,813	-11,847
Ending Balance	$ 13,258	$ 13,108	$ 12,403	$ 11,826	$ 10,848	$ 9,768	$ 8,683

[a] Excludes restricted revenue.

Seven Year Financial Statements By Fund

Environmental Stewardship Fund[a]

(Dollar Amounts in Thousands)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Beginning Balance	$ 3,095	$ 1,529	$ 0	$ 0	$ 0	$ 0	$ 0
Receipts	88,529	105,571	111,000	111,000	111,000	111,000	111,000
Funds Available	$ 91,624	$ 107,100	$ 111,000	$ 111,000	$ 111,000	$ 111,000	$ 111,000
Less Expenditures	-90,095	-107,100	-111,000	-111,000	-111,000	-111,000	-111,000
Ending Balance	$ 1,529	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

Farm Products Show Fund

(Dollar Amounts in Thousands)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Beginning Balance	$ 268	$ -742	$ 266	$ 234	$ -250	$ -1,064	$ -2,204
Receipts	6,343	8,546	8,588	8,137	7,806	7,480	7,160
Funds Available	$ 6,611	$ 7,804	$ 8,854	$ 8,371	$ 7,557	$ 6,417	$ 4,957
Less Expenditures	-7,353	-7,538	-8,620	-8,620	-8,620	-8,620	-8,620
Ending Balance	$ -742	$ 266	$ 234	$ -250	$ -1,064	$ -2,204	$ -3,664

Fish Fund

(Dollar Amounts in Thousands)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Beginning Balance	$ 11,026	$ 11,064	$ 10,240	$ 5,556	$ -241	$ -7,262	$ -14,757
Receipts	31,405	32,230	27,296	27,273	27,278	27,278	27,278
Funds Available	$ 42,431	$ 43,294	$ 37,536	$ 32,829	$ 27,037	$ 20,016	$ 12,521
Less Expenditures	-31,367	-33,054	-31,980	-33,070	-34,299	-34,773	-34,821
Ending Balance	$ 11,064	$ 10,240	$ 5,556	$ -241	$ -7,262	$ -14,757	$ -22,300

[a] Excludes restricted revenue.

Seven Year Financial Statements By Fund

Game Fund

(Dollar Amounts in Thousands)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Beginning Balance	$ 23,142	$ 20,830	$ 15,433	$ 13,152	$ 10,872	$ 8,592	$ 6,312
Receipts	56,569	57,307	58,224	58,225	58,225	58,225	58,225
Funds Available	$ 79,711	$ 78,137	$ 73,657	$ 71,377	$ 69,097	$ 66,817	$ 64,537
Less Expenditures	-58,881	-62,704	-60,505	-60,505	-60,505	-60,505	-60,505
Ending Balance	$ 20,830	$ 15,433	$ 13,152	$ 10,872	$ 8,592	$ 6,312	$ 4,032

Keystone Recreation, Park and Conservation Fund

(Dollar Amounts in Thousands)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Beginning Balance	$ 82,936	$ 19,948	$ 59,957	$ 59,644	$ 59,903	$ 63,017	$ 66,390
Receipts	56,557	142,048	68,989	69,289	72,889	76,789	79,389
Funds Available	$ 139,493	$ 161,996	$ 128,946	$ 128,933	$ 132,792	$ 139,806	$ 145,779
Less Expenditures	-119,545	-102,039	-69,302	-69,030	-69,775	-73,416	-77,727
Ending Balance	$ 19,948	$ 59,957	$ 59,644	$ 59,903	$ 63,017	$ 66,390	$ 68,052

Lottery Fund

(Dollar Amounts in Thousands)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Beginning Balance	$ 213,102	$ 149,685	$ 195,069	$ 296,171	$ 285,549	$ 155,939	$ 35,710
Add Reserve From Prior Year	100,000	100,000	100,000	100,000	100,000	100,000	0
Receipts	1,076,479	1,205,950	1,311,254	1,333,152	1,350,246	1,359,700	1,362,147
Funds Available	$ 1,389,581	$ 1,455,635	$ 1,606,323	$ 1,729,323	$ 1,735,795	$ 1,615,639	$ 1,397,857
Less Expenditures*	-1,139,896	-1,160,566	-1,210,152	-1,343,774	-1,479,856	-1,579,929	-1,697,175
Less Reserve for Current Year	-100,000	-100,000	-100,000	-100,000	-100,000	0	0
Ending Balance	$ 149,685	$ 195,069	$ 296,171	$ 285,549	$ 155,939	$ 35,710	$ -299,318

*Does not reflect possible revisions in future year Lottery Fund contributions to the PACE Fund as a result of Federal Medicare Pharmacy Medical Plan.

Seven Year Financial Statements By Fund

Milk Marketing Fund

(Dollar Amounts in Thousands)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Beginning Balance	$ 1,519	$ 1,376	$ 1,051	$ 867	$ 1,023	$ 1,179	$ 1,335
Receipts	2,370	2,252	2,615	2,955	2,955	2,955	2,955
Funds Available	$ 3,889	$ 3,628	$ 3,666	$ 3,822	$ 3,978	$ 4,134	$ 4,290
Less Expenditures	-2,513	-2,577	-2,799	-2,799	-2,799	-2,799	-2,799
Ending Balance	$ 1,376	$ 1,051	$ 867	$ 1,023	$ 1,179	$ 1,335	$ 1,491

Racing Fund

(Dollar Amounts in Thousands)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Beginning Balance	$ 7,293	$ 6,436	$ 8,047	$ 7,759	$ 7,759	$ 7,759	$ 7,759
Receipts	16,541	18,201	18,091	18,091	18,091	18,091	18,091
Funds Available	$ 23,834	$ 24,637	$ 26,138	$ 25,850	$ 25,850	$ 25,850	$ 25,850
Less Expenditures	-17,398	-16,590	-18,379	-18,091	-18,091	-18,091	-18,091
Ending Balance	$ 6,436	$ 8,047	$ 7,759	$ 7,759	$ 7,759	$ 7,759	$ 7,759

Tobacco Settlement Fund

(Dollar Amounts in Thousands)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Beginning Balance	$ 501,619	$ 383,715	$ 375,358	$ 357,566	$ 354,676	$ 351,438	$ 354,883
Receipts	512,406	423,286	357,566	354,676	351,438	354,883	351,683
Funds Available	$ 1,014,025	$ 807,001	$ 732,924	$ 712,242	$ 706,114	$ 706,321	$ 706,566
Less Expenditures	-630,310	-431,643	-375,358	-357,566	-354,676	-351,438	-354,883
Ending Balance	$ 383,715	$ 375,358	$ 357,566	$ 354,676	$ 351,438	$ 354,883	$ 351,683

Seven Year Department Summary by Fund

The following is a summary by department of 2002-03 actual expenditures, the 2003-04 amounts available, the 2004-05 amounts budgeted and future year estimates as presented in the 2004-05 Governor's Executive Budget for the General Fund and selected Special Funds.

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Governor's Office							
General Fund	$ 8,034	$ 7,619	$ 7,320	$ 7,320	$ 7,320	$ 7,320	$ 7,320
Executive Offices							
General Fund	$ 327,197	$ 257,039	$ 258,866	$ 258,866	$ 258,866	$ 258,866	$ 258,866
Motor License Fund	10,341	11,341	10,978	10,978	10,978	10,978	10,978
Tobacco Settlement Fund	35,008	34,807	30,029	28,605	28,374	28,115	28,391
Department Total	$ 372,546	$ 303,187	$ 299,873	$ 298,449	$ 298,218	$ 297,959	$ 298,235
Lieutenant Governor							
General Fund	$ 927	$ 1,112	$ 1,109	$ 1,109	$ 1,109	$ 1,109	$ 1,109
Attorney General							
General Fund	$ 75,058	$ 73,842	$ 73,842	$ 73,842	$ 73,842	$ 73,842	$ 73,842
Auditor General							
General Fund	$ 47,634	$ 49,560	$ 48,179	$ 48,179	$ 48,179	$ 48,179	$ 48,179
Treasury							
General Fund	$ 393,100	$ 714,357	$ 829,868	$ 931,592	$ 995,029	$ 1,045,685	$ 1,099,807
Lottery Fund	3	100	50	50	50	50	50
Racing Fund	3	10	10	10	10	10	10
Motor License Fund	51,218	51,898	33,278	33,512	32,796	33,791	33,459
Game Fund	0	5	5	5	5	5	5
Fish Fund	0	5	5	5	5	5	5
Banking Department Fund	0	5	5	5	5	5	5
Milk Marketing Fund	0	10	5	5	5	5	5
Farm Products Show Fund	0	5	5	5	5	5	5
Boat Fund	0	5	5	5	5	5	5
Department Total	$ 444,324	$ 766,400	$ 863,236	$ 965,194	$ 1,027,915	$ 1,079,566	$ 1,133,356
Aging							
General Fund	$ 34,475	$ 33,548	$ 35,299	$ 35,299	$ 35,299	$ 35,299	$ 35,299
Lottery Fund	600,081	576,692	577,817	706,172	837,172	933,172	1,048,172
Tobacco Settlement Fund	46,833	52,729	52,879	50,372	49,965	49,509	49,995
Department Total	$ 681,389	$ 662,969	$ 665,995	$ 791,843	$ 922,436	$ 1,017,980	$ 1,133,466
Agriculture							
General Fund	$ 74,205	$ 72,503	$ 72,692	$ 72,192	$ 71,692	$ 71,192	$ 70,692
Racing Fund	17,164	16,347	18,134	17,846	17,846	17,846	17,846
Environmental Stewardship Fund	13,334	15,851	16,428	16,428	16,428	16,428	16,428
Farm Products Show Fund	6,353	6,538	5,615	5,615	5,615	5,615	5,615
Department Total	$ 111,056	$ 111,239	$ 112,869	$ 112,081	$ 111,581	$ 111,081	$ 110,581
Banking							
Banking Department Fund	$ 11,720	$ 10,825	$ 11,120	$ 11,120	$ 11,120	$ 11,120	$ 11,120
Civil Service Commission							
General Fund	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1

Seven Year Department Summary by Fund

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Community and Economic Development							
General Fund	$ 396,498	$ 439,828	$ 397,155	$ 434,928	$ 447,618	$ 442,683	$ 440,263
Tobacco Settlement Fund	0	0	276	276	276	276	276
Department Total	$ 396,498	$ 439,828	$ 397,431	$ 435,204	$ 447,894	$ 442,959	$ 440,539
Conservation and Natural Resources							
General Fund	$ 105,503	$ 96,575	$ 97,223	$ 97,223	$ 97,223	$ 97,223	$ 97,223
Environmental Stewardship Fund	21,713	25,811	26,751	26,751	26,751	26,751	26,751
Motor License Fund	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Keystone Recreation, Park and Conservation Fund	96,302	74,758	45,078	44,844	45,038	47,378	49,913
Department Total	$ 224,518	$ 198,144	$ 170,052	$ 169,818	$ 170,012	$ 172,352	$ 174,887
Corrections							
General Fund	$ 1,247,059	$ 1,298,500	$ 1,337,766	$ 1,329,545	$ 1,329,545	$ 1,329,545	$ 1,329,545
Education							
General Fund	$ 8,509,157	$ 8,754,037	$ 9,272,950	$ 9,332,721	$ 9,487,548	$ 9,782,621	$ 10,238,778
Motor License Fund	1,230	1,230	1,230	1,230	1,230	1,230	1,230
Keystone Recreation, Park and Conservation Fund	10,913	14,865	15,208	15,219	15,730	16,563	17,832
Department Total	$ 8,521,300	$ 8,770,132	$ 9,289,388	$ 9,349,170	$ 9,504,508	$ 9,800,414	$ 10,257,840
Emergency Management Agency							
General Fund	$ 23,338	$ 44,273	$ 37,419	$ 12,419	$ 12,419	$ 12,419	$ 12,419
Environmental Protection							
General Fund	$ 241,835	$ 193,365	$ 220,753	$ 246,953	$ 231,053	$ 215,253	$ 201,753
Environmental Stewardship Fund	33,695	40,055	41,514	41,514	41,514	41,514	41,514
Motor License Fund	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Department Total	$ 279,530	$ 237,420	$ 266,267	$ 292,467	$ 276,567	$ 260,767	$ 247,267
Fish and Boat Commission							
General Fund	$ 12	$ 13	$ 14	$ 14	$ 14	$ 14	$ 14
Fish Fund	24,776	26,127	25,710	26,800	28,029	28,503	28,551
Boat Fund	8,629	8,793	9,206	9,124	9,567	9,726	9,760
Department Total	$ 33,417	$ 34,933	$ 34,930	$ 35,938	$ 37,610	$ 38,243	$ 38,325
Game Commission							
Game Fund	$ 50,957	$ 51,557	$ 49,936	$ 49,936	$ 49,936	$ 49,936	$ 49,936
General Services							
General Fund	$ 112,464	$ 111,718	$ 113,552	$ 113,393	$ 113,552	$ 113,393	$ 113,552
Motor License Fund	20,253	20,244	20,260	20,260	20,260	20,260	20,260
Banking Department Fund	342	338	318	318	318	318	318
Department Total	$ 133,059	$ 132,300	$ 134,130	$ 133,971	$ 134,130	$ 133,971	$ 134,130

Seven Year Department Summary by Fund

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Health							
General Fund	$ 252,509	$ 252,183	$ 243,311	$ 243,308	$ 243,304	$ 243,295	$ 243,292
Tobacco Settlement Fund	132,674	133,810	116,361	110,846	109,949	108,946	110,013
Department Total	$ 385,183	$ 385,993	$ 359,672	$ 354,154	$ 353,253	$ 352,241	$ 353,305
Higher Education Assistance Agency							
General Fund	$ 412,838	$ 407,841	$ 415,776	$ 415,776	$ 415,776	$ 415,776	$ 415,776
Historical and Museum Commission							
General Fund	$ 32,801	$ 33,108	$ 31,100	$ 31,100	$ 31,100	$ 31,100	$ 31,100
Keystone Recreation, Park and Conservation Fund	12,330	12,416	9,016	8,969	9,008	9,476	9,983
Department Total	$ 45,131	$ 45,524	$ 40,116	$ 40,069	$ 40,108	$ 40,576	$ 41,083
Infrastructure Investment Authority							
Environmental Stewardship Fund	$ 21,353	$ 25,383	$ 26,307	$ 26,307	$ 26,307	$ 26,307	$ 26,307
Insurance							
General Fund	$ 57,219	$ 58,483	$ 74,188	$ 74,665	$ 75,165	$ 75,665	$ 76,165
Tobacco Settlement Fund	97,544	112,139	99,984	90,875	86,291	81,599	78,904
Department Total	$ 154,763	$ 170,622	$ 174,172	$ 165,540	$ 161,456	$ 157,264	$ 155,069
Labor and Industry							
General Fund	$ 107,066	$ 97,451	$ 86,025	$ 85,810	$ 85,619	$ 85,450	$ 85,308
Military and Veterans Affairs							
General Fund	$ 100,992	$ 110,503	$ 116,036	$ 116,036	$ 116,036	$ 116,036	$ 116,036
Milk Marketing Board							
Milk Marketing Fund	$ 2,513	$ 2,567	$ 2,794	$ 2,794	$ 2,794	$ 2,794	$ 2,794
Probation and Parole							
General Fund	$ 99,369	$ 99,965	$ 97,644	$ 97,644	$ 97,644	$ 97,644	$ 97,644
Public Television Network							
General Fund	$ 12,056	$ 11,982	$ 11,417	$ 11,417	$ 11,417	$ 11,417	$ 11,417
Public Welfare							
General Fund	$ 6,529,896	$ 7,001,166	$ 7,575,412	$ 7,945,414	$ 8,703,777	$ 9,324,772	$ 9,955,442
Tobacco Settlement Fund	318,577	98,434	76,105	76,868	80,097	83,269	87,580
Department Total	$ 6,848,473	$ 7,099,600	$ 7,651,517	$ 8,022,282	$ 8,783,874	$ 9,408,041	$ 10,043,022
Revenue							
General Fund	$ 210,488	$ 212,722	$ 206,077	$ 205,610	$ 206,011	$ 206,417	$ 206,828
Lottery Fund	415,721	458,552	496,132	501,399	506,481	510,554	512,800
Racing Fund	231	233	235	235	235	235	235
Motor License Fund	19,482	22,437	22,215	22,415	22,415	22,415	22,415
Department Total	$ 645,922	$ 693,944	$ 724,659	$ 729,659	$ 735,142	$ 739,621	$ 742,278
Securities Commission							
General Fund	$ 2,133	$ 2,110	$ 2,395	$ 2,395	$ 2,395	$ 2,395	$ 2,395

Seven Year Department Summary by Fund

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
State							
General Fund	$ 6,623	$ 8,349	$ 5,500	$ 5,478	$ 5,478	$ 5,478	$ 5,500
State Employees' Retirement System							
General Fund	$ 0	$ 2	$ 4	$ 4	$ 4	$ 4	$ 4
State Police							
General Fund	$ 169,830	$ 174,633	$ 177,026	$ 176,698	$ 176,698	$ 176,698	$ 176,698
Motor License Fund	371,775	355,090	367,773	365,927	365,927	365,927	365,927
Department Total	$ 541,605	$ 529,723	$ 544,799	$ 542,625	$ 542,625	$ 542,625	$ 542,625
Tax Equalization Board							
General Fund	$ 1,292	$ 1,335	$ 1,330	$ 1,330	$ 1,330	$ 1,330	$ 1,330
Transportation							
General Fund	$ 315,383	$ 316,253	$ 326,321	$ 326,321	$ 326,321	$ 326,321	$ 326,321
Lottery Fund	124,091	137,122	136,153	136,153	136,153	136,153	136,153
Motor License Fund	1,568,826	1,580,595	1,615,027	1,615,874	1,646,950	1,673,348	1,698,805
Department Total	$ 2,008,300	$ 2,033,970	$ 2,077,501	$ 2,078,348	$ 2,109,424	$ 2,135,822	$ 2,161,279
Legislature							
General Fund	$ 258,100	$ 279,614	$ 281,450	$ 281,450	$ 281,450	$ 281,450	$ 281,450
Judiciary							
General Fund	$ 235,012	$ 246,263	$ 256,412	$ 256,412	$ 256,412	$ 256,412	$ 256,412
COMMONWEALTH TOTALS:							
General Fund	$ 20,400,104	$ 21,461,853	$ 22,711,432	$ 23,272,464	$ 24,246,246	$ 25,192,304	$ 26,317,780
Lottery Fund	1,139,896	1,172,466	1,210,152	1,343,774	1,479,856	1,579,929	1,697,175
Racing Fund	17,398	16,590	18,379	18,091	18,091	18,091	18,091
Motor License Fund	2,048,125	2,047,835	2,075,761	2,075,196	2,105,556	2,132,949	2,158,074
Game Fund	50,957	51,562	49,941	49,941	49,941	49,941	49,941
Fish Fund	24,776	26,132	25,715	26,805	28,034	28,508	28,556
Banking Department Fund	12,062	11,168	11,443	11,443	11,443	11,443	11,443
Milk Marketing Fund	2,513	2,577	2,799	2,799	2,799	2,799	2,799
Farm Products Show Fund	6,353	6,543	5,620	5,620	5,620	5,620	5,620
Boat Fund	8,629	8,798	9,211	9,129	9,572	9,731	9,765
Keystone Recreation, Park and Conservation Fund	119,545	102,039	69,302	69,032	69,776	73,417	77,728
Tobacco Settlement Fund	630,636	431,919	375,634	357,842	354,952	351,714	355,159
Environmental Stewardship Fund	90,095	107,100	111,000	111,000	111,000	111,000	111,000
GRAND TOTAL	$ 24,551,089	$ 25,446,582	$ 26,676,389	$ 27,353,136	$ 28,492,886	$ 29,567,446	$ 30,843,131

General and Special Funds

This table shows a summary by Commonwealth Programs of 2002-03 expenditures, the 2003-04 amounts available, the 2004-05 amounts budgeted and future year estimates as presented in the Governor's 2004-05 Executive Budget for the General Fund and selected Special Funds.

Seven Year Commonwealth Program Summary

(Dollar amounts in Thousands)

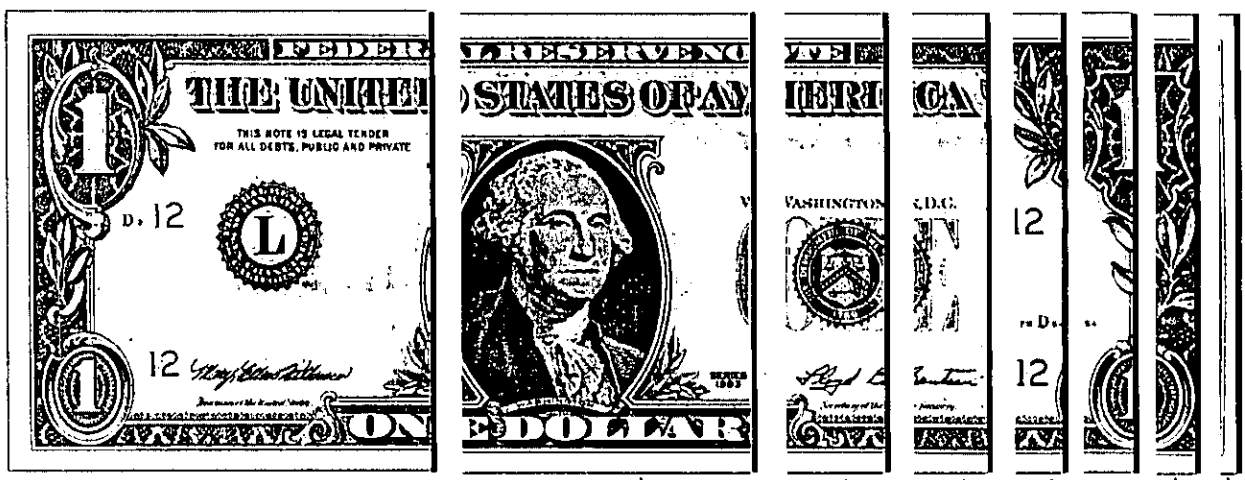
Commonwealth Program	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Direction and Supportive Services	$ 1,271,298	$ 1,266,473	$ 1,307,260	$ 1,309,946	$ 1,314,956	$ 1,318,611	$ 1,321,292
Protection of Persons and Property	3,029,608	3,077,553	3,163,259	3,144,622	3,124,138	3,103,646	3,087,473
Education	8,851,391	9,133,121	9,651,879	9,711,904	9,867,463	10,163,460	10,620,969
Health and Human Services	8,286,068	8,548,290	9,078,125	9,569,005	10,460,098	11,178,628	11,930,017
Economic Development	503,571	548,605	491,383	529,323	542,181	537,417	535,169
Transportation and Communication	1,738,643	1,737,059	1,786,732	1,787,579	1,818,655	1,845,053	1,870,510
Recreation and Cultural Enrichment	479,839	427,668	395,800	396,513	398,430	402,015	405,295
Debt Service	390,671	707,813	801,951	904,244	966,965	1,018,616	1,072,406
GENERAL FUND AND SPECIAL FUNDS TOTAL	$ 24,551,089	$ 25,446,582	$ 26,676,389	$ 27,353,136	$ 28,492,886	$ 29,567,446	$ 30,843,131

Distribution of the Commonwealth Dollar

GENERAL FUND AND SPECIAL FUNDS

2004-05 Fiscal Year

(Dollar Amounts in Thousands)



Education	$9,651,879	36.2%
Health and Human Services	$9,078,125	34.0%
Protection of Persons and Property	$3,163,259	11.9%
Transportation and Communication	$1,786,732	6.7%
Direction and Supportive Services	$1,307,260	4.9%
Debt Service	$801,951	3.0%
Economic Development	$491,383	1.8%
Recreation and Cultural Enrichment	$395,800	1.5%

TOTAL $26,676,389

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 2002-03 expenditures, the 2003-04 amounts available, the 2004-05 amounts budgeted and future year estimates as presented in the Governor's 2004-05 Executive Budget for the General Fund.

Seven Year Commonwealth Program Summary

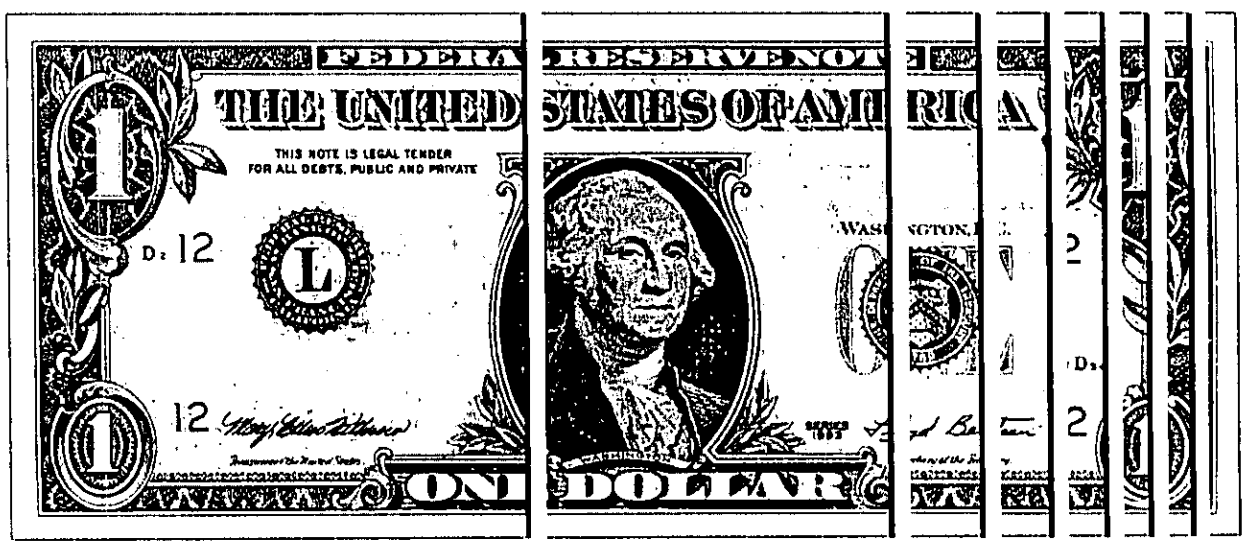
(Dollar amounts in Thousands)

Commonwealth Program	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Direction and Supportive Services	$ 882,142	$ 829,089	$ 839,102	$ 837,745	$ 837,904	$ 837,745	$ 837,904
Protection of Persons and Property	2,353,211	2,383,612	2,469,110	2,461,716	2,445,816	2,430,016	2,416,538
Education	8,844,142	9,121,284	9,638,215	9,698,215	9,853,275	10,148,583	10,604,979
Health and Human Services	6,941,932	7,425,628	7,995,410	8,365,194	9,123,362	9,744,179	10,374,704
Economic Development	482,218	523,222	464,800	502,740	515,598	510,834	508,586
Transportation and Communication	288,116	286,993	298,492	298,492	298,492	298,492	298,492
Recreation and Cultural Enrichment	259,238	222,948	226,329	226,329	226,329	226,329	226,329
Debt Service	349,105	669,077	779,974	882,033	945,470	996,126	1,050,248
GENERAL FUND TOTAL	$ 20,400,104	$ 21,461,853	$ 22,711,432	$ 23,272,464	$ 24,246,246	$ 25,192,304	$ 26,317,780

Distribution of the Commonwealth Dollar

GENERAL FUND

2004-05 Fiscal Year



Education **42.4¢**

Health and Human Services **35.2¢**

Protection of Persons and Property **10.9¢**

Direction and Supportive Services **3.7¢**

Debt Service **3.4¢**

Economic Development **2.1¢**

Transportation and Communication **1.3¢**

Recreation and Cultural Enrichment **1.0¢**

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

General Fund

The following is a summary by Commonwealth Program of the 2003-04 amounts available and the 2004-05 amounts budgeted and the percent each program represents of the General Fund total as presented in the 2004-05 Governor's Executive Budget.

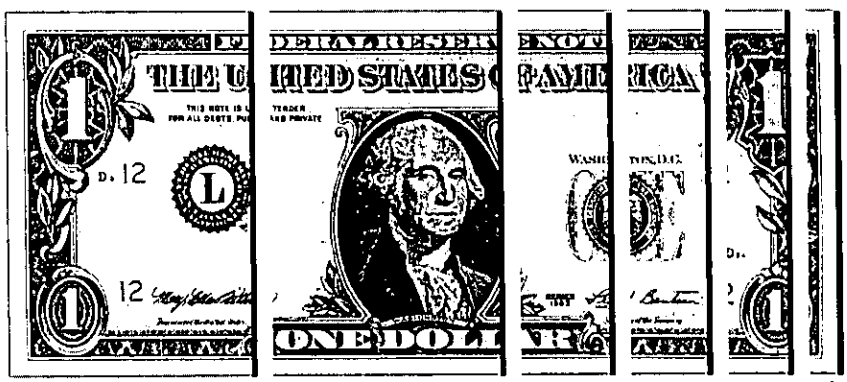
Program Summary

(Dollar Amounts in Thousands)

Commonwealth Program	2003-04		2004-05	
Direction and Supportive Services	$ 829,089	3.9%	$ 839,102	3.7%
Protection of Persons and Property	2,383,612	11.1%	2,469,110	10.9%
Education	9,121,284	42.5%	9,638,215	42.4%
Health and Human Services	7,425,628	34.6%	7,995,410	35.2%
Economic Development	523,222	2.4%	464,800	2.1%
Transportation and Communication	286,993	1.4%	298,492	1.3%
Recreation and Cultural Enrichment	222,948	1.0%	226,329	1.0%
Debt Service	669,077	3.1%	779,974	3.4%
GENERAL FUND TOTAL	$ 21,461,853	100.0%	$ 22,711,432	100.0%

GENERAL FUND

2004-05 Fiscal Year



Income

(Dollar Amounts in Thousands)

TOTAL INCOME	$ 23,306,500
Refunds	–1,081,500
Revenue Enhancements	67,400
Beginning Balance	43,480
TOTAL	$ 22,335,880

Sales $7,939,300 **34.0%**

Personal Income $8,360,800 **35.9%**

Other Business $2,719,200 **11.7%**

Other Revenues $1,934,500 **8.3%**

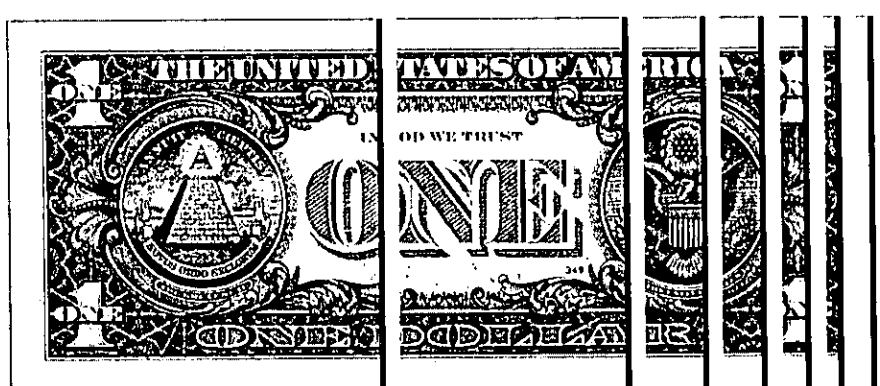
Corporate Net Income $1,603,700 **6.9%**

Inheritance $749,000 **3.2%**

Outgo

(Dollar Amounts in Thousands)

TOTAL OUTGO	$ 22,333,813
Budget Stabilization Reserve Fund	517
Plus Ending Surplus	1,550
TOTAL	$ 22,335,880



Education $9,638,215 **42.4%**

Health and Human Services $7,995,410 **35.2%**

Protection $2,469,110 **10.9%**

Direction $839.102 **3.7%**

Debt Service $779,974 **3.4%**

Other Programs $524,821 **2.3%**

Economic Development $464,800 **2.1%**

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

2004-05 Fiscal Year

Grants and Subsidies 75.3¢

General Government 11.2¢

Institutional 10.1¢

Debt Service Requirements 3.4¢

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

2004-05 Fiscal and Program Policy Direction and Budget Themes

The 2004-05 Fiscal and Program Policy Direction section immediately following this page presents the fiscal and program policies that guided the development of the Governor's Executive Budget. The revenue and expenditure recommendations included in this Budget seek to provide a solid fiscal foundation for the Governor to successfully address his vision, goals and program priorities for Pennsylvania.

This section summarizes the Governor's recommended budget initiatives within the following five budget theme presentations: Smart Investments to Create Jobs and Improve Our Communities; Investing in Our Children, Investing in Our Future; Relieving the Burden of Property Taxes on Our Homeowners, Our Schools and Our Communities; Growing Greener II: Investing in Our Quality of Life; and Making Government Work Smarter. Theme topics may vary from year to year based on the funding priorities established by the Governor and the recommended budget initiatives proposed in the Budget. Themes may include Program Revision budget recommendations. If so, detailed Program Revision presentations, including discussion of the Program Revision and its associated program measures, funding recommendations and costs by appropriation can be found in Section E. Department Presentations within the agency responsible for leading the Program Revision implementation.

2004-05 Fiscal and Program Policy Direction

This section presents the fiscal and program policies that guided the development of the 2004-05 Governor's Executive Budget. The 2004-05 Budget Instructions issued in August 2003 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 his Executive Budget.

With the strength of the economic recovery uncertain, it was important for agencies to use substantial caution in budget planning for 2004-05. Tax revenues are sensitive to changes in economic growth and therefore the economic outlook became a critical component of budget planning. Given the economic forecast, agencies were directed to prepare 2004-05 budget requests building upon the administrative spending constraints and operational efficiencies initiated during the 2003-04 budget process. The Budget Instructions noted that citizens of the Commonwealth, as well as State and local governments, continued to face unprecedented financial uncertainty. Slow revenue growth and double digit inflation in health care and retirement benefits, combined with projected double digit growth in Medical Assistance, the single largest Commonwealth Program, would continue to exert intense pressure on State agencies to hold down expenditure growth. Agencies were to make every effort to eliminate nonessential spending and deliver essential services at reduced cost.

Agencies were directed to continue to develop plans and policies designed to make State government more efficient and effective. Budget requests were to reflect the continuation of that commitment, the positive ongoing effect of current year efforts, and the best efforts to critically evaluate agency programs and activities. To aid this effort, the Budget Instructions directed agencies to submit efficiency Program Revision Request proposals to eliminate nonessential services and deliver essential services at reduced cost, in addition to traditional proposals requesting new programs or significant expansions to or reductions in existing programs.

Further guidance on efficiency Program Revision Request proposals was provided to agencies in September 2003 as part of the budget planning process. Every agency was directed to submit efficiency proposals that focused on program and operational efficiencies. Proposals were to result in actual savings of up to 3 percent of an agency's general government operations budget. Agencies were to request additional resources for program additions or changes only after they had explored offsetting cost savings in other programs. Agencies also had to justify why new programs or program changes could not be implemented using resources from other less effective or responsive programs or from improvements in program efficiency.

The 2004-05 budget planning process also significantly changed and enhanced the Performance Measurement goal-setting component of budget planning. Additional Performance Measurement instructions were issued to agencies in September 2003 directing agencies to put major emphasis on improving program performance measurement. Program measures were expected to go beyond identifying levels of activity, and instead identify qualitative and quantitative outcomes from program activities, and the efficiency with which resources were used to produce results. Program measures were to emphasize program efficiency and effectiveness and be designed to help the agency, the Office of the Budget and the Governor's Office evaluate the impact of proposed program expenditure levels in relation to each agency's mission and program goals.

The Performance Measurement submission is the foundation for a more comprehensive Performance Reporting, Monitoring and Accountability process that the Office of the Budget and the Office of Administration will implement to monitor agency performance and hold agencies accountable for program results throughout the fiscal year. Agency results-based plans and program performance data will be considered as decisions are made about statewide spending priorities and resource allocation between various agency budgets.

The Budget Instructions also emphasized the importance of monitoring and assuring program performance and directed agencies to focus on the long-term fiscal management of their programs and operations. Agencies were to strengthen the multi-year planning component of their budget requests to realistically reflect the future year consequences of actions proposed. Expected trends in eligible populations served, mandated service levels and improved program efficiencies were among the factors agencies needed to consider when preparing multi-year projections.

The reader is referred to the Overview portion of the Overview and Summaries section for a summary of Governor Rendell's vision and goals for Pennsylvania. Specific budget recommendations for each program appropriation can be found in the agency Program Presentations in Section E. Department Presentations. The reader is also referred to the 2004-05 Budget in Brief, a separate booklet, for summary information on the Governor's 2004-05 Executive Budget, including recommended program changes and funding levels in pursuit of the Administration's mission and goals for the Commonwealth.

Smart Investments to Create Jobs and Improve Our Communities

Pennsylvania is at a turning point — we can make proactive investments and create employment in targeted growth sectors by supplying the capital our communities and businesses need to grow — or we can maintain the status quo and continue to lose our competitive advantage, our people and our jobs.

We must take action to change the way that we support our communities and to create new business opportunities. We must expand our commitment to provide capital, sites, infrastructure, and housing for our communities and businesses to grow and retain our young people.

The Rendell administration has proposed a comprehensive Economic Stimulus Program that addresses the key elements needed to "jumpstart" Pennsylvania's economy. Some elements of the stimulus package were adopted in conjunction with the 2003-04 budget. It is anticipated that the remainder of the program will be enacted by early Spring 2004.

The Governor's Economic Development Stimulus Program calls for $2.0 billion in grants, loans and guarantees over the next three years and leverages these funds to generate a minimum of $3.1 billion in private investment in economic development projects across this Commonwealth. The program directs investments to blighted rural, urban and suburban sites and offers critical new capital resources to small cities and communities. It will help Pennsylvania become a leader in real estate and business development and offers a set of incentives and services that will attract high growth firms.

The principal program components are:

Pennsylvania Business in Our Sites

The Business in Our Sites Fund would provide $300 million in flexible loans and grants for local municipalities and their economic development partners to create future business growth and attract opportunities through the acquisition and preparation of key sites for development.

Redevelopment Assistance

Redevelopment assistance provides funding for substantial local capital projects. The Economic Stimulus plan proposes increasing the amount available for these grants by $640 million. Over the next three years, these funds would be used to support nearly $1.3 billion in construction projects across the State.

Water and Sewer Systems

The availability of public infrastructure often affects economic development projects. The Economic Stimulus plan recognizes this fact by calling for $250 million in loans and grants to job creation projects that require improvements in water and sewer systems.

Real Estate Construction Fund

The Real Estate Construction Fund would provide $150 million to be matched by private investors and foundations. This $300 million in total funding would be used to provide mezzanine capital to developers seeking to redevelop and revitalize real estate assets in small to mid-sized Pennsylvania communities.

New Ventures Investment Guarantee Fund

The New Ventures Investment Guarantee Fund, the first program of its kind in the country, would provide $250 million in financing guarantees to top performing fund managers who target their resources toward Pennsylvania's companies seeking early stage financing. An additional $60 million would be made available for loans to Pennsylvania-focused venture capital companies investing in companies within the Commonwealth. These funds will allow Pennsylvania companies to grow and create new jobs.

Keystone Innovation Zones

Keystone Innovation Zones (KIZs) are intended to be geographically designated zones of opportunity and innovation designed to harness resources and foster collaborative partnerships between educational and business institutions. A total of $10 million in State resources would be provided to help universities develop and expand their technology transfer programs and develop intellectual property policies. Up to $25 million in annual tax credits would be available beginning in 2005-06 for companies located in the Keystone Innovation Zones that are part of the strategic priorities of the zone and show positive growth as defined by the department.

Expanded Research and Development

The Commonwealth currently awards $15 million in Research and Development Tax Credits. The Plan for a New Pennsylvania increases this program to $30 million in fiscal year 2004-05 and $40 million in 2005-06.

Equipment and Working Capital Assistance

The Core Industries stimulus program would enhance the successful Machinery and Equipment Loan Fund (MELF) by adding an additional $50 million in revolving loan funds, increasing the maximum loan amount from half a million to five million dollars, and by substantially lowering the interest rate on loans.

A Secondary Stage Loan Guarantee program would offer up to $50 million in loan guarantees for successful Pennsylvania businesses seeking working capital financing from private lenders. The principal target for these loans will be small manufacturers and small technology companies.

The Governor's Economic Stimulus program also proposes making a substantial investment in health care that will dramatically improve the efficiency of hospitals while potentially saving millions of dollars. Up to $25 million would be made available in low interest revolving loans to help hospitals introduce handheld pharmaceutical devices, which will significantly reduce dispensing errors.

Agriculture and Tourism

Agriculture and tourism are Pennsylvania's two largest industry segments. The Governor's Economic Stimulus proposal proposes $150 million in low-interest loan financing to these important industry sectors through the existing Small Business First and Machinery and Equipment Loan Fund programs.

Commonwealth Tax Increment Financing (TIF) Loan Guarantee Fund

The TIF Loan Guarantee Fund would offer technical assistance to all municipalities except cities of the first and second class to guide them through the process of identifying and creating a TIF district, assessing revenue impact, and encouraging the local taxing bodies to support the TIF process. Communities will have the ability to issue TIF bonds through the Pennsylvania Economic Development Financing Authority (PEDFA).

Pennsylvania Section 108 Initiative

The Pennsylvania Section 108 Loan Pool would extend the benefits of the successful Federal 108 loan program to smaller communities throughout the Commonwealth. Local governments in small cities, small to medium counties and rural areas will now be eligible to leverage the State's Community Development Block Grant (CDBG) allocation to create a $288 million federal loan pool that will be backed by the Commonwealth.

Expanded Main Street Program

The plan's commitment to smaller towns and urban centers expands the Main Street program. Seven million dollars would be available to encourage the revitalization of key commercial corridors across the Commonwealth.

A New Elm Street Program

The Elm Street program would provide $7 million in funding to encourage improvements to residential communities that are located next to commercial corridors and other economic development initiatives.

Investing in Our Children, Investing in Our Future

Across this Commonwealth inspired and talented teachers and administrators are helping our students achieve. As a result, the majority of Pennsylvania students are meeting national standards. But in spite of the best efforts of our public schools, 44 percent of Pennsylvania's schoolchildren – more than two in five – still cannot read or do math at a level that meets the State standard of grade level proficiency. More troubling is that over the last ten years the percentage of Pennsylvania fourth grade students reading at grade level did not budge on national assessments. In 2002, President Bush challenged the nation with the passage of the Federal No Child Left Behind Act. This federal law requires that 35 percent of our students are proficient in math and at least 45 percent proficient in reading in 2004. In 2005, the standards will increase to 45 percent proficient in math and 54 percent proficient in reading. By the time our current elementary-school students graduate high school, all students will have to be proficient in reading and math. Pennsylvania is not meeting the modest standards now set by No Child Left Behind, and will have a hard time keeping up as the standards increase. That is why this budget recommends nearly $300 million in targeted educational investments that are proven to boost student skills especially among those students who traditionally struggle to meet academic standards.

All of Pennsylvania's children deserve the opportunity to receive high quality early learning, education and care. Decades of research clearly indicate that if students are expected to achieve at high levels, early and effective learning opportunities are critical. The RAND Corporation examined all of the evidence on pre-school effects and came to two key conclusions: early intervention "can provide significant benefits" for disadvantaged children, and investing public funds in these programs can lead to real future savings. The U.S. Business Roundtable concluded, "A successful system recognizes the importance of the years before children come to school. It provides high-quality pre-kindergarten education for disadvantaged children." The National Academy of Science wrote that, "Striking disparities in what children know and can do are evident well before they enter kindergarten. Redressing these disparities is critical, both for the children whose life opportunities are at stake and for a society whose goals demand that children be prepared to begin school, achieve academic success, and ultimately sustain economic independence and engage constructively with others as adult citizens."

During his term in office Governor Schweiker established a blue-ribbon Task Force on Early Childhood Care and Education. Following comprehensive research and analysis, the Task Force made the following recommendations; that, "Quality preschool should be available to all 3- and 4-year-olds on a voluntary basis and funded beginning with children who are at risk of school failure . . . Expanding kindergarten to full-day, particularly for children most likely to benefit or in districts with high proportions of students likely to benefit, represents a sound investment in future educational success." Improvement in access to subsidized child care for low and moderate income families is necessary, as well as investment in systematic efforts to improve child care quality.

This budget recognizes the impact that early childhood learning, education and care have on school readiness and academic success and recommends the a program of targeted educational investments to aid Pennsylvania's youngest citizens. In addition, to assure continued development of a systematic and coordinated approach to early learning, the Governor's Office has established an Early Learning Team comprised of representatives from the Departments of Education, Health, and Public Welfare as well as Head Start and the Governor's Office.

Accountability Block Grant. Major new strategic investments in schools are provided primarily through a flexible Accountability Block Grant that offers school districts a range of proven program options to meet the special needs of their struggling students. Every school district will receive a share of $250 million in recommended Block Grants for the 2004-2005 school year. School districts can use their block grants for a number of proven programs, including three that are targeted specifically to early childhood education: high-quality pre-school, full-day kindergarten, and small class size in grades K-3.

Head Start Supplemental Assistance Program. Early learning will be enhanced by additional funds targeted to match the federally funded Head Start program. This budget invests $15 million in expanding and enhancing Head Start. Passage of this budget will mark the first time that Pennsylvania will directly supplement federal Head Start money. Existing Head Start providers will receive resources to expand their programs to additional children and to offer extended-day services. Head Start providers can offer extended-day services themselves or collaborate with a licensed child-care center or a registered family or group day-care home.

Early Intervention. Early intervention provides services to children who have a disability or developmental delay, and need specialized instruction. The Department of Public Welfare provides early intervention services to children from birth through age two, and the Department of Education provides services to children age three through age five. Early intervention services are intended to minimize developmental delay and the need for special education, to enhance the potential for independent living, and to assist families in meeting their children's special needs.

Child Care Service Capacity. Working families are often challenged by regulatory barriers that impede their ability to access child care services. In addition, many families who qualify for child care subsidy find themselves on waiting lists for this critical service. Through this budget, funds are allocated to address significant barriers that prevent children and families from using essential child care services and to assure that more of Pennsylvania's working parents can secure child care for their children.

Keystone Stars Quality Improvement. Child care programs provide an important source of early care and education to Pennsylvania children. Through this budget, the Keystone Stars quality improvement program will be expanded and strengthened. Keystone Stars encourages child care programs to improve their quality, offering educational scholarships to assist teachers to improve their knowledge and practice in early childhood, and providing retention awards for qualified teachers and merit awards for programs that demonstrate progress in meeting standards.

Child Care Provider Reimbursement Rate Limits. To ensure that low-income working parents have access to and choice among quality child care providers, State reimbursement rates must be adequate to pay qualified staff. This budget proposes to increase the reimbursement rate limits for child care providers experiencing the greatest need.

Educational Improvement Tax Credit for Preschool. The budget provides for the expansion of pre-school programs by launching a tax credit program for private pre-school scholarships. Pennsylvania businesses will be able to receive up to $5 million in state tax credits for donations to pre-school scholarship organizations. The scholarships will make tuition grants available to parents to pay for the pre-school of their choice throughout the state.

In addition to focusing on early childhood services before first grade, this budget also addresses the challenges that large class sizes cause for our young students. Three out of every four Pennsylvania students are in an elementary-school class size with more than twenty students. Research from other states confirms that students in small K-3 classes outperform other students in reading, language arts, math, and science and sustain gains as they progress into higher grade levels. As a result of a historic compromise hammered out this year by the General Assembly and the Rendell administration, Pennsylvania will be able to use funds provided by the Accountability Block Grant to begin early childhood education services and reduce the student-to-teacher ratios in our early grades.

With this budget, Pennsylvania will join the best of the states that are making smart and aggressive investments in proven educational programs with nearly $300 million targeted to boost student achievement. Of that total, $250 million is recommended for the Pennsylvania Accountability Block Grant investment in proven programs to help school districts attain or maintain academic performance targets. Every school district will receive a share of the Block Grant in the 2004-2005 school year. School districts can use Accountability Grants for high-quality pre-school, full-day kindergarten, small class size in grades K-3, tutoring, teacher training, science materials and equipment, incentives to recruit and retain the most qualified teachers where needed most, closing achievement gaps, and strengthening links to social and health services. School districts also have the option to invest in other research-backed strategies, upon notification and review by the Department of Education. The Pennsylvania Accountability Block Grants are a win-win for school districts and taxpayers – communities have maximum local control and the flexibility to implement those programs that best serve their individual needs, while the focus on targeted and proven programs ensures the efficient and effective use of taxpayer resources.

Pennsylvania has one of the highest achievement gaps in the country. This, coupled with the pressured need to meet the standards set by the Federal No Child Left Behind Act, adds a greater sense of urgency to the effort to secure additional support and resources designed to help all students succeed. Research indicates that tutoring services are one of the most effective tools in boosting student achievement. This budget therefore recommends continuation of the Educational Assistance Program implemented as part of the 2003-04 enacted budget. The enacted budget appropriated a total of $34 million for tutoring in each of the 2003-04 and 2004-05 fiscal years.

The Educational Assistance Program, funded at $25 million, targets school districts with the most severe academic challenges – those schools that did not meet No Child Left Behind Average Yearly Progress targets in math or reading. Students who score below the standard in grades K-3, 4, 6, or 9, or are below proficient on the reading or math PSSA in grades 5 and 8 can receive tutoring under this program. Students can receive tutoring before school, after school, on weekends or during the summer. New guidelines ensure that tutoring takes place in a class size capped at 10 students during the school year and 15 students during the summer. Districts eligible for the Educational Assistance Program may use their allocated funding to provide programs either in-house or through approved outside providers. All tutoring providers are required to use evidence-based models for instruction. The academic progress of students receiving instruction must be reviewed by a school district assessment mechanism. Tutoring must be aligned to the school curriculum and tutors must collaborate with the classroom teacher. Tutoring providers will be evaluated annually; specific measurable outcomes must be achieved before a provider will be approved to continue tutoring into the following year.

This Program Revision also provides $9 million for the continuation of Classroom Plus, a tutoring program for students who have received low standardized assessment results. Classroom Plus provides up to $500 per student per fiscal year for tutoring from state approved providers. Public and private school students are able to access tutoring vouchers to use to purchase tutoring services in their communities.

In addition, this budget recommends a two and one-half percent increase in funding for basic and special education programs provided by school districts and intermediate units, as well as a two and one-half percent increase in funding for vocational education programs provided by area vocational and technical schools. These increases will provide an additional $105.2 million for Basic Education Funding, $22.6 million for Special Education and $1.4 million for Vocational Education.

With this budget, more children will benefit from proven programs like full day kindergarten and extensive tutoring, struggling school districts will have new resources to improve academic achievement, teachers will have increased access to quality tools and professional development, and schools will be better equipped to meet demanding academic standards required under No Child Left Behind. The focus on high-quality early childhood programs and services before first grade will help the Commonwealth address and mitigate the social and educational disparities of young children that influence their ability to be prepared to begin school, achieve academic success, and attain economic independence and self-sufficiency as adult citizens.

Relieving the Burden of Property Taxes on Our Homeowners, Our Schools and Our Communities

Pennsylvania homeowners have been hit hard by repeated property tax increases. As school districts have raised local property taxes by 25, 50, and even 75 percent, seniors and others on fixed incomes have been unable to keep pace and are forced to lower the standard of living or even to sell their homes. This same trend has prevented young families from purchasing a first home. Soaring property taxes have also forced farmers to sell their land to developers. Moreover, in many Pennsylvania communities stagnant economic conditions and weak residential property markets have meant that even with constant property tax increases, homeowners have not be able to generate enough tax income to adequately fund their schools and make up for a declining State share of public education costs.

As a result, Pennsylvania now ranks 49th among all states when it comes to school funding equity. On January 8, 2004, *Education Week* identified Pennsylvania as the second worst state in the nation with respect to educational equity. Their Quality Counts ranking was based on the extraordinary share of school funding coming from local taxpayers and the disparities such local dependence creates. Over the last decade, Pennsylvania's rankings have declined steadily based on the share of total public education funding that is provided by the state government and the degree of funding equity found among our school districts.

Across the United States, the percentage of public school funding provided by state governments now averages 56 percent, up from 51 percent just four years ago. By 2002, Pennsylvania's share of public school funding had declined to an all-time low of 36 percent, far below our State's one-time high of 50 percent. Local property taxes have had to fill in the resulting school funding gap. As a result, since 1992 local property taxes have increased by 54.8 percent in Pennsylvania.

This budget assumes the passage of a bill that ensures tax relief by authorizing a limited expansion in gaming to fund property tax relief for homeowners across the Commonwealth and wage tax relief for residents of Philadelphia. Upon passage of the property tax relief legislation, Pennsylvania can begin to reverse spiraling local property tax increases by offering substantial property tax reduction. Every school district would be guaranteed at least a minimum local tax reduction, and most districts would receive far more – up to a maximum set in law.

The Governor expects that this legislation will ultimately increase State aid to school districts by $1 billion to make property tax relief possible. If this occurs the Commonwealth's share of the cost of supporting our schools will increase to nearly 44 percent.

This funding will not result in an increase in local school spending. For every new dollar that the State sends to a school district under this property tax relief proposal, school districts will be required to cut local property taxes by the exact same amount – a dollar for dollar exchange.

Growing Greener II: Investing in Our Quality of Life

This budget proposes new investments in an area that will be crucial to ensuring Pennsylvania's future competitiveness — our quality of life. The types of companies and industries that Pennsylvania needs to retain and attract often have a choice of where to do business. Increasingly, they judge a location on its ability to offer their workers a place they want to call home — a place that has a clean and safe environment, lively town centers and neighborhoods and abundant green space.

This budget recommends new investments in critical programs to improve the quality of our lives and our communities ranging from protecting open space, to cleaning up abandoned industrial sites, to clearing our streams of acid mine drainage, to upgrading habitat for wildlife, to restoring mine lands, to protecting working farms and forests. The central feature of this new effort is a proposal to renew and expand Pennsylvania's successful Growing Greener program.

The redesigned Growing Greener II proposal contains the following major components:

Protect existing Growing Greener Resource Renewal Programs

Because of the way the original Growing Greener program was financed, absent a new source of revenue spending on Growing Greener programs will need to be reduced from $107 million in 2003-04 to $90 million in 2004-05. This budget proposes a new fee of $1.00 per ton on the disposal of municipal solid waste solely for the Environmental Stewardship Fund, providing an additional $21 million for Growing Greener programs in fiscal year 2004-05. This would provide a permanent funding source for the Agriculture Conservation Easement Purchase Fund by re-establishing a fixed annual percentage (14.8%) of Environmental Stewardship Fund payouts dedicated to farmland preservation.

Increase the impact of Growing Greener II with a Voter Approved Expansion

To enhance our investment in existing and new Growing Greener efforts, voter approval will be sought for an $800 million Growing Greener bond issue. Bond proceeds would be spent over a period of four years on parks, open space and farmland ($330 million), environmental cleanup ($300 million) and revitalization of older communities ($170 million).

Establish a Home Town Streets Program at PennDOT

At the heart of many of Pennsylvania's cities and towns both large and small are older streets and boulevards that have seen better days. Many of these are owned by the Commonwealth. The traditional method of allocating road funds, to repair condition problems or address traffic congestion, can often leave these roads behind. Under the Home Town Streets Program, Pennsylvania towns and cities that have State roads as their main streets and commercial corridors can seek State support to revitalize these arteries. The Department of Transportation will allocate $200 million from its capital plan toward this program over the next four years.

Increase Funding for Recycling and Other Programs

This program includes $25 million per year in increased State support for recycling programs in communities of all sizes, $2 million per year to allow the Commonwealth to purchase 20 percent of its electricity from renewable and other preferred sources of energy, and $7.5 million per year to aid communities that wish to plan more comprehensively for future growth.

Targeted Tax Credits

Two targeted tax incentives, one for community revitalization and one to promote energy conservation would complement these programs. An allocation of $11.5 million will cover the cost of a Historic Preservation Tax Credit to help small businesses, developers and some homeowners rebuild the fabric of hundreds of older communities. Also, a twice-per-year Green Tag sales tax holiday on the purchase of energy efficient appliances is proposed to encourage the purchase of these products, thus conserving natural resources.

Paying For Growing Greener II

These activities would be funded by a new $5.00 per ton fee on the disposal of municipal solid waste and a new $4.00 fee on residual waste. All new revenue would flow to the General Fund except for the $1.00 per ton fee on municipal waste going to the Environmental Stewardship Fund. Revenue flowing to the General Fund would support debt service on the Growing Greener bond issue, tax credits and the other items that make up the Growing Greener II program.

Below is a summary of the Growing Greener II Proposal, which totals $91 million in 2004-05.

	State Funds (Dollar Amounts in Thousands)	
	2004-05	2005-06
General Fund Revenues		
Tipping Fee Increase	$ 63,000	$ 84,000
Residual Waste Fee	7,000	28,000
General Fund Revenues:	*$ 70,000*	*$ 112,000*
Environmental Stewardship Fund Revenues		
Tipping Fee Increase	$ 21,000	$ 21,000
Total Growing Greener II Revenues	**$ 91,000**	**$ 133,000**
Uses:		
Environmental Stewardship Fund - Maintain Current Program Levels	$ 21,000	$ 21,000
General Fund:		
Debt Service for Growing Greener II Environmental Bond Issue	2,330	18,151
Historic Preservation Tax Credit	11,500	11,500
Transfer to Recycling Fund	25,000	25,000
DCED - Center for Local Government Services	7,500	7,500
Transfer to Hazardous Sites Cleanup Fund	19,000	45,200
DGS - Energy Costs-Increased Use of Green Energy	2,000	2,000
Green Tax Holiday	2,600	2,600
Total General Fund Uses	*$ 69,930*	*$ 111,951*
Total Growing Greener II Uses	**$ 90,930**	**$ 132,951**
Available Balance	$ 70	$ 49

Preserving Our Ability To Clean Up Hazardous Sites

Pennsylvania's major source of support for the clean up of hazardous waste sites is the Hazardous Sites Cleanup Fund. Prior to 2002, this Fund was supported by a share of the Capital Stock and Franchise Tax. As this tax rate was lowered, the Fund was deprived of that source of revenue. Absent new revenues, the Hazardous Sites Cleanup Fund will no longer have the ability to clean up the worst of our hazardous sites. The 2004-05 budget therefore includes additional revenue for the preservation of this Fund. The revenue is generated by a new 15 cent per pound fee on the release of toxic chemicals listed on the federal government's Toxics Release Inventory list. A $2 million annual cap on this fee would be imposed for any one company and a $5 million annual cap on the combined total of the toxics release fee and residual waste fee would apply to any one company. The toxics release fee would go into effect July 1, 2004 and would raise $20.4 million annually. In addition, the Hazardous Sites Cleanup Fund would be supplemented by a General Fund transfer in 2004-05 and 2005-06.

Hazardous Sites Cleanup Fund Preservation Plan

	(Dollar Amounts in Thousands)	
	2004-05	2005-06
Revenue from Toxics Release Fee	$ 20,400	$ 20,400
Transfer from the General Fund	19,000	45,200
Revenues for Hazardous Sites Preservation Plan:	***$ 39,400***	***$ 65,600***

Making Government Work Smarter

In the face of shrinking revenues resulting from uncertain economic times coupled with a critical need for increase investment in the improve academic achievement, economic development, and essential safety net services for our Commonwealth's neediest citizens, Pennsylvania has no choice but to operate more efficiently so that limited financial resources can be directed to the areas of greatest need. With the ambitious goal of reducing the cost to operate State government by $1 billion over four years, the 2003-04 budget reduced agencies' administrative budgets by nearly $212 million. In this year's budget process, agencies were challenged to trim spending again by an average of 3 percent. Agencies' responses to this challenge can be found in the form of operational reductions throughout this budget. In addition to challenging agencies to identify their own efficiency initiatives, the Office of Management and Productivity was created last April to spearhead the effort to make Pennsylvania's government work smarter. The first ten months have yielded exceptional results, and during the next twelve months, the Office of Management and Productivity will continue to work to lower the cost of State government operations by an even greater amount than has already been saved. Listed below are the results of the first ten months totaling over $25 million in annual savings.

Telecommunication Infrastructure Initiatives

- Consolidating data communication lines at State Correctional Institutions and Probation Offices ~ $172,000 savings
- Eliminating unused telephone lines and unnecessary telephone features ~ $43,000 savings in the Office of Administration alone

Renegotiated Contract Costs with Existing Vendors

- Renegotiation of a two-year extension for PennDOT's Driver License and Motor Vehicle Call Center ~ $1.45 million savings
- Negotiating with IT professional services contractors for lower prices ~ $2.7 million savings
- IT maintenance contract renegotiations ~ $774,000 savings

Strategic Sourcing/Procurement Savings

- Increasing the trade-in threshold for Commonwealth vehicles from 65,000 to 80,000 miles ~ $13.7 million savings
- Reductions in natural gas contracts for three State Correctional Institutions ~ $370,000 savings
- Negotiating a new software contract ~ $4 million savings
- Computer lease of 4,500 PCs ~ $1.3 million savings
- Reducing the number of paper calendars ordered ~ $109,000 savings
- Reduced costs from a new paper contract ~ $170,000 savings

Agency-Specific Cost Reduction Examples

- Use of postage discounts by two additional agencies ~ $50,000 savings
- Decreasing the number of copies of the PA Manual from 29,000 to 6,000 and eliminating the printing of hard cover PA Manuals ~ $90,000 savings
- Use of on-line auctions at the Department of General Services for surplus state property ~ $43,000 in additional revenue
- Reductions in the distribution of promotional items by the Department of Environmental Protection ~ $295,000 savings
- Eliminate the mailing of the Department of Environmental Protection's weekly newsletter ~ $240,000 savings

FEDERAL BLOCK GRANTS

The Federal Government has two primary types of grants: categorical grants and block grants. The categorical grants are generally distributed for specific purposes. Block grants are distributed to state and local governments based on a distribution formula and are available for an activity that falls within the purposes of the Federal authorizing legislation. Generally the block grants provide states 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 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 Development Fund which replaced the Child Care Block Grant. These programs and Workforce Investment are scheduled to be reauthorized in 2003-04.

In addition, three programs have been included in this presentation because the Federal Government provides flexibility on the activities eligible for funding. These programs are: Workforce Investment, Innovative Education Program Strategies and Anti-Drug Abuse Programs.

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 2003-04 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 2004-05 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 2002-03 expenditures, 2003-04 available and 2004-05 amounts budgeted as presented in the 2004-05 Governor's Executive Budget.

(Dollar Amounts in Thousands)

	2002-03 Actual Block	2003-04 Available Block	2004-05 Recommended Block
Community Services	$ 29,370	$ 29,370	$ 29,402
Small Communities	3,300	3,300	3,720
Innovative Education Program Strategies	59,280	72,358	32,145
Maternal and Child Health	33,600	34,214	37,480
Preventive Health and Health Services	7,326	7,297	7,297
Substance Abuse	64,925	66,847	65,749
Workforce Investment	194,321	253,518	253,518
Child Care and Development Fund	295,092	326,543	351,936
Low Income Home Energy Assistance	162,092	192,757	189,383
Mental Health Services	17,300	18,677	16,799
Social Services	149,401	138,001	142,588
Temporary Assistance to Needy Families	844,731	853,078	802,598
Anti-Drug Abuse	53,290	68,385	72,195
TOTAL	$ 1,914,028	$ 2,064,345	$ 2,004,810

Community Services

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

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

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

(Dollar Amounts in Thousands)

Department / Appropriation	2002-03 Actual Block	2003-04 Available Block	2004-05 Recommended Block
Community and Economic Development:			
CSBG — Administration	$ 1,370	$ 1,370	$ 1,402
Community Services Block Grant	28,000	28,000	28,000
TOTAL	$ 29,370	$ 29,370	$ 29,402

Small Communities

The Housing and Community Development Act of 1974, Title I created this block grant which provides assistance in expanding low and moderate income housing opportunities, enhancing economic development and job opportunities for low and moderate income individuals, correcting deficiencies in public facilities such as water and sewer systems, and improving public facilities that affect the public health and safety.

Act 179 of 1984 requires that funds be allocated on a formula basis. Eighty-five percent of the funds must be used for grants to eligible cities, boroughs and townships and counties, of which 24 percent is allocated to cities, 38 percent to boroughs and townships and 38 percent for counties. There is a 13 percent set aside for discretionary projects which the department distributes to boroughs and townships under 10,000 in population. The remaining two percent is for administrative costs.

Beginning in Fiscal Year 2001-02 the Federal funds, with the exception of those for administration and special projects, are granted directly to the local governments through the implementation of the United States Department of Housing and Urban Development Integrated Disbursement and Information System and do not flow through the state. The Commonwealth, however, maintains administrative oversight.

HUD Disaster Recovery funds are one-time grant awards to the Commonwealth that support a cadre of special projects. Funds are generally used for hazard mitigation, although projects sometimes include activities such as Appalachian Regional Commission Economic Development Administration revitalization projects. These funds supplement discretionary projects although funds are not distributed by formula.

(Dollar Amounts in Thousands)

Department / Appropriation	2002-03 Actual Block	2003-04 Available Block	2004-05 Recommended Block
Community and Economic Development:			
SCDBG — Administration	$ 1,300	$ 1,300	$ 1,720
SCDBG — HUD Disaster Recovery	2,000	2,000	2,000
TOTAL	$ 3,300	$ 3,300	$ 3,720

Innovative Education Programs

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

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

Federal law provides that the Commonwealth must distribute at least 85 percent of the funds to local education agencies. The remaining 15 percent is available to the State for targeted assistance and no more than 25 percent of this amount may be used for State administrative cost.

(Dollar Amounts in Thousands)

Department / Appropriation	2002-03 Actual Block	2003-04 Available Block	2004-05 Recommended Block
Education:			
ESEA Title V — Administration/State.....	$ 3,280 [a]	$ 16,358 [a]	$ 19,255 [a]
School Districts:			
ESEA Title V — School Districts.....	$ 56,000 [b]	$ 56,000 [b]	$ 12,890
TOTAL.....	$ 59,280	$ 72,358	$ 32,145

[a] Includes carryover. In 2003-04 and 2004-05 amount represents maximum amount under Federal flexibility guidelines.

[b] Includes one-time funding of $44 million for school construction renovations to be expended in both FY 2002-03 and 2003-04.

Maternal and Child Health

This block grant provides funds for planning, promoting, and evaluating health care for pregnant women, mothers, infants, and children with special health care needs. This is accomplished by providing health services for mothers and children who do not otherwise have access to adequate health care and nutritional resources. Administrative costs cannot exceed ten percent. These personnel and operational costs are found in the Administration and Operations 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	2002-03 Actual Block	2003-04 Available Block	2004-05 Recommended Block
Health:			
MCHSBG — Administration and Operation	$ 16,368	$ 16,549	$ 18,371
MCHSBG — Program Services	17,232	17,665	19,109
TOTAL	$ 33,600	$ 34,214	$ 37,480

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

(Dollar Amounts in Thousands)

Department / Appropriation	2002-03 Actual Block	2003-04 Available Block	2004-05 Recommended Block
Health:			
PHHSBG — Administration and Operation	$ 2,938	$ 3,167	$ 3,167
PHHSBG — Block Program Services	3,679	3,679	3,679
Subtotal	$ 6,617	$ 6,846	$ 6,846
Public Welfare:			
PHHSBG — Domestic Violence	$ 150	$ 150	$ 150
PHHSBG — Rape Crisis	559	301	301
Subtotal	$ 709	$ 451	$ 451
TOTAL	$ 7,326	$ 7,297	$ 7,297

Substance Abuse

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

(Dollar Amounts in Thousands)

Department / Appropriation	2002-03 Actual Block	2003-04 Available Block	2004-05 Recommended Block
Corrections:			
SABG — Drug and Alcohol Programs	$ 2,100	$ 2,100	$ 2,100
Health:			
SABG — Administration and Operation	$ 5,980	$ 6,254	$ 6,463
SABG — Drug and Alcohol Services	54,862	56,510	55,203
Subtotal	$ 60,842	$ 62,764	$ 61,666
Public Welfare:			
Homeless Services — SABG	$ 1,983	$ 1,983	$ 1,983
TOTAL	$ 64,925	$ 66,847	$ 65,749

Workforce Investment

The Federal Workforce Investment Act (WIA) of 1998 replaced the Job Training Partnership Act (JTPA), on July 1, 2000. WIA reformed Federal job training programs and created a new comprehensive workforce investment system governing programs of job training, adult education and literacy, and vocational rehabilitation, and replaced them with streamlined and more flexible components of workforce development systems. The act provided for an orderly transition from JTPA to the new programs. In addition, the law gave states and individuals more authority and responsibility for job training needs and decisions. WIA was scheduled for reauthorization in 2003. The level of integration, coordination, and collaboration between the Temporary Assistance to Needy Families (TANF) and Workforce Investment Act (WIA) programs in each state has been reviewed as part of the reauthorization process. Reauthorization legislation is anticipated soon.

Pennsylvania is implementing the act through the Pennsylvania Workforce Investment Board (PWIB) – a public-private partnership among businesses, government, communities and economic developers to provide resources needed for businesses in Pennsylvania. The PWIB is comprised of five State agencies: Departments of Aging, Community and Economic Development, Education, Labor and Industry and Public Welfare with private sector members from the State's employers, educators, labor unions, and community leaders. WIA emphasizes job placement over job training, with customers empowered to make informed choices about their career path, education and training they need to reach their career goals. The PWIB coordinates the provision of services and use of funds and resources among State agencies consistent with the laws and regulations governing the programs.

Title I of WIA established a one-stop career center system, state and local workforce investment boards, and a unified strategic five-year plan. Funding for numerous career service programs has been consolidated into three basic grants: adult employment and training, disadvantaged youth employment and training, and dislocated workers.

Eighty-five percent of the adult and youth employment and training funds are distributed to local workforce investment boards. Fifteen percent of the adult and youth employment and training funds can be used for Statewide activities of which five percent can be used for administration. Adult program activities include, but are not limited to, basic skills training, occupational skills training, on-the-job training, customized training, skill upgrade and retraining, and supportive services. Training is available for those who met intensive services eligibility, but were unable to find employment.

At least 30 percent of the funds for youth employment and training must be used for services to out-of-school youth. Activities for youth programs, include, but are not limited to, study skills training and instruction leading to completion of secondary school, alternative secondary school services, summer employment directly linked to academic and occupational learning, and occupational skill training.

Sixty percent of dislocated worker funds must go to local workforce investment boards. Twenty-five percent are used for rapid response activities and fifteen percent can be used for Statewide activities. Program activities for dislocated workers include, but are not limited to, intensive services available for unemployed individuals who have been unable to obtain jobs through core services. Training services are available for those individuals who met intensive services eligibility, but were unable to find employment and those defined as incumbent workers.

WIA Title II reauthorized the Federal Adult Education and Literacy programs. WIA Title III amended the Federal Wagner Peyser Act to require the Federal Employment Service/Job Statistics programs to become part of the one-stop career system and established a national employment statistics initiative. WIA Title IV reauthorized the Federal Vocational Rehabilitation Act programs, and links these programs to the workforce development system. Title V contains general provisions that include authority for unified planning, incentive grants for states exceeding performance levels, the Adult Education Act and the Carl D. Perkins Vocational and Technical Education Act.

(Dollar Amounts in Thousands)

Department / Appropriation	2002-03 Actual Block	2003-04 Available Block	2004-05 Recommended Block
Executive Offices:			
WIA — Program Accountability	$ 400	$ 400	$ 400
Labor and Industry:			
WIA — Administration	$ 4,772	$ 8,500	$ 8,500
WIA — Adult Employment & Training	40,163	60,000	60,000
WIA — Youth Employment & Training	49,512	52,000	52,000
WIA — Statewide Activities	20,611	23,000	23,000
WIA — Dislocated Workers	78,863	109,000	109,000
WIA — Veterans Employment and Training	0	618	618
Subtotal	$ 193,921	$ 253,118	$ 253,118
TOTAL	$ 194,321	$ 253,518	$ 253,518

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	2002-03 Actual Block	2003-04 Available Block	2004-05 Recommended Block
Executive Offices:			
Commission on Crime and Delinquency			
CCDFBG — Early Childhood Task Force	$ 1,197 [a]	$ 0	$ 0
Office of Inspector General			
CCDFBG — Subsidized Day Care Fraud	$ 160	$ 323	$ 361
Community and Economic Development:			
CCDFBG — Cyberstart	$ 8,400	$ 0	$ 0
Education:			
CCDFBG — Early Childhood Development	$ 219 [a]	$ 0	$ 0
CCDFBG — Early Childhood Development	100	0	0
CCDFBG — Early Childhood Coordination	0	208	0
Subtotal	$ 319	$ 208	$ 0
Public Welfare:			
CCDFBG — Administration	$ 17,315	$ 12,490	$ 13,127
CCDFBG — Cash Grants	110,588	137,139	145,008
CCDFBG — Family Centers	3,000	4,000	3,066
CCDFBG — Child Care	154,269	171,123	189,114
CCDFBG — School Age	1,260	1,260	1,260
Subtotal	$ 286,432	$ 326,012	$ 351,575
TOTAL	$ 295,092	$ 326,543	$ 351,936

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

Low-Income Home Energy Assistance

This block grant provides funds to assist eligible low-income individuals and families meet the cost of home energy through cash assistance and to alleviate crisis situations. The amounts below include weather-related contingency funding. The Department of Public Welfare's energy assistance program received $113,000 in supplemental funding from the Energy Conservation and Assistance Fund in 2003-04.

(Dollar Amounts in Thousands)

Department / Appropriation	2002-03 Actual Block	2003-04 Available Block	2004-05 Recommended Block
Community and Economic Development:			
LIHEABG — Administration	$ 500	$ 500	$ 535
LIHEABG — Weatherization Program	22,700	22,700	24,000
Subtotal	$ 23,200	$ 23,200	$ 24,535
Public Welfare:			
LIHEABG — Administration	$ 7,284	$ 12,330	$ 12,164
LIHEABG — Low-Income Families and Individuals	131,608	157,227	152,684
Subtotal	$ 138,892	$ 169,557	$ 164,848
TOTAL	$ 162,092	$ 192,757	$ 189,383

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	2002-03 Actual Block	2003-04 Available Block	2004-05 Recommended Block
Public Welfare:			
MHSBG — Administration	$ 158	$ 158	$ 160
MHSBG — Community Mental Health	17,142	18,519	16,639
TOTAL	$ 17,300	$ 18,677	$ 16,799

Social Services

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

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

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

(Dollar Amounts in Thousands)

Department / Appropriation	2002-03 Actual Block	2003-04 Available Block	2004-05 Recommended Block
Education:			
SSBG — Early Childhood Development	$ 400	$ 0	$ 0
Public Welfare:			
SSBG — Administration	$ 3,691	$ 3,691	$ 3,691
SSBG — County Assistance	6,262	6,262	6,262
SSBG — Basic Institutional Program	1,056	1,056	1,056
SSBG — Community Mental Health	14,808	14,808	14,808
SSBG — Community Mental Retardation	13,984	13,984	13,984
SSBG — Alternatives to Abortion	0	0	1,000
SSBG — Early Intervention	2,195	2,195	2,195
SSBG — Child Welfare	12,021	12,021	12,021
SSBG — Child Care	30,977	30,977	30,977
SSBG — Domestic Violence	1,205	1,205	5,705
SSBG — Rape Crisis	634	634	2,721
SSBG — Family Planning	3,845	3,845	3,845
SSBG — Legal Services	5,049	5,049	5,049
SSBG — Legal Services Systems Improvements	2,000	1,000	0
SSBG — Homeless Services	2,183	2,183	4,183
SSBG — Services to Persons with Disabilities	120	120	120
SSBG — Attendant Care	6,971	6,971	6,971
Subtotal	$ 107,001	$ 106,001	$ 114,588
Community and Economic Development:			
Empowerment Zones and Enterprise Communities — SSBG	$ 42,000	$ 32,000 [a]	$ 28,000 [a]
TOTAL	$ 149,401	$ 138,001	$ 142,588

[a] Estimated carryover.

Temporary Assistance to Needy Families

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

(Dollar Amounts in Thousands)

Department / Appropriation	2002-03 Actual Block	2003-04 Available Block	2004-05 Recommended Block
Executive Offices:			
Office of Inspector General			
TANFBG — Program Accountability	$ 1,900	$ 2,780	$ 1,500
Juvenile Court Judges Commission			
TANFBG — Juvenile Probation Emergency Assistance Services	$ 2,000	$ 2,000	$ 0
Commission on Crime and Delinquency			
TANFBG — Stop Violence Against Women	$ 2,247	$ 0	$ 0
TANFBG — Nurse Home Visitation	5,811	5,100	3,784
TANFBG — Weed and Seed	2,000	2,000	0
Subtotal	$ 10,058	$ 7,100	$ 3,784
Community and Economic Development:			
TANFBG — Housing Assistance	$ 8,900	$ 5,000	$ 5,000
TANFBG — Housing Collaboration	30,000	0	0
TANFBG — Family Savings Account	2,000	2,000	0
TANFBG — Digital Divide	4,000	0	0
TANFBG — Child Care Challenge Grants	10,000	10,000	0
TANFBG — Critical Job Training Grants	5,000	0	0
Subtotal	$ 59,900	$ 17,000	$ 5,000
Corrections:			
TANFBG — HOPE	$ 30 [a]	$ 83 [a]	$ 52 [a]
Education:			
TANFBG — Teenage Parenting Education	$ 12,904	$ 14,255	$ 12,255
Health:			
TANFBG — I Am Your Child Program	$ 4,008	$ 0	$ 0
TANFBG — Abstinence Education	750	0	0
Subtotal	$ 4,758	$ 0	$ 0
Higher Education Assistance Agency:			
TANFBG — Education Opportunities	$ 1,500	$ 1,500	$ 1,500
Labor and Industry:			
TANFBG — Youth Employment & Training	$ 14,946	$ 15,000	$ 15,000

Temporary Assistance to Needy Families (continued)

Public Welfare:			
TANFBG — Administration	$ 4,724	$ 6,193	$ 5,016
TANFBG — Information Systems	5,392	10,467	7,621
TANFBG — Statewide	4,421	3,996	3,564
TANFBG — County Assistance	49,852	51,450	45,404
TANFBG — Child Support Enforcement	0	1,850	1,850
TANFBG — New Directions	126,472	167,033	156,494
TANFBG — Youth Development Center	6,907	7,907	5,500
TANFBG — Cash Grants	219,394	227,020	234,170
TANFBG — Alternatives to Abortion	1,000	1,000	0
TANFBG — Child Welfare	296,373	295,940	294,940
TANFBG — Child Care Services	2,600	2,000	2,000
TANFBG — Domestic Violence	4,500	4,500	0
TANFBG — Rape Crisis	2,087	2,087	0
TANFBG — Homeless Assistance	2,000	2,000	0
Subtotal	$ 725,722	$ 783,443	$ 756,559
Transportation:			
TANFBG — Access to Jobs	$ 11,043	$ 10,000	$ 7,000
GRAND TOTAL ALL PROGRAMS	$ 844,731	$ 853,078 [b]	$ 802,598 [b]

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

[b] Includes carryover funding.

Anti-Drug Abuse

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

The objective of the Drug Control and System Improvement grant is to assist states and units of local government increase the apprehension, prosecution, adjudication, detention, rehabilitation and treatment of persons who violate State and local laws relating to the production, possession and transfer of controlled substances and to improve the criminal justice system.

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

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

(Dollar Amounts in Thousands)

Department / Appropriation	2002-03 Actual Block	2003-04 Available Block	2004-05 Recommended Block
DRUG CONTROL AND SYSTEM IMPROVEMENT FORMULA GRANT PROGRAM (DCSI)			
Executive Offices:			
Integrated Criminal Justice System			
DCSI — Electronic Reporting	$ 1,821 [a]	$ 1,200 [a]	$ 499 [a]
Juvenile Court Judges Commission			
DCSI — Enhanced Data Collection	$ 40 [a]	$ 0	$ 0
DCSI — Specialized Probation Technical Assistance	304 [a]	165 [a]	0
Subtotal	$ 344	$ 165	$ 0
Commission on Crime and Delinquency			
DCSI — Administration	$ 1,389	$ 1,600	$ 1,925
DCSI — Program Grants	30,000	30,000	30,000
DCSI — Criminal History Records	10	10	10
Subtotal	$ 31,399	$ 31,610	$ 31,935
Attorney General:			
DCSI — Senior Crime Prevention University	$ 0	94 [a]	48 [a]
DCSI — Pennsylvania Drug Law Enforcement Coordinating System	0	98 [a]	0
DCSI — Computer Forensics	0	163 [a]	0
DCSI — Witness Relocation	0	267 [a]	0
Subtotal	$ 0	$ 622	$ 48
Aging:			
DCSI — Older Domestic Violence Victims CrossTraining	$ 70 [a]	$ 15 [a]	$ 0
DCSI — Protective Services Training	169 [a]	115 [a]	50 [a]
DCSI — Sexual Abuse Response Training	87 [a]	83 [a]	49 [a]
Subtotal	$ 326	$ 213	$ 99

Anti-Drug Abuse (continued)

(Dollar Amounts in Thousands)

Department / Appropriation	2002-03 Actual Block	2003-04 Available Block	2004-05 Recommended Block
Corrections:			
DCSI — Hispanic Therapeutic Community	$ 50 [a]	$ 250 [a]	$ 200 [a]
DCSI — Violent Crime Victims	12 [a]	0	0
DCSI — Community Outreach Recruitment	155 [a]	0	0
DCSI — Therapeutic Community	200 [a]	75 [a]	110 [a]
DCSI — Employment Opportunities	375 [a]	343 [a]	242 [a]
DCSI — Virtual Visitation	60 [a]	67 [a]	67 [a]
DCSI — Adult Interactive Living	200 [a]	90 [a]	90 [a]
DCSI — Video Conferencing	60 [a]	0	0
DCSI — Sex Offender Assessment	345 [a]	115 [a]	164 [a]
DCSI — Inmate Culinary Training	53 [a]	53 [a]	15 [a]
Subtotal	$ 1,510	$ 993	$ 888
Health:			
DCSI — Adult Offender Treatment	$ 357 [a]	$ 108 [a]	$ 498 [a]
Military and Veterans Affairs:			
DCSI — Drug Enforcement Training	$ 334 [a]	$ 618 [a]	$ 630 [a]
Probation and Parole:			
DCSI — RSAT Aftercare	$ 70 [a]	$ 50 [a]	$ 0
DCSI — County SAVE	438 [a]	0	0
DCSI — Sexual Offenders Treatment	585 [a]	300 [a]	170 [a]
DCSI — Case Management	381 [a]	139 [a]	0
DCSI — Re-Entry Court Planning	0	15 [a]	0
Subtotal	$ 1,474	$ 504	$ 170
State Police:			
DCSI — Triggerlock	$ 0	$ 186 [a]	$ 260 [a]
DCSI — Digital Wiretap Network	529 [a]	0	0
DCSI — Minority Recruitment	212 [a]	30 [a]	0
DCSI — MARIS System	0	226 [a]	226 [a]
DCSI — PA Criminal Inteligence Center	0	454 [a]	605 [a]
DCSI — Local Computer Crime Prevention	380 [a]	0	0
Subtotal	$ 1,121	$ 896	$ 1,091

Anti-Drug Abuse (continued)

Department / Appropriation	2002-03 Actual Block	2003-04 Available Block	2004-05 Recommended Block
Legislature:			
Commission on Sentencing			
DCSI — Web Expansion & JNET Interface	$ 395 [a]	$ 76 [a]	$ 19 [a]
DCSI —Policy Research	147 [a]	0	0
DCSI —JNET Information Technology	125 [a]	126 [a]	126 [a]
DCSI — Community Corrections	136 [a]	0	0
DCSI — Restitution Collections	100 [a]	100 [a]	100 [a]
DCSI — RIP Evaluations	69 [a]	138 [a]	138 [a]
Subtotal	$ 972	$ 440	$ 383
TOTAL	$ 31,399	$ 31,610	$ 31,935

SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES (DFSC)

Executive Offices:			
Commission on Crime and Delinquency			
DFSC — Special Programs	$ 4,174	$ 5,200	$ 5,200
Education:			
DFSC — Administration	$ 1,925	$ 15,783	$ 19,268
DFSC — School Districts	14,000	14,000	14,000
Subtotal	$ 15,925	$ 29,783	$ 33,268
Health:			
DFSC — Special Programs for Student Assistance	$ 1,125 [a]	$ 1,125 [a]	$ 1,125 [a]
Public Welfare:			
DFSC — Special Programs — Juvenile Aftercare Services	$ 1,225	$ 1,225	$ 1,225
DFSC — Special Programs for Domestic Violence	425	425	425
DFSC — Special Programs for Rape Crisis	142	142	142
Subtotal	$ 1,792	$ 1,792	$ 1,792
TOTAL	$ 21,891	$ 36,775	$ 40,260
GRAND TOTAL ALL PROGRAMS	$ 53,290	$ 68,385	$ 72,195

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

Public Information and Communications

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

	(Dollar Amounts in Thousands)	
	2003-04 Estimate	2004-05 Estimate
Governor's Office	$839	$936
Executive Offices	176	179
Aging	187	186
Agriculture	303	310
Banking	78	80
Civil Service Commission	41	43
Community and Economic Development	427	445
Conservation and Natural Resources	279	285
Corrections	260	274
Education	484	490
Emergency Management Agency	114	98
Environmental Protection	2,498	2,621
Fish and Boat Commission	122	129
Game Commission	273	273
General Services	65	69
Health	441	413
Historical and Museum Commission	78	83
Insurance	204	216
Labor and Industry	367	383
Liquor Control Board	221	222
Military and Veterans Affairs	190	225
Milk Marketing Board	97	100
Probation and Parole Board	44	50
Public Television Network	12	13
Public Utility Commission	196	200
Public Welfare	469	478
Revenue	299	310
Securities Commission	28	28
State	274	293
State Police	224	236
Transportation	1,483	1,524
TOTAL	$10,773	$11,192

The Commonwealth also spends funds in these areas:

— *Lottery sales promotion* - $30 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 2004-05. These expenditures are expected to generate approximately $2.6 billion in lottery revenues during 2004-05.

— *Economic development* - A total of $23.6 million is budgeted in the General Fund to promote tourism and economic development. This will contribute to an estimated $23.2 billion in 2004-05 travel revenues to Pennsylvania and supports the State's aggressive effort to preserve and create jobs.

Governor's Executive Budget

PROGRAM BUDGET SUMMARY

COMMONWEALTH PROGRAM BUDGET

This section summarizes the 2004-05 fiscal year budget by major revenue source and major program area of expenditure. This summary includes programs funded from the General Fund, the twelve budgeted special revenue funds, Federal funds, and other revenues including augmentations, restricted receipts and revenues, and other special revenue funds.

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

SUMMARY OF REVENUES AND EXPENDITURES FOR THE OPERATING PROGRAM

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

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
BEGINNING BALANCES							
General Fund (a)	$ 142,835	$ 209,325	$ 43,480	$ 1,550	$ 0	$ 0	$ 0
Adjustment to Beginning Balance	$ -300	$ -13,098	$ 0	$ 0	$ 0	$ 0	$ 0
Adjusted Beginning Balance	$ 142,535	$ 196,227	$ 43,480	$ 1,550	$ 0	$ 0	$ 0
Special Funds (b)	$ 1,031,647	$ 759,673	$ 837,768	$ 891,177	$ 874,564	$ 734,354	$ 513,020
REVENUES							
General Fund:							
Corporation Taxes	$ 1,396,561	$ 1,476,400	$ 1,603,700	$ 1,729,900	$ 1,816,900	$ 1,889,300	$ 2,019,400
Personal Income Tax	7,105,885	7,616,000	8,360,800	8,794,100	9,223,600	9,682,300	10,153,800
Sales and Use Taxes	7,519,561	7,700,500	7,939,300	8,239,300	8,577,400	8,942,200	9,315,000
All Other Revenues/Taxes	5,292,444	5,398,400	5,402,700	5,587,400	5,596,000	5,619,900	5,621,300
Less Refunds	-929,600	-1,034,700	-1,081,500	-1,161,933	-1,194,917	-1,220,631	-1,247,910
Proposed Revenue Changes	0	0	67,400	72,200	71,600	71,200	70,900
Total General Fund	$ 20,384,851	$ 21,156,600	$ 22,292,400	$ 23,260,967	$ 24,090,583	$ 24,984,269	$ 25,932,490
Special Funds	3,742,334	3,911,819	4,040,001	4,085,412	4,127,834	4,175,324	4,200,480
Federal Funds	14,455,100	16,433,586	16,505,349	16,180,426	16,192,379	16,181,102	16,194,503
Other Funds	7,069,472	6,249,250	6,873,849	6,369,359	6,371,565	6,422,563	6,461,038
Total Revenues and Balances	$ 46,825,939	$ 48,707,155	$ 50,592,847	$ 50,788,891	$ 51,656,925	$ 52,497,612	$ 53,301,531
PROGRAM EXPENDITURES							
Direction and Supportive Services	$ 1,742,911	$ 1,461,130	$ 1,444,043	$ 1,446,729	$ 1,451,739	$ 1,455,394	$ 1,458,075
Protection of Persons and Property	5,363,715	5,536,059	5,581,308	5,541,545	5,513,959	5,475,334	5,459,779
Education	10,740,680	11,246,793	11,760,881	11,820,906	11,976,465	12,272,454	12,729,949
Health and Human Services	20,805,969	21,959,391	23,378,085	23,115,857	24,052,615	24,827,943	25,624,138
Economic Development	1,961,318	2,013,653	1,943,897	1,950,259	1,966,217	1,961,453	1,959,205
Transportation and Comunications	4,173,494	4,606,860	4,585,270	4,561,117	4,567,193	4,593,591	4,627,048
Recreation and Cultural Enrichment	617,698	575,594	535,848	537,088	541,232	547,145	552,864
Debt Service	669,876	729,938	826,255	929,420	987,410	1,037,797	1,087,614
Less General Fund Lapses	-151,818	-167,000	0	0	0	0	0
Less Special Fund Lapses	-95,540	-147,413	0	0	0	0	0
Total Operating Expenditures	$ 45,828,303	$ 47,815,005	$ 50,055,587	$ 49,902,921	$ 51,056,830	$ 52,171,111	$ 53,498,672
Federal Fiscal Relief Funds	0	0	-377,619	0	0	0	0
Transfer to Budget Stabilization Reserve Fund	-69,775	-14,494	-517	0	0	0	0
ENDING BALANCES							
General Fund	$ 209,325	$ 43,480	$ 1,550	$ -9,947	$ -155,663	$ -208,035	$ -385,290
Special Funds (b)	$ 759,673	$ 837,768	$ 891,177	$ 874,564	$ 734,354	$ 513,020	$ 166,550

(a) Balances are not carried forward beyond 2004-05.

(b) Includes Lottery Fund reserve.

Seven Year Summary of Commonwealth Programs

The following is a summary for the seven Commonwealth Programs of 2002-03 actual expenditures, 2003-04 amounts available, 2004-05 amounts budgeted and future year estimates for all the operating funds and capital bond authorizations as presented in the 2003-04 Governor's Executive Budget. A breakdown of each Commonwealth Program by Category and Subcategory is shown on subsequent pages.

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Direction and Supportive Services							
General Fund	$ 882,142	$ 829,089	$ 839,102	$ 837,745	$ 837,904	$ 837,745	$ 837,904
Special Funds	389,156	437,384	468,158	472,201	477,052	480,866	483,388
Federal Funds	14,410	57,301	12,792	12,792	12,792	12,792	12,792
Other Funds	457,203	137,356	123,991	123,991	123,991	123,991	123,991
Total Operating	$ 1,742,911	$ 1,461,130	$ 1,444,043	$ 1,446,729	$ 1,451,739	$ 1,455,394	$ 1,458,075
Protection of Persons and Property							
General Fund	$ 2,353,211	$ 2,383,612	$ 2,469,110	$ 2,461,716	$ 2,445,816	$ 2,430,016	$ 2,416,538
Special Funds	676,397	693,941	694,149	682,906	678,322	673,630	670,935
Federal Funds	610,427	834,391	778,399	775,619	773,085	744,335	744,335
Other Funds	1,723,680	1,624,115	1,639,650	1,621,304	1,616,736	1,627,353	1,627,971
Total Operating	$ 5,363,715	$ 5,536,059	$ 5,581,308	$ 5,541,545	$ 5,513,959	$ 5,475,334	$ 5,459,779
Education							
General Fund	$ 8,844,142	$ 9,121,284	$ 9,638,215	$ 9,698,215	$ 9,853,275	$ 10,148,583	$ 10,604,979
Special Funds	7,249	11,837	13,664	13,689	14,188	14,877	15,990
Federal Funds	1,523,853	1,735,521	1,724,000	1,724,000	1,724,000	1,724,000	1,724,000
Other Funds	365,436	378,151	385,002	385,002	385,002	384,994	384,980
Total Operating	$ 10,740,680	$ 11,246,793	$ 11,760,881	$ 11,820,906	$ 11,976,465	$ 12,272,454	$ 12,729,949
Health and Human Services							
General Fund	$ 6,941,932	$ 7,425,628	$ 7,995,410	$ 8,365,194	$ 9,123,362	$ 9,744,179	$ 10,374,704
Special Funds	1,344,136	1,122,662	1,082,715	1,203,811	1,336,736	1,434,449	1,555,313
Federal Funds	10,206,240	11,358,902	11,689,058	11,397,581	11,408,968	11,426,441	11,439,842
Other Funds	2,313,661	2,052,199	2,610,902	2,149,271	2,183,549	2,222,874	2,254,279
Total Operating	$ 20,805,969	$ 21,959,391	$ 23,378,085	$ 23,115,857	$ 24,052,615	$ 24,827,943	$ 25,624,138
Economic Development							
General Fund	$ 482,218	$ 523,222	$ 464,800	$ 502,740	$ 515,598	$ 510,834	$ 508,586
Special Funds	21,353	25,383	26,583	26,583	26,583	26,583	26,583
Federal Funds	721,551	731,476	720,677	690,011	693,111	693,111	693,111
Other Funds	736,196	733,572	731,837	730,925	730,925	730,925	730,925
Total Operating	$ 1,961,318	$ 2,013,653	$ 1,943,897	$ 1,950,259	$ 1,966,217	$ 1,961,453	$ 1,959,205

Seven Year Summary of Commonwealth Programs

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Transportation and Communication							
General Fund	$ 288,116	$ 286,993	$ 298,492	$ 298,492	$ 298,492	$ 298,492	$ 298,492
Special Funds	1,450,527	1,450,066	1,488,240	1,489,087	1,520,163	1,546,561	1,572,018
Federal Funds	1,339,883	1,665,780	1,532,265	1,532,265	1,532,265	1,532,265	1,532,265
Other Funds	1,094,968	1,204,021	1,266,273	1,241,273	1,216,273	1,216,273	1,224,273
Total Operating	$ 4,173,494	$ 4,606,860	$ 4,585,270	$ 4,561,117	$ 4,567,193	$ 4,593,591	$ 4,627,048
Recreation and Cultural Enrichment							
General Fund	$ 259,238	$ 222,948	$ 226,329	$ 226,329	$ 226,329	$ 226,329	$ 226,329
Special Funds	220,601	204,720	169,471	170,184	172,101	175,686	178,966
Federal Funds	38,736	50,215	48,158	48,158	48,158	48,158	48,158
Other Funds	99,123	97,711	91,890	92,417	94,644	96,972	99,411
Total Operating	$ 617,698	$ 575,594	$ 535,848	$ 537,088	$ 541,232	$ 547,145	$ 552,864
Debt Service							
General Fund	$ 349,105	$ 669,077	$ 779,974	$ 882,033	$ 945,470	$ 996,126	$ 1,050,248
Special Funds	41,566	38,736	21,977	22,211	21,495	22,490	22,158
Federal Funds	0	0	0	0	0	0	0
Other Funds	279,205	22,125	24,304	25,176	20,445	19,181	15,208
Total Operating	$ 669,876	$ 729,938	$ 826,255	$ 929,420	$ 987,410	$ 1,037,797	$ 1,087,614
Capital Bond Authorizations	$ 0	$ 0	$ 1,897,163	$ 746,210	$ 742,950	$ 738,770	$ 745,536
Program Total	$ 669,876	$ 729,938	$ 2,723,418	$ 1,675,630	$ 1,730,360	$ 1,776,567	$ 1,833,150
COMMONWEALTH TOTALS							
General Fund	$ 20,400,104	$ 21,461,853	$ 22,711,432	$ 23,272,464	$ 24,246,246	$ 25,192,304	$ 26,317,780
Special Funds	4,150,985	3,984,729	3,964,957	4,080,672	4,246,640	4,375,142	4,525,351
Federal Funds	14,455,100	16,433,586	16,505,349	16,180,426	16,192,379	16,181,102	16,194,503
Other Funds	7,069,472	6,249,250	6,873,849	6,369,359	6,371,565	6,422,563	6,461,038
Total Operating	$ 46,075,661	$ 48,129,418	$ 50,055,587	$ 49,902,921	$ 51,056,830	$ 52,171,111	$ 53,498,672
Capital Bond Authorizations	$ 0	$ 0	$ 1,897,163	$ 746,210	$ 742,950	$ 738,770	$ 745,536
Program Total	$ 46,075,661	$ 48,129,418	$ 51,952,750	$ 50,649,131	$ 51,799,780	$ 52,909,881	$ 54,244,208

Direction and Supportive Services

The goal of this Commonwealth program is to provide an efficient and effective administrative support system through which the goals and objectives of the Commonwealth programs can be attained. This Commonwealth program supports the Administration's goal to Deliver Greater Value and Efficiency in Government through the activities of centralized agencies to support this goal.

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 specifically relate.

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

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Administrative and Support Services	$ 280,756	$ 218,423	$ 213,877	$ 212,453	$ 212,222	$ 211,963	$ 212,239
Executive Direction	274,818	213,698	209,352	207,928	207,697	207,438	207,714
Personnel Selection	1	1	1	1	1	1	1
State Retirement System	0	2	4	4	4	4	4
Legal Services	5,937	4,722	4,520	4,520	4,520	4,520	4,520
Fiscal Management	$ 598,427	$ 635,203	$ 676,867	$ 681,136	$ 686,218	$ 690,291	$ 692,537
Revenue Collection and Administration	498,427	528,319	568,339	572,943	578,025	582,098	584,344
Disbursement	52,697	57,654	60,349	60,014	60,014	60,014	60,014
Auditing	47,303	49,230	48,179	48,179	48,179	48,179	48,179
Physical Facilities and Commodities Management	$ 133,059	$ 132,300	$ 134,130	$ 133,971	$ 134,130	$ 133,971	$ 134,130
Facility, Property and Commodity Management	133,059	132,300	134,130	133,971	134,130	133,971	134,130
Legislative Processes	$ 258,100	$ 279,614	$ 281,450	$ 281,450	$ 281,450	$ 281,450	$ 281,450
Legislature	258,100	279,614	281,450	281,450	281,450	281,450	281,450
Interstate Relations	$ 956	$ 933	$ 936	$ 936	$ 936	$ 936	$ 936
Interstate Relations	956	933	936	936	936	936	936
PROGRAM TOTAL	$ 1,271,298	$ 1,266,473	$ 1,307,260	$ 1,309,946	$ 1,314,956	$ 1,318,611	$ 1,321,292

Protection of Persons and Property

The goal of this Commonwealth program is to provide an environment and a social system in which the lives of individuals and the property of individuals and organizations are protected from natural and man-made disasters and from illegal and unfair actions. This Commonwealth program supports the Administration's goal to Ensure the Safety of Our Citizens as well as the goal to Protect Our Natural Resources.

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

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
General Administration and Support	$ 73,004	$ 67,952	$ 65,021	$ 65,021	$ 65,021	$ 65,021	$ 65,021
Criminal and Juvenile Justice Planning	51,112	44,017	44,225	44,225	44,225	44,225	44,225
Environmental Support Services	21,892	23,935	20,796	20,796	20,796	20,796	20,796
Public Protection and Law Enforcement	$ 737,943	$ 736,960	$ 748,257	$ 746,083	$ 746,083	$ 746,083	$ 746,083
State Police	541,605	529,723	544,799	542,625	542,625	542,625	542,625
Attorney General	75,058	73,842	73,842	73,842	73,842	73,842	73,842
Highway Safety Administration and Licensing	121,280	133,395	129,616	129,616	129,616	129,616	129,616
Control and Reduction of Crime	$ 1,346,428	$ 1,398,465	$ 1,435,410	$ 1,427,189	$ 1,427,189	$ 1,427,189	$ 1,427,189
Institutionalization of Offenders	1,247,059	1,298,500	1,337,766	1,329,545	1,329,545	1,329,545	1,329,545
Reintegration of Adult Offenders	99,369	99,965	97,644	97,644	97,644	97,644	97,644
Juvenile Crime Prevention	$ 23,419	$ 23,393	$ 23,447	$ 23,447	$ 23,447	$ 23,447	$ 23,447
Reintegration of Juvenile Delinquents	23,419	23,393	23,447	23,447	23,447	23,447	23,447
Adjudication of Defendents	$ 235,012	$ 246,263	$ 256,412	$ 256,412	$ 256,412	$ 256,412	$ 256,412
State Judicial System	235,012	246,263	256,412	256,412	256,412	256,412	256,412
Public Order and Community Safety	$ 40,810	$ 34,675	$ 29,326	$ 29,326	$ 29,326	$ 29,326	$ 29,326
Emergency Management	20,777	16,423	9,842	9,842	9,842	9,842	9,842
State Military Readiness	20,033	18,252	19,484	19,484	19,484	19,484	19,484
Protection From Natural Hazards and Disasters	$ 257,638	$ 213,485	$ 245,471	$ 271,671	$ 255,771	$ 239,971	$ 226,471
Environmental Protection and Management	257,638	213,485	245,471	271,671	255,771	239,971	226,471
Consumer Protection	$ 271,503	$ 287,865	$ 291,003	$ 281,561	$ 276,977	$ 272,285	$ 269,612
Consumer Protection	6,623	8,349	5,500	5,478	5,478	5,478	5,500
Financial Institution Regulation	11,720	10,825	11,120	11,120	11,120	11,120	11,120
Securities Industry Regulation	2,133	2,110	2,395	2,395	2,395	2,395	2,395
Insurance Industry Regulation	154,763	170,622	174,172	165,540	161,456	157,264	155,069
Horse Racing Regulation	16,964	16,144	17,922	17,634	17,634	17,634	17,634
Milk Industry Regulation	2,513	2,567	2,794	2,794	2,794	2,794	2,794
Protection and Development of Agricultural Industries	76,787	77,248	77,100	76,600	76,100	75,600	75,100

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

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Community and Occupational Safety and Stability	$ 32,493	$ 57,530	$ 57,792	$ 32,792	$ 32,792	$ 32,792	$ 32,792
Community and Occupational Safety and Stability	29,932	29,680	30,215	30,215	30,215	30,215	30,215
Fire Prevention and Safety	2,561	27,850	27,577	2,577	2,577	2,577	2,577
Prevention & Elimination of Discriminatory Practices	$ 11,358	$ 10,965	$ 11,120	$ 11,120	$ 11,120	$ 11,120	$ 11,120
Prevention & Elimination of Discriminatory Practices	11,358	10,965	11,120	11,120	11,120	11,120	11,120
PROGRAM TOTAL	$ 3,029,608	$ 3,077,553	$ 3,163,259	$ 3,144,622	$ 3,124,138	$ 3,103,646	$ 3,087,473

Education

The goal of this program is to ensure that funds for education are spent on proven practices that will boost student achievement. Services provided through this program include funding for the first time for pre-kindergarten, full day kindergarten, and class size reduction. In addition, this program ensures the long-standing priority uses for these funds of tutoring, improving teacher practice, upgrading curricula and technology and ensuring high quality vocation and higher education experiences. This Commonwealth program supports the Administration's goal to Build a World Class Public Education 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)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Educational Support Services	**$ 34,981**	**$ 32,696**	**$ 31,611**	**$ 31,611**	**$ 31,611**	**$ 31,611**	**$ 31,611**
Education Support Services	34,981	32,696	31,611	31,611	31,611	31,611	31,611
Basic Education	**$ 6,947,233**	**$ 7,275,883**	**$ 7,752,778**	**$ 7,812,778**	**$ 7,967,838**	**$ 8,263,146**	**$ 8,719,542**
Basic Education	6,932,375	7,251,665	7,733,682	7,793,453	7,948,280	8,243,353	8,699,510
Public Utility Realty Payments	14,858	24,218	19,096	19,325	19,558	19,793	20,032
Higher Education	**$ 1,869,177**	**$ 1,824,542**	**$ 1,867,490**	**$ 1,867,515**	**$ 1,868,014**	**$ 1,868,703**	**$ 1,869,816**
Higher Education	1,456,339	1,416,701	1,451,714	1,451,739	1,452,238	1,452,927	1,454,040
Financial Assistance to Students	372,378	369,404	376,666	376,666	376,666	376,666	376,666
Financial Assistance to Institutions	40,460	38,437	39,110	39,110	39,110	39,110	39,110
PROGRAM TOTAL	**$ 8,851,391**	**$ 9,133,121**	**$ 9,651,879**	**$ 9,711,904**	**$ 9,867,463**	**$ 10,163,460**	**$ 10,620,969**

Health and Human Services

The goals of this program are to ensure access to quality medical care for all citizens; to support people seeking self-sufficiency; to provide military assistance; and to maximize the capacity of individuals and families to participate in society. This Commonwealth program includes activities that support the Administration's goal to Increase Access to High Quality Health Care.

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

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

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Human Services Support	$ 111,483	$ 114,403	$ 112,427	$ 111,378	$ 109,878	$ 109,878	$ 109,878
Human Services Support	111,483	114,403	112,427	111,378	109,878	109,878	109,878
Social Development of Individuals	$ 791,736	$ 811,914	$ 846,105	$ 875,804	$ 898,381	$ 921,748	$ 945,932
Human Services	791,736	811,914	846,105	875,804	898,381	921,748	945,932
Support of Older Pennsylvanians	$ 951,646	$ 950,360	$ 950,548	$ 1,076,396	$ 1,206,989	$ 1,302,533	$ 1,418,019
Community Services for Older Pennsylvanians	251,707	258,438	265,966	266,238	266,062	265,865	266,075
Older Pennsylvanians Transit	148,377	163,516	161,153	161,153	161,153	161,153	161,153
Homeowners and Renters Assistance	121,880	123,875	123,400	123,400	123,400	123,400	123,400
Pharmaceutical Assistance	429,682	404,531	400,029	525,605	656,374	752,115	867,391
Income Maintenance	$ 904,086	$ 923,748	$ 931,959	$ 970,233	$ 995,735	$ 1,023,119	$ 1,052,136
Income Maintenance	888,826	909,891	916,764	955,253	980,946	1,008,499	1,037,658
Workers Compensation and Assistance	2,502	2,239	1,989	1,774	1,583	1,414	1,272
Military Compensation and Assistance	12,758	11,618	13,206	13,206	13,206	13,206	13,206
Physical Health Treatment	$ 3,900,675	$ 4,129,061	$ 4,537,721	$ 4,829,044	$ 5,548,867	$ 6,123,139	$ 6,706,807
Medical Assistance	3,429,986	3,644,588	4,076,856	4,373,697	5,094,421	5,669,705	6,252,309
Health Treatment Services	19,376	19,962	19,135	19,135	19,135	19,135	19,135
Health Support Services	48,482	46,840	48,135	48,132	48,128	48,119	48,116
Health Research	103,222	103,970	81,555	78,175	77,626	77,010	77,665
Emergency Food Assistance	17,305	17,847	17,847	17,847	17,847	17,847	17,847
Prevention and Treatment of Drug and Alcohol Abuse	40,360	40,498	40,737	40,737	40,737	40,737	40,737
Preventive Health	173,743	174,723	170,110	167,975	167,627	167,240	167,652
Veterans Homes and School	68,201	80,633	83,346	83,346	83,346	83,346	83,346
Mental Health	$ 673,109	$ 700,357	$ 713,516	$ 712,998	$ 708,365	$ 707,493	$ 707,493
Mental Health	673,109	700,357	713,516	712,998	708,365	707,493	707,493
Mental Retardation	$ 953,333	$ 918,447	$ 985,849	$ 993,152	$ 991,883	$ 990,718	$ 989,752
Mental Retardation	953,333	918,447	985,849	993,152	991,883	990,718	989,752
PROGRAM TOTAL	$ 8,286,068	$ 8,548,290	$ 9,078,125	$ 9,569,005	$ 10,460,098	$ 11,178,628	$ 11,930,017

Economic Development

The goal of this program is to invest public resources to create jobs for Pennsylvanians. To do so, this program offers a compendium of grants, loans and loan guarantees that in tandem will stimulate economic investment, growth and expanded employment. This Commonwealth program supports the Administration's goal to Create Jobs and Build a Vital Economy as well as the goal to Boost the Skills of Our Workers.

This program works in tandem with numerous State authorities and agencies to aggregate resources that are strategically invested to expand and retain Pennsylvania based firms and attract new companies to the Commonwealth that 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)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Economic Development Support Services	$ 80,782	$ 73,302	$ 78,891	$ 78,341	$ 78,341	$ 77,091	$ 77,091
Economic Development Support Services	80,782	73,302	78,891	78,341	78,341	77,091	77,091
Commonwealth Economic Development	$ 221,876	$ 244,383	$ 265,656	$ 304,979	$ 317,669	$ 313,984	$ 311,564
Business and Job Development	126,173	146,050	166,949	206,272	218,962	215,277	212,857
Technology Development	74,350	72,950	72,400	72,400	72,400	72,400	72,400
Environmental Infrastructure	21,353	25,383	26,307	26,307	26,307	26,307	26,307
Workforce Investment	$ 74,632	$ 65,532	$ 53,821	$ 53,821	$ 53,821	$ 53,821	$ 53,821
Workforce Development	28,853	18,626	7,915	7,915	7,915	7,915	7,915
Vocational Rehabilitation	45,779	46,906	45,906	45,906	45,906	45,906	45,906
Community Development	$ 125,950	$ 165,058	$ 93,015	$ 92,182	$ 92,350	$ 92,521	$ 92,693
Community Development	115,193	147,526	79,191	78,191	78,191	78,191	78,191
Public Utility Realty Payments	10,757	17,532	13,824	13,991	14,159	14,330	14,502
Local Government Assistance	$ 331	$ 330	$ 0	$ 0	$ 0	$ 0	$ 0
Municipal Pension Systems	331	330	0	0	0	0	0
PROGRAM TOTAL	$ 503,571	$ 548,605	$ 491,383	$ 529,323	$ 542,181	$ 537,417	$ 535,169

Transportation and Communication

The purpose of this program is to provide a system for the fast, convenient, efficient and safe movement of individuals, cargo, and information within the Commonwealth that is interfaced with a national and international system of transportation and communication. This Commonwealth program supports the Administration's goal to Create Jobs and Build a Vital Economy through the establishment of a first-rate infrastructure.

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

The Growing Greener proposal for fiscal year 2004-05 includes an effort by the Department of Transportation called the Home Town Streets Program. Under this program, the Department will work with communities to prioritize the rebuilding of State roads that constitute main streets, retail corridors and other key economic and community centers.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Transportation Systems and Services	**$ 1,738,643**	**$ 1,737,059**	**$ 1,786,732**	**$ 1,787,579**	**$ 1,818,655**	**$ 1,845,053**	**$ 1,870,510**
State Highway and Bridge Construction and Reconstruct	436,776	410,050	403,218	404,577	405,939	407,312	408,695
Local Highway and Bridge Assistance	189,879	194,239	194,764	191,141	197,855	200,880	203,954
Mass Transportation	273,463	271,453	280,749	280,749	280,749	280,749	280,749
Intercity Transportation	10,502	11,263	15,913	15,913	15,913	15,913	15,913
State Highway and Bridge Maintenance	757,150	778,140	821,386	824,497	847,497	869,497	890,497
Transportation Support Services	70,873	71,914	70,702	70,702	70,702	70,702	70,702
PROGRAM TOTAL	**$ 1,738,643**	**$ 1,737,059**	**$ 1,786,732**	**$ 1,787,579**	**$ 1,818,655**	**$ 1,845,053**	**$ 1,870,510**

Recreation and Cultural Enrichment

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

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

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

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Recreation	**$ 308,892**	**$ 284,634**	**$ 254,918**	**$ 255,692**	**$ 257,558**	**$ 260,531**	**$ 263,148**
Parks and Forests Management	224,518	198,144	170,052	169,818	170,012	172,352	174,887
Recreational Fishing and Boating	33,417	34,933	34,930	35,938	37,610	38,243	38,325
Wildlife Management	50,957	51,557	49,936	49,936	49,936	49,936	49,936
Cultural Enrichment	**$ 170,947**	**$ 143,034**	**$ 140,882**	**$ 140,821**	**$ 140,872**	**$ 141,484**	**$ 142,147**
State Historical Preservation	25,734	24,682	24,719	24,719	24,719	24,719	24,719
Local Museum Assistance	19,397	20,842	15,397	15,350	15,389	15,857	16,364
Development of Artists and Audiences	14,863	15,123	15,638	15,638	15,638	15,638	15,638
State Library Services	98,897	70,405	73,711	73,697	73,709	73,853	74,009
Public Television Services	12,056	11,982	11,417	11,417	11,417	11,417	11,417
PROGRAM TOTAL	**$ 479,839**	**$ 427,668**	**$ 395,800**	**$ 396,513**	**$ 398,430**	**$ 402,015**	**$ 405,295**

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, finance voter-approved bond referendums and to fund certain disaster relief programs. Most long-term financing of the Commonwealth is provided by the issuance of general obligation debt. Debt financing is utilized by all other Commonwealth programs to support the goals of each of the Commonwealth's program categories.

The agency that participates in this program is Treasury.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Debt Service	**$ 390,671**	**$ 707,813**	**$ 801,951**	**$ 904,244**	**$ 966,965**	**$ 1,018,616**	**$ 1,072,406**
Debt Service	390,671	707,813	801,951	904,244	966,965	1,018,616	1,072,406
PROGRAM TOTAL	**$ 390,671**	**$ 707,813**	**$ 801,951**	**$ 904,244**	**$ 966,965**	**$ 1,018,616**	**$ 1,072,406**

Governor's Executive Budget

SUMMARY BY FUND

GENERAL FUND

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

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

FINANCIAL STATEMENT

The following financial statement and accompanying notes are a summary of the General Fund revenues and expenditures for the 2002-03 actual year, 2003-04 available year and 2004-05 budget year. The financial statement excludes augmentations and Federal funds that are detailed in subsequent tables.

(Dollar Amounts in Thousands)

	2002-03 Actual		2003-04 Available		2004-05 Estimated	
Beginning Balance		$ 142,835		$ 209,325		$ 43,480
Adjustment to Beginning Balance		-300		-13,098		0
Adjusted Beginning Balance		$ 142,535		$ 196,227		$ 43,480
Revenue:						
Revenue Receipts	$21,314,451		$22,191,300		$23,306,500	
Proposed Revenue Changes	0		0		67,400	
Less Refunds	-929,600		-1,034,700		-1,081,500	
Total Revenue		$20,384,851		$21,156,600		$22,292,400
Prior Year Lapses		151,818		90,000		0
Funds Available		$20,679,204		$21,442,827		$22,335,880
Expenditures:						
Appropriations	$20,400,104		$21,352,451		$22,711,432	
Supplemental Appropriations	0		109,402		0	
Less Federal Fiscal Relief Funds	0		0		-377,619 *	
Less Current Year Lapses	0		-77,000		0	
Total Expenditures		$20,400,104		$21,384,853		$22,333,813
Preliminary Balance		$ 279,100		$ 57,974		$ 2,067
Less Transfer to Budget Stabilization Reserve Fund		-69,775		-14,494		-517
Ending Balance		$ 209,325		$ 43,480		$ 1,550

* Federal Fiscal Relief funds will be appropriated in lieu of State General Funds for selected programs in this Budget.

NOTES ON FINANCIAL STATEMENT

(Dollar Amounts in Thousands)

PROPOSED TAX AND REVENUE MODIFICATIONS

		2004-05 Estimated
Tax Revenue:		
Sales and Use Tax ..... A tax holiday is proposed for qualifying residential purchases of Energy Star household appliances. Retail sales of such appliances will be exempt for the Sales and Use tax if purchased during two specifically designated periods in the fiscal year.	$	-2,600
Research and Development Tax Credits ..... An increase of $10 million to the $30 million annual cap on total research and development tax credits is proposed to be effective for credits awarded after January 1, 2005.		–
Keystone Innovation Zone Tax Credits ..... A new tax credit program is proposed to provide up to $25 million in tax credits annually to businesses in targeted industry segments operating in Keystone Innovation Zones. These credits are expected to be utilized beginning in fiscal year 2005-06.		–
Non-Tax Revenue:		
Licenses, Fees and Miscellaneous Revenue..... A proposed increase in the Municipal Waste Disposal Fee of $4.00 per ton of waste deposited in a Pennsylvania municipal landfill is proposed to be effective July 1, 2004.	$	63,000
A new fee of $4.00 per ton of residual waste disposed in Pennsylvania is proposed to be effective January 1, 2005.		7,000
TOTAL PROPOSED TAX AND REVENUE MODIFICATIONS	$	67,400

NOTES ON FINANCIAL STATEMENT

(Dollar Amounts in Thousands)

SUPPLEMENTAL APPROPRIATIONS

	2003-04 Available
Education	
Pupil Transportation	$ 11,082
Nonpupil and Charter School Pupil Transportation	2,578
Education Total	$ 13,660
Health	
Renal Dialysis	$ 827
Public Welfare	
Mental Health Services	$ 95
State Centers for the Mentally Retarded	193
Cash Grants	14,488
Medical Assistance - Outpatient	-57,929
Medical Assistance - Inpatient	-38,372
Medical Assistance - Capitation	75,824
Long-Term Care Facilities	98,432
Medical Assistance - Transportation	3,794
Intermediate Care Facilities - Mentally Retarded	-1,839
Community Mental Retardation Services	-5,544
Early Intervention	-45
Pennhurst Dispersal	-49
Services to Persons with Disabilities	1,031
Attendant Care	4,836
Public Welfare Total	$ 94,915
TOTAL	$ 109,402

STATE FUNDS BY DEPARTMENT

The following is a summary, by department, of 2002-03 actual expenditures, the 2003-04 amounts available and the 2004-05 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	2002-03 Actual	2003-04 Available	2004-05 Budget
Governor's Office	$ 8,034	$ 7,619	$ 7,320
Executive Offices	327,197	257,039	258,866
Lieutenant Governor's Office	927	1,112	1,109
Attorney General	75,058	73,842	73,842
Auditor General	47,634	49,560	48,179
Treasury	393,100	714,357	829,868
Aging	34,475	33,548	35,299
Agriculture	74,205	72,503	72,692
Civil Service Commission	1	1	1
Community and Economic Development	396,498	439,828	397,155
Conservation and Natural Resources	105,503	96,575	97,223
Corrections	1,247,059	1,298,500	1,337,766
Education*	8,509,157	8,754,037	9,272,950
Emergency Management Agency	23,338	44,273	37,419
Environmental Protection**	241,835	193,365	220,753
Fish and Boat Commission	12	13	14
Game Commission	0	0	0
General Services	112,464	111,718	113,552
Health	252,509	252,183	243,311
Higher Education Assistance Agency	412,838	407,841	415,776
Historical and Museum Commission	32,801	33,108	31,100
Insurance	57,219	58,483	74,188
Labor and Industry	107,066	97,451	86,025
Military and Veterans Affairs	100,992	110,503	116,036
Probation and Parole Board	99,369	99,965	97,644
Public Television Network	12,056	11,982	11,417
Public Welfare	6,529,896	7,001,166	7,575,412
Revenue***	210,488	212,722	206,077
Securities Commission	2,133	2,110	2,395
State	6,623	8,349	5,500
State Employees' Retirement System	0	2	4
State Police	169,830	174,633	177,026
Tax Equalization Board	1,292	1,335	1,330
Transportation	315,383	316,253	326,321
Legislature****	258,100	279,614	281,450
Judiciary	235,012	246,263	256,412
GRAND TOTAL	$ 20,400,104	$ 21,461,853	$ 22,711,432

* Includes State System of Higher Education.

** Includes Environmental Hearing Board.

*** Excludes refunds.

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

FEDERAL FUNDS BY DEPARTMENT

The following is a summary of Federal funds, by department, of 2002-03 actual expenditures, the 2003-04 amounts available and the 2004-05 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	2002-03 Actual	2003-04 Available	2004-05 Budget
Executive Offices	$ 159,072	$ 207,530	$ 154,746
Lieutenant Governor's Office	0	0	0
Attorney General	12,374	14,598	13,472
Aging	20,912	23,895	22,195
Agriculture	16,544	27,403	20,708
Community and Economic Development	242,719	132,552	119,183
Conservation and Natural Resources	18,493	25,480	25,905
Corrections	24,541	36,732	37,060
Education	1,522,136	1,734,007	1,722,472
Emergency Management Agency	102,993	138,436	76,882
Environmental Protection*	109,462	146,144	147,894
General Services	0	75	0
Health	381,133	438,967	442,697
Higher Education Assistance Agency	3,164	3,164	3,172
Historical and Museum Commission	2,289	2,651	1,875
Infrastructure Investment Authority	125,694	136,962	130,740
Insurance	120,812	141,414	161,869
Labor and Industry	426,966	548,211	560,831
Liquor Control Board	195	0	0
Military and Veterans Affairs	79,743	92,405	90,567
Probation and Parole Board	2,026	1,006	615
Public Utility Commission	1,210	1,500	2,000
Public Welfare	9,464,307	10,535,636	10,898,717
State	10,000	90,522	94,625
State Police	16,817	25,943	23,967
Transportation	58,489	90,450	82,930
Legislature	972	440	383
GRAND TOTAL	$ 12,923,063	$ 14,596,123	$ 14,835,505

* Includes Environmental Hearing Board.

AUGMENTATIONS BY DEPARTMENT

The following is a summary of augmentations, by department, of 2002-03 actual expenditures, the 2003-04 amounts available and the 2004-05 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	2002-03 Actual	2003-04 Available	2004-05 Budget
Executive Offices	$ 59,687	$ 60,013	$ 46,705
Attorney General*	5,017	8,767	7,697
Auditor General	7,624	9,390	7,646
Treasury	262,649	3,874	3,935
Aging	861	238	1,313
Agriculture	2,625	3,194	2,977
Civil Service Commission	14,262	15,818	15,388
Community and Economic Development*	13,788	14,655	14,623
Conservation and Natural Resources	49,612	54,596	52,796
Corrections	1,441	1,511	1,675
Education	11,827	10,713	8,356
Emergency Management Agency	143	144	151
Environmental Protection* **	24,406	29,021	26,445
General Services	3,472	5,381	4,924
Health	2,700	2,691	3,040
Historical and Museum Commission	854	430	410
Insurance	2,186	2,260	2,345
Labor and Industry*	41,839	46,664	46,723
Military and Veterans Affairs	25,868	23,401	23,885
Probation and Parole Board	11,345	12,947	14,405
Public Television Network	130	0	0
Public Utility Commission*	44,739	46,063	48,106
Public Welfare*	1,983,711	1,496,862	2,054,814
Revenue	17,972	18,658	19,824
Securities Commission	6,542	5,219	5,250
State*	33,518	35,132	37,993
State Police*	35,909	38,806	41,111
Transportation*	81,613	85,468	79,795
Judiciary*	45,685	45,705	42,922
GRAND TOTAL	$ 2,792,025	$ 2,077,621	$ 2,615,254

* Includes funds appropriated from restricted revenues.

** Includes Environmental Hearing Board.

Seven Year Summary of Revenues

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

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimated	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
TAX REVENUE							
Corporation Taxes							
Corporate Net Income Tax	$ 1,396,561	$ 1,476,400	$ 1,603,700	$ 1,729,900	$ 1,816,900	$ 1,889,300	$ 2,019,400
Capital Stock and Franchise Taxes	896,329	934,300	894,000	796,400	689,100	567,900	431,700
Selective Business:							
Gross Receipts Tax	846,775	1,079,500	1,194,500	1,220,200	1,246,100	1,285,900	1,327,500
Public Utility Realty Tax	50,814	46,400	40,200	43,500	44,800	45,700	46,600
Insurance Premiums Tax	330,609	331,900	354,400	386,600	422,600	464,000	487,200
Financial Institutions Tax	214,434	218,300	223,600	233,100	243,800	256,100	269,200
Other Selective Business Taxes	15,413	12,500	12,500	12,500	12,500	12,500	12,500
Total — Corporation Taxes	$ 3,750,935	$ 4,099,300	$ 4,322,900	$ 4,422,200	$ 4,475,800	$ 4,521,400	$ 4,594,100
Consumption Taxes							
Sales and Use Tax	$ 7,519,561	$ 7,700,500	$ 7,939,300	$ 8,239,300	$ 8,577,400	$ 8,942,200	$ 9,315,000
Cigarette Tax	826,742	856,200	850,400	1,023,100	1,004,100	985,200	967,900
Malt Beverage Tax	26,726	24,800	24,500	24,500	24,500	24,500	24,500
Liquor Tax	193,181	195,300	201,500	209,900	218,600	227,600	237,100
Total — Consumption Taxes	$ 8,566,210	$ 8,776,800	$ 9,015,700	$ 9,496,800	$ 9,824,600	$ 10,179,500	$ 10,544,500
Other Taxes							
Personal Income Tax	$ 7,105,885	$ 7,616,000	$ 8,360,800	$ 8,794,100	$ 9,223,600	$ 9,682,300	$ 10,153,800
Realty Transfer Tax	362,561	374,700	371,100	382,900	403,500	425,500	445,000
Inheritance Tax	693,782	704,300	749,000	759,700	786,300	819,800	859,700
Minor and Repealed Taxes	17,747	-2,800	-2,700	-2,600	-2,500	-2,400	-200
Total — Other Taxes	$ 8,179,975	$ 8,692,200	$ 9,478,200	$ 9,934,100	$ 10,410,900	$ 10,925,200	$ 11,458,300
TOTAL TAX REVENUE	$ 20,497,120	$ 21,568,300	$ 22,816,800	$ 23,853,100	$ 24,711,300	$ 25,626,100	$ 26,596,900
NONTAX REVENUE							
State Stores Fund Transfer	$ 155,000	$ 50,000	$ 55,000	$ 60,000	$ 65,000	$ 70,000	$ 75,000
Licenses, Fees and Miscellaneous:							
Licenses and Fees	96,410	119,700	132,700	132,700	132,700	132,700	132,700
Miscellaneous	531,002	424,300	272,900	275,800	275,800	275,800	275,800
Fines, Penalties and Interest:							
On Taxes	31,869	26,000	26,000	26,000	26,000	26,000	26,000
Other	3,050	3,000	3,100	3,100	3,100	3,100	3,100
TOTAL NONTAX REVENUES	$ 817,331	$ 623,000	$ 489,700	$ 497,600	$ 502,600	$ 507,600	$ 512,600
GENERAL FUND TOTAL	$ 21,314,451	$ 22,191,300	$ 23,306,500	$ 24,350,700	$ 25,213,900	$ 26,133,700	$ 27,109,500

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

Corporate Net Income Tax

Tax Base: This tax is paid by all domestic and foreign business corporations for the privilege of doing business, carrying on activities, or employing or owning capital or property in Pennsylvania and is levied on Federal taxable income with Pennsylvania modifications. When the entire business of any corporation is not transacted within Pennsylvania, taxable income usually is determined by a three factor apportionment formula, where the sales factor is given a weight of 60 percent.

Tax Rates:

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

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

Capital Stock and Franchise Taxes

Tax Base: The taxes are levied on the capital stock value of domestic and foreign corporations doing business or having property or capital employed in the State on that portion of the capital stock value apportionable to Pennsylvania under a statutory formula. The first $125,000 of capital stock value is exempt. Beginning in fiscal year 2002-03, the semiannual transfer to the Hazardous Sites Cleanup Fund (HSCF) is suspended unless the Fund balance is expected to be less than $5 million.

Tax Rates:

January 1, 2004 through December 31, 2004	6.99 mills (Beginning in 2005, the rate is reduced by one mill per year until the tax is eliminated on January 1, 2011).
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 HSCF).
January 1, 2000 through December 31, 2000	8.99 mills (including 0.25 mill for transfer semiannually to HSCF).
January 1, 1999 to December 31, 1999	10.99 mills (including 0.25 mill for transfer semiannually to HSCF).
January 1, 1998 to December 31, 1998	11 mills plus a 0.99 mill surtax (including 0.5 mill for transfer semiannually to HSCF).
January 1, 1992 to December 31, 1997	11 mills plus a 1.75 mill surtax (including 0.5 mill for transfer semiannually to HSCF).
January 1, 1991 to December 31, 1991	11 mills plus a 2 mill surtax (including 0.5 mill for transfer semiannually to HSCF and 0.25 mill for transfer semiannually to the State Lottery Fund).
January 1, 1988 to December 31, 1990	9.5 mills (including 0.5 mill for transfer semiannually to HSCF).
January 1, 1987 to December 31, 1987	9 mills.
Prior to January 1, 1987	10 mills.

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

Proposed Change: The semiannual transfer to the HSCF is proposed for repeal effective July 1, 2004.

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 is transferred to the Public Transportation Assistance Fund. Beginning with fiscal year 1993-94, 0.25 mill is transferred to the Alternative Fuels Incentive Grant Fund. The revenues shown for the General Fund are net of these transfers.

Tax Rates:	July 1, 1991 to Current	45 mills plus a 5 mill surtax (electric utilities pay 44 mills or a rate as adjusted by the revenue neutral reconciliation rate, which was permanently set at 15 mills for 2003 and thereafter).
	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 will calculate a Gross Receipts Tax surcharge in the event refunds for Public Utility Realty Tax appeals exceed $5 million in the prior fiscal year.

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 all gross premiums of surplus lines written with an unlicensed insurer.

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

Financial Institutions Taxes

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

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

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

Other Selective Business Taxes

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

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

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

Sales and Use Tax

Tax Base: The tax is levied on the sale at retail, including rental, of tangible personal property and certain services, or upon the use within Pennsylvania of tangible personal property, or taxable services purchased at retail if the tax was not paid at time of purchase. A tax on the occupancy of hotel rooms is imposed as part of the sales and use tax law. A transfer of 0.53 percent of revenues from this tax is deposited in the Public Transportation Assistance Fund. Beginning in fiscal year 1997-98, 1.22 percent of receipts, up to $75 million, is transferred annually to the General Fund Supplemental Public Transit Account. Beginning in fiscal year 2003-04, an additional 0.417 percent of receipts is transferred to the Public Transportation Assistance Fund. The revenues shown for the General Fund are net of these transfers.

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

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

Proposed Change: A tax holiday is proposed for qualifying residential purchases of Energy Star household appliances. Retail sales of such appliances will be exempt from the Sales and Use Tax if purchased during two specifically designated periods in the fiscal year.

Cigarette Tax

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

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

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

Malt Beverage Tax

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

Tax Rates: The tax rate is two-thirds of a cent (2/3¢) per half pint of 8 fluid ounces or fraction thereof, and in larger quantities at the rate of one cent (1¢) per pint of 16 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.

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

Personal Income Tax

Tax Base: The tax is paid by all residents, resident trust and estates on eight separate classes of income: (1) compensation, (2) net profits, (3) interest, (4) dividends, (5) income from the disposition of property, (6) rents and royalties, (7) gambling and lottery winnings (except Pennsylvania Lottery winnings won after July 20, 1983), and (8) income from estates and trusts. The tax is also paid by non-resident individuals, estates and trusts on the following income from sources within the Commonwealth: compensation for personal services performed in Pennsylvania unless the taxpayer is a resident of a state with which there is a reciprocal agreement; net profits from activity conducted in Pennsylvania; income from the rental, ownership or disposition of any real or personal property, and income from gambling activity in Pennsylvania except prizes of the Pennsylvania State Lottery. A loss in one class of income may not be offset against income in another class, nor may gains or losses be carried back or forward from year to year. A credit is available to those individuals receiving tax forgiveness under the special provisions for poverty. Beginning in 1999, a qualified single individual with eligibility income of $6,500 or less would receive 100 percent tax forgiveness. The amount of forgiveness declines by 10 percent for each $250 of income. The eligibility income limit for each qualifying dependent of a claimant for tax forgiveness under the special tax provisions for poverty increased from $9,000 in 2003 to $9,500 in 2004.

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 and thereafter. The revenues shown for the General Fund are net of this transfer.

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

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

Inheritance and Estate Taxes

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

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

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

Minor and Repealed Taxes

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

State Stores Fund Transfer

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

Licenses, Fees and Miscellaneous Revenue

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

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

Proposed Change: A proposed increase in the Municipal Waste Disposal Fee of $4.00 per ton of waste deposited in Pennsylvania municipal waste landfills is proposed to be effective July 1, 2004. A new fee of $4.00 per ton of residual waste disposed in Pennsylvania is proposed to be effective January 1, 2005.

Fines, Penalties and Interest

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

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

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimated	2004-05 Budget
TAX REVENUE			
Corporate Net Income Tax	$ 1,396,561	$ 1,476,400	$ 1,603,700
Capital Stock and Franchise Taxes			
Capital Stock Taxes — Domestic	$ 389,278	$ 405,769	$ 388,267
Franchise Taxes — Foreign	507,051	528,531	505,733
SUBTOTAL	$ 896,329	$ 934,300	$ 894,000
Gross Receipts Tax			
Electric, Hydroelectric and Water Power	$ 675,461	$ 676,700	$ 651,700
Motor Transportation	136	0	0
Telephone and Telegraph	168,389	399,600	539,500
Transportation	2,789	3,200	3,300
SUBTOTAL	$ 846,775	$ 1,079,500	$ 1,194,500
Public Utility Realty Tax	$ 50,814	$ 46,400	$ 40,200
Insurance Premiums Tax			
Domestic Casualty	$ 69,213	$ 69,484	$ 74,194
Domestic Fire	18,309	18,380	19,627
Domestic Life and Previously Exempted Lines	62,332	62,575	66,817
Excess Insurance Brokers	18,774	18,847	20,125
Foreign Excess Casualty	5,602	5,624	6,005
Foreign Excess Fire	3,363	3,376	3,605
Foreign Life	141,211	141,762	151,373
Marine	268	269	287
Title Insurance	6,571	6,598	7,044
Unauthorized Insurance	4,966	4,985	5,323
SUBTOTAL	$ 330,609	$ 331,900	$ 354,400
Financial Institutions Taxes			
Federal Mutual Thrift Institutions	$ 2,136	$ 1,577	$ 1,281
National Banks	144,254	152,429	159,242
State Banks	29,534	31,208	32,603
State Mutual Thrift Institutions	23,876	17,623	14,319
Trust Companies	14,634	15,463	16,155
SUBTOTAL	$ 214,434	$ 218,300	$ 223,600
Other Selective Business Taxes			
Corporate Loans — Domestic	$ 9,155	$ 7,853	$ 7,853
Corporate Loans — Foreign	5,175	4,439	4,439
Miscellaneous Business Taxes	242	208	208
Corporation Taxes — Clearing Accounts Undistributed	841	0	0
SUBTOTAL	$ 15,413	$ 12,500	$ 12,500
Sales and Use Tax			
Motor Vehicle	$ 1,245,886	$ 1,262,800	$ 1,305,200
Non-Motor Vehicle	6,273,675	6,437,700	6,634,100
SUBTOTAL	$ 7,519,561	$ 7,700,500	$ 7,939,300
Cigarette Tax	$ 826,742	$ 856,200	$ 850,400
Malt Beverage Tax	$ 26,726	$ 24,800	$ 24,500

* Less than $500.

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimated	2004-05 Budget
Liquor Tax	$ 193,181	$ 195,300	$ 201,500
Personal Income Tax			
Non-Withholding	$ 1,412,676	$ 1,484,800	$ 1,669,300
Withholding	5,693,209	6,131,200	6,691,500
SUBTOTAL	$ 7,105,885	$ 7,616,000	$ 8,360,800
Realty Transfer Tax	$ 362,561	$ 374,700	$ 371,100
Inheritance Tax			
Nonresident Inheritance and Estate Tax	$ 3,868	$ 3,927	$ 4,176
Resident Inheritance and Estate Tax	689,914	700,373	744,824
SUBTOTAL	$ 693,782	$ 704,300	$ 749,000
Minor and Repealed Taxes			
Spirituous and Vinous Liquors Tax	$ 0	$ 0	$ 0
Unallocated EFT Payments	50	27	27
Excess Vehicle Rental Tax	6,991	6,200	6,300
Job Creation Tax Credit	8,920	-10,000	-10,000
Payments of Intergrated Taxes (KITS)	5	3	3
Tax on Writs, Wills and Deeds	1,781	970	970
SUBTOTAL	$ 17,747	$ -2,800	$ -2,700
TOTAL TAX REVENUE	$ 20,497,120	$ 21,568,300	$ 22,816,800
NONTAX REVENUES			
State Stores Fund Transfer	$ 155,000	$ 50,000	$ 55,000
Licenses, Fees and Miscellaneous			
Governor's Offices			
MISCELLANEOUS REVENUE			
Miscellaneous	$ 0	$ 0	$ 0
Refunds of Expenditures Not Credited to Appropriations	4	4	4
SUBTOTAL	$ 4	$ 4	$ 4
Executive Offices			
MISCELLANEOUS REVENUE			
Miscellaneous	$ *	*	*
Interest Transferred to Federal JAIBG Program	-330	-330	-330
Interest Transferred to Employee Benefits	-5,052	-5,050	-5,050
Refunds of Expenditures Not Credited to Appropriations	420	420	420
SUBTOTAL	$ -4,962	$ -4,960	$ -4,960
Lieutenant Governor's Office			
LICENSES AND FEES			
Board Of Pardons Fees	$ 8	$ 8	$ 8
Board Of Pardons — Filing Fees	7	7	7
MISCELLANEOUS REVENUE			
Miscellaneous	$ *	*	*
Refunds of Expenditures Not Credited to Appropriations	-1	0	0
SUBTOTAL	$ 14	$ 15	$ 15
Auditor General			
LICENSES AND FEES			
Filing Fees — Board of Arbitration of Claims	$ 7	$ 10	$ 10
SUBTOTAL	$ 7	$ 10	$ 10

* Less than $500.

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimated	2004-05 Budget
Attorney General			
MISCELLANEOUS REVENUE			
Assessed Civil Penalties Payments	$ 255	$ 216	$ 222
Miscellaneous Interest Offset for Appropriation 611	-46	-46	-46
Miscellaneous	1	25	21
Refunds of Expenditures Not Credited to Appropriations	5	9	9
SUBTOTAL	$ 215	$ 204	$ 206
Treasury Department			
MISCELLANEOUS REVENUE			
Allocation Of Treasury Costs	$ 1,005	$ 0	$ 2,000
Dividend Income Reinvested - Long Term	3,284	5,799	2,828
Interest Transferred to Asbestos/Lead Account	-49	-50	0
Interest Transferred to Hodge Trust Fund	-5	-5	-5
Interest Transferred to PA Tech Invest Authority	0	-40	0
Interest Income Reinvested - Long Term	18,050	16,699	16,729
Interest on Average Collected Balance - WIC Program	13	25	25
Interest On Deposits	155	160	160
Interest On Securities — Liquor License Fund	39	50	50
Interest On Securities	74,699	110,210	106,116
Miscellaneous	2,109	50	50
Premium on Sale of Securities	*	0	0
Realized Gain or Loss on Sale of Investments - Long Term	-19,905	0	0
Redeposit Of Checks	3,496	2,100	2,100
Refunds Of Expenditures Not Credited To Appropriations	*	0	0
Unclaimed Property — Administration Cost Reimbursements	-440	0	0
Unclaimed Property — Claim Payments	-27,466	-28,000	-32,900
Unclaimed Property — Financial Institution Deposits	94,884	18,700	34,000
Unclaimed Property — Other Holder Deposits	215,321	227,400	67,000
SUBTOTAL	$ 365,190	$ 353,098	$ 198,153
Department of Agriculture			
LICENSES AND FEES			
Abattoir Licenses	$ 8	$ 0	$ 9
Approved Inspectors Certificate And Registration Fees	3	3	3
Domestic Animal Dealers' Licenses	46	48	49
Eating & Drinking Licenses	1,284	1,422	1,645
Egg Certification Fees	14	13	12
Egg Opening Licenses	*	*	*
Farm Products Inspection Fees	119	100	84
Garbage Feeders Licenses	1	1	1
Ice Cream Licenses	155	160	150
Livestock Branding Fees	*	*	*
Maple Syrup Program	*	1	1
Miscellaneous Licenses And Fees	13	17	17
Poultry Technician Licenses	2	2	2
Public Weighmasters' Liquid Fuel License — State Share	125	125	125
Registration Fee — Food Establishment	219	220	220
Rendering Plant Licenses	5	5	5
Lab Directors Exam Fees	4	1	1
Seed Testing And Certification Fees	56	60	60
Veterinarian Diagnostic Laboratory Fees	496	490	495
MISCELLANEOUS REVENUE			
Miscellaneous	$ *	$ 0	$ 0
Refunds of Expenditures Not Credited to Appropriations	12	0	0
Telephone Commissions	*	0	0
SUBTOTAL	$ 2,562	$ 2,668	$ 2,879

* Less than $500.

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimated	2004-05 Budget
Civil Service Commission			
MISCELLANEOUS REVENUE			
Miscellaneous	$ *	$ *	$ *
Refunds of Expenditures Not Credited to Appropriations	*	0	0
SUBTOTAL	$ 0	$ 0	$ 0
Department of Community and Economic Development			
LICENSES AND FEES			
Municipal Indebtedness Fees	$ 257	$ 265	$ 265
MISCELLANEOUS REVENUE			
Infrastructure Developer - Loan Repayments	$ 367	$ 370	$ 380
Interest From Grantees	77	100	110
Housing and Redevelopment Loan Repayments	224	250	240
Miscellaneous	2,915	3,045	3,095
Nursing Home Loans — Repayments	2	3	2
PNHLA Prior Year In-Transit	5,892	6,000	5,800
Refunds of Expenditures Not Credited to Appropriations	593	600	600
Repayable Grant Payments	959	1,100	1,125
SUBTOTAL	$ 11,286	$ 11,733	$ 11,617
Department of Conservation and Natural Resources			
MISCELLANEOUS REVENUE			
Camp Leases	$ 745	$ 800	$ 800
Ground Rents	12	13	13
Housing Rents	23	27	27
Minerals Sales	3	4	4
Miscellaneous	12	12	12
Refunds of Expenditures Not Credited to Appropriations	98	98	98
Rights-of-Way	331	400	400
Sales Tax Escrow Account	*	9	9
Telephone Commissions	*	2	2
Water Leases	17	17	17
SUBTOTAL	$ 1,241	$ 1,382	$ 1,382
Department of Corrections			
MISCELLANEOUS REVENUE			
Antitrust Case Payments	$ 0	$ 100	$ 120
Miscellaneous	57	50	75
Refunds of Expenditures Not Credited to Appropriations	254	275	280
Telephone Commissions	5,252	6,100	6,300
SUBTOTAL	$ 5,563	$ 6,525	$ 6,775
Department of Education			
LICENSES AND FEES			
Fees For GED Transcripts	$ 32	$ 32	$ 32
Fees For Licensing Private Schools	174	175	175
PDE Fees Transcripts — Closed Private Schools	*	*	*
Private Academic School Teacher Certification Fees	12	12	12
Fees For Licensing Private Driver Training Schools	58	75	75
Secondary Education Evaluation Fees	5	4	5
Teacher Certification Fees	626	746	774
MISCELLANEOUS REVENUE			
Miscellaneous	*	0	0
Refunds of Expenditures Not Credited to Appropriations	7	0	0
SUBTOTAL	$ 914	$ 1,044	$ 1,073

* Less than $500.

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimated	2004-05 Budget
Emergency Management Agency			
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Appropriations	*	$ 0	$ 0
SUBTOTAL	$ 0	$ 0	$ 0
Department of Environmental Protection			
LICENSES AND FEES			
Anthracite Miners' Examination and Certification Fees	$ *	$ *	$ *
Bituminous Miners' Examination and Certification Fees	1	1	1
Bituminous Shot Firers and Machine Runners Exam A	*	*	*
Blasters' Examination and Licensing Fees	$ 5	$ 5	$ 5
Dams And Encroachment Fees	127	128	129
Examination and Certification Fees	2	3	3
Explosives Storage Permit Fees	64	65	65
Hazardous Waste Facility Annual Permit Administration Fees	48	49	49
Hazardous Waste Facility Permit Application Fees	133	134	136
Hazardous Waste Transporter License and Fees	45	46	46
Hazardous Waste Storage-Disposal Fac-Fee	65	66	67
Infectious and Chemical Waste Transport Fees	8	8	8
Municipal Waste Annual Permit Administration Fees	222	224	226
Municipal Waste Permit Application Fees	289	291	294
Residual Waste Permit Administration Fees	250	253	255
Residual Waste Permit Application/Modification Fees	82	82	83
Residual Waste Closure Administration Fees	0	0	0
Restaurant Licenses	0	0	0
Sewage Enforcement+Exam Fees	0	0	0
Sewage Permit Fees	352	355	359
Submerged Land Fees	56	57	57
Water Bacteriological Examination Fees	28	28	28
Water Power and Supply Permit Fees	93	94	95
Tipping Fees	10,278	10,381	10,484
MISCELLANEOUS REVENUE			
Ground Rentals	10	11	11
Interest on Loan Payments	797	88	88
Interest Payments — Mine Subsidence	3	3	3
Mineral Sales	*	*	*
Miscellaneous	19	20	20
Payment To Occupy Submerged Lands	253	256	258
Penalty Charges — Delinquent Interest	*	*	*
Refunds of Expenditures Not Credited to Appropriations	5	5	5
Repayment Of Loans — Water Facilities	2,088	549	549
Rights-of-Way	14	14	15
Royalties for Recovery Of Materials — Schuylkill River	140	142	143
Sales Tax Escrow Account	*	*	*
Sewage Treatment and Waterworks Application Fees	99	100	101
Surface Subsidence Assistance Loans — Repayments	21	21	21
Telephone Commissions	*	*	*
SUBTOTAL	$ 15,597	$ 13,479	$ 13,604
Department of General Services			
MISCELLANEOUS REVENUE			
Allocation of Purchasing Costs Job 7	$ 7,437	$ 3,132	$ 3,179
Allocation of Purchasing Costs Job 19	411	1,519	1,542
Miscellaneous	4	4	4
Real Estate Services	7	706	362

* Less than $500.

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimated	2004-05 Budget
Department of General Services (continued)			
Refunds of Expenditures Not Credited to Appropriations	$ 1	$ 0	$ 0
Rental of State Property	259	106	106
Sale of Publications	14	0	0
Sale of State Property	4,709	12,000	8,200
Sale of Unserviceable Property	260	260	300
Mileage	*	0	0
Reading State Office Building	188	188	188
Scranton State Office Building	1,266	1,266	1,266
Altoona State Office Building	24	24	24
SUBTOTAL	$ 14,580	$ 19,205	$ 15,171
Department of Health			
LICENSES AND FEES			
Bathing Place Program — Application Fees	$ 2	$ 2	$ 2
Cre Certification Fees	23	11	8
Hospice Licensing Fees	30	29	30
Immunization Service Fees	19	19	20
Life Safety Code Inspection Fees	333	161	0
Miscellaneous Licensure Fees	87	90	92
Nursing Home Licenses	389	374	353
Pediatric Extended Care Licensing Fees	1	1	2
Profit Making Hospital Licenses	182	160	170
Organized Camps Program Fees	5	5	5
Registration Fees — Hearing Aid Act	99	99	99
Registration Fees — Drugs Devices and Cosmetics Act	372	371	378
Vital Statistics Fees	2,897	8,787	12,352
Wholesale Prescription Drug Distribution Licenses	53	60	63
MISCELLANEOUS REVENUE			
Interest Transferred to Share Loan Program	-5	-6	-6
Miscellaneous	94	120	130
Refunds of Expenditures Not Credited to Appropriations	9	4	4
SUBTOTAL	$ 4,590	$ 10,287	$ 13,702
Historical and Museum Commission			
MISCELLANEOUS REVENUE			
Miscellaneous	$ 1	$ 1	$ 1
Refunds of Expenditures Not Credited to Appropriations	20	34	35
SUBTOTAL	$ 21	$ 35	$ 36
Insurance Department			
LICENSES AND FEES			
Agents' and Brokers' Certification Fees	$ 143	$ 0	$ 0
Agents' Licenses	11,796	14,000	17,700
Brokers' Licenses	3,994	6,250	6,300
Division of Companies Certification — Certificates and Filing Fees	1,114	1,225	1,348
Examination Fees and Expenses	2,346	2,500	2,500
Market Conduct Examination Fees	432	550	550
Miscellaneous Fees	37	1,307	2,614
Miscellaneous Licenses	3	0	0
New Applicants	366	0	0
Physical Damage Appraiser License	3	0	0
Renewals	630	0	0
Valuation of Policies Fees	5,012	7,800	7,800

* Less than $500.

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimated	2004-05 Budget
Insurance Department (continued)			
MISCELLANEOUS REVENUE			
Contra to Revenue Code 001780-009696-102	$ -1	$ 0	$ 0
Miscellaneous	345	350	350
Refunds of Expenditures Not Credited to Appropriations	1	1	0
SUBTOTAL	$ 26,221	$ 33,983	$ 39,162
Department of Labor and Industry			
LICENSES AND FEES			
Approval of Building Plan Fees	$ 4,668	$ 5,000	$ 4,000
Approval of Elevator Plan Fees	389	425	425
Bedding And Upholstery Fees	784	550	500
Boiler Inspection Fees	2,891	3,565	4,130
Elevator Inspection Fees	1,902	2,284	2,668
Employment Agency Licenses	33	34	34
Employment Agents' Registration Fees	4	4	4
Flammable Liquids Storage Fees	40	40	40
Liquefied Petroleum Gas Registration Fees	208	200	200
Projectionists' Examination And License Fees	6	3	3
Stuffed Toys Manufacturers' Registration Fees	67	60	60
UCC Certifications	49	50	50
MISCELLANEOUS REVENUE			
CETA Audit Settlement	$ 16	0	0
Miscellaneous	7	3	3
Refunds of Expenditures Not Credited to Appropriations	-2	0	0
SUBTOTAL	$ 11,062	$ 12,218	$ 12,117
Department of Military and Veterans Affairs			
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Appropriations	$ 270	$ 100	$ 100
Telephone Commissions	2	2	2
SUBTOTAL	$ 272	$ 102	$ 102
Board of Probation and Parole			
MISCELLANEOUS REVENUE			
Miscellaneous	$ 3	$ 0	$ 0
Refunds of Expenditures Not Credited to Appropriations	29	0	0
SUBTOTAL	$ 32	$ 0	$ 0
Public Utility Commission			
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Appropriations	$ 0	$ 0	$ 0
Department of Public Welfare			
LICENSES AND FEES			
Private Mental Hospital Licenses	$ 53	$ 53	$ 53
MISCELLANEOUS REVENUE			
Miscellaneous	65	31	31
Refunds of Expenditures Not Credited to Appropriations	143	100	100
Telephone Commissions	22	23	23
SUBTOTAL	$ 283	$ 207	$ 207
Department of Revenue			
LICENSES AND FEES			
Certification And Copy Fees	$ 30	$ 30	$ 30
Cigarette Permit Fees	319	400	400
Domestic Violence and Rape Crisis Program Fee	2,079	2,000	2,025
Uniform Commercial Fee Act 1992-67	0	0	0

* Less than $500.

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimated	2004-05 Budget
Department of Revenue (continued)			
MISCELLANEOUS REVENUE			
Exempt Collections Per Act 1992-67	$ 13,549	$ 13,500	$ 13,500
District Justice Costs	7,631	7,500	7,500
Miscellaneous	5	6	6
Distribution Due Absentee	191	200	200
Income Tax Check-Offs — Olympics	*	0	0
Refunds of Expenditures Not Credited to Appropriations	3	0	0
SUBTOTAL	$ 23,807	$ 23,636	$ 23,661
Securities Commission			
LICENSES AND FEES			
Associated Persons — Initial	$ 58	$ 61	$ 64
Associated Persons — Renewal	122	128	137
Associated Persons — Transfer	4	4	4
Brokers, Dealers Registration Fees — Initial	63	65	67
Brokers, Dealers Registration Fees — Renewal	624	643	663
Costs — Examination, Auditing, Investigation, Prosecution — Except Takeover Costs	*	1	1
Investment Advisors Filing Fees — Initial	24	25	26
Investment Advisors Filing Fees — Renewal	89	94	99
Investment Advisors — Notice Filings Initial	53	56	59
Investment Advisors — Notice Filings Renewal	300	314	329
Mutual Funds — Increase in Amount of Filing	594	500	500
Mutual Funds — Initial Filing	341	500	500
Mutual Funds — Renewal Filing	3,711	4,100	4,908
506 RD Filings	756	850	900
Section 203 (D) — Increase in Amount of Filing	0	*	*
Section 203 (D) — Initial Filing	$ 24	$ 25	$ 25
Section 203 (I) (O) (II) — Initial Filing	*	0	0
Section 203(P) — Initial Filing	*	*	*
Section 203(S) — Initial Filing	6	6	6
Section 203(T) — Filing	6	*	*
Section 205 — Security Registration and Amendment Fees	32	40	40
Section 206 — Increase in Amount of Filing	10	1	1
Section 206 — Qualification Filing — Initial	104	100	100
Securities Agents Filing Fees — Initial	1,800	1,854	3,470
Securities Agents Filing Fees — Renewal	6,698	7,445	12,326
Securities Agents Filing Fees — Transfer	129	206	305
Takeover Disclosure Filing Fees + Sct Iv Rgtrn	*	5	5
Miscellaneous Takeover Disclosure Filing Fees	0	*	*
MISCELLANEOUS REVENUE			
Miscellaneous	*	0	0
SUBTOTAL	$ 15,548	$ 17,023	$ 24,535
Department of State			
LICENSES AND FEES			
Charities Bureau Registration Fees	$ 1,091	$ 1,300	$ 1,350
Commission and Filing Fees — Bureau of Elections	702	425	400
Commission and Filing Fees — Corporation Bureau	18,311	20,031	21,566
Commission Fees	45	55	64
Notary Public Commission Fees	938	1,100	1,100
MISCELLANEOUS REVENUE			
Professional & Occupational Affairs Credit Card Transfers	-149	7,140	9,000
Refunds of Expenditures Not Credited to Appropriations	*	0	0
SUBTOTAL	$ 20,938	$ 30,051	$ 33,480

* Less than $500.

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimated	2004-05 Budget
State Police			
MISCELLANEOUS REVENUE			
Miscellaneous	$ 232	$ 235	$ 250
Reimbursement for Lost Property	2	5	7
Refunds of Expenditures Not Credited to Appropriations	108	200	250
Telephone Commissions	*	1	2
SUBTOTAL	$ 342	$ 441	$ 509
Department of Transportation			
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Interest	$ -5	$ 0	$ 0
SUBTOTAL	$ -5	$ 0	$ 0
Other			
MISCELLANEOUS REVENUE			
Conscience Money	$ 2	$ 0	$ 0
Payments in Lieu of Taxes — SWIF	4,791	5,210	4,160
Commonwealth Court - Refund of Expenditures	4	0	0
Transfers from Special Funds	107,293	6,400	8,000
SUBTOTAL	$ 112,090	$ 11,610	$ 12,160
Total Licenses, Fees and Miscellaneous	$ 627,412	$ 544,000	$ 405,600
Fines, Penalties and Interest on Taxes			
Corporation Net Income Tax	$ 14,158	$ 11,551	$ 11,551
Interest on Excise Taxes — Corporations (Department of Revenue)	16,265	13,270	13,270
Penalties on Excise Taxes — Corporations	1,446	1,179	1,179
SUBTOTAL	$ 31,869	$ 26,000	$ 26,000
Other Fines and Penalties			
Executive Offices			
PA Human Relations Commission - Civil Penalties	$ 0	$ 0	$ 0
Department of Agriculture			
Amusement Rides and Attractions — Fines	$ *	$ 2	$ 2
Egg Fines	*	*	*
General Food Fines	2	4	4
Harness Racing Fines and Penalties	45	50	60
Horse Racing Fines and Penalties	49	42	42
Marking Law Fines	0	*	*
Miscellaneous Fines	1	0	0
Civil Penalties - Food Establishments	*	0	0
Seasonal Farm Laborers Fines & Penalties	3	10	10
Weights & Measures Division - Fines	25	5	5
Department of Conservation and Natural Resources			
Miscellaneous Fines	2	3	3
Department of Education			
PDE- School Licensing	1	0	0
Teacher Certification Fines & Penalties	2	0	0
Department of Environmental Protection			
Miscellaneous Fines	*	*	*
Ethics Commission			
Violations-Act 1978-170	51	20	20
Department of General Services			
Traffic Violation Fines	29	29	29
Department of Health			
Non-Compliance Fines and Penalties	0	0	0
Department of Insurance			
Miscellaneous Fines	1,542	1,466	1,456

* Less than $500.

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimated	2004-05 Budget
Department of Labor and Industry			
Minor Labor Law Fines	$ 3	$ 0	$ 0
Miscellaneous Fines	66	80	80
Public Utility Commission			
Violation of Order Fines	513	500	500
Department of Public Welfare			
Miscellaneous Fines & Penalties	414	414	414
Department of Revenue			
Malt Liquor Fines and Penalties	7	5	5
Department of State			
Penalties and Fines - Charities Bureau	295	370	470
SUBTOTAL	$ 3,050	$ 3,000	$ 3,100
Total Fines, Penalties and Interest	$ 34,919	$ 29,000	$ 29,100
TOTAL NONTAX REVENUES	$ 817,331	$ 623,000	$ 489,700
TOTAL GENERAL FUND REVENUES	$ 21,314,451	$ 22,191,300	$ 23,306,500

* Less than $500.

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Beginning Balance	$ 56,358	$ 30,449	$ 33,982
Revenue:			
Revenue Receipts	$ 1,998,767	$ 2,026,348	$ 2,051,410
Adjustment to Official Estimate	0	$ 7,202	0
Prior Year Lapses	23,447	17,818	0
Funds Available	$ 2,078,572	$ 2,081,817	$ 2,085,392
Expenditures:			
Appropriations	$ 2,058,966	$ 2,047,835	$ 2,075,761
Less Current Year Lapses	-10,843	0	0
Estimated Expenditures	$ -2,048,123	$ -2,047,835	$ -2,075,761
Ending Balance	$ 30,449	$ 33,982	$ 9,631

* Excludes restricted revenue.

Summary by Department

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Executive Offices			
General Government			
Office of the Budget	$ 4,485	$ 5,485	$ 5,107
Statewide Public Safety Radio System	5,856	5,856	5,871
TOTAL STATE FUNDS	$ 10,341	$ 11,341	$ 10,978
Augmentations	$ 852	$ 988	$ 988
DEPARTMENT TOTAL	$ 11,193	$ 12,329	$ 11,966
Treasury Department			
General Government			
Replacement Checks	$ 56	$ 300	$ 100
Refunding Liquid Fuel Tax — Agricultural	3,238	4,500	4,000
Administration of Refunding Liquid Fuel Tax	408	461	451
Refunding Liquid Fuel Tax — State Share	244	650	350
Refunding Emergency Liquid Fuel Tax	0	1	0
Refunding Liquid Fuel Tax — Political Subdivisions	2,360	3,800	3,200
Refunding Liquid Fuel Tax — Volunteer Services	346	450	400
Refunding Liquid Fuel Tax — Boat Fund	3,000	3,000	2,800
Subtotal	$ 9,652	$ 13,162	$ 11,301
Debt Service Requirements			
Capital Debt — Transportation Projects	$ 39,760	$ 29,722	$ 11,890
General Obligation Debt Service	1,798	8,964	10,037
Loan and Transfer Agent	8	50	50
Subtotal	$ 41,566	$ 38,736	$ 21,977
TOTAL STATE FUNDS	$ 51,218	$ 51,898	$ 33,278
Restricted Revenue	$ 19,966	$ 21,375	$ 23,554
DEPARTMENT TOTAL	$ 71,184	$ 73,273	$ 56,832
Department of Conservation and Natural Resources			
Dirt and Gravel Roads	$ 1,000	$ 1,000	$ 1,000
TOTAL STATE FUNDS	$ 1,000	$ 1,000	$ 1,000
Restricted Revenue	$ 3,656	$ 4,500	$ 4,000
DEPARTMENT TOTAL	$ 4,656	$ 5,500	$ 5,000
Department of Education			
Grants and Subsidies			
Safe Driving Course	$ 1,230	$ 1,230	$ 1,230
DEPARTMENT TOTAL	$ 1,230	$ 1,230	$ 1,230
Department of Environmental Protection			
Dirt and Gravel Roads	$ 4,000	$ 4,000	$ 4,000
DEPARTMENT TOTAL	$ 4,000	$ 4,000	$ 4,000
Department of General Services			
Tort Claims Payments	$ 20,000	$ 20,000	$ 20,000
Harristown Rental Charges	95	91	94
Harristown Utility and Municipal Charges	158	153	166
DEPARTMENT TOTAL	$ 20,253	$ 20,244	$ 20,260

Summary by Department (continued)

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Department of Revenue			
General Government			
Collections — Liquid Fuels Tax	$ 12,282	$ 13,237	$ 13,215
Refunding Liquid Fuels Tax	7,200	9,200	9,000
TOTAL STATE FUNDS	$ 19,482	$ 22,437	$ 22,215
Augmentations	$ 0	$ 0	$ 0
DEPARTMENT TOTAL	$ 19,482	$ 22,437	$ 22,215
State Police			
General Government			
General Government Operations	$ 310,144	$ 314,965	$ 327,642
Municipal Police Training	5,731	4,243	3,509
Patrol Vehicles	6,481	5,882	4,176
CLEAN System	49,419	30,000	30,600
Automated Fingerprint Identification System	0	0	1,846
DEPARTMENT TOTAL	$ 371,775	$ 355,090	$ 367,773
Department of Transportation			
General Government			
General Government Operations	$ 47,020	$ 48,657	$ 47,022
Highway Systems Technology	17,100	17,100	17,100
Refunding Collected Monies	4,729	4,250	4,750
Highway and Safety Improvement	188,000	150,000	150,000
Highway Capital Projects	210,776	222,050	220,218
Security Walls Pilot Project	10,000	10,000	5,000
Highway Maintenance	666,000	651,000	694,000
Secondary Roads — Maintenance and Resurfacing	64,562	65,230	65,230
Highway Maintenance Safety Projects	15,000	0	0
Smoother Roads	0	50,000	50,000
Reinvestment — Facilities	9,461	9,540	9,540
Safety Administration and Licensing	118,299	130,529	126,787
Welcome Centers	0	0	2,616
Subtotal	$ 1,350,947	$ 1,358,356	$ 1,392,263
Grants and Subsidies			
Local Road Maintenance and Construction Payments	$ 184,879	$ 189,239	$ 189,764
Supplemental Local Road Maintenance and Construction Payments	5,000	5,000	5,000
Payment to Turnpike Commission	28,000	28,000	28,000
Subtotal	$ 217,879	$ 222,239	$ 222,764
TOTAL STATE FUNDS	$ 1,568,826	$ 1,580,595	$ 1,615,027
Federal Funds	$ 1,281,506	$ 1,582,780	$ 1,457,085
Augmentations	46,562	49,116	51,961
Restricted Revenue	649,183	728,352	789,904
DEPARTMENT TOTAL	$ 3,546,077	$ 3,940,843	$ 3,913,977
Fund Summary			
State Funds — Transportation	$ 1,568,826	$ 1,580,595	$ 1,615,027
State Funds — Other Departments	479,299	467,240	460,734
TOTAL STATE FUNDS	$ 2,048,125	$ 2,047,835	$ 2,075,761
Motor License Fund Total—All Funds			
State Funds	$ 2,048,125	$ 2,047,835	$ 2,075,761
Federal Funds	1,281,506	1,582,780	1,457,085
Augmentations	47,414	50,104	52,949
Restricted Revenue	672,805	754,227	817,458
FUND TOTAL	$ 4,049,850	$ 4,434,946	$ 4,403,253

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2002-03 Actual	2003-04 Estimated	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Liquid Fuels Taxes	$ 1,105,459	$ 1,108,460	$ 1,120,510	$ 1,137,480	$ 1,154,710	$ 1,172,190	$ 1,189,950
Motor Licenses and Fees	828,821	836,450	841,740	850,590	858,230	871,320	876,770
Other Motor License Fund Revenues	64,487	88,640	89,160	89,530	89,910	90,300	90,690
TOTAL MOTOR LICENSE FUND REVENUES	$ 1,998,767	$ 2,033,550	$ 2,051,410	$ 2,077,600	$ 2,102,850	$ 2,133,810	$ 2,157,410
Aviation Restricted Revenues	$ 10,316	$ 9,675	$ 9,675	$ 9,680	$ 9,680	$ 9,680	$ 9,680
Highway Bridge Improvement Restricted Revenues	$ 84,989	$ 84,680	$ 85,890	$ 86,950	$ 88,020	$ 89,110	$ 90,210
State Highway Transfer Restricted Revenues	$ 18,059	$ 18,060	$ 18,240	$ 18,510	$ 18,790	$ 19,070	$ 19,360
Oil Company Franchise Tax Restricted Revenues	$ 331,089	$ 331,180	$ 334,380	$ 339,400	$ 344,490	$ 349,660	$ 354,900
Supplemental Maintenance Restricted Revenues	$ 231,757	$ 231,820	$ 234,070	$ 237,580	$ 241,150	$ 244,760	$ 248,430

Adjustments to 2003-04 Revenue Estimate

On March 20, 2003, an official estimate for the 2003-04 fiscal year of $2,026,348 was certified. The revised estimate detailed below reflects actual revenue collections through the first six months of the fiscal year and expected collections for the balance of the fiscal year.

	2003-04 Official Estimate	Adjustments	2003-04 Revised Estimate
Liquid Fuels Taxes	$ 1,119,608	$ -11,148	$ 1,108,460
Motor Licenses and Fees	837,350	-900	836,450
Other Motor License Fund Revenues	69,390	19,250	88,640
TOTAL	$ 2,026,348	$ 7,202	$ 2,033,550

Revenue Sources

Liquid Fuels Taxes

Actual		Estimated	
1997-98.....	$ 1,022,355	2003-04.....	$ 1,108,460
1998-99.....	1,034,899	2004-05.....	1,120,510
1999-00.....	1,054,027	2005-06.....	1,137,480
2000-01.....	1,070,185	2006-07.....	1,154,710
2001-02.....	1,090,488	2007-08.....	1,172,190
2002-03.....	1,105,459	2008-09.....	1,189,950

Tax Base and Rates:

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

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

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

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

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

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

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

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

Revenue Sources (Continued)

Motor Licenses and Fees

Actual		Estimated	
1997-98.....	$ 703,051	2003-04.....	$ 836,450
1998-99.....	755,430	2004-05.....	841,740
1999-00.....	807,859	2005-06.....	850,590
2000-01.....	795,371	2006-07.....	858,230
2001-02.....	814,350	2007-08.....	871,320
2002-03.....	828,821	2008-09.....	876,770

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

Other Motor License Fund Revenues

Actual		Estimated	
1997-98.....	$ 87,290	2003-04.....	$ 88,640
1998-99.....	94,680	2004-05.....	89,160
1999-00.....	97,478	2005-06.....	89,530
2000-01.....	86,260	2006-07.....	89,910
2001-02.....	50,187	2007-08.....	90,300
2002-03.....	64,487	2008-09.....	90,690

Other Motor License Fund revenues include the following sources:

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

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

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

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

Revenue Detail

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

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
LIQUID FUELS TAXES			
Liquid Fuels Tax			
Liquid Fuels Tax	$ 578,543	$ 579,674	$ 585,476
Liquid Fuels Tax Interest	285	285	288
Liquid Fuels Tax Penalties	590	591	597
Subtotal	$ 579,418	$ 580,550	$ 586,360
Fuel Use Tax			
Fuel Use Tax	$ 148,779	$ 153,596	$ 155,896
Fuel Use Tax Interest	3	3	3
Fuel Use Tax Penalties	1	1	1
Subtotal	$ 148,783	$ 153,600	$ 155,900
Alternative Fuel Tax			
Alternative Fuel Tax	$ 838	$ 560	$ 570
Subtotal	$ 838	$ 560	$ 570
Motor Carriers Road Tax — International Fuel Tax Agreement			
Motor Carriers Road/IFTA — Fuels Tax	$ 32,369	$ 29,644	$ 30,236
Motor Carriers Road/IFTA— Registration Fees, Special Permit Fees and Fines	968	886	904
Subtotal	$ 33,337	$ 30,530	$ 31,140
Oil Company Franchise Tax	$ 343,083	$ 343,220	$ 346,540
TOTAL LIQUID FUELS TAXES	$ 1,105,459	$ 1,108,460	$ 1,120,510
MOTOR LICENSES AND FEES			
Operators' Licenses	$ 53,077	$ 57,550	$ 54,430
Other Fees Collected by Bureau of Motor Vehicles	27,478	29,630	30,220
Registration Fees Received From Other States/IRP	68,166	69,260	69,950
Special Hauling Permit Fees	16,406	16,410	16,900
Subtotal	663,694	663,600	670,240
TOTAL MOTOR LICENSES AND FEES	$ 828,821	$ 836,450	$ 841,740
OTHER MOTOR LICENSE FUND REVENUES			
Fines and Penalties			
Department of Revenue			
Vehicle Code Fines	$ 24,775	$ 25,180	$ 25,300
Department of Transportation			
Vehicle Code Fines	5,284	5,370	5,400
Subtotal	$ 30,059	$ 30,550	$ 30,700

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Miscellaneous Revenues			
Treasury Department			
Dividend Income Reinvested - Long Term	$ 1,967	$ 6,415	$ 6,415
Interest on Deposits - Cash Advancement Accounts	18	59	59
Interest Income Reinvested - Long Term	8,079	26,347	26,347
Interest on Securities	12,567	40,983	40,983
Interest on Securities - Liquid Fuels Tax Fund	193	629	629
Realized Gain or Loss on Sale of Invest. - Long Term	-12,318	-40,171	-40,171
Redeposit of Checks	-295	-962	-962
Subtotal	$ 10,211	$ 33,300	$ 33,300
Department of General Services			
Sale of Unserviceable Property	$ 246	$ 230	$ 230
Subtotal	$ 246	$ 230	$ 230
Department of Transportation			
Fees for Reclaiming Abandoned Vehicles	$ 38	$ 40	$ 40
Highway Bridge Income	113	120	120
Highway Encroachment Permits	954	980	990
Interest Earned - Restricted Revenue	-1,172 [a]	-1,200 [a]	-1,220 [a]
Miscellaneous Revenues	659	670	690
Recovered Damages	46	50	50
Refunds of Expenditures Not Credited to Appropriations or Allocations	440	450	460
Sale of Bid Proposals and Contract Specifications	696	710	720
Sale of Inspection Stickers	21,858	22,390	22,730
Sale of Maps and Plans	339	350	350
	$ 23,971	$ 24,560	$ 24,930
TOTAL OTHER MOTOR LICENSE FUND REVENUES	$ 64,487	$ 88,640	$ 89,160
TOTAL MOTOR LICENSE FUND REVENUES	$ 1,998,767	$ 2,033,550	$ 2,051,410

[a] Amounts transferred to restricted revenue account.

Restricted Revenues Not Included in Department Total

Aviation Revenues

Actual		Estimated	
1997-98.....	$ 19,314	2003-04.....	$ 9,675
1998-99.....	11,085	2004-05.....	9,675
1999-00.....	11,658	2005-06.....	9,680
2000-01.....	14,921	2006-07.....	9,680
2001-02.....	12,929	2007-08.....	9,680
2002-03.....	10,316	2008-09.....	9,680

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, 2003, is 4.1 cents per gallon on aviation gasoline and 1.8 cents per gallon on jet fuel. Aviation restricted revenues are not included in Motor License Fund revenue totals.

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
AVIATION REVENUES			
Aviation Liquid Fuels Tax.....	$ 9,144	$ 8,675	$ 8,675
Interest.....	1,172	1,000	1,000
TOTAL AVIATION REVENUES.....	$ 10,316	$ 9,675	$ 9,675

Highway Bridge Improvement Revenues

Actual		Estimated	
1997-98.....	$ 101,393	2003-04.....	$ 84,680
1998-99.....	76,777	2004-05.....	85,890
1999-00.....	85,118	2005-06.....	86,950
2000-01.....	80,613	2006-07.....	88,020
2001-02.....	83,345	2007-08.....	89,110
2002-03.....	84,989	2008-09.....	90,210

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

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
HIGHWAY BRIDGE IMPROVEMENT REVENUES			
Registration Fee Portion-PA-Based Motor Vehicles.....	$ 18,168	$ 17,980	$ 18,020
Temporary Permit Fees.....	188	180	180
Oil Company Fanchise Tax.....	66,633	66,520	67,690
TOTAL HIGHWAY BRIDGE REVENUES.....	$ 84,989	$ 84,680	$ 85,890

Restricted Revenues Not Included in Department Total (continued)

State Highway Transfer Revenues

Actual		Estimated	
1997-98.....	$ 15,194	2003-04.....	$ 18,060
1998-99.....	16,988	2004-05.....	18,240
1999-00.....	17,255	2005-06.....	18,510
2000-01.....	17,070	2006-07.....	18,790
2001-02.....	17,754	2007-08.....	19,070
2002-03.....	18,059	2008-09.....	19,360

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

Oil Company Franchise Tax Revenues

Actual		Estimated	
1997-98.....	$ 278,481	2003-04.....	$ 331,180
1998-99.....	311,443	2004-05.....	334,380
1999-00.....	316,342	2005-06.....	339,400
2000-01.....	312,946	2006-07.....	344,490
2001-02.....	325,486	2007-08.....	349,660
2002-03.....	331,089	2008-09.....	354,900

Oil Company Franchise Tax Restricted Account revenues are provided by 55 mills of the Oil Company Franchise Tax as a result of Act 26 of 1991. Revenues are restricted to the following purposes: 42 percent for maintenance, 17 percent for capital projects, 13 percent for bridges, 12 percent for municipalities, 14 percent for toll roads and 2 percent for county or forestry bridges.

Supplemental Maintenance Revenues

Actual		Estimated	
1997-98.....	$ 215,210	2003-04.....	$ 231,820
1998-99.....	217,871	2004-05.....	234,070
1999-00.....	221,401	2005-06.....	237,580
2000-01.....	219,062	2006-07.....	241,150
2001-02.....	227,840	2007-08.....	244,760
2002-03.....	231,757	2008-09.....	248,430

Supplemental Maintenance Restricted Account revenues are provided by 38.5 mills of the Oil Company Franchise Tax as a result of Act 3 of 1997. Revenues are restricted to the following purposes: 12 percent for municipalities and 88 percent for maintenance.

BANKING DEPARTMENT FUND

The Banking Department Fund is a special revenue fund composed of monies received from fees, assessments, charges and penalties collected or recovered from persons, firms, corporations or associations under the supervision of the Department of Banking. It provides for the administration of the Department of Banking and regulation of financial institutions.

Financial Statement

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Beginning Balance	$ 19,740	$ 22,125	$ 25,257
Receipts:			
Revenue Estimate	$ 14,443	$ 14,300	$ 14,380
Prior Year Lapses	4	0	0
Total Receipts	$ 14,447	$ 14,300	$ 14,380
Funds Available	$ 34,187	$ 36,425	$ 39,637
Expenditures:			
Appropriated	$ 12,062	$ 11,168	$ 11,443
Less: Current Year Lapses	0	0	0
Estimated Expenditures	-12,062	-11,168	-11,443
Ending Balance	$ 22,125	$ 25,257	$ 28,194

Summary by Department

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Treasury Department			
General Government			
Replacement Checks	$ 0	$ 5	$ 5
Banking Department			
General Government			
General Government Operations	$ 11,720	$ 10,825	$ 11,120
Department of General Services			
General Government			
Harristown Rental Charges	$ 145	$ 139	$ 139
Harristown Utility and Municipal Charges	197	199	179
DEPARTMENT TOTAL	$ 342	$ 338	$ 318
FUND TOTAL	$ 12,062	$ 11,168	$ 11,443

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2002-03 Actual	2003-04 Estimated	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Licenses and Fees	$ 13,684	$ 13,287	$ 13,327	$ 13,327	$ 13,327	$ 13,327	$ 13,327
Fines and Penalties	229	200	240	240	240	240	240
Miscellaneous	530	813	813	813	813	813	813
TOTAL BANKING DEPARTMENT FUND REVENUES	$ 14,443	$ 14,300	$ 14,380	$ 14,380	$ 14,380	$ 14,380	$ 14,380

Revenue Sources

Licenses and Fees

Actual		Estimated	
1997-98	$ 11,161	2003-04	$ 13,287
1998-99	11,653	2004-05	13,327
1999-00	11,640	2005-06	13,327
2000-01	12,544	2006-07	13,327
2001-02	11,914	2007-08	13,327
2002-03	13,684	2008-09	13,327

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

Fines and Penalties

Actual		Estimated	
1997-98	$ 63	2003-04	$ 200
1998-99	86	2004-05	240
1999-00	65	2005-06	240
2000-01	53	2006-07	240
2001-02	117	2007-08	240
2002-03	229	2008-09	240

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	
1997-98.....	$ 537	2003-04.....	$ 813
1998-99.....	637	2004-05.....	813
1999-00.....	862	2005-06.....	813
2000-01.....	1,164	2006-07.....	813
2001-02.....	827	2007-08.....	813
2002-03.....	530	2008-09.....	813

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

Revenue Detail

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

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Licenses and Fees			
Banking — Application Fees	$ 142	$ 118	$ 120
Savings Associations — Examinations	200	200	195
Savings Associations — Overhead Assessments	63	59	62
Savings Associations — Application Fees	10	0	0
Check Cashers — Examinations	19	36	36
Check Cashers — Licenses	191	191	191
Check Cashers — Registrations	18	18	18
Consumer Credit — Examinations	201	145	140
Consumer Credit — Pawnbroker Licenses	17	15	15
Consumer Credit — Installment Seller Licenses	960	960	960
Consumer Credit — Consumer Discount Company Licenses	172	180	170
Consumer Credit — Money Transmitter Licenses	68	68	68
Consumer Credit — Sales Finance Licenses	361	311	311
Consumer Credit — Collector-Repossessor Licenses	42	42	42
Credit Unions — Overhead Assessments	544	602	632
Secondary Mortgage Licenses	1,349	1,100	1,100
Examinations — Credit Union	522	450	500
Examinations — First Mortgage Bankers	70	90	80
Examinations — Pawnbrokers	2	6	5
Examinations — First Mortgage Brokers	87	86	73
Examinations — Second Mortgage	112	151	141
Examinations — Trust Companies	232	180	200
Examinations — Money Transmitters	71	96	100
Examinations — Secondary Mortgage Broker	60	77	65
Examinations — Loan Correspondents	9	7	6
Examinations — Partially Exempt Registered Entities	7	9	8
Examinations — Sales Finance	0	3	8
Examinations — Collector-Reposser	0	0	1
Examinations — Installment Seller	0	15	30
Overhead Assessments — Trust Companies	92	82	85
Total Assessment Charges — Banks	6,530	6,675	6,700
First Mortgage Company — Licenses	1,518	1,300	1,250
Publications Licensing	1	0	0
Continuing Education Program Fees	5	5	5
Loan Broker Registrations	6	6	6
Miscellaneous	3	4	4
TOTAL	$ 13,684	$ 13,287	$ 13,327

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Fines and Penalties			
Banking Law--Fines and Penalties	$ 229	$ 200	$ 240
Miscellaneous Revenue			
Interest on Securities	$ 532	$ 813	$ 813
Miscellaneous	-2 *	0	0
TOTAL	$ 530	$ 813	$ 813
TOTAL REVENUES	$ 14,443	$ 14,300	$ 14,380

*Redeposit of checks.

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Beginning Balance	$ 11,549	$ 13,258	$ 13,108
Receipts:			
Revenue Estimate	$ 10,437	$ 11,073	$ 10,588
Prior Year Lapsesa	2,125	0	0
Total Receipts	$ 12,562	$ 11,073	$ 10,588
Funds Available	$ 24,111	$ 24,331	$ 23,696
Expenditures:			
Appropriated	$ 10,853	$ 11,223	$ 11,293
Estimated Expenditures	-10,853	-11,223	-11,293
Ending Balance	$ 13,258	$ 13,108	$ 12,403

Summary by Department

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Treasury Department			
General Government			
Replacement Checks	$ 0	$ 5	$ 5
Fish and Boat Commission			
General Government			
General Operations	$ 8,629	$ 8,793	$ 9,206
TOTAL STATE FUNDS	$ 8,629	$ 8,798	$ 9,211
Federal Funds	$ 2,176	$ 2,405	$ 2,057
Other Funds	48	20	25
FUND TOTAL	$ 10,853	$ 11,223	$ 11,293

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2002-03 Actual	2003-04 Estimated	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Licenses and Fees	$ 5,109	$ 5,471	$ 5,322	$ 5,363	$ 5,405	$ 5,457	$ 5,486
Fines and Penalties	257	225	225	230	230	235	235
Miscellaneous	2,847	2,952	2,959	2,959	2,959	2,959	2,959
TOTAL BOAT FUND REVENUES	$ 8,213	$ 8,648	$ 8,506	$ 8,552	$ 8,594	$ 8,651	$ 8,680
Augmentations	$ 2,224	$ 2,425	$ 2,082	$ 2,082	$ 2,082	$ 2,082	$ 2,082
TOTAL BOAT FUND RECEIPTS	$ 10,437	$ 11,073	$ 10,588	$ 10,634	$ 10,676	$ 10,733	$ 10,762

Revenue Sources

Licenses and Fees

Actual		Estimated	
1997-98	$ 4,104	2003-04	$ 5,471
1998-99	5,123	2004-05	5,322
1999-00	5,100	2005-06	5,363
2000-01	5,462	2006-07	5,405
2001-02	5,130	2007-08	5,457
2002-03	5,109	2008-09	5,486

The Boat Fund receives revenue from boat registration fees. Act 39 of 1991 increased and added fees. For motorboats up to 16 feet in length, the annual registration fee is $10.00. For those between 16 and 20 feet, the fee is $15.00 per year. The annual fee for motorboats over 20 feet is $20.00. There is also a voluntary registration fee of $5.00 per year for all boats not equipped with motors. Other fees, such as duplicate registrations ($5.00 each) and commercial passenger boat registrations ($25.00 each), were also affected by Act 39.

Fines and Penalties

Actual		Estimated	
1997-98	$ 171	2003-04	$ 225
1998-99	164	2004-05	225
1999-00	122	2005-06	230
2000-01	241	2006-07	230
2001-02	244	2007-08	235
2002-03	257	2008-09	235

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

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
1997-98.....	$ 2,084	2003-04.....	$ 2,952
1998-99.....	2,699	2004-05.....	2,959
1999-00.....	2,699	2005-06.....	2,959
2000-01.....	3,081	2006-07.....	2,959
2001-02.....	3,139	2007-08.....	2,959
2002-03.....	2,847	2008-09.....	2,959

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)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Licenses and Fees			
Motor Boat Registration Fees	$ 4,590	$ 5,000	$ 4,816
Boat Mooring Permits — Walnut Creek Access	40	35	40
Boating Safety Curriculum Fees	6	5	60
Boat Capacity Plate Fees	53	6	6
Boat Titling Fees	420	425	400
TOTAL	$ 5,109	$ 5,471	$ 5,322
Fines and Penalties			
Motor Boat Fines	$ 257	$ 225	$ 225
TOTAL	$ 257	$ 225	$ 225
Miscellaneous Revenues			
Transfer from Motor License and Liquid Fuels Tax Funds	$ 2,308	$ 2,400	$ 2,400
Miscellaneous	28	17	21
Interest on Securities	463	497	497
Sale of Unserviceable Property	1	1	1
Sales Tax Agent Fee PFC Share	31	30	30
North East Marina	16	7	10
TOTAL	$ 2,847	$ 2,952	$ 2,959
Augmentations			
Sale of Automobiles	$ 34	$ 20	$ 25
Transportation - Boating Under the Influence (BUI)	14	0	0
U.S. Coast Guard Grant for Boating Safety	1,399	1,286	1,300
Boating Infrastructure Grant (BIG)	0	400	100
Land and Water Conservation Fund	0	75	0
Sport Fish Restoration	746	533	607
Clean Vessel Act	31	69	50
Wildlife Conservation & Restoration - Non-game	0	42	0
TOTAL	$ 2,224	$ 2,425	$ 2,082
TOTAL RECEIPTS	$ 10,437	$ 11,073	$ 10,588

ENVIRONMENTAL STEWARDSHIP FUND

The Environmental Stewardship Fund is a special revenue fund composed of monies transferred from the General Fund, Recycling Fund, Hazardous Sites Cleanup Fund and certain landfill fees. The fund provides for farmland preservation projects, open space protection, abandoned mine reclamation, watershed protection and restoration, water and sewer infrastructure, and the improvement and conservation of Commonwealth and community parks and recreational facilities.

Financial Statement

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Beginning Balance	$ 3,095	$ 1,529	$ 0
Receipts:			
Revenue Estimate	$ 57,931	$ 90,571	$ 111,000
Transfer from Hazardous Sites Cleanup Fund	5,000	0	0
Transfer from Recycling Fund	25,000	15,000	0
Prior Year Lapses	598	0	0
Total Receipts	$ 88,529	$ 105,571	$ 111,000
Funds Available	$ 91,624	$ 107,100	$ 111,000
Expenditures:			
Appropriated	$ 90,095	$ 107,100	$ 111,000
Estimated Expenditures	-90,095	-107,100	-111,000
Ending Balance	$ 1,529	$ 0	$ 0

Summary by Department

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Department of Agriculture			
Grants and Subsidies			
Transfer to Agricultural Conservation Easement Purchase Fund	$ 13,334	$ 15,851	$ 16,428
Department of Conservation and Natural Resources			
General Government			
Parks & Forest Facility Rehabilitation	$ 13,713	$ 18,811	$ 19,751
Grants and Subsidies			
Community Conservation Grants	$ 7,500	$ 6,500	$ 6,250
Natural Diversity Conservation Grants	500	500	750
Subtotal	$ 8,000	$ 7,000	$ 7,000
DEPARTMENT TOTAL	$ 21,713	$ 25,811	$ 26,751
Department of Environmental Protection			
General Government			
Oil and Gas Well Plugging	$ 772	$ 2,097	$ 2,100
Abandoned Mine Reclamation and Remediation	2,444	6,290	6,900
Subtotal	$ 3,216	$ 8,387	$ 9,000
Grants and Subsidies			
Watershed Protection and Restoration	$ 27,109	$ 26,603	$ 28,049
Sewage and Drinking Water Grants	3,370	5,065	4,465
Subtotal	$ 30,479	$ 31,668	$ 32,514
DEPARTMENT TOTAL	$ 33,695	$ 40,055	$ 41,514
Infrastructure Investment Authority			
Grants and Subsidies			
Stormwater, Water and Sewer Grants	$ 21,353	$ 25,383	$ 26,307
TOTAL STATE FUNDS	$ 90,095	$ 107,100	$ 111,000

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2002-03 Actual	2003-04 Estimated	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Licenses and Fees	$ 55,629	$ 88,000	$ 109,000	$ 109,000	$ 109,000	$ 109,000	$ 109,000
Miscellaneous	2,302	2,571	2,000	2,000	2,000	2,000	2,000
TOTAL ENVIRONMENTAL STEWARDSHIP FUND REVENUES	$ 57,931	$ 90,571	$ 111,000	$ 111,000	$ 111,000	$ 111,000	$ 111,000
Transfers from Other State Funds	$ 30,000	$ 15,000	$ 0	$ 0	$ 0	$ 0	$ 0
TOTAL ENVIRONMENTAL STEWARDSHIP FUND RECEIPTS	$ 87,931	$ 105,571	$ 111,000	$ 111,000	$ 111,000	$ 111,000	$ 111,000

Revenue Sources

Licenses and Fees

Actual		Estimated	
1997-98	$ 0	2003-04	$ 88,000
1998-99	0	2004-05	109,000
1999-00	1,310	2005-06	109,000
2000-01	5,951	2006-07	109,000
2001-02	5,952	2007-08	109,000
2002-03	55,629	2008-09	109,000

The Environmental Stewardship Fund originally received revenue from a 25 cent per ton, or 25 cent per three cubic yards, fee for all solid waste received at a landfill in the Commonwealth. Act 90 of 2002 added an additional $4 per ton disposal fee for all solid waste disposed of at any municipal waste landfill. For fiscal year 2002-03, the first $50 million received from this fee was deposited into this special fund. In fiscal year 2003-04, all revenue from these fees was deposited in this special fund. New revenue is proposed to support activities currently funded within the Environmental Stewardship Fund. An additional $1 per ton fee on the disposal of municipal solid waste is proposed to ensure the continuation of current activity levels. In addition, this proposal includes reestablishing permanent funding for the Agriculture Conservation Easement Purchase Fund by providing this program with a set percentage (14.8%) of the Environmental Stewardship Fund. It is proposed that the Act 233 of 2002 language providing a one time $16.5 million to this program for 2004-05 be repealed.

Miscellaneous Revenues

Actual		Estimated	
1997-98	$ 0	2003-04	$ 2,571
1998-99	0	2004-05	2,000
1999-00	119	2005-06	2,000
2000-01	4,042	2006-07	2,000
2001-02	3,972	2007-08	2,000
2002-03	2,302	2008-09	2,000

Miscellaneous revenues are earned interest.

Revenue Sources (continued)

Transfers from Other State Funds

Actual		Estimated	
1997-98.....	$ 0	2003-04.....	$ 15,000
1998-99.....	0	2004-05.....	0
1999-00.....	83,375	2005-06.....	0
2000-01.....	130,000	2006-07.....	0
2001-02.....	80,000	2007-08.....	0
2002-03.....	30,000	2008-09.....	0

The intent of Act 68 of 1999 is that an annual appropriation would be made from the General Fund for five years, and that funds from the Hazardous Sites Cleanup Fund and Recycling Fund are transferred annually for five years. Act 90 of 2002 replaced the General Fund appropriation with the $4 per ton waste disposal fee.

Revenue Detail

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

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Licenses and Fees			
Landfill Fees.....	$ 55,629	$ 88,000	$ 109,000
Miscellaneous Revenues			
Miscellaneous.....	$ 2,302	$ 2,571	$ 2,000
Transfers from Other State Funds			
Transfer from Hazardous Sites Cleanup Fund.....	$ 5,000	$ 0	$ 0
Transfer from Recycling Fund.....	25,000	15,000	0
TOTAL.....	$ 30,000	$ 15,000	$ 0
TOTAL RECEIPTS.....	$ 87,931	$ 105,571	$ 111,000

FARM PRODUCTS SHOW FUND

The Farm Products Show Fund is a special revenue fund made up of monies received from the leasing of space to exhibitors and from rental, entry fees and other monies received or collected by the Farm Products Show Commission. It also includes a transfer from the General Fund.

The fund is used for salaries and expenses of the Farm Products Show Commission, for maintenance of the Farm Show Building and for prizes and premiums.

Financial Statement

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Beginning Balance	$ 268	$ -742	$ 261
Receipts:			
Revenue Estimate	$ 5,194	$ 5,538	$ 5,588
Transfer from General Fund	1,000	1,000	3,000
Transfer from Agriculture Farm Operations	0	1,000	0
Prior Year Lapses	149	1,008	0
Total Receipts	$ 6,343	$ 8,546	$ 8,588
Funds Available	$ 6,611	$ 7,804	$ 8,849
Expenditures:			
Appropriated	$ 7,358	$ 8,543	$ 8,620
Less Current Year Lapses	5	-1,000	0
Estimated Expenditures	$ 7,353	$ 7,543	$ 8,620
Ending Balance	$ -742	$ 261	$ 229

Summary by Department

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Treasury Department			
General Government			
Replacement Checks	$ 0	$ 5	$ 5
Department of Agriculture			
General Government			
General Operations	$ 6,353	$ 6,538	$ 5,615
TOTAL STATE FUNDS	$ 6,353	$ 6,543	$ 5,620
Augmentations	$ 1,000	$ 2,000	$ 3,000
FUND TOTAL	$ 7,353	$ 8,543	$ 8,620

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2002-03 Actual	2003-04 Estimated	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Licenses and Fees.....	$ 255	$ 252	$ 330	$ 330	$ 330	$ 330	$ 330
Miscellaneous.....	4,939	5,286	5,258	5,307	5,476	5,650	5,830
TOTAL FARM PRODUCTS SHOW FUND REVENUES.....	$ 5,194	$ 5,538	$ 5,588	$ 5,637	$ 5,806	$ 5,980	$ 6,160
Augmentations.....	$ 1,000	$ 2,000	$ 3,000	$ 2,500	$ 2,000	$ 1,500	$ 1,000
TOTAL FARM PRODUCTS SHOW FUND RECEIPTS.....	$ 6,194	$ 7,538	$ 8,588	$ 8,137	$ 7,806	$ 7,480	$ 7,160

Revenue Sources

Licenses and Fees

Actual		Estimated	
1997-98.....	$ 275	2003-04.....	$ 252
1998-99.....	252	2004-05.....	330
1999-00.....	251	2005-06.....	330
2000-01.....	208	2006-07.....	330
2001-02.....	197	2007-08.....	330
2002-03.....	255	2008-09.....	330

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	
1997-98.....	$ 3,418	2003-04.....	$ 5,286
1998-99.....	3,487	2004-05.....	5,258
1999-00.....	5,816	2005-06.....	5,307
2000-01.....	3,692	2006-07.....	5,476
2001-02.....	3,884	2007-08.....	5,650
2002-03.....	4,939	2008-09.....	5,830

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

Revenue Detail

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

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Licenses and Fees			
Exhibit Fees — Competitive--Farm Show	$ 27	$ 27	$ 30
Exhibit — Commercial	228	225	300
TOTAL	$ 255	$ 252	$ 330
Miscellaneous Revenue			
Concession Revenue	$ 978	$ 980	$ 980
Service Charges	415	415	450
Rentals	1,839	2,187	2,103
Miscellaneous Revenue	218	180	201
Interest on Securities, Deposits, Returned Checks	17	31	31
Parking Fees	1,410	1,430	1,430
Salary Reimbursement — Dairy and Livestock Association	54	54	54
Sign Shop Sales	8	9	9
TOTAL	$ 4,939	$ 5,286	$ 5,258
Augmentations			
Transfer from General Fund	$ 1,000	$ 1,000	$ 3,000
Transfer from Farm Operations Account	0	1,000	0
TOTAL	$ 1,000	$ 2,000	$ 3,000
TOTAL RECEIPTS	$ 6,194	$ 7,538	$ 8,588

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Beginning Balance	$ 11,026	$ 11,064	$ 10,240
Receipts:			
Revenue Estimate	$ 27,362	$ 29,055	$ 27,296
Prior Year Lapses	4,043	3,175	0
Total Receipts	$ 31,405	$ 32,230	$ 27,296
Funds Available	$ 42,431	$ 43,294	$ 37,536
Expenditures:			
Appropriated	$ 31,367	$ 33,054	$ 31,980
Estimated Expenditures	-31,367	-33,054	-31,980
Ending Balance	$ 11,064	$ 10,240	$ 5,556

Summary by Department

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Treasury Department			
General Government			
Replacement Checks	$ 0	$ 5	$ 5
Fish and Boat Commission			
General Government			
General Operations	$ 24,776	$ 26,127	$ 25,710
TOTAL STATE FUNDS	$ 24,776	$ 26,132	$ 25,715
Federal Funds	$ 6,095	$ 6,619	$ 5,972
Other Funds	496	303	293
FUND TOTAL	$ 31,367	$ 33,054	$ 31,980

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2002-03 Actual	2003-04 Estimated	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Licenses and Fees	$ 18,723	$ 19,468	$ 18,830	$ 18,830	$ 18,830	$ 18,830	$ 18,830
Fines and Penalties	383	400	400	400	425	425	425
Miscellaneous	1,665	2,265	1,801	2,055	2,035	2,035	2,045
TOTAL FISH FUND REVENUES	$ 20,771	$ 22,133	$ 21,031	$ 21,285	$ 21,290	$ 21,290	$ 21,300
Augmentations	$ 6,591	$ 6,922	$ 6,265	$ 5,988	$ 5,988	$ 5,988	$ 5,988
TOTAL FISH FUND RECEIPTS	$ 27,362	$ 29,055	$ 27,296	$ 27,273	$ 27,278	$ 27,278	$ 27,288

Revenue Sources

Licenses and Fees

Actual		Estimated	
1997-98	$ 20,428	2003-04	$ 19,468
1998-99	19,994	2004-05	18,830
1999-00	19,229	2005-06	18,830
2000-01	19,608	2006-07	18,830
2001-02	19,302	2007-08	18,830
2002-03	18,723	2008-09	18,830

The Commonwealth issues resident fishing licenses to persons between the ages of 16 and 64 if the applicant can prove residency within the Commonwealth for 60 days. Through the passage of Act 47 of 1995, the resident fees were increased to $16.25. The Commonwealth also issues senior resident fishing licenses to persons 65 years of age and older for a fee of $3.25. An individual eligible for a senior resident license can purchase a lifetime license for a fee of $15.25. Act 47 of 1995 also increased nonresident fees to $34.25 and the tourist fishing license to $29.25. Tourist licenses are valid for a period of seven consecutive days. Persons fishing for trout or salmon are required to buy a $5.00 stamp in addition to their regular fishing licenses. Other sources of revenue include special eel licenses and Lake Erie commercial fishing licenses.

Fines and Penalties

Actual		Estimated	
1997-98	$ 332	2003-04	$ 400
1998-99	292	2004-05	400
1999-00	224	2005-06	400
2000-01	481	2006-07	425
2001-02	446	2007-08	425
2002-03	383	2008-09	425

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	
1997-98.....	$ 2,208	2003-04.....	$ 2,265
1998-99.....	3,368	2004-05.....	1,801
1999-00.....	3,369	2005-06.....	2,055
2000-01.....	2,774	2006-07.....	2,035
2001-02.....	2,288	2007-08.....	2,035
2002-03.....	1,665	2008-09.....	2,045

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)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Licenses and Fees			
Resident Fishing Licenses	$ 12,830	$ 13,400	$ 12,900
Resident Senior Fishing Licenses	54	55	55
Nonresident Fishing Licenses	1,703	1,750	1,710
Tourist Fishing Licenses - 3 Day	522	535	525
Tourist Fishing Licenses - 7 Day	99	97	97
Lake Erie Licenses	1	1	1
Fishing Lake Licenses	21	20	21
Miscellaneous Permits and Fees	53	30	35
Scientific Collector's Permits	7	8	8
Lifetime Fishing Licenses - Senior Resident	174	184	175
Membership Fees - Pennsylvania League of Angling Youth	0	0	0
H.R. Stackhouse Facilities User Fees	2	3	3
Trout/Salmon Stamp	3,257	3,385	3,300
TOTAL	$ 18,723	$ 19,468	$ 18,830
Fines and Penalties			
Fish Law Fines	$ 383	$ 400	$ 400
TOTAL	$ 383	$ 400	$ 400

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimated	2004-05 Budget
Miscellaneous Revenue			
Sale of Publications	$ 29	$ 35	$ 30
Sale of Unserviceable Property	7	1	1
Miscellaneous Revenue	15	30	25
Interest on Securities and Deposits	303	825	350
Rental of Fish and Boat Commission Property	42	30	30
Income from Sand and Gravel Dredging	810	930	900
In Lieu of Payments for Fishways	0	0	0
Sale of Pennsylvania Angler & Boater	211	160	200
Pollution and Stream Disturbance Settlements	183	150	150
Sale of Recreational Fishing Promotional Items	5	4	5
Royalty Payments	19	20	20
Refunds of Expenditures	15	25	20
Sale of Patches	26	25	25
Sale of Timber	0	30	45
TOTAL	$ 1,665	$ 2,265	$ 1,801
TOTAL REVENUES	$ 20,771	$ 22,133	$ 21,031
Augmentations			
Sale of Automobiles and Other Vehicles	$ 57	$ 50	$ 55
Reimbursement for Services - Department of Transportation	175	65	65
Reimbursement for Services - DEP/EPA Projects	112	56	63
Federal Reimbursement - Sport Fish Restoration	5,859	5,063	5,111
Federal Reimbursement - Wildlife Conservation	0	65	0
Federal Reimbursement - Surface Mine Regulation	40	40	50
Federal Reimbursement - NOAA	173	708	286
Purchasing Card Rebate	13	8	15
USFWS - Partner for Wildlife	0	10	10
Land and Water Conservation Fund	0	75	0
Transportation - Environmental Assessment	0	59	30
Transportation - Endangered/Threatened Species	0	65	65
Economic/Angler Use Study - Delaware River	139	0	0
Wildlife Conservation & Restoration - Non-game	23	658	515
TOTAL	$ 6,591	$ 6,922	$ 6,265
TOTAL RECEIPTS	$ 27,362	$ 29,055	$ 27,296

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Beginning Balance	$ 23,142	$ 20,830	$ 15,433
Receipts:			
Revenue Estimate	$ 55,948	$ 57,307	$ 58,224
Prior Year Lapses	621	0	0
Total Receipts	$ 56,569	$ 57,307	$ 58,224
Funds Available	$ 79,711	$ 78,137	$ 73,657
Expenditures:			
Appropriated	$ 58,881	$ 62,704	$ 60,505
Estimated Expenditures	-58,881	-62,704	-60,505
Ending Balance	$ 20,830	$ 15,433	$ 13,152

Summary by Department

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Treasury Department			
General Government			
Replacement Checks	$ 0	$ 5	$ 5
Game Commission			
General Government			
General Operations	$ 48,957	$ 50,557	$ 49,936
Land Acquisition and Development	2,000	1,000	0
DEPARTMENT TOTAL	$ 50,957	$ 51,557	$ 49,936
TOTAL STATE FUNDS	$ 50,957	$ 51,562	$ 49,941
Federal Funds	$ 7,186	$ 10,410	$ 9,705
Other Funds	738	732	859
FUND TOTAL	$ 58,881	$ 62,704	$ 60,505

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2002-03 Actual	2003-04 Estimated	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Licenses and Fees	$ 30,288	$ 28,891	$ 30,284	$ 30,284	$ 30,284	$ 30,284	$ 30,284
Fines and Penalties	1,509	1,502	1,503	1,503	1,503	1,503	1,503
Miscellaneous	16,227	15,772	15,873	15,874	15,874	15,874	15,874
TOTAL GAME FUND REVENUES	$ 48,024	$ 46,165	$ 47,660	$ 47,661	$ 47,661	$ 47,661	$ 47,661
Augmentations	$ 7,924	$ 11,142	$ 10,564	$ 10,564	$ 10,564	$ 10,564	$ 10,564
TOTAL GAME FUND RECEIPTS	$ 55,948	$ 57,307	$ 58,224	$ 58,225	$ 58,225	$ 58,225	$ 58,225

Revenue Sources

Licenses and Fees

Actual		Estimated	
1997-98	$ 21,370	2003-04	$ 28,891
1998-99	21,878	2004-05	30,284
1999-00	28,394	2005-06	30,284
2000-01	27,060	2006-07	30,284
2001-02	29,956	2007-08	30,284
2002-03	30,288	2008-09	30,284

Through the passage of Act 166 of 1998, new fees for licenses became effective July 1999. For resident hunting and resident furtaker licenses, the fees are: ages 17 to 64, $19.00; over age 65, $12.00; ages 12 to 16, $5.00. Resident senior lifetime hunting and furtaker licenses are $50.00 each; and a resident senior lifetime combination hunting and furtaking license is $100.00. A junior resident combination hunting and furtaker license is $8.00. Resident bear hunting and archery licenses are $15.00; a muzzleloading resident license, $10.00; and a resident antlerless deer license, $5.00. For nonresidents of the Commonwealth, hunting licenses are: over age 17, $100.00; ages 12 to 16, $40.00. A junior nonresident combination hunting and furtaker license is $50.00. In addition, a license for a nonresident to hunt bear is $35.00; a license for a nonresident to hunt antlerless deer, $25.00; and a muzzleloading license for a nonresident, $20.00. Nonresidents are also able to purchase an adult furtaker license for $80.00; a junior furtaker license for $40.00; and a seven-day license to hunt small game for $30.00. Amounts shown from 1997-98 through 2008-09 are net of transfers of funds to restricted revenue accounts for general habitat improvement, deer food and cover, and natural propagation of game. Please see the Game Commission presentation in Section E for additional information.

Fines and Penalties

Actual		Estimated	
1997-98	$ 1,534	2003-04	$ 1,502
1998-99	1,240	2004-05	1,503
1999-00	1,076	2005-06	1,503
2000-01	1,503	2006-07	1,503
2001-02	1,288	2007-08	1,503
2002-03	1,509	2008-09	1,503

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

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
1997-98.....	$ 17,053	2003-04.....	$ 15,772
1998-99.....	17,975	2004-05.....	15,873
1999-00.....	20,296	2005-06.....	15,874
2000-01.....	19,756	2006-07.....	15,874
2001-02.....	16,215	2007-08.....	15,874
2002-03.....	16,227	2008-09.....	15,874

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)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Licenses and Fees			
Resident Hunting Licenses	$ 14,110	$ 14,100	$ 14,100
Resident Junior Hunting Licenses	280	285	285
Nonresident Hunting Licenses	5,907	5,999	5,999
Special Game Permits	358	250	350
Antlerless Deer Licenses	4,920	4,000	5,000
Archery Licenses	4,256	4,000	4,300
Landowner Hunting Licenses	7	7	7
Resident Senior Hunting Licenses	491	500	500
Muzzleloading Hunting Licenses	1,607	1,600	1,600
Right-of-Way Licenses	464	500	500
Resident Bear Licenses	1,748	1,750	1,750
Nonresident Bear Licenses	142	140	140
Hunting License Issuing Agents' Application Fees	14	14	14
Nonresident Junior Hunting License	112	112	112
Nonresident 7-Day Hunting License	91	91	91
Senior Resident - Lifetime Hunting License	141	140	140
Adult Resident Furtaker License	444	440	440
Junior Resident Furtaker License	4	4	4
Senior Resident Furtaker License	10	10	10
Nonresident Senior Furtaker License	17	25	18
Senior Lifetime Furtaker License	0	0	0
Junior Nonresident Furtaker	1	1	1
Junior Combination License	389	385	385
Nonresident Archery License	327	300	300
Nonresident Muzzleloading Hunting License	158	150	150
Nonresident Migratory Game Bird	27	25	25
Nonresident Anterless Deer License	843	750	750
Senior Resident - Lifetime Combination License	265	265	265
Nonresident Junior Combination License	46	45	45
Elk License & Bobcat Permit Applications	288	268	268
Migratory Game Bird License	236	235	235
TOTAL	$ 37,703	$ 36,391	$ 37,784
Restricted Revenue			
Transfer to General Habitat Improvement	$ -1,904	$ -7,500	$ -7,500
Transfer to Deer Food and Cove	-2,226	0	0
Transfer to Natural Propagation of Game	-3,285	0	0
TOTAL	$ -7,415	$ -7,500	$ -7,500
Net Licenses and Fees			
TOTAL	$ 30,288	$ 28,891	$ 30,284

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Fines and Penalties			
Game Law Fines	$ 1,509	$ 1,502	$ 1,503
TOTAL	$ 1,509	$ 1,502	$ 1,503
Miscellaneous Revenue			
Sports Promotional Publications and Materials	$ 7	$ 10	$ 10
Sale of Coal	499	300	500
Sale of Stone, Sand, Gravel & Limestone	100	9	100
Sale of Wood Products	11,400	12,000	11,500
Interest on Deposits	31	50	50
Sale of Skins and Guns	34	40	35
Rental of State Property	6	6	6
Miscellaneous Revenue	128	95	100
Interest on Securities	826	733	734
Gas and Oil Ground Rentals and Royalties	1,227	750	1,140
Refund of Expenditures Not Credited to Appropriations	3	35	20
Miscellaneous Revenue License Division	60	40	60
Sale of Game News	771	589	765
Condemnation Awards Received	0	5	0
Sale of Grain and Hay	19	15	19
Sale of Maps	11	14	12
Wildlife Management Promotional Revenue	245	320	0
Sale of Wood Products - PR Tracts	639	500	600
Working Together For Wildlife - Non-Game Fund	150	174	149
Migratory Bird Harvest Information Card Program	0	1	0
Oil and Gas Recovery Support	29	53	30
Waterfowl Management Stamp Sales and Royalties	39	30	40
Sales Tax	3	3	3
TOTAL	$ 16,227	$ 15,772	$ 15,873
TOTAL REVENUES	$ 48,024	$ 46,165	$ 47,660
Augmentations			
Sale of Automobiles	$ 156	$ 250	$ 250
Federal Reimbursement - Pittman Robinson Act	7,101	7,970	7,500
Endangered Species Program	17	21	14
Pennsylvania Conservation Corps	159	132	200
Federal Reimbursement - Surface Mine Regulation	45	54	45
Federal Reimbursement - Harvest Information Program	22	10	10
Federal Reimbursement - WCRA	0	2,355	2,136
Private Donations	138	105	127
PennDot Reimbursement - Deer Roadkill	144	200	145
PennDot Reimbursement - Road Projects and Mitigation	72	0	62
Becoming an Outdoors Woman	36	20	40
Wildlife Conservation	1	5	5
Purchasing Card Rebate	33	20	30
	$ 7,924	$ 11,142	$ 10,564
TOTAL RECEIPTS	$ 55,948	$ 57,307	$ 58,224

KEYSTONE RECREATION, PARK AND CONSERVATION FUND

The Keystone Recreation, Park and Conservation Fund is a special revenue fund composed of monies from the sale of specific bonds and certain tax revenues. This fund provides for increased acquisitions, improvements and expansions of Commonwealth and community parks, recreation facilities, historic sites, zoos, public libraries, nature preserves and wildlife habitats.

Keystone Recreation, Park and Conservation Fund

Financial Statement

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Beginning Balance	$ 82,936	$ 19,948	$ 59,957
Adjustment to Beginning Balance	-8,027	0	0
	$ 74,909	$ 19,948	$ 59,957
Adjusted Receipts:			
Revenue Estimate	$ 30,814	$ 69,349	$ 68,989
Prior Year Lapses	33,770	72,699	0
Total Receipts	$ 64,584	$ 142,048	$ 68,989
Funds Available	$ 139,493	$ 161,996	$ 128,946
Expenditures:			
Appropriated	$ 119,545	$ 102,039	$ 69,302
Estimated Expenditures	-119,545	-102,039	-69,302
Ending Balance	$ 19,948	$ 59,957	$ 59,644

Summary by Department

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Department of Conservation and Natural Resources			
General Government			
Park and Forest Facility Rehabilitation — Realty Transfer Tax	$ 35,040	$ 26,451	$ 20,805
Grants and Subsidies			
Grants for Local Recreation — Realty Transfer Tax	$ 48,252	$ 39,275	$ 17,338
Grants to Land Trusts — Realty Transfer Tax	13,010	9,032	6,935
Subtotal	$ 61,262	$ 48,307	$ 24,273
DEPARTMENT TOTAL	$ 96,302	$ 74,758	$ 45,078
Department of Education			
Grants and Subsidies			
Local Libraries Rehabilitation and Development — Realty Transfer Tax	$ 4,894	$ 4,258	$ 2,774
State System of Higher Education — Deferred Maintenance — Realty Transfer Tax	6,019	10,607	12,434
DEPARTMENT TOTAL	$ 10,913	$ 14,865	$ 15,208
Historical and Museum Commission			
Grants and Subsidies			
Historic Site Development — Realty Transfer Tax	$ 12,330	$ 12,416	$ 9,016
FUND TOTAL	$ 119,545	$ 102,039	$ 69,302

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2002-03 Actual	2003-04 Estimated	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Realty Transfer Tax.....	$ 28,465	$ 66,124	$ 65,500	$ 65,800	$ 69,400	$ 73,300	$ 75,900
Miscellaneous.....	2,349	3,225	3,489	3,489	3,489	3,489	3,489
TOTAL KEYSTONE RECREATION, PARK AND CONSERVATION FUND RECEIPTS.....	$ 30,814	$ 69,349	$ 68,989	$ 69,289	$ 72,889	$ 76,789	$ 79,389

Revenue Sources

Sale of Bonds

Actual		Estimated	
1997-98.....	$ 14,140	2003-04.....	$ 0
1998-99.....	0	2004-05.....	0
1999-00.....	0	2005-06.....	0
2000-01.....	0	2006-07.....	0
2001-02.....	0	2007-08.....	0
2002-03.....	0	2008-09.....	0

Act 50 of 1993 authorized a total of $50,000,000 in bonds to fund various programs. Proceeds from the sale of these bonds, less costs of issuance and bond discounts, are deposited in this fund and distributed to agencies according to the formula specified in Act 50.

Realty Transfer Tax

Actual		Estimated	
1997-98.....	41,237	2003-04.....	$ 66,124
1998-99.....	45,577	2004-05.....	65,500
1999-00.....	48,321	2005-06.....	65,800
2000-01.....	47,048	2006-07.....	69,400
2001-02.....	50,874	2007-08.....	73,300
2002-03.....	28,465	2008-09.....	75,900

Act 50 of 1993 approved the transfer of 15% of the revenues from the State Realty Transfer Tax to this fund. Act 89 of 2002 authorized temporary reductions in the 15% rate: 10% rate for the second half of 2001-02 and a 7.5% rate for the entire 2002-03. To implement this, a retroactive reduction for fiscal 2001-02 of $8.027 million was made in fiscal year 2002-03. This reduction is shown as an adjustment to the 2002-03 beginning balance on this financial statement.

Revenue Sources (continued)

Miscellaneous Revenues

Actual		Estimated	
1997-98.....	$ 4,595	2003-04.....	$ 3,225
1998-99.....	5,391	2004-05.....	3,489
1999-00.....	6,541	2005-06.....	3,489
2000-01.....	8,074	2006-07.....	3,489
2001-02.....	4,124	2007-08.....	3,489
2002-03.....	2,349	2008-09.....	3,489

Miscellaneous revenues are earned interest.

Revenue Detail

The following is a detailed list of all Keystone Recreation, Park and Conservation Fund revenues available for appropriations and executive authorization.

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Realty Transfer Tax.....	$ 28,465	$ 66,124	$ 65,500
Miscellaneous Revenues.....	2,349	3,225	3,489
TOTAL RECEIPTS.....	$ 30,814	$ 69,349	$ 68,989

LOTTERY FUND

The Lottery Fund is a special revenue fund composed of monies received from lottery ticket sales. It provides for lottery prizes and for programs to support older Pennsylvanians including property tax and rent assistance, community care programs, mass transit fare subsidies and partial rebate of prescription drug costs.

Financial Statement

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Beginning Balance	$ 213,102	$ 149,685	$ 195,069
Reserve from Previous Year	100,000	100,000	100,000
Total Beginning Balance	$ 313,102	$ 249,685	$ 295,069
Receipts:			
Revenue Estimate	$ 1,067,155	$ 1,189,493	$ 1,311,254
Prior Year Lapses	9,324	16,457	0
Total Receipts	$ 1,076,479	$ 1,205,950	$ 1,311,254
Funds Available	$ 1,389,581	$ 1,455,635	$ 1,606,323
Expenditures:			
Appropriated	$ 1,185,851	$ 1,172,466	$ 1,210,152
Less Current Year Lapses	-45,955	-11,900	0
Estimated Expenditures	-1,139,896	-1,160,566	-1,210,152
Reserve for Current Year	$ -100,000	$ -100,000	$ -100,000
Ending Balance	$ 149,685	$ 195,069	$ 296,171

Summary by Department

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Treasury Department			
General Government			
Replacement Checks	$ 3	$ 100	$ 50
Department of Aging			
General Government			
Auditor General's Audit Costs	$ 105	$ 105	$ 50
Grants and Subsidies			
PENNCARE	$ 204,976	$ 206,587	$ 207,767
Pharmaceutical Assistance Fund	395,000	370,000	370,000
Subtotal	$ 599,976	$ 576,587	$ 577,767
TOTAL STATE FUNDS	$ 600,081	$ 576,692	$ 577,817
Federal Funds	$ 75,029	$ 78,082	$ 76,567
Augmentations	1,350	1,328	600
DEPARTMENT TOTAL	$ 676,460	$ 656,102	$ 654,984
Department of Revenue			
General Government			
Lottery Advertising	$ 14,235	$ 30,000	$ 30,000
Player Activated Terminal Costs	0	207	3,000
Expanded Sales	0	10,493	14,600
On-line Vendor Commissions	45,340	48,270	50,911
Instant Vendor Commissions	18,007	17,856	21,301
Auditor General's Audit Costs	86	86	86
Payment of Prize Money	216,173	227,765	252,834
Subtotal	$ 293,841	$ 334,677	$ 372,732
Grants and Subsidies			
Property Tax and Rent Assistance for Older Pennsylvanians	$ 121,880	$ 123,875	$ 123,400
DEPARTMENT TOTAL	$ 415,721	$ 458,552	$ 496,132
Department of Transportation			
Grants and Subsidies			
Older Pennsylvanians Free Transit	$ 58,002	$ 62,000	$ 63,000
Older Pennsylvanians Shared Rides	66,089	75,122	73,153
DEPARTMENT TOTAL	$ 124,091	$ 137,122	$ 136,153
TOTAL STATE FUNDS	$ 1,139,896	$ 1,172,466	$ 1,210,152
Federal Funds	$ 75,029	$ 78,082	$ 76,567
Other Funds	1,350	1,328	600
FUND TOTAL	$ 1,216,275	$ 1,251,876	$ 1,287,319

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2002-03 Actual	2003-04 Estimated	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Collections	$ 1,057,046	$ 1,180,096	$ 1,299,482	$ 1,320,207	$ 1,339,099	$ 1,353,053	$ 1,359,642
Miscellaneous Revenue	10,109	9,397	11,772	12,945	11,147	6,647	2,505
TOTAL LOTTERY FUND REVENUES	$ 1,067,155	$ 1,189,493	$ 1,311,254	$ 1,333,152	$ 1,350,246	$ 1,359,700	$ 1,362,147

Revenue Sources

Net Lottery Collections

Actual		Estimated	
1997-98	909,844	2003-04	$ 1,180,096
1998-99	899,691	2004-05	$ 1,299,482
1999-00	908,760	2005-06	$ 1,320,207
2000-01	858,531	2006-07	$ 1,339,099
2001-02	989,631	2007-08	$ 1,353,053
2002-03	1,057,046	2008-09	$ 1,359,642

Net lottery collections consist of the proceeds from lottery ticket sales less commissions and some prizes. Currently prizes of $2,500 or less for the on-line games and prizes of $500 or less for instant games can be paid by the ticket agents. The State Lottery is currently operating seven games. The "Daily Number" game introduced in March 1977, the "Big 4" game introduced in November 1980, the "Cash 5" game introduced in April 1992, and the "Super Six" game introduced in September 1998, all utilize computer sales terminals located across the Commonwealth. The fifth game is the instant game which consists of variations of instant game tickets introduced at routine intervals during the year. The sixth and seventh games are Powerball and Powerplay which began in 2002 as multi-state games. Ticket prices are $1 for "Cash 5" which consists of 1 play to pick 5 of 39 numbers, and "Super Six" which consists of three individual game plays to pick six of 69 numbers. "Daily Number" and "Big 4" game ticket prices range from $.50 to $5. The "Instant Game" ticket prices range from $1 to $20. Powerball is played for $1 per play and Powerplay, which doubles winnings, can be added for $1 per play as well .

Powerball is a lotto game which is a combined large jackpot game and a cash game. It involves drawing five out of 49 numbers and one out of 42 numbers. Players win by matching one of nine ways. The Multi-State Lottery Association administers the Powerball game and is a non-profit government-benefit association entirely owned and operated by the member state lotteries. Powerball is a 50% prize payout game which means that 50 cents of every one dollar ticket is paid out in prizes. The State Lottery keeps 50% as its share and then pays the remaining 50% in two parts: out in cash prizes directly to the players in its state, and a percentage share for the jackpot prize back to the association where it is held until there is a winner.

Net lottery collections as reported above correspond to the Lottery Fund revenue remitted to the Commonwealth and reported in the Commonwealth's accounting system. Net lottery collections are derived by subtracting the commissions retained and prizes paid by local lottery agents from the total lottery ticket sales. The table below shows the calculation of the net revenue amount.

(Dollar Amounts in Thousands)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Ticket Sales	$ 2,132,981	$ 2,401,156	$ 2,612,841	$ 2,665,558	$ 2,714,113	$ 2,748,842	$ 2,768,339
Commissions	-110,489	-124,380	-135,345	-138,076	-140,591	-142,390	-143,400
Field Paid Prizes	-965,446	-1,096,680	-1,178,014	-1,207,275	-1,234,423	-1,253,399	-1,265,297
NET LOTTERY COLLECTIONS	$ 1,057,046	$ 1,180,096	$ 1,299,482	$ 1,320,207	$ 1,339,099	$ 1,353,053	$ 1,359,642

Revenue Sources (continued)

Capital Stock and Franchise Tax

Actual		Estimated	
1997-98.....	$ -47	2003-04.....	$ 0
1998-99.....	0	2004-05.....	0
1999-00.....	0	2005-06.....	0
2000-01.....	0	2006-07.....	0
2001-02.....	0	2007-08.....	0
2002-03.....	0	2008-09.....	0

Tax Base and Rate: Act 22 of 1991 provided that the proceeds of one-quarter mill of the Capital Stock and Franchise tax for one taxable year that began during 1991 shall be transferred to the State Lottery Fund. Transfers, as determined by the Secretary of Revenue, shall be made by December 15 and June 15 of each year. See the description of the Capital Stock and Franchise Taxes in the General Fund Revenue Sources.

Miscellaneous Revenue

Actual		Estimated	
1997-98.....	$ 17,016	2003-04.....	$ 9,397
1998-99.....	26,359	2004-05.....	11,772
1999-00.....	20,533	2005-06.....	12,945
2000-01.....	22,958	2006-07.....	11,147
2001-02.....	12,866	2007-08.....	6,647
2002-03.....	10,109	2008-09.....	2,505

Miscellaneous revenue includes interest earned on securities, interest on deposits, premiums on sale of securities and refund of expenditures.

Revenue Detail

The following is a detailed list of all Lottery Fund revenues.

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Collections.....	$ 1,057,046	$ 1,180,096	$ 1,299,482
Miscellaneous.....	10,109	9,397	11,772
TOTAL LOTTERY FUND REVENUES.....	$ 1,067,155	$ 1,189,493	$ 1,311,254

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.

Financial Statement

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Beginning Balance	$ 1,519	$ 1,376	$ 1,051
Receipts:			
Revenue Estimate	$ 2,252	$ 2,252	$ 2,615
Prior Year Lapses	118	0	0
Total Receipts	$ 2,370	$ 2,252	$ 2,615
Funds Available	$ 3,889	$ 3,628	$ 3,666
Expenditures:			
Appropriated	$ 2,532	$ 2,577	$ 2,799
Less Current Year Lapses	-19	0	0
Estimated Expenditures	-2,513	-2,577	-2,799
Ending Balance	$ 1,376	$ 1,051	$ 867

Summary by Department

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Treasury Department			
General Government			
Replacement Checks	$ 0	$ 5	$ 5
Refund Milk Marketing Licenses and Fees	0	5	0
DEPARTMENT TOTAL	$ 0	$ 10	$ 5
Milk Marketing Board			
General Government			
General Operations	$ 2,513	$ 2,567	$ 2,794
FUND TOTAL	$ 2,513	$ 2,577	$ 2,799

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2002-03 Actual	2003-04 Estimated	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Licenses and Fees.....	$ 2,191	$ 2,164	$ 2,525	$ 2,865	$ 2,865	$ 2,865	$ 2,865
Fines and Penalties.....	8	10	12	12	12	12	12
Miscellaneous Revenue.....	53	78	78	78	78	78	78
TOTAL MILK MARKETING FUND REVENUES.....	$ 2,252	$ 2,252	$ 2,615	$ 2,955	$ 2,955	$ 2,955	$ 2,955

Revenue Sources

Licenses and Fees

Actual		Estimated	
1997-98.....	$ 2,147	2003-04.....	$ 2,164
1998-99.....	2,158	2004-05.....	2,525
1999-00.....	2,121	2005-06.....	2,865
2000-01.....	2,344	2006-07.....	2,865
2001-02.....	2,079	2007-08.....	2,865
2002-03.....	2,191	2008-09.....	2,865

The Commonwealth receives revenues from licenses and fees collected annually by the Milk Marketing Board. A flat rate fee is based on the daily average number of pounds of milk handled by dealers and an additional fee, levied on milk for which the board fixes minimum prices, is based on the number of pounds of such milk sold by dealers. Additional license fees are for weighing and measuring permits, testers certificates of proficiency, weighers and samplers certificates of proficiency and applications for examination. Act 135 of 1988 allows the Milk Marketing Board to set fees by regulation. On May 29,2003, the Independent Regulatory Review Commission approved the regulation increasing fees.

Fines and Penalties

Actual		Estimated	
1997-98.....	$ 4	2003-04.....	$ 10
1998-99.....	20	2004-05.....	12
1999-00.....	6	2005-06.....	12
2000-01.....	10	2006-07.....	12
2001-02.....	26	2007-08.....	12
2002-03.....	8	2008-09.....	12

The Commonwealth receives revenue in the form of fines and penalties collected from milk dealers and other persons convicted of violating the Milk Marketing Law.

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
1997-98.....	$ 156	2003-04.....	$ 78
1998-99.....	135	2004-05.....	78
1999-00.....	128	2005-06.....	78
2000-01.....	143	2006-07.....	78
2001-02.....	90	2007-08.....	78
2002-03.....	53	2008-09.....	78

Miscellaneous revenues consist primarily of interest on securities and deposits, plus legal fees for transcripts of hearings.

Revenue Detail

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

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Licenses and Fees			
Milk Dealers Licenses	$ 1,500	$ 1,500	$ 1,861
Milk Testers Certificate Fees	3	3	2
Milk Weighers Certificate Fees	26	28	30
Milk Testers and Weighers Examination Fees	5	4	3
Milk Haulers License Fees	628	600	600
Milk Sub Dealers Licenses	13	15	15
Service Contract Fees	16	14	14
TOTAL	$ 2,191	$ 2,164	$ 2,525
Fines and Penalties			
Milk Marketing Act Fines	$ 8	$ 10	$ 12
Miscellaneous Revenues			
Interest on Securities	$ 53	$ 77	$ 77
General Operations	0	1	1
TOTAL	$ 53	$ 78	$ 78
TOTAL REVENUES	$ 2,252	$ 2,252	$ 2,615

RACING FUND

The Racing Fund is a special revenue fund composed of monies received from taxes and license fees collected by the State Harness Racing Commission and the State Horse Racing Commission for the regulation of horse and harness racing. Any remaining balance is transferred to the General Fund in the subsequent fiscal year.

Financial Statement

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Beginning Balance	$ 7,293	$ 6,436	$ 8,047
Receipts:			
Revenue Estimate	$ 16,018	$ 18,201	$ 18,091
Prior Year Lapses	523	0	0
Total Receipts	$ 16,541	$ 18,201	$ 18,091
Funds Available	$ 23,834	$ 24,637	$ 26,138
Expenditures:			
Appropriated	$ 17,406	$ 16,590	$ 18,379
Less Current Year Lapses	-8	0	0
Estimated Expenditures	-17,398	-16,590	-18,379
Ending Balance	$ 6,436	$ 8,047	$ 7,759

Summary by Department

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Treasury Department			
General Government			
Replacement Checks	$ 3	$ 10	$ 10
Department of Agriculture			
General Government			
State Racing Commissions	$ 7,606	$ 7,630	$ 7,797
Equine Toxicology and Research Laboratory	2,065	2,078	2,078
Payments to Pennsylvania Fairs—Administration	200	203	212
Subtotal	$ 9,871	$ 9,911	$ 10,087
Grants and Subsidies			
Transfer to the General Fund	7,293	6,436	8,047
DEPARTMENT TOTAL	$ 17,164	$ 16,347	$ 18,134
Department of Revenue			
General Government			
Collections—Racing	$ 231	$ 233	$ 235
FUND TOTAL	$ 17,398	$ 16,590	$ 18,379

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2002-03 Actual	2003-04 Estimated	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Tax Revenues	$ 12,252	$ 13,943	$ 13,817	$ 13,817	$ 13,817	$ 13,817	$ 13,817
Licenses and Fees	383	420	436	436	436	436	436
Miscellaneous Revenue	3,383	3,838	3,838	3,838	3,838	3,838	3,838
TOTAL RACING FUND REVENUES	$ 16,018	$ 18,201	$ 18,091	$ 18,091	$ 18,091	$ 18,091	$ 18,091

Revenue Sources

Tax Revenues

Actual		Estimated	
1997-98	15,461	2003-04	$ 13,943
1998-99	14,535	2004-05	13,817
1999-00	15,301	2005-06	13,817
2000-01	13,125	2006-07	13,817
2001-02	12,442	2007-08	13,817
2002-03	12,252	2008-09	13,817

Act 93 of 1983 combined the Harness Racing Fund and the Horse Racing Fund into the Racing Fund. This act amended portions of the Race Horse Industry Reform Act. For licensed racing corporations annually conducting at least 100 days of racing or for two licensed corporations conducting their racing at the same facility with a minimum of 175 combined racing days, the previous sliding wagering tax rate was changed to 1.5 percent effective July 1, 1986, and thereafter. For licensed racing corporations not conducting the minimum number of racing days, the wagering rate was changed to 2.5 percent from July 1, 1984 to June 30, 1986, and 2 percent thereafter. Act 23 of 2000 changed the amount allocated from the State Racing Fund to the Pennsylvania Breeding Fund to 1 percent of the daily amount wagered for thoroughbred horse racing. Act 127 of 1988 permits off-track betting in the Commonwealth.

Licenses and Fees

Actual		Estimated	
1997-98	425	2003-04	$ 420
1998-99	357	2004-05	436
1999-00	360	2005-06	436
2000-01	409	2006-07	436
2001-02	401	2007-08	436
2002-03	383	2008-09	436

Licenses and fees are revenues derived from the licensing of jockeys and such other persons participating in horse racing meets as prescribed by the State Racing Commissions.

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
1997-98.....	$ 3,782	2003-04.....	$ 3,838
1998-99.....	3,649	2004-05.....	3,838
1999-00.....	3,792	2005-06.....	3,838
2000-01.....	3,759	2006-07.....	3,838
2001-02.....	3,758	2007-08.....	3,838
2002-03.....	3,383	2008-09.....	3,838

Penalties and interest on taxes due, interest on securities and uncashed tickets comprise miscellaneous revenue.

Revenue Detail

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

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Tax Revenues			
State Admission Tax	$ 112	$ 104	$ 100
Wagering Tax	11,064	12,664	12,542
Breakage Tax	1,076	1,175	1,175
TOTAL	$ 12,252	$ 13,943	$ 13,817
Licenses and Fees			
License Fees	$ 383	$ 420	$ 436
Miscellaneous Revenues			
Uncashed Tickets	$ 3,200	$ 2,900	$ 2,900
Interest on Securities	217	360	935
Redeposit of Checks	-34	3	3
Premium Sale of Securities	0	575	0
TOTAL	$ 3,383	$ 3,838	$ 3,838
TOTAL REVENUES	$ 16,018	$ 18,201	$ 18,091

TOBACCO SETTLEMENT FUND

The Tobacco Settlement Fund is a special revenue fund composed of monies from all tobacco settlements under the Tobacco Master Settlement Agreement. It provides for smoking prevention and smoking cessation programs and other health related programs including home and community based care, venture capital for medical equipment, support for the uninsured, and catastrophic and uncompensated care.

Financial Statement

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Beginning Balance	$ 501,619 *	$ 383,715	$ 375,358
Receipts:			
Revenue Estimate	$ 433,040 *	$ 374,130	$ 357,566 *
Prior Year Lapses	79,366	49,156	0
Total Receipts	512,406	423,286	357,566
Funds Available	$ 1,014,025	$ 807,001	$ 732,924
Expenditures:			
Appropriated	$ 632,029	$ 431,643	$ 375,358
Less Current Year Lapses	-1,719	0	0
Estimated Expenditures	630,310	431,643	375,358
Ending Balance	$ 383,715	$ 375,358	$ 357,566

* Excludes interest earned on receipts transferred to the Health Endowment Account for Long-Term Hope as restricted receipts.

Summary by Department

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Executive Offices			
General Government			
Tobacco Settlement Investment Board	$ 0 [a]	$ 0 [b]	$ 0
Transfer to Health Endowment Account	34,682 [c]	34,531 [c]	30,029 [c]
DEPARTMENT TOTAL	$ 34,682	$ 34,531	$ 30,029
Department of Aging			
Grants and Subsidies			
Home and Community-Based Services	$ 12,151	$ 18,198	$ 22,850
PACEnet Transfer	34,682	34,531	30,029
TOTAL STATE FUNDS	$ 46,833	$ 52,729	$ 52,879
Federal Funds	$ 15,124	$ 20,427	$ 24,442
Augmentations	$ 6,769	$ 6,769	$ 6,769
DEPARTMENT TOTAL	$ 68,726	$ 79,925	$ 84,090
Department of Community and Economic Development			
Grants and Subsidies			
Tobacco Settlement Investment Board	$ 0	$ 0	$ 0 [d]
Department of Health			
Grants and Subsidies			
Health Research - Health Priorities	77,816	77,697	67,564
Health Research - National Cancer Institute	4,335	4,316	3,754
Tobacco Use Prevention and Cessation	50,523	51,797	45,043
DEPARTMENT TOTAL	$ 132,674	$ 133,810	$ 116,361
Department of Insurance			
Grants and Subsidies			
Adult Health Insurance	$ 97,544	$ 112,139	$ 99,984

Summary by Department (continued)

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Department of Public Welfare			
Grants and Subsidies			
Medical Care for Workers with Disabilities	$ 32,515	$ 17,354	$ 12,623
Uncompensated Care	43,353	43,165	37,536
Medical Assistance - Long-Term Care	198,500	0	0
Home and Community-Based Services	44,209	37,915	25,946
Subtotal	$ 318,577	$ 98,434	$ 76,105
TOTAL STATE FUNDS	$ 318,577	$ 98,434	$ 76,105
Federal Funds	$ 144,900	$ 136,715	$ 94,016
DEPARTMENT TOTAL	$ 463,477	$ 235,149	$ 170,121
TOTAL STATE FUNDS	$ 630,310	$ 431,643	$ 375,358
Federal Funds	$ 160,024	$ 157,142	$ 118,458
Augmentations	6,769	6,769	6,769
FUND TOTAL	$ 797,103	$ 595,554	$ 500,585

[a] Excludes $326,000 appropriated to the Tobacco Settlement Investment Board (actually funded by the Health Endowment Account for Long-Term Hope).

[b] Excludes $276,000 appropriated to the Tobacco Settlement Investment Board (actually funded by the Health Endowment Account for Long-Term Hope).

[c] Funds are actually deposited to the Endowment Account for Long-Term Hope immediately upon receipt of settlement payments.

[d] Excludes $276,000 appropriated to the Tobacco Settlement Investment Board (actually funded by the Health Endowment Account for Long-Term Hope).

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2002-03 Actual	2003-04 Estimated	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Tobacco Settlement Revenue.....	$ 416,918	$ 374,130	$ 357,566	$ 354,676	$ 351,438	$ 354,883	$ 351,683
Miscellaneous Revenue.....	16,122	0	0	0	0	0	0
TOTAL TOBACCO FUND REVENUES.....	$ 433,040	$ 374,130	$ 357,566	$ 354,676	$ 351,438	$ 354,883	$ 351,683

Revenue Sources

Tobacco Settlement Revenue

Actual		Estimated	
1997-98.....	$ 0	2003-04.....	$ 374,130
1998-99.....	0	2004-05.....	357,566
1999-00.....	464,554	2005-06.....	354,676
2000-01.....	345,013	2006-07.....	351,438
2001-02.....	433,529	2007-08.....	354,883
2002-03.....	416,918	2008-09.....	351,683

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

Miscellaneous Revenue

Actual		Estimated	
1997-98.....	$ 0	2003-04.....	$ 0
1998-99.....	0	2004-05.....	0
1999-00.....	0	2005-06.....	0
2000-01.....	0	2006-07.....	0
2001-02.....	0	2007-08.....	0
2002-03.....	16,122	2008-09.....	0

Miscellaneous Revenue includes investment earnings which would have otherwise been deposited to the Health Endowment Account for Long-Term Hope, but were specified for retention within the fund itself by Act 91of 2002.

Revenue Detail

The following is a detailed list of all Tobacco Settlement Fund revenues.

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Gross Settlements.....	$ 416,918	$ 374,130	$ 357,566
Interest on Securities.....	12,219	0	0
Interest on Deposits.....	910	0	0
Interest Income Reinvested Long-Term.....	2,881	0	0
Dividend Income Reinvested Long-Term.....	112	0	0
NET TOBACCO SETTLEMENT REVENUE.....	$ 433,040	$ 374,130	$ 357,566

Restricted Revenues Not Included in Department Total

Health Endowment Account for Long-Term Hope Revenue

(Dollar Amounts in Thousands)

Actual		Estimated	
1997-98.....	$ 0	2003-04.....	$ 79,903
1998-99.....	0	2004-05.....	84,739
1999-00.....	172,926	2005-06.....	91,267
2000-01.....	67,091	2006-07.....	98,279
2001-02.....	56,706	2007-08.....	108,893
2002-03.....	34,531	2008-09.....	119,374

Health Endowment Account for Long-Term Hope restricted revenue includes all interest earned in the Tobacco Settlement Fund, the initial payment of Tobacco Settlement funds, strategic contribution payments (beginning in 2007-08), eight percent of each Annual Payment and lapses from the appropriations in the fund except for moneys provided for the Home and Community-Based Care Program and the Health Investment Insurance Program which are reallocated to their respective programs. 1999-00 represents $142,262,000 Initial Payment; $4,881,000 interest; and $25,783,000 in transfer all of which were actually distributed in 2001-02 with the formal establishment of the Fund. The total of the Tobacco Endowment Account includes $27,601,000 in transfer and $39,490,000 actually distributed in 2001-02 with the formal establishment of the Fund. The Total Tobacco Endowment Account includes $34,682,000 in transfer and $19,407,000 interest received prior to June 30, 2002 transferred on or prior to that date and $2,617,000 interest received prior to June 30,2002, but transferred after that date.

Act 91 of 2002 suspends the transfer of lapsing funds and investment earnings to the Health Endowment Account for Long-Term Hope during 2002-03 and directs those moneys to the Tobacco Settlement Fund itself.

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
8% of Annual Tobacco Settlement Payments.....	$ 34,531	$ 30,029	$ 28,605
Strategic Contribution Payments	0	0	0
Interest	0	49,874	56,134
Lapses.....	0	0	0
Total Health Endowment Account for Long-Term Hope.....	$ 34,531	$ 79,903	$ 84,739

Tobacco Settlement Investment Board Account

(Dollar Amounts in Thousands)

Actual		Estimated	
1997-98.....	$ 0	2003-04.....	$ 276
1998-99.....	0	2004-05.....	276
1999-00.....	0	2005-06.....	276
2000-01.....	0	2006-07.....	276
2001-02.....	93	2007-08.....	276
2002-03.....	326	2008-09.....	276

The Tobacco Settlement Investment Board restricted revenue represents the approved expenses of the overseeing investment board to be paid from the investment earnings in the Health Endowment Account for Long-Term Hope. An initial budget is submitted for appropriation of these funds and actual expenses are paid as approved.

	2002-03 Actual	2003-04 Estimate	2004-05 Budget
Revenue.....	$ 326	$ 276	$ 276
Distribution.....	-326	-276	-276
Total Tobacco Settlement Investment Board Account	$ 0	$ 0	$ 0

Governor's Executive Budget

TAX EXPENDITURES

TAX EXPENDITURES

Tax credits, deductions, exemptions and exclusions are provided in law which result in a significant reduction in revenues that would otherwise be received at current tax rates. These reductions are tax expenditures.

TAX EXPENDITURE ANALYSIS

The traditional budget process involves estimating Commonwealth revenues and appropriating these moneys for numerous programs. The process is subject to intense scrutiny by interests inside and outside Government. Constrained by available revenues, programs are initiated, expanded, limited or deleted based on merit. To augment the traditional budget process, this budget includes an analysis of indirect expenditures that occur through special treatment within the tax structure. Various tax credits, deductions, exemptions and exclusions are provided which result in reductions in revenue that would otherwise be received by the Commonwealth at current tax rates. Cumulatively, they are referred to in this budget as "tax expenditures."

The Commonwealth's tax structure contains many tax expenditures. Examples include items as diverse as the sales and use tax exemption for firewood to the S corporation exemption in the corporate net income tax. In general, they are characterized by the fact that they confer special treatment to specific taxpayers, specific activities, or specific goods or services. The tax expenditures listed in this budget are the accumulation of many prior legislative sessions, and the original intent of certain tax expenditures may no longer be valid or consistent with current policies. A comprehensive tax expenditure analysis permits an on-going evaluation of each tax expenditure.

Act 180 of 1992 revised the requirements for the Governor's Executive Budget tax expenditure analysis. This act stipulated that the tax expenditure data be revised and updated every two years. Therefore, consistent with this provision, tax expenditures presented in this and subsequent budget documents will be updated and revised biennially. Exceptions include tax expenditures initiated, deleted or amended by statute, expenditures where improved data allow significant revisions or items of significant policy interest. Due to the late enactment of the fiscal year 2003-04 budget, this analysis does not reflect any rate changes, amendments to existing expenditures or new expenditures affected by Acts 45, 46, 48 and 51 of 2003.

The 2004-05 Governor's Executive Budget presents this tax expenditure analysis covering Commonwealth taxes with annual receipts of at least $15 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, and

(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, and

(6) Is not an appropriation.

Tax Expenditure Analysis (continued)

The following examples of several items not considered to be tax expenditures clarify the use of these criteria:

Purchases made by Commonwealth agencies are not subject to sales and use tax. Were these transactions not exempted, tax revenues would increase but increased Commonwealth expenses would offset revenues. Therefore, no net budgetary change occurs. This item is not a tax expenditure.

The exclusion of a sale for resale from sales and use tax is not considered a tax expenditure because the tax is imposed on each separate sale at retail of tangible personal property or services.

Financial institutions and insurance companies are exempted from corporate net income tax (CNIT) and capital stock / foreign franchise tax (CS/FT). However, these corporations are subject to alternative taxes: the bank and trust company shares tax, mutual thrift institutions tax or insurance premiums tax. The exemption of these corporations from the CNIT and CS/FT is not in itself a tax expenditure; however, to the extent that those taxes may not impose proportionate tax burdens on the exempted companies, the overall tax structure may involve some indirect tax expenditure.

The pro rata exclusion of U.S. securities from the bank and trust company shares tax was a State legislative response to a Federal prohibition against direct taxation of these obligations or income derived from them. As this cannot be altered by changing State law, this exclusion is not a tax expenditure.

There are three primary limitations on the tax expenditure estimates. First, estimated revenue foregone due to a tax expenditure should not be construed as the revenue that could be gained if the tax expenditure provision were to be rescinded. No attempt has been made to account for changes in taxpayer behavior that may occur because of tax law changes. For example, if the sales and use tax exemptions were rescinded for equipment and utilities directly used in manufacturing, it is possible that capital investment in manufacturing would be reduced and that these sales and use tax receipts would be less than the tax expenditure estimate.

A second limitation is that individual estimates are not additive. It is not always possible to estimate each tax expenditure with regard to interactions with other provisions of that tax or other taxes. For example, certain exempt items qualify under multiple tax expenditures. If gasoline were to be included in the sales and use tax base, agricultural, political subdivision, and manufacturing/processing use would continue to be exempt under other provisions. Therefore, no bottom line can be presented similar to that shown for total revenues or expenditures in the current Governor's Executive Budget.

Third, these estimates are, in many cases, necessarily derived from data completely independent of taxpayer returns. Minor differences in data collection techniques among the various data sources used could introduce a small element of error into the estimates. Thus, these estimates are intended to represent the magnitude of each tax expenditure, not to provide pinpoint accuracy.

All estimates appear in millions of dollars. The word "nominal" is used when the estimated impact is less than $100,000. Estimates of revenue loss or beneficiary count and description that are not available are represented by "NA." Costs incurred to administer tax expenditures are estimated by major tax category or, if available, by specific tax expenditure. Identified costs for a major tax category are provided at the beginning of the tax expenditure group. No administrative costs are reported for tax expenditures that provide incentives to implement or continue programs that replace or supplement efforts that would otherwise be the responsibility of state government.

This analysis is a general guide to tax expenditures in Pennsylvania. It is not intended to be a tax manual, and statements within it should not be construed as interpretations of the law or regulations.

CREDIT PROGRAMS

NEIGHBORHOOD ASSISTANCE PROGRAMS

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

Description: A tax credit is available to banks, thrift institutions, title insurance and trust companies, and insurance companies (other than foreign fire/casualty insurance companies), as well as corporations doing business in Pennsylvania and subject to the corporate net income tax and the capital stock/foreign franchise tax that engage in certain assistance programs in impoverished areas or contribute to neighborhood organizations which provide such activities. The credit is allowed for neighborhood assistance, job training or education for individuals, community services, economic development or crime prevention in an impoverished area. The program must be approved by the Secretary of Community and Economic Development. The credit available to a taxpayer equals up to 50 percent of the contribution to approved programs during the tax year, but may not exceed $250,000. An expanded credit of 70 percent (maximum of $350,000 per taxpayer) may be available for investments in certain priority programs defined by the Secretary of Community and Economic Development. The total amount of credits awarded to all taxpayers cannot exceed $18 million in a fiscal year.

Purpose: This program encourages taxpayers to contribute to neighborhood organizations and engage in activities that promote community economic development in impoverished areas.

Administrative Costs: Costs to administer the Neighborhood Assistance Program credits are borne by the Department of Community and Economic Development and the Department of Revenue. Estimated costs for both departments total $0.3 million per year.

(Dollar Amounts in Millions)

Estimates:

Corporate Net Income Tax

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 3.3	$ 3.6	$ 3.9	$ 5.1	$ 6.3	$ 7.5	$ 8.7

Capital Stock/Foreign Franchise Tax

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 8.9	$ 8.6	$ 8.3	$ 7.1	$ 5.9	$ 4.7	$ 3.5

Selective Business Taxes

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 5.8	$ 5.8	$ 5.8	$ 5.8	$ 5.8	$ 5.8	$ 5.8

Beneficiaries: Approximately 900 companies doing business in Pennsylvania benefit from this tax expenditure.

EMPLOYMENT INCENTIVE PAYMENTS

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

Description: Any bank, thrift institution, title insurance and trust company, or insurance company, as well as any corporation or person subject to the corporate net income tax or the personal income tax, employing persons formerly receiving welfare benefits may claim an employment incentive payment as credit against any tax liability in selected taxes. The credit is for a portion of wages paid to a qualifying employee in the first three years of employment. Employment incentive payment credits are available for employees hired up to December 31, 2004. Additional credit is available for financing associated day care costs. Total employment incentive payment credits authorized cannot exceed $25 million in any fiscal year.

Purpose: This program provides tax relief to taxpayers that hire persons previously receiving aid to families with dependent children or classified as chronically or transitionally needy at the time of employment and reduces state aid payments to those individuals.

Administrative Costs: Costs to administer the Employment Incentive Payments credit program are borne by the Department of Public Welfare, Department of Labor and Industry and the Department of Revenue. Estimated costs for all departments total $0.2 million per year.

(Dollar Amounts in Millions)

Estimates:

Corporate Taxes	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 18.0	$ 18.0	$ 18.0	$ 18.0	$ 18.0	$ 18.0	$ 18.0

Personal Income Tax	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 7.0	$ 7.0	$ 7.0	$ 7.0	$ 7.0	$ 7.0	$ 7.0

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

HOMEOWNERS' EMERGENCY MORTGAGE ASSISTANCE FUND

Authorization: Act of December 23, 1983 (P.L. 385, No. 91), as amended.

Description: A tax credit is available to any bank, thrift institution, title insurance and trust company, and insurance company (other than a foreign fire/casualty insurance company), as well as any corporation doing business in Pennsylvania and subject to the corporate net income tax, for amounts contributed to the Homeowner's Emergency Mortgage Assistance Fund.

Purpose: This credit encourages businesses to contribute to a fund established to prevent mortgage foreclosure and distress sale of a home resulting from circumstances beyond a homeowner's control.

Administrative Costs: Nominal

Estimates: There has been no application of credits during FY 1985-86 through FY 2002-03. Limited participation in this program is expected in the future.

Beneficiaries: NA

JOB CREATION TAX CREDIT

Authorization: Act of June 29, 1996 (P.L. 434, No. 67), as amended.

Description: A tax credit is available to businesses and individuals creating and sustaining jobs. The tax credit equals $1,000 per job for each year in the approved term and may be applied to the corporate net income tax, capital stock/foreign franchise tax, insurance premiums tax, gross receipts tax, bank and trust company shares tax, mutual thrift institution tax, title insurance company shares tax, personal income tax or any combination thereof. The total amount of funds for tax credits available in a year is $22.5 million.

Purpose: This tax credit encourages job creation and preservation in the Commonwealth.

Administrative Costs: Costs to administer the Job Creation Tax credits are borne by the Department of Community and Economic Development and the Department of Revenue. Estimated costs for both departments total $0.2 million per year.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 22.5	$ 22.5	$ 22.5	$ 22.5	$ 22.5	$ 22.5	$ 22.5

Beneficiaries: Approximately 110 companies doing business in Pennsylvania benefit from this tax expenditure.

RESEARCH AND DEVELOPMENT TAX CREDIT

Authorization: Act of May 7, 1997 (P.L. 85, No. 7).

Description: A research and development tax credit is available for performing qualified research in Pennsylvania. The credit equals 10 percent of the increase in qualified research expenses for the current taxable year over a base period. Total credits in any one fiscal year are capped at $15 million with $3 million of the total earmarked exclusively for small business. The credit may be applied against the corporate net income tax, capital stock/foreign franchise tax, personal income tax, or any combination thereof, but may not exceed 50 percent of such qualified tax liability. Unused credits may be carried forward fifteen taxable years. Credits are available for tax years ending on or before December 31, 2006.

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 credits are borne by the Department of Revenue. These costs are estimated to be nominal.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 15.0	$ 15.0	$ 15.0	$ 15.0	$ 15.0	$ 15.0	$ –

Beneficiaries: Approximately 300 companies performing qualified research and development in Pennsylvania benefit from this tax expenditure.

KEYSTONE OPPORTUNITY ZONE

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

Description: The Department of Community and Economic Development has designated specific areas of deteriorated property as keystone opportunity zones and keystone opportunity expansion zones. Act 217 of 2002 allowed existing zones to expand to pre-authorized acreage limits and permitted the creation of keystone opportunity improvement zones. The Governor proposed eleven properties as keystone opportunity improvement zones by Executive Order on December 31, 2002.

Economic activity occurring in these zones is exempt from most local taxation for a period of 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: corporate net income, capital stock/foreign franchise, bank shares, and mutual thrift institutions taxes. In addition, qualified businesses may receive credits against insurance premiums tax for jobs created in a zone. The tax expenditure is the value of all the credits and the state taxes waived within the zone.

Purpose: This program provides tax relief to economically distressed urban and rural communities in an attempt to revive these areas.

Administrative Costs: Costs to administer the Keystone Opportunity Zone program are borne by the Department of Revenue and the Department of Community and Economic Development. Estimated costs for both departments total $0.5 million annually.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 9.9	$ 13.2	$ 17.5	$ 17.7	$ 18.8	$ 18.9	$ 20.0

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

COAL WASTE REMOVAL AND ULTRACLEAN FUELS TAX CREDIT

Authorization: Act of May 12, 1999 (P.L. 26, No. 4).

Description: A tax credit is available for qualifying capital expenditures on facilities producing fuels from coal, culm or silt. The credit can be used against sales and use tax, corporate net income tax and capital stock/foreign franchise tax. The total cost of the credit is capped at $18 million per year.

Purpose: This tax credit provides an incentive for taxpayers to develop facilities dedicated to the production of synthetic fuels within this Commonwealth while removing coal waste from the environment.

Administrative Costs: Costs to administer the Coal Waste Removal and Ultraclean Fuels Tax credit are borne by the Department of Revenue and are considered to be nominal.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

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

EDUCATIONAL IMPROVEMENT TAX CREDIT

Authorization: Article XX-B of the Public School Code of 1949 (P.L. 30, No. 14), as amended.

Description: A tax credit is available to banks, thrift institutions, title insurance and trust companies, and insurance companies, as well as corporations doing business in Pennsylvania and subject to the corporate net income tax and the capital stock/foreign franchise tax that contribute to nonprofit scholarship organizations or educational improvement organizations approved by the Department of Community and Economic Development (DCED). A tax credit shall be granted to a business firm providing proof of a contribution to a scholarship organization or an educational improvement organization equal to 75% of the total amount contributed during the taxable year. The tax credit must be applied in the taxable year the contribution is made. Any unused portion of the tax credit may not be carried forward or back, nor is it refundable or transferable. A tax credit shall be granted equal to 90% of the total amount contributed, if the business provides a written commitment to DCED to contribute the same amount for two consecutive tax years. A tax credit shall not exceed the tax liability of a business for any given taxable year, nor shall the credit exceed $100,000 per business per taxable year. The total amount of tax credits approved for all taxpayers cannot exceed $30 million in a fiscal year, with no less than $20 million for contributions to scholarship organizations, and no less than $10 million for contributions to educational improvement organizations.

Purpose: This program encourages taxpayers to contribute to scholarship organizations or educational improvement organizations in order to promote expanded educational opportunities for students in the Commonwealth.

Administrative Costs: Costs to administer Educational Improvement Tax credits are primarily borne by the Department of Community and Economic Development along with the Department of Revenue and the Department of Education. Estimated costs for all departments total $0.2 million per year.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 30.0	$ 30.0	$ 30.0	$ 30.0	$ 30.0	$ 30.0	$ 30.0

Beneficiaries Approximately 1,050 companies and 330 scholarship organizations and educational improvement organizations benefit from this tax expenditure.

CORPORATION TAXES

Administrative Costs: Costs to administer various tax expenditures associated with the corporate net income tax and the capital stock/foreign franchise tax cannot be separately identified. Tax expenditures are a significant factor associated with the need for more compliance audits and increased complexity of such audits as well as legal rulings, pronouncements and bulletins. Tax expenditures also contribute significantly to the tax appeals process.

(Dollar Amounts In Millions)

Estimates: **Corporate Net Income Tax and Capital Stock/Foreign Franchise Tax**

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 3.0	$ 3.1	$ 3.2	$ 3.3	$ 3.4	$ 3.5	$ 3.6

Selective Business Taxes

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
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 not modified or adjusted by Pennsylvania statute are not included below.

DIVIDENDS PAID

Description: A public utility is allowed a deduction for dividends paid on non-participating cumulative preferred stock issued before October 1, 1942.

Purpose: This special deduction is pursuant to IRC section 247 that retains the dividend deduction that was in effect at the time of the change in the federal code in 1942. It provides tax relief to public utilities and also benefits customers to the extent it is reflected in lower utility rates.

(Dollar Amounts In Millions)

Estimates:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 0.3	$ 0.3	$ 0.3	$ 0.3	$ 0.3	$ 0.3	$ 0.3

Beneficiaries: A minimal number of public utilities 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.

Act 45 of 1998 increased the three-year carryforward period to ten years for tax years 1995 and thereafter. This act provided a phase-in schedule of net loss deductions making the first ten-year carryforward available in tax year 2005. Suspended losses from 1988 through 1994 could be used variously against 1995 through 1997 tax years. Act 4 of 1999 increased the annual cap on deductions to $2 million in each of the ten years following the loss, effective January 1, 1999. Act 89 of 2002 increased the ten-year carryforward period to twenty years for losses incurred in the 1998 taxable year and thereafter.

Purpose: This deduction reduces the tax burden for a period of time after an operating loss period thereby aiding a corporation that has returned to economic viability as measured by taxable income.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 146.3	$ 168.0	$ 194.9	$ 218.0	$ 232.4	$ 244.7	$ 258.1

Beneficiaries: Approximately 30,500 businesses per year benefit from this tax expenditure.

TRIPLE-WEIGHTED SALES FACTOR

Description: Beginning in tax year 1995, corporations apportioned their net income using a three-factor formula (payroll, property and sales) that double-weighted the sales factor. The sales factor in the numerator of the corporate net income tax apportionment formula was multiplied by two and the denominator was four. Act 4 of 1999 provided for the sales factor to be triple-weighted beginning in tax year 1999. The sales factor in the numerator is multiplied by three instead of two and the denominator is five.

Purpose: Corporations with a higher percentage of property and payroll invested in Pennsylvania (compared to their percentage of sales in Pennsylvania) will have less taxable income apportioned to the Commonwealth. Therefore, those corporations will have a reduced tax burden. This encourages business investment in Pennsylvania in the form of property and employment.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 53.5	$ 57.9	$ 64.1	$ 69.7	$ 73.9	$ 77.7	$ 81.1

Beneficiaries: Approximately 10,800 corporations operating in Pennsylvania may benefit from this tax expenditure.

NONPROFIT CORPORATIONS

Description: Nonprofit corporations are exempt from the corporate net income tax. Act 7 of 1997 provided that any nonprofit corporation or entity that is an exempt organization as defined by section 501 of Internal Revenue Code of 1986 (P.L. 99-514, 26 U.S.C.) is exempt from the corporate net income tax. Corporations organized as a nonprofit but not operating as a nonprofit are excluded from this exemption. Act 4 of 1999 provided that insurance and travel agency activities carried on by an auto club are subject to the corporate net income tax. The same act restored exempt status to homeowners associations and membership organizations. The estimates below are based on unrelated business income taxed by the federal government.

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

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 7.7	$ 8.1	$ 8.8	$ 9.6	$ 10.4	$ 11.3	$ 12.4

Beneficiaries: Approximately 800 nonprofit corporations operating in Pennsylvania with unrelated business income benefit from this tax expenditure.

PENNSYLVANIA S CORPORATIONS

Description: Corporations with a valid Pennsylvania S corporation election in effect for the taxable year are exempt from the corporate net income tax. However, Pennsylvania S corporation shareholders must include their distributive share of Pennsylvania S corporation income for Pennsylvania personal 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 under the corporate net income tax. Act 7 of 1997 provided conformity with the federal Small Business Job Protection Act of 1996 by allowing an increase in the number of shareholders from 35 to 75, effective January 1, 1997. Act 7 also permitted S corporations to have qualified subsidiaries. The subsidiary can be either an S or a C corporation. Act 4 of 1999 eliminated the 25 percent passive income test and waived the five-year waiting period with respect to corporations whose S election was terminated for exceeding the passive income limitation.

Purpose: S corporations are often small, closely-held corporations and are believed to be major job creators. This exemption provides an incentive for their existence within the Commonwealth.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 490.7	$ 496.2	$ 534.6	$ 582.7	$ 628.4	$ 667.3	$ 698.0

Beneficiaries: Approximately 125,000 sub-chapter S corporations doing business in Pennsylvania could benefit from this tax expenditure.

LIMITED LIABILITY COMPANIES (LLCs)

Description: Limited liability companies (LLCs) are hybrid business entities that combine the corporate characteristic of limited liability for all owners (members) with the tax treatment of a partnership. LLCs that are not taxed as corporations for federal purposes are exempt from the Pennsylvania corporate net income tax. Act 45 of 1998 clarified that LLCs and business trusts classified by the federal government as "disregarded entities" are not subject to the Pennsylvania corporate net income tax. Members of the LLC must include their share of the LLC's income for Pennsylvania personal income tax purposes or corporate net income tax (if a corporate member). The tax expenditure is the difference between what is paid by the members under the personal income tax and corporate net income tax and what the LLC entities would have paid under the corporate net income tax. Act 124 of 1998 provided that a bank or banking organization may organize as an LLC for the sole purpose of marketing and selling title insurance. An insurance agency may also be organized as an LLC.

Purpose: LLCs are a preferred type of business entity for start-up companies. They combine the limited liability of a corporation with the flexibility of a partnership. By taxing LLCs as a flow-through, Pennsylvania is a more attractive place for these new companies.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 133.2	$ 204.4	$ 278.5	$ 338.5	$ 394.2	$ 453.3	$ 517.0

Beneficiaries: Approximately 43,000 companies doing business in Pennsylvania benefit from this tax expenditure.

COMMERCIAL PRINTERS

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

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

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

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

FICA TAX ON TIPS

Description: Eating and drinking establishments can claim a deduction from their Pennsylvania taxable income equal to the amount of federal FICA (Federal Insurance Contributions Act) tax on employees' tips.

Purpose: This deduction corrects for a change in federal law. In 1993, a credit was created in the Internal Revenue Code. Taxpayers taking the credit may not also take a deduction for the amount of FICA tax on employees' tips. Pennsylvania does not permit the credit and instead allows this additional deduction from federal taxable income.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 1.3	$ 1.3	$ 1.3	$ 1.4	$ 1.4	$ 1.4	$ 1.4

Beneficiaries: Approximately 2,400 taxpayers representing eating and drinking establishments could 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 $125,000. Act 23 of 2000 authorized the tax to be phased out through a 2 mill reduction to 8.99 mills for 2000, a 1.5 mill reduction to 7.49 mills for 2001, and an annual 1 mill reduction for 2002 through 2008 until the tax is eliminated. Act 23 of 2000 also eliminated the minimum payment. Act 89 of 2002 modified the Act 23 of 2000 phase-out schedule by reducing the 2001 rate to 7.24 mills in 2002, further reducing the rate to 6.99 mills in 2003, and by reducing the rate by 1 mill per year thereafter until the tax is eliminated for all tax years beginning after December 31, 2009. Act 89 of 2002 also suspended the automatic transfer of 0.25 mill of the tax to the Hazardous Sites Cleanup Fund. Beginning in fiscal year 2002-03, the Hazardous Sites Cleanup Fund transfer will only occur if the balance in the Fund is expected to fall below $5 million. The estimates in this analysis include only the General Fund portion of the tax and reflect the Act 89 of 2002 phase-out.

Various types of assets are exempt from tax. The valuation of capital stock is not affected by these exemptions, but the exemptions are reflected in apportionment formulas used to compute the percentage of the capital stock value base actually subject to tax.

NONPROFIT CORPORATIONS

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

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

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 4.2	$ 4.0	$ 3.6	$ 3.1	$ 2.5	$ 1.9	$ 1.3

Beneficiaries: Approximately 2,000 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 to be corporations for capital stock/foreign franchise tax purposes. As a result, LLCs and business trusts are eligible for the family farm exemption, if appropriate.

Purpose: This exemption provides tax relief to family farm corporations thereby recognizing the importance of family-owned farms.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 1.1	$ 1.0	$ 0.9	$ 0.8	$ 0.7	$ 0.5	$ 0.3

Beneficiaries: Approximately 430 family farm corporations operating in Pennsylvania could benefit from this tax expenditure.

ASSETS USED IN MANUFACTURING, PROCESSING, AND RESEARCH AND DEVELOPMENT

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

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

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

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 291.1	$ 279.2	$ 250.4	$ 215.5	$ 176.9	$ 135.5	$ 91.1

Beneficiaries: Approximately 8,500 corporations operating in Pennsylvania benefit from this tax expenditure.

APPORTIONMENT FORMULA OPTIONS

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 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. These estimates measure the difference between the tax on capital stock value apportioned using three-factor apportionment for those corporations choosing the single-factor method and able to use the three-factor method.

Purpose: This option provides tax relief to those corporations with considerable tangible investment in the Commonwealth and thereby encourages corporate investment in Pennsylvania.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 111.8	$ 107.2	$ 96.1	$ 82.7	$ 67.9	$ 52.0	$ 35.0

Beneficiaries: Approximately 2,500 corporations doing business in Pennsylvania benefit from this tax expenditure.

POLLUTION CONTROL DEVICES

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

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

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 2.7	$ 2.6	$ 2.3	$ 2.0	$ 1.7	$ 1.3	$ 0.9

Beneficiaries: Approximately 20 companies doing business in Pennsylvania benefit from this tax expenditure.

DEDUCTION FROM THE FIXED FORMULA

Description: For tax years beginning in 1997 and thereafter, corporations may deduct $125,000 from the capital stock value which is then subject to apportionment to determine the taxable base. The valuation deduction was $100,000 for tax years 1995 and 1996.

Purpose: This exemption provides a tax-free portion of capital stock value for corporations, particularly beneficial to new businesses realizing little or no profit during their early years.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 63.6	$ 61.0	$ 54.7	$ 47.1	$ 38.6	$ 29.6	$ 19.9

Beneficiaries: Approximately 184,000 corporations doing business in Pennsylvania benefit from this tax expenditure.

HOLDING COMPANIES

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

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

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 69.2	$ 66.4	$ 59.5	$ 51.2	$ 42.1	$ 32.2	$ 21.7

Beneficiaries: Approximately 700 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% of their income as dividends. This special treatment provides tax relief to these companies thereby allowing them to earn higher rates of return on their investments that, in turn, are passed on to their shareholders. The higher earnings rates may result in higher investment in the economy that is channeled through these companies.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 7.0	$ 6.7	$ 6.0	$ 5.2	$ 4.2	$ 3.2	$ 2.2

Beneficiaries: At least 60 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.

COMMERCIAL PRINTERS

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

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

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

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

RESTRICTED PROFESSIONAL COMPANIES

Description: Restricted professional companies (RPCs) are limited liability companies (LLCs) performing restricted professional services. LLCs are hybrid business entities that combine the corporate characteristic of limited liability for all owners (members) with the tax treatment of a partnership. Restricted professional services include chiropractic, dentistry, law, medicine and surgery, optometry, osteopathic medicine, podiatry medicine, public accounting, psychology, and veterinary medicine. These types of businesses give members the protection of limited liability for the neglect of another member. RPCs are exempt from the capital stock/foreign franchise tax. However, an annual fee of $360 per resident member is imposed under the Associations Code, $25 of which is credited to the Corporation Bureau's restricted account.

No cost estimate is available.

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

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 1,250 companies doing business in Pennsylvania benefit from this tax expenditure.

EXEMPTION FOR STUDENT LOAN ASSETS

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

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

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

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

FINANCIAL INSTITUTION BUSINESS TRUSTS

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

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

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

GROSS RECEIPTS TAX

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

The gross receipts tax is imposed on the following companies conducting business in Pennsylvania: pipeline, conduit, steamboat, canal, slack water navigation and transportation companies; freight or oil transporters; telephone and telegraph companies; express service, palace car or sleeping car companies; and electric light, water power and hydroelectric energy companies. Municipalities are entitled to exemptions.

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

MUNICIPALLY-OWNED PUBLIC UTILITIES

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

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

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 5.3	$ 5.3	$ 5.4	$ 5.6	$ 5.7	$ 5.8	$ 5.8

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

NUCLEAR GENERATING FACILITY DAMAGE

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

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

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: 47 electric suppliers could potentially benefit from this tax expenditure.

ELECTRIC COOPERATIVES

Description: Gross receipts of electric cooperatives are exempt from the tax. The figures for this expenditure are at the statutory utility gross receipts tax rates applicable to the appropriate tax year.

Purpose: These cooperatives are nonprofit corporations organized to engage in rural electrification and are perceived to provide public benefit. This exemption permits this service to be rendered at a reduced cost to the rate payers.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 13.8	$ 13.7	$ 14.1	$ 14.5	$ 14.9	$ 15.0	$ 15.0

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

TELECOMMUNICATIONS SALE FOR RESALE EXEMPTION

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

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

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 15.0	$ 15.8	$ 16.6	$ 17.4	$ 18.3	$ 19.2	$ 20.1

Beneficiaries: Approximately 580 telecommunication companies could benefit from this tax expenditure.

PUBLIC UTILITY REALTY TAX

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

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

Act 4 of 1999 fundamentally overhauled PURTA for tax year 1998 and thereafter. The tax rate is annually calculated by the Department of Revenue in order to raise an amount of tax revenue equal to the realty tax equivalent (with an additional 7.6 mills for the Public Transportation Assistance Fund). 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. The estimates in this portion of the analysis include only the variable tax. The 7.6 mill portion of the tax is shown under the Public Transportation Assistance Fund. 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.

PROPERTY SUBJECT TO LOCAL TAXATION

Description: Property subject to local real estate taxation under any law in effect on April 23, 1968, is excluded from the PURTA base.

Purpose: The Constitution of Pennsylvania was amended April 23, 1968, to provide for state taxation of public utility realty property; however, any law in effect which subjected real property of a public utility to local real estate taxation was left in full force. This provision prevents the double taxation of such property.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 2.5	$ 2.5	$ 2.5	$ 2.5	$ 2.6	$ 2.6	$ 2.6

Beneficiaries: The 417 public utilities could benefit from this tax expenditure.

EASEMENTS

Description: Easements or similar interests are excluded from the PURTA base. An easement is an interest in land owned by another entity that entitles the public utility company to limited use related to the provision of utility service.

Purpose: PURTA is intended as a tax on real property, and not as a tax on property such as these rights.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 2.2	$ 2.2	$ 2.2	$ 2.3	$ 2.3	$ 2.3	$ 2.3

Beneficiaries: The 417 public utilities could benefit from this tax expenditure.

RAILROAD RIGHTS-OF-WAY

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

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

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 5.1	$ 5.1	$ 5.2	$ 5.2	$ 5.3	$ 5.4	$ 5.4

Beneficiaries: The 71 railroad public utilities could benefit from this tax expenditure.

SEWAGE SERVICES

Description: Public utilities furnishing sewage services are exempt from tax.

Purpose: This provides tax relief to companies that are in the business of sewage treatment and encourages investment in sewage treatment facilities that provide public environmental benefits. It also benefits consumers to the extent the tax relief is reflected in lower utility rates.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 4.5	$ 4.5	$ 4.6	$ 4.6	$ 4.7	$ 4.7	$ 4.8

Beneficiaries: The 85 public utilities that provide sewage services benefit from this tax expenditure.

MUNICIPALITIES

Description: Municipalities or municipal authorities furnishing electric, natural gas, telephone or water public utility services are exempt from tax.

Purpose: The realty used for municipally-furnished utility services is public property used for public purposes. Moreover, taxing such property would result in the municipal government funding the realty tax equivalent distributed to local taxing authorities.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 2.7	$ 2.8	$ 2.8	$ 2.8	$ 2.9	$ 2.9	$ 3.0

Beneficiaries: The 455 municipal authorities and the 33 municipal public utilities benefit from this tax expenditure.

ELECTRIC GENERATION FACILITIES

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

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

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 17.0	$ 17.2	$ 17.4	$ 17.6	$ 17.8	$ 18.0	$ 18.2

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.

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

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.5	--	--	--	--	--	--

Beneficiaries: Approximately 85 taxpayers benefit from this tax expenditure.

INSURANCE PREMIUMS TAX

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

The insurance premiums tax is imposed on domestic and foreign insurance companies that transact business in Pennsylvania. Certain types of insurance companies are exempt from the tax.

The tax is levied on gross premiums received from business done within Pennsylvania during each calendar year. A retaliatory tax is also imposed on taxable insurance companies incorporated in other states that impose a higher burden on Pennsylvania companies doing business there.

The basic tax rate is 2 percent of gross premiums plus any retaliatory tax. A 3 percent rate is imposed on insurance premiums for policies written with unlicensed insurers by a surplus lines agent. Marine insurance companies are subject to a 5 percent tax on their underwriting profits in lieu of the insurance premiums tax.

The estimates in this analysis include the full amount of revenues and the retaliatory charges that would be received from affected insurance companies.

MUTUAL BENEFICIAL ASSOCIATIONS

Description: Purely mutual beneficial associations, whose funds benefit members, families or heirs and are made up entirely of member contributions and accumulated interest, are exempt from the insurance premiums tax. For the purpose of this tax expenditure, these associations are treated as life insurance companies.

Purpose: Mutual beneficial associations are charitable and benevolent organizations that provide life, accident and health benefits for their members. The exemption indirectly benefits subscribers to the extent that it is reflected in reduced premiums.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 9.1	$ 11.1	$ 10.3	$ 10.5	$ 11.0	$ 11.5	$ 11.9

Beneficiaries: The 73 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, Good Vision Plan, Inc., Highmark Inc., Pennsylvania Dental Service Corp., and Vision Service Plan of Pennsylvania.

Purpose: These companies are deemed to be charitable and benevolent institutions that provide hospital and/or medical care to their subscribers. The exemption provides indirect tax relief to subscribers to the extent that it is reflected in lower premiums.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 126.7	$ 134.5	$ 149.6	$ 158.8	$ 167.8	$ 178.1	$ 190.8

Beneficiaries: The 13 nonprofit hospital and medical care service organizations doing business in Pennsylvania benefit from this tax expenditure.

EXTRAORDINARY MEDICAL BENEFIT

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

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

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.6	$ 0.7	$ 0.7	$ 0.7	$ 0.7	$ 0.8	$ 0.8

Beneficiaries: The 789 automobile insurance companies licensed to do business in Pennsylvania may benefit from this tax expenditure.

LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION CREDIT

Description: A tax credit is available to companies that are members of the Pennsylvania Life and Health Insurance Guaranty Association. These companies may offset a proportionate part of assessment payments made to the association against the insurance premiums tax. The credit is for the portion of the assessment that is unrecoverable through premiums and must be taken over five years.

Purpose: The Pennsylvania Life and Health Insurance Guaranty Association protects policyholders and claimants by providing for the payment of benefits and the continuation of coverage under life, health and accident, and annuity policies under certain circumstances. Members are assessed to provide funds to carry out the purpose of the association. This credit provides relief to member companies by allowing them to recoup a portion of their assessment payments in the form of tax credits. This credit also provides indirect relief to subscribers to the extent that lower premium rates are maintained.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 4.7	$ 4.7	$ 0.3	$ 0.1	$ 0.1	$ 0.2	$ 0.2

Beneficiaries: The 530 life, accident and health insurance companies doing business in Pennsylvania may benefit from this tax expenditure.

PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION (PP&CIGA) CREDIT

Description: A tax credit is available to companies that are members of the Pennsylvania Property and Casualty Insurance Guaranty Association (PP&CIGA). Companies may claim a credit for assessments paid to the association in a calendar year that exceed one percent of gross premiums collected from policyholders. The credit must be taken proportionately over five years, beginning the year after the assessment is paid. This tax credit was enacted as part of Act 23 of 2000 to allow member companies to recoup a portion of assessments paid to the association in the form of tax credits.

Purpose: The Pennsylvania Property and Casualty Insurance Guaranty Association protects policyholders and claimants by providing for the payment of benefits and claims for property and casualty policies under certain circumstances. Members are assessed to provide funds to carry out the purpose of the association. This credit also provides indirect relief to property and casualty policyholders to the extent that lower premium rates are maintained.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 19.1	$ 25.9	$ 32.8	$ 29.7	$ 24.5	$ 19.2	$ 13.7

Beneficiaries: The 1,006 property and casualty insurers doing business in Pennsylvania benefit from this tax expenditure.

BANK AND TRUST COMPANY SHARES TAX

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

The bank and trust company shares tax is imposed on every bank and trust company having capital stock and doing business in Pennsylvania.

This tax is imposed annually on the value of shares as of January 1. The value of shares is a six-year average calculated by dividing the total number of shares into the average of each of the previous six years' quarterly average value of shares adjusted to exclude the value of United States obligations. The tax rate on the dollar value of each taxable share of stock is 1.25 percent.

The bank and trust company shares tax contains no expenditures as defined for this tax expenditure analysis.

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 principals with the following major exceptions: income earned from United States obligations or Pennsylvania state and local obligations is excluded; the interest expense associated with tax exempt interest income is disallowed as a deduction; and net operating losses from previous years may be carried forward for a maximum of three years. Taxable net income is apportioned to Pennsylvania by a three-factor formula comprised of payroll, receipts and deposits.

The current tax rate is 11.5 percent.

NET OPERATING LOSS CARRYFORWARD

Description: Thrift institutions may deduct from current taxable income the net losses from previous taxable years. A net loss for a taxable year may be carried over three years and must be carried to the earliest allowable tax year. There is no carryback of losses to prior years.

Purpose: This deduction reduces the tax burden for a period of time after an operating loss period thereby aiding the thrift institution after it has attained economic health as measured by its taxable income.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 3.1	$ 2.3	$ 1.9	$ 1.7	$ 1.6	$ 1.5	$ 1.5

Beneficiaries: The 205 mutual thrift companies could benefit from this tax expenditure.

CREDIT UNIONS

Description: Credit unions are exempt from taxation. The tax expenditure is determined by applying the appropriate mutual thrift institutions tax rate to their net earnings.

Purpose: Credit unions are cooperative associations incorporated to promote thrift and to provide a source of credit for their members. This program provides tax relief to credit unions as well as their members to the extent that it is reflected in higher rates earned on savings and lower rates charged for loans.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 16.1	$ 17.0	$ 17.9	$ 18.8	$ 19.8	$ 20.8	$ 21.9

Beneficiaries: The 707 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 and the increased complexity of compliance audits. These audits contribute significantly to the volume of appeals processed by the Department of Revenue.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 12.2	$ 12.4	$ 12.5	$ 12.7	$ 12.9	$ 13.1	$ 13.3

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: Food and beverages intended for human consumption purchased from a bakery, pastry shop, donut shop, delicatessen, grocery store, supermarket, farmer's market, convenience store, or vending machine are exempt from taxation. Exceptions are 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. The exemption does not apply to soft drinks, alcoholic beverages, or food purchased from an establishment from which ready-to-eat food and beverages are sold.

Purpose: Food is considered to be a basic necessity of life. Additionally, this provision reduces the regressive nature of the tax and eases the tax burden on families who spend a disproportionate share of income on these products.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 954.7	$ 994.8	$1,017.7	$1,040.1	$1,064.0	$1,088.5	$1,114.6

Beneficiaries: Virtually all 4.8 million households benefit from this tax expenditure.

CANDY AND GUM

Description: The purchase at retail or use of candy and gum, regardless of where sold, is exempt from taxation.

Purpose: Candy and gum are considered to be food. Exempting candy and gum regardless of where sold provides for uniformity in the taxation of these items.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 41.2	$ 42.9	$ 43.9	$ 44.9	$ 45.9	$ 47.0	$ 48.1

Beneficiaries: NA

PERSONAL HYGIENE PRODUCTS

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

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

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 42.0	$ 44.1	$ 47.5	$ 50.9	$ 54.4	$ 58.6	$ 63.1

Beneficiaries: Virtually all 4.8 million households benefit from this tax expenditure.

NEWSPAPERS

Description: The purchase or use of newspapers or publications containing information of general interest and reports of current events that qualify as a "newspaper of general circulation qualified to carry a legal advertisement," not including magazines, is exempt from taxation.

Purpose: The purpose of this tax exemption is to encourage citizens to be well informed.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 27.3	$ 27.6	$ 27.9	$ 28.2	$ 28.4	$ 28.7	$ 29.0

Beneficiaries: NA

MAGAZINES

Description: The purchase at retail or use of subscriptions for magazines is exempt from taxation. A "magazine" is a periodical published at regular intervals not exceeding three months and circulated among the general public. The exclusion includes any printed advertising material circulated with the periodical. This tax expenditure became effective July 1, 1994, under Act 48 of 1994.

Purpose: The purpose of this tax exemption is to encourage citizens to be well informed.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 24.6	$ 26.3	$ 28.0	$ 29.9	$ 31.8	$ 33.9	$ 36.2

Beneficiaries: Approximately 3.2 million households benefit from this tax expenditure.

CLOTHING AND FOOTWEAR

Description: The purchase at retail or use of wearing apparel, footwear and other articles of clothing worn on the human body is exempt from taxation. Additionally, the purchase at retail or use of clothing patterns and other items that are to be a component part of clothing is exempt from tax. Accessories, ornamental wear, formal day or evening apparel, furs and sporting goods are taxable.

Purpose: Clothing and footwear are considered essential for maintaining a basic standard of life. This provision reduces the regressive nature of the tax and eases the tax burden on families who spend a disproportionate share of income purchasing these products.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 895.3	$ 928.0	$ 961.1	$ 997.2	$1,030.4	$1,064.6	$1,100.0

Beneficiaries: Virtually all 4.8 million households benefit from this tax expenditure.

AMUSEMENT DEVICES

Description: Expenditures to play amusement devices are not rentals and therefore not taxable. Examples of such devices are flipper games, video games, pool tables, soccer tables, arcade games and kiddy rides.

Purpose: These expenditures are considered to be payments for nontaxable services.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 18.3	$ 18.0	$ 17.8	$ 17.5	$ 17.3	$ 17.0	$ 16.8

Beneficiaries: Approximately 1.8 million persons may benefit from this tax expenditure.

PRESCRIPTION DRUGS AND ORTHOPEDIC EQUIPMENT

Description: The purchase at retail or use of prescription drugs and orthopedic equipment is exempt from taxation. Such equipment includes crutches, wheelchairs, false teeth and dental materials, eyeglasses, artificial limbs and eyes, hearing devices, braces and supports. Also included are devices to alleviate a physical incapacity such as a hospital bed or dialysis machine.

Purpose: Prescription drugs and orthopedic equipment are considered essential for maintaining a basic standard of life. This provision reduces the regressive nature of the tax and eases the tax burden on families who must spend a disproportionate share of income on these products.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 324.8	$ 349.5	$ 376.0	$ 402.8	$ 434.1	$ 461.3	$ 489.7

Beneficiaries: NA

NON-PRESCRIPTION DRUGS

Description: The purchase at retail or use of non-prescription drugs such as antiseptics, aspirin, milk of magnesia, castor oil, cold capsules, eyewashes and vitamins is exempt from taxation.

Purpose: Non-prescription drugs are considered essential for maintaining a basic standard of life. This provision reduces the regressive nature of the tax and eases the tax burden on families who spend a disproportionate share of income on these products.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 68.5	$ 70.1	$ 71.8	$ 73.6	$ 75.4	$ 77.2	$ 79.1

Beneficiaries: Virtually all 4.8 million households benefit from this tax expenditure.

LIQUOR OR MALT BEVERAGE PURCHASED FROM RETAIL DISPENSER

Description: Alcoholic beverages purchased in a drinking place or bar are exempt from taxation. Purchases from a state liquor store or a beer distributor are taxed, despite the wholesale nature of a portion of these sales. The estimates represent the difference in the tax that would be collected at the retail level and the tax presently collected on the bulk sale.

Purpose: Taxing container sales rather than per drink sales reduces overall administrative and reporting burdens for vendors and audit efforts by the Department of Revenue.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 88.1	$ 91.6	$ 95.3	$ 99.1	$ 103.1	$ 107.3	$ 111.6

Beneficiaries: Approximately 4.4 million people benefit from this tax expenditure.

CHARGES FOR RETURNABLE CONTAINERS

Description: Separately stated deposit charges for returnable containers are excluded from the purchase price and are exempt from taxation.

Purpose: Deposit charges usually represent a security in the event a container is not returned. For this reason, a true exchange of property is not considered to have occurred.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 10.2	$ 10.7	$ 11.2	$ 11.8	$ 12.4	$ 13.1	$ 13.9

Beneficiaries: Approximately 188,000 business establishments and an unknown number of households may benefit from this tax expenditure.

WRAPPING AND PACKING SUPPLIES

Description: The purchase or use of wrapping paper, twine, bags, cartons, tape, rope, labels, nonreturnable containers and all other wrapping supplies which are incidental to the delivery of personal property is exempt from taxation. This exclusion applies to retailers only. A separately stated charge for wrapping or packaging is taxable.

Purpose: Exemption of these items prevents double taxation since the cost of wrapping supplies, as a final input of the product, is included in the price charged by the retailer.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 82,300 retail and wholesale establishments benefit from this tax expenditure.

CASKETS AND BURIAL VAULTS

Description: The purchase or use of caskets, burial vaults, markers, cremation urns and tombstones for human graves, including foundations, is exempt from taxation.

Purpose: These items are considered to be the final basic necessity of life. Additionally, this exemption reduces the regressive nature of the tax and eases the burden on low-income families.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 24.7	$ 25.9	$ 27.8	$ 29.5	$ 31.5	$ 33.7	$ 35.5

Beneficiaries: As many as 130,100 households benefit from this tax expenditure annually.

FLAGS

Description: The purchase or use of Pennsylvania and United States flags is exempt from taxation.

Purpose: The exemption of flags may be based on the perception that governmental support of national and state symbols is a worthy public policy objective.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 1.6	$ 1.7	$ 1.8	$ 2.0	$ 2.1	$ 2.3	$ 2.4

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

TEXTBOOKS

Description: The purchase or use of textbooks for use in schools, colleges and universities is exempt from taxation. The purchase must be on behalf of or through schools recognized by the Department of Education as institutions of learning.

Purpose: The education of the Commonwealth's citizens is a major policy objective of state government. This exemption helps to reduce the overall cost of obtaining an education.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 24.8	$ 26.0	$ 27.3	$ 28.6	$ 30.0	$ 31.5	$ 33.0

Beneficiaries: As many as 591,100 college students may benefit from this tax expenditure.

CATALOGS AND DIRECT MAIL ADVERTISING

Description: The purchase or use of a mail order catalog or direct mail advertising literature and materials is exempt from taxation. Effective July 1, 1998, this exemption was extended to the purchase or use of electoral literature or material and certain mailing lists.

Purpose: The purchase of these items may be perceived as incidental to the advertising service being provided.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 58.4	$ 62.2	$ 66.2	$ 70.2	$ 74.5	$ 79.0	$ 83.8

Beneficiaries: NA

FOOD STAMP PURCHASES

Description: The purchase at retail or use of tangible personal property in accordance with the federal Food Stamp Act of 1977 is exempt from taxation. Primarily, exempt items are soft drinks, certain drink mixes, vegetable and fruit seeds and plants, and certain prepared cold foods.

Purpose: This provision is mandated by federal law for continued state participation in the federally funded food stamp program.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 2.7	$ 2.7	$ 2.7	$ 2.6	$ 2.6	$ 2.6	$ 2.6

Beneficiaries: Approximately 362,800 households benefit from this tax expenditure.

GRATUITIES

Description: Any amount paid, in excess of charges and tax, for service relating to the purchase of food or beverages or hotel or motel accommodations is an exempt gratuity.

Purpose: Gratuities or tips are not included in the cost of the meal or accommodation acquired by the purchaser but are considered costs of the accompanying non-taxable services.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 58.6	$ 59.1	$ 60.0	$ 60.2	$ 60.8	$ 61.4	$ 62.1

Beneficiaries: Approximately 4.6 million households and an unknown number of businesses benefit from this tax expenditure.

FUELS AND UTILITIES

COAL

Description: The purchase or use of coal is exempt from taxation.

Purpose: This exemption provides special tax treatment of coal versus alternative energy forms. Other major energy sources are exempt only when used directly by the purchaser for residential use. Encouragement of coal consumption may have been perceived as providing or preserving employment when mining was a major employer within the Commonwealth.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 114.0	$ 111.7	$ 109.4	$ 107.2	$ 105.0	$ 102.9	$ 100.8

Beneficiaries: Approximately 106,900 households and 8,400 businesses benefit from this tax expenditure.

FIREWOOD

Description: The purchase or use of firewood cut into lengths for burning or wood pellets is exempt from taxation when used as fuel for cooking, or for heating water, or residential dwellings.

Purpose: Alternative energy sources such as heating oil, natural gas, coal and electricity are exempt when used for residential purposes. The extension of this exemption to firewood provides consistency among all major energy sources.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 1.0	$ 1.1	$ 1.2	$ 1.2	$ 1.3	$ 1.4	$ 1.6

Beneficiaries: Approximately 678,000 households that use firewood or wood pellets as their primary heat source benefit from this tax expenditure. Also, there are over 1.6 million households with usable fireplaces that may benefit from this tax expenditure.

RESIDENTIAL UTILITIES

Description: As defined by law, "tangible personal property" specifies taxable items. Specifically omitted from this definition are electricity, steam, natural, manufactured and bottled gas and fuel oil, basic local telecommunications service when purchased directly by the user solely for his residential use and charges for coin-operated telephone calls. Court decisions have expanded the electricity exemption to include purchases for residential use through an agent, where there is no commercial interest.

Purpose: Residential utilities are considered essential for maintaining a basic standard of life. Additionally, this provision reduces the regressive nature of the tax and reduces the tax burden on families who spend a disproportionate share of income on these services.

(Dollar Amounts In Millions)

Estimates:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Electric:	$ 266.9	$ 271.0	$ 275.2	$ 279.4	$ 282.7	$ 286.1	$ 289.6
Fuel Oil/Gas:	$ 201.8	$ 191.1	$ 180.6	$ 170.1	$ 170.5	$ 172.2	$ 174.1
Telephone:	$ 90.1	$ 92.2	$ 94.4	$ 97.1	$ 99.8	$ 102.7	$ 105.8

Beneficiaries: Approximately 4.6 million households (electricity), 3.8 million households (fuel oil/gas) and 4.6 million households (telephone) benefit from this tax expenditure.

WATER

Description: The purchase at retail or use of water or ice is exempt from taxation.

Purpose: Water is a basic necessity of life. Additionally, this provision reduces the regressive nature of the tax and reduces the tax burden on families who spend a disproportionate share of income on this product.

(Dollar Amounts in Millions)

Estimates:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 167.6	$ 179.1	$ 192.5	$ 206.4	$ 221.3	$ 237.5	$ 255.3

Beneficiaries: Approximately 3.6 million households and about 274,300 businesses benefit from this tax expenditure.

GASOLINE AND MOTOR FUELS

Description: The purchase or use of gasoline and other motor fuels, taxed under the Liquid Fuels and Fuels Tax Act, is exempt from the sales and use tax.

Purpose: Because these items are already subject to fuels taxes, the legislature has provided for their exemption from the sales and use tax.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 515.2	$ 530.3	$ 557.3	$ 566.2	$ 575.3	$ 584.5	$ 593.8

Beneficiaries: Approximately 4.4 million households and owners of more than 1.5 million heavy trucks, buses, etc., benefit from this tax expenditure.

MOTOR VEHICLES / VESSELS

COMMON CARRIERS

Description: Vehicles purchased by a public utility, engaged in business as a common carrier, to be used in rendering utility services are exempt from taxation. Since the enactment of the Federal Aviation Act, effective January 1, 1995, Pennsylvania has recognized contract carriers as common carriers. Household goods carriers and private carriers remain taxable.

Purpose: Without this exemption, the tax would be built into the rate base of public utility services and, ultimately, passed on to consumers. Therefore, this exemption reduces the overall cost of utility services that are considered to be basic necessities.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 292.4	$ 300.9	$ 309.6	$ 318.6	$ 327.8	$ 337.3	$ 347.1

Beneficiaries: Approximately 6,100 common carriers could benefit from this tax expenditure.

COMMERCIAL VESSELS (Construction)

Description: The purchase or use of commercial vessels of fifty tons or larger is exempt from taxation if delivery is taken in Pennsylvania.

Purpose: This exclusion places Pennsylvania shipbuilders at a competitively neutral position relative to shipbuilders in those states allowing this exemption.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 3.5	$ 3.6	$ 3.7	$ 3.8	$ 3.9	$ 4.0	$ 4.1

Beneficiaries: NA

COMMERCIAL VESSELS (Repair)

Description: Property or services purchased or used in building, rebuilding, repairing and making additions to or replacements in commercial vessels of fifty tons or more are exempt from taxation.

Purpose: Imposition of the tax at the point of sale would place Pennsylvania ship repair facilities at a competitive disadvantage relative to those states allowing this exemption.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 1.3	$ 1.3	$ 1.3	$ 1.3	$ 1.3	$ 1.3	$ 1.3

Beneficiaries: As many as 10 establishments may benefit from this tax expenditure.

COMMERCIAL VESSELS (Equipment, Maintenance)

Description: The purchase or use of fuel, supplies, equipment, ships or sea stores and cleaning or maintenance supplies is exempt from taxation. This exemption applies to vessels of fifty tons or more designed for commercial use.

Purpose: Imposition of the tax at the point of sale would place Pennsylvania vendors at a competitive disadvantage relative to those vendors operating in other states that allow this exemption.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

MOTOR VEHICLES (Out-of-State Purchasers)

Description: The purchase or use of a motor vehicle by a non-resident, to be used outside Pennsylvania, which is registered in another state within twenty days of delivery is exempt from taxation. Delivery must be taken outside of Pennsylvania.

Purpose: The exemption protects the participation of Pennsylvania car dealers in the out-of-state market while preventing potential abuses of such an exemption by Pennsylvania residents.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

SCHOOL BUSES

Description: The purchase at retail or use of school buses is exempt from taxation. These buses must be used exclusively for the transportation of children for school purposes. The provision is extended to persons who have contracts with school districts to transport children.

Purpose: The costs of transporting school children are directly borne by school districts and indirectly by state government through subsidy programs. This exemption, while limiting state sales and use tax revenues, also decreases state educational subsidy costs.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 14.7	$ 15.3	$ 15.9	$ 16.5	$ 17.2	$ 17.9	$ 18.7

Beneficiaries: Approximately 900 private contractors and 5,700 schools benefit from this tax expenditure.

PRODUCTION EXPENDITURES

MANUFACTURING EXEMPTION (Manufacture and Processing)

Description: By law, "sale at retail" does not include, and therefore exempts, rendering services or the purchase or use of machinery, equipment and parts and supplies including utilities used directly or consumed in the manufacture and processing of personal property or remanufacture of certain motor vehicle parts. 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 or obtaining disinfecting or pest control services or building maintenance and cleaning services.

Purpose: Exemption of manufacturing equipment and supplies prevents the multiple taxation that could occur in the production of a finished good for consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 819.4	$ 844.4	$ 883.7	$ 959.2	$1,034.2	$1,050.5	$1,064.2

Beneficiaries: Approximately 16,000 manufacturers and an unknown number of processors and remanufacturers benefit from this tax expenditure.

MANUFACTURING EXEMPTION (Agriculture)

Description: By law, "sale at retail" does not include, and therefore exempts, rendering services or the purchase or use of machinery, equipment and parts and supplies including utilities used directly or consumed in farming, dairying, horticulture, floriculture, or aquaculture. Under Act 45 of 1998, farming includes the propagation and raising of horses to be used exclusively for commercial racing activities. 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 or obtaining disinfecting or pest control services or building maintenance and cleaning services.

Purpose: Exemption of agricultural equipment and supplies prevents the multiple taxation that could occur in the production of an agricultural commodity for sale and consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 188.7	$ 197.3	$ 206.3	$ 215.7	$ 225.5	$ 235.8	$ 246.7

Beneficiaries: Approximately 59,000 farm operators benefit from this tax expenditure.

MANUFACTURING EXEMPTION (Public Utility)

Description: By law, "sale at retail" does not include, and therefore exempts, rendering services or the purchase or use of machinery, equipment and parts and supplies used directly or consumed 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 or obtaining disinfecting or pest control services or building maintenance and cleaning services.

Purpose: Exemption of equipment and supplies used in producing and delivering a public utility service prevents the multiple taxation that could occur in providing the service. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

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)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 1.1	$ 1.2	$ 1.3	$ 1.4	$ 1.5	$ 1.5	$ 1.6

Beneficiaries: Approximately 82,800 entities benefit from this tax expenditure.

CONTRACT FARMING

Description: The purchase or use of tangible personal property or services that are directly used in farming, dairying, or agriculture for the production of food are exempt from tax, even if the purchaser is not the entity directly involved in the agricultural activity. This exemption applies to machinery, equipment, parts, supplies, and utilities used in the production of food.

Purpose: Exemption of agricultural equipment and supplies prevents the multiple taxation that could occur in the production of an agricultural food commodity for sale and consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 31.4	$ 33.0	$ 34.6	$ 36.3	$ 38.1	$ 40.0	$ 41.9

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

COMMERCIAL MOTION PICTURES

Description: Tangible personal property used directly in the production of a feature-length commercial motion picture distributed to a national audience is exempt from taxation. This exemption does not apply to nonoperational activities or materials.

Purpose: Exemption of property used directly in producing a commercial motion picture provides an incentive for businesses to operate in Pennsylvania.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 1.0	$ 1.1	$ 1.2	$ 1.3	$ 1.4	$ 1.5	$ 1.6

Beneficiaries: Approximately 10 film companies annually 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 is exempt from tax.

Purpose: This tax exemption lowers the cost of catered food and non-alcoholic beverages purchased by airlines, which may also reduce the cost of airline travel for consumers.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 3.7	$ 3.8	$ 3.8	$ 3.9	$ 3.9	$ 3.9	$ 4.0

Beneficiaries: Approximately 25 airlines may benefit from this expenditure.

COIN-OPERATED FOOD AND BEVERAGE VENDING MACHINES

Description: The tax on food and beverages dispensed from coin-operated vending machines is derived from total receipts collected from the machines rather than from the price of individual items sold.

Purpose: This provision eases reporting and administrative burdens on the vendor and reduces audit efforts required by the Department of Revenue.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 1.9	$ 2.0	$ 2.0	$ 2.1	$ 2.1	$ 2.2	$ 2.3

Beneficiaries: As many as 695 vending machine operators may benefit from this tax expenditure.

HOTEL-PERMANENT RESIDENT

Description: An exemption is provided, under the hotel occupancy tax, for a person occupying or having the right to occupy a room in a hotel, inn, tourist home, lodging house, rooming house, summer camp, apartment hotel, resort lodging, or cabin for 30 consecutive days or more. This exemption does not extend to prepared meals or other taxable items.

Purpose: Residency of this length is felt to approximate permanent dwelling rental, which is non-taxable as a basic necessity of life.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.5	$ 0.5	$ 0.5	$ 0.5	$ 0.5	$ 0.5	$ 0.5

Beneficiaries: Approximately 2,700 persons benefit from this tax expenditure.

COMMISSION

Description: A licensed vendor is permitted a 1% discount as a credit against the gross amount of tax collected provided that a tax return, with full payment due the department, is postmarked on or before the due date. Nearly all tax returns are due 20 days after the end of a collection period.

Purpose: This provision is intended to defray the vendor's cost of collecting and remitting the sales and use tax.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 58.2	$ 59.0	$ 61.3	$ 63.4	$ 65.7	$ 67.9	$ 69.8

Beneficiaries: Approximately 214,000 vendors benefit from this tax expenditure.

OUT-OF-STATE CREDIT

Description: A credit is allowed for the purchase of personal property or taxable services for use outside Pennsylvania equal to the sales tax paid in the applicable state. The state must grant substantially similar tax relief as provided by Pennsylvania.

Purpose: Allowing a credit for tax paid in another state prevents double taxation.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

TRADE-IN VALUE

Description: A deduction is allowed against the gross purchase price for the value of personal property actually taken in trade or exchange. The trade-in property does not have to be of like kind to the purchased property. The reduction in purchase price is considered to be the value of the trade-in.

Purpose: Usually, tangible personal property taken as a trade-in is resold. Therefore, it is treated as a sale for resale.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 287.5	$ 291.7	$ 301.6	$ 310.4	$ 323.4	$ 333.2	$ 345.2

Beneficiaries: Approximately 90 purchasers of aircraft, 11,900 purchasers of computers, 11,900 purchasers of boats and 699,000 purchasers of cars and trucks annually benefit from this tax expenditure.

ISOLATED SALES

Description: Infrequent personal property sales of a non-recurring nature by persons not in the business of selling such items are exempt from taxation. By regulation, exempt entity sales can occur no more than three times nor more than a total of seven days in a year. These sales may include the sale of a lawn mower to a neighbor, liquidation of an estate, sale of a used typewriter by an insurance company, or yard sale items. Motor vehicles and property that must be registered or licensed are not granted this exemption.

Purpose: The exclusion of isolated sales from taxation greatly reduces compliance and administration burdens for the seller and the Commonwealth.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 80.5	$ 82.4	$ 85.0	$ 87.8	$ 91.1	$ 94.1	$ 96.9

Beneficiaries: NA

TEMPORARY USAGE

Description: Property purchased outside Pennsylvania by a nonresident and temporarily used in Pennsylvania for seven days or less or any length of time by a tourist or vacationer is exempt from taxation. If the property is consumed in the state it becomes taxable.

Purpose: Providing an exemption for temporary usage of taxable property in Pennsylvania does not discourage entry into the state by vacationers, tourists, or others who attend or are involved in specific short term events or activities.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

HORSES

Description: The sale of a horse is exempt from taxation if the seller is directed to deliver the horse to an out-of-state location. A horse may be temporarily delivered to a resident or agent prior to being delivered out-of-state.

Purpose: This exemption provides preferential treatment of horses relative to other tangible personal property by permitting temporary location in Pennsylvania before being delivered out-of-state.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 3.0	$ 3.2	$ 3.2	$ 3.2	$ 3.2	$ 3.2	$ 3.2

Beneficiaries: Approximately 1,900 Standardbred horse purchasers and an unknown number of purchasers of other types of horses benefit from this tax expenditure.

YOUTH SPORTS PROGRAMS

Description: The purchase of food and beverages from nonprofit associations which support sports programs for participants aged 18 or younger or for persons with a physical or mental handicap regardless of age is exempt from taxation.

Purpose: The exemption of these items encourages such organizations to support programs that provide activities beneficial to young people and the handicapped.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

EXEMPT ORGANIZATIONS

Description: The sale of personal property or services to or for use by any institution of purely public charity as defined by Act 55 of 1997 is exempt from taxation. Act 45 of 1998 extended this exemption to include the purchase or use of certain machinery and equipment used in a construction contract with an exempt entity. The purchase or use may be made by a construction contractor or the exempt entity. Transactions unrelated to the trade or business of such organizations are taxable as are certain materials and supplies purchased for use in connection with real estate.

Purpose: These organizations provide public and charitable services that are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

Estimates:

Charitable Organizations:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 232.6	$ 236.5	$ 239.7	$ 244.8	$ 248.9	$ 254.7	$ 260.1

Volunteer Fireman's Organizations:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 55.2	$ 56.1	$ 56.9	$ 58.1	$ 59.1	$ 60.5	$ 61.7

Nonprofit Educational Institutions:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 71.8	$ 73.0	$ 74.0	$ 75.5	$ 76.8	$ 78.6	$ 80.3

Religious Organizations:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 46.9	$ 47.7	$ 48.4	$ 49.4	$ 50.2	$ 51.4	$ 52.5

Beneficiaries: Approximately 33,200 organizations currently benefit from this tax expenditure.

EXEMPT GOVERNMENTAL UNITS

Description: The sale of tangible personal property or services to or for use by the federal government, the Commonwealth, or its instrumentalities, or political subdivisions is exempt from taxation. Act 45 of 1998 extended this exemption to include the purchase or use of certain machinery or equipment used in a construction contract with a governmental unit. The purchase or use may be by a contractor or governmental unit. Based on the criteria adopted to define tax expenditures, federal transactions are not included in this study. Commonwealth transactions are also excluded because revenues would offset expenditures with no net effect. The estimates, therefore, represent the tax on local government expenditures and construction contractors.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 297.8	$ 304.6	$ 314.4	$ 329.5	$ 343.1	$ 356.3	$ 369.1

Beneficiaries: Approximately 3,100 local governmental units benefit from this tax expenditure.

VETERANS' ORGANIZATIONS

Description: Act 96 of 1998 provides that the sale of tangible personal property or services to or for use by veteran organizations for benevolent, charitable, or patriotic purposes is exempt from taxation. Certain machinery and equipment, purchased for or used in construction contracts with veteran organizations, is also exempt, whether purchased or used by a contractor or the veteran organization. Purchases of alcoholic beverages remain taxable.

Purpose: These organizations provide patriotic and charitable services. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 1.3	$ 1.3	$ 1.3	$ 1.3	$ 1.4	$ 1.4	$ 1.4

Beneficiaries: Approximately 1,500 organizations benefit from this tax expenditure.

SUBSTITUTED TAX BASE

Description: The tax on tangible personal property purchased at least six months prior to the first taxable use in Pennsylvania may be based on the prevailing market price at the time of the taxable use. This substituted base would be in lieu of taxing the original purchase price.

Purpose: This alternative tax base permits taxpayers to pay tax relative to the current market value of such assets that most closely approximates current taxable value.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

OUT-OF-STATE PURCHASES

Description: Tangible personal property purchased and used outside the state by a nonresident who later brings the property into Pennsylvania while establishing a permanent residence or business is exempt from taxation. This property must be purchased more than six months prior to the first taxable use in Pennsylvania.

Purpose: This provision eases administrative costs for the Commonwealth and compliance costs for the taxpayer and prevents a substantial tax liability from being imposed when a person moves to Pennsylvania.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

RAIL TRANSPORTATION EQUIPMENT

Description: The purchase or use of rail transportation equipment by a business, other than a utility, in the movement of its own personal property is exempt from taxation.

Purpose: Exemption of rail equipment provides preferential treatment benefiting specific users of this transportation mode. Were these items not exempt, this additional cost may be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

FISH FEED

Description: The purchase or use of fish feed by sportsmen's clubs, fish cooperatives, or nurseries approved by the Pennsylvania Fish Commission is exempt from taxation.

Purpose: The exemption provides special treatment benefiting organizations that raise fish intended for human consumption.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The 176 cooperative nurseries and an unknown number of other entities benefit from this tax expenditure.

TOURIST PROMOTION AGENCIES

Description: The purchase or use of supplies and materials by tourist promotion agencies for distribution to the public is exempt from taxation. To be permitted this exemption, an agency must receive grants from the state.

Purpose: Excluding supplies and materials used by tourist promotion agencies that receive state grants reduces the cost of performing promotional activities. The need for direct support to these agencies is decreased by providing this exemption.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.5	$ 0.5	$ 0.5	$ 0.6	$ 0.6	$ 0.7	$ 0.7

Beneficiaries: All 45 tourist promotion agencies benefit from this tax expenditure.

TROUT

Description: The purchase or use of brook trout, brown trout or rainbow trout is exempt from taxation.

Purpose: Special treatment is conferred to those involved in the raising or sale of trout intended for human consumption.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 40 entities benefit from this tax expenditure.

CONSTRUCTION OF MEMORIALS

Description: The purchase or use of materials used in the construction or erection of objects commemorating or memorializing historical events is exempt from taxation. These objects must be purchased by not-for-profit organizations and erected on publicly owned property.

Purpose: This exemption has been provided because these memorials are presumably erected for public benefit and gratification.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1

Beneficiaries: NA

STORAGE

Description: Charges for storage, other than for self-storage, of tangible personal property are exempt from taxation.

Purpose: Commercial storage services may be considered an integral part of the production and distribution of tangible personal property.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 31.4	$ 32.9	$ 34.6	$ 36.3	$ 38.1	$ 40.0	$ 42.0

Beneficiaries: NA

PUBLIC TRANSPORTATION (Local)

Description: Expenditures for public transportation fares are not taxable.

Purpose: State and local governments are the primary financial contributors to public transportation systems. Taxing these services would be contrary to the public policy of supporting public transportation.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 140.8	$ 153.0	$ 158.4	$ 163.1	$ 167.5	$ 172.2	$ 177.2

Beneficiaries: Approximately 5.3 million people benefit from this tax expenditure.

STAIR LIFT DEVICES

Description: The purchase or use of property or services used in installing or repairing stair lift devices is exempt from taxation when the device is installed or used in the residence of a physically disabled person requiring the device to ascend or descend stairs. The physical disability must be certified by a physician.

Purpose: Stair lift devices could be considered essential for people with a physical disability that prevents them from ascending or descending stairs. This exemption reduces the regressive nature of the tax and eases the tax burden on people requiring the devices.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.5	$ 0.5	$ 0.6	$ 0.6	$ 0.6	$ 0.6	$ 0.6

Beneficiaries: Approximately 1,018,000 disabled persons could benefit from this tax expenditure.

BAD DEBTS

Description: Sales tax vendors may apply for a refund equal to one hundred percent of bad debts associated with sales tax paid to the state for sales written off by the vendor and deducted for federal income tax purposes because the vendor did not receive full payment from the purchaser. No refund is granted for interest, finance charges, or expenses incurred in attempting to collect receivables. The fiscal year 2002-03 cost of this expenditure reflects actual refund amounts approved by the Department.

Purpose: The bad debt refund provision lessens the economic impact experienced by vendors when they extend credit to customers for taxable purchases and subsequently incur uncollectible accounts receivable (bad debts).

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 3.7	$ 3.8	$ 3.9	$ 4.0	$ 4.2	$ 4.3	$ 4.5

Beneficiaries: Any of the 250,000 licensed vendors could benefit from this tax expenditure, if they extend credit or accept checks for payment.

UNIFORM COMMERCIAL CODE FILING FEES

Description: Separately stated Uniform Commercial Code (UCC) filing fees, copy requests, and certification fees paid to a state or local agency are exempt from tax.

Purpose: UCC filing legally identifies the lien holder for personal property collateral. These fees may be perceived as incidental to the purchase or use of the tangible personal property and as such, are exempt from tax.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.6	$ 0.6	$ 0.6	$ 0.7	$ 0.7	$ 0.7	$ 0.7

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

SERVICES

Description: Expenditures for services are not taxable under the sales and use tax except when specifically taxed by law.

Purpose: Because the primary basis for the sales and use tax is tangible personal property, the majority of services are not taxed unless they are related to taxable property. Legislation adopted in 1991 imposed the tax on charges for selected business services. Act 7 of 1997 removed computer services from the list of taxable services.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
LODGING							
Trailer parks and camps	$ 12.2	$ 13.3	$ 14.5	$ 15.8	$ 17.2	$ 18.7	$ 20.4
PERSONAL SERVICES							
Cleaning, storage & repair of clothing & shoes[1]	$ 12.1	$ 12.7	$ 13.3	$ 13.9	$ 14.6	$ 15.3	$ 16.0
Dry-cleaning[1]	16.8	17.5	18.2	18.9	19.6	20.4	21.2
Barber and beauty shops	47.7	49.9	52.2	54.6	57.1	59.7	62.4
Funeral parlors and crematories	38.3	39.1	40.0	40.9	41.8	42.7	43.6
All other personal services	13.2	14.3	15.5	16.8	18.2	19.7	21.3
BUSINESS SERVICES							
Advertising (local)	$ 353.4	$ 368.7	$ 384.8	$ 401.8	$ 419.4	$ 438.0	$ 457.5
Interior office building services	48.9	53.7	59.0	64.8	71.2	78.2	85.9
Management, consulting & public relations	496.5	542.2	592.1	646.6	706.1	771.1	842.0
Research	143.8	163.7	186.4	212.2	241.6	275.1	313.2
Detective agencies	66.5	71.6	77.1	83.0	89.4	96.3	103.7
COMPUTER SERVICES							
Computer and data processing	$ 301.6	$ 320.9	$ 352.8	$ 384.2	$ 413.2	$ 437.1	$ 457.8
AUTOMOTIVE SERVICES							
Automobile parking	$ 31.6	$ 34.1	$ 36.8	$ 39.6	$ 42.7	$ 46.1	$ 49.7
RECREATION SERVICES							
Commercial sports admissions	$ 44.7	$ 48.2	$ 51.9	$ 55.9	$ 60.2	$ 64.9	$ 69.9
Entertainers	10.1	10.7	11.3	11.9	12.6	13.3	14.0
Memberships	29.0	30.6	32.3	34.1	36.0	38.0	40.1
Other admissions	108.3	114.0	120.0	126.3	132.9	139.9	147.3
HEALTH SERVICES							
Health, except hospitals, physicians and dentists	$ 872.3	$ 927.6	$ 986.4	$ 1,048.9	$ 1,115.4	$ 1,186.1	$ 1,261.3
Hospitals	1,227.2	1,316.3	1,404.2	1,409.8	1,580.8	1,684.2	1,802.6
Physician office services	640.6	681.7	725.4	771.9	821.4	874.1	930.2
Dental office services	184.8	199.3	214.9	231.8	250.0	269.6	290.8
PROFESSIONAL SERVICES							
Legal	$ 493.7	$ 528.4	$ 565.5	$ 605.3	$ 647.9	$ 693.4	$ 742.1
Engineering	520.4	566.3	616.3	670.7	729.9	794.3	864.4
Surveying, architectural	105.4	114.5	124.4	135.2	146.9	159.6	173.4
Accounting, auditing and bookkeeping services	196.4	209.4	223.3	238.1	253.9	270.7	288.6
Specialized design	38.0	40.4	42.9	45.6	48.5	51.5	54.7
MISCELLANEOUS SERVICES							
Basic television[1]	$ 92.5	$ 97.1	$ 104.1	$ 110.6	$ 118.1	$ 126.4	$ 133.3
Educational services	54.4	57.1	61.2	65.0	69.4	74.3	78.4
Electrical, plumbing, heating & air conditioning service fees	NA	NA	NA	NA	NA	NA	NA
Veterinary fees	38.0	39.9	42.8	45.5	48.6	52.0	54.8
Stockbroker fees	NA	NA	NA	NA	NA	NA	NA
Real estate agent fees	NA	NA	NA	NA	NA	NA	NA
Financial institution fees	353.2	368.1	395.0	420.9	451.1	483.9	511.1
Pilots fees	NA	NA	NA	NA	NA	NA	NA
Other	156.5	169.1	182.6	197.2	213.0	230.1	248.5

[1] These services are specifically exempt by statute.

Beneficiaries: Virtually all 4.8 million households 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 5.0 cents per cigarette, levied on the sale or possession of cigarettes in Pennsylvania. Prior to July 15, 2002 the tax rate was 1.55 cents per cigarette. Only one sale of cigarettes, whether individual cigarettes, packages, cartons, or cases, is taxable. Beginning in fiscal year 2002-03, fixed annual amounts of $30.73 million and $20.485 million of Cigarette Tax receipts are transferred to the Children's Health Insurance Program (CHIP) and the Agricultural Conservation Easement Purchase (ACEP) Fund, respectively. Transfers of Cigarette Tax receipts to CHIP began in fiscal year 1992-93 at the rate of two thirty-firsts of receipts. After January 1, 1997, the transfer amount was increased to three thirty-firsts of receipts. Transfers of Cigarette Tax receipts to the ACEP fund began in fiscal year 1993-94 at the rate of two thirty-firsts of receipts. The analyses below reflect only the General Fund portion of the tax expenditures.

Administrative Costs: Costs to administer the cigarette tax expenditures are nominal.

STATE VETERANS HOMES

Description: Sales to retail dealers located in state veterans homes for resale to residents in such homes are exempt. Federal veterans hospitals are exempt under federal law.

Purpose: It is perceived to be good public policy to reduce taxes for veterans who have served their country and are now residing in a veteran's home or hospital.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1

Beneficiaries: Residents in four state veterans homes benefit from this tax expenditure.

UNSTAMPED CIGARETTES (200 AND UNDER)

Description: Vacationers or tourists crossing state lines with one carton or less of unstamped cigarettes are not required to pay tax on those cigarettes. The carton (200 cigarettes) cannot be resold and must be for personal use only.

Purpose: Persons crossing state lines with one carton or less of cigarettes are presumed to possess such cigarettes for personal use rather than intentionally avoiding payment of the cigarette tax. This expenditure helps to relieve administration and enforcement burdens as well as promote tourism.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

COMMISSIONS ON SALES OF STAMPS

Description: Cigarette stamping agents are permitted a commission of 1.25 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 July 15, 2002, the commission was equal to 3 percent. The commission does not apply to purchases of stamps by a cigarette-stamping agent in amounts of less than one hundred dollars ($100).

Purpose: This commission is paid to the cigarette-stamping agent as compensation for services and expenses incurred while acting as an agent of the Commonwealth in affixing tax stamps.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 11.4	$ 11.2	$ 11.1	$ 10.9	$ 10.7	$ 10.5	$ 10.3

Beneficiaries: Approximately 130 cigarette stamping agents may benefit from this tax expenditure.

MALT BEVERAGE TAX

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

The malt beverage tax is levied on malt and brewed beverages manufactured, sold and used in Pennsylvania, or manufactured outside of Pennsylvania but sold for importation and use in Pennsylvania. The tax is borne by the consumer, but manufacturers, distributors and importers remit the tax to the Commonwealth.

Administrative Costs: Costs to administer the malt beverage tax expenditures are nominal.

EMERGENCY TAX CREDIT

Description: The emergency tax credit provides manufacturers of malt or brewed beverages, whose annual production of malt or brewed beverages does not exceed 300,000 barrels, a maximum annual credit of $200,000 for capital improvement expenditures. This tax credit cannot exceed the amount of qualifying capital expenditures made during the emergency tax credit period (items of plant, equipment and machinery intended for use in the manufacture and sale of malt or brewed beverages within the Commonwealth). Under current law, the effective tax credit period expires after December 31, 2003. This tax credit may only be used during the emergency tax credit period.

Purpose: This credit grants a limited tax subsidy for capital improvements made by small brewers. This provision could help lower the risk of business failure and subsequent loss of employment opportunities.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.3	$ 0.3	NA	NA	NA	NA	NA

Beneficiaries: Approximately 20 manufacturers of malt or brewed beverages may benefit from this tax expenditure.

LIQUOR TAX

Enabling legislation is 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 various tax expenditures associated with the personal income tax cannot be separately identified. The existence of tax expenditures may result in taxpayer uncertainties, which creates an administrative burden on the department relative to additional compliance audits, letter rulings, pronouncements and bulletins.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 3.1	$ 3.2	$ 3.3	$ 3.4	$ 3.5	$ 3.6	$ 3.7

EXCLUSIONS FROM INCOME

RETIREMENT INCOME

Description: Payments commonly recognized as old age or retirement benefits paid to persons retired from service after reaching a specific age or after a stated period of service are exempt from taxation.

Purpose: The exemption limits the impact of the tax on retired persons. It also prevents taxation of previously taxed employee contributions to retirement plans.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$1,581.4	$1,693.9	$1,814.4	$1,943.5	$2,081.8	$2,229.9	$2,388.5

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

RETIREMENT CONTRIBUTIONS BY EMPLOYERS

Description: Payments made by employers for programs covering employee retirement and employer social security contributions are exempt from taxation.

Purpose: This provision lessens the burden of the tax on Pennsylvania wage earners and maintains fairness, since the employee often does not have the right to possess the funds in the retirement plan except upon retirement or separation from the company after a set number of years of service.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 513.3	$ 528.4	$ 550.8	$ 575.9	$ 602.1	$ 629.1	$ 656.7

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

EMPLOYEE BENEFIT PROGRAM EMPLOYER CONTRIBUTIONS

Description: Payments made by employers or labor unions for programs covering hospitalization, sickness, disability, or death, supplemental unemployment benefits, group life insurance, and strike benefits are exempt from taxation. Effective January 1, 1998, this expenditure also includes personal use of employer provided property and services.

Purpose: This provision lessens the burden of the tax upon Pennsylvania wage earners, along with maintaining fairness, since these payments are not usually based on actual use by each wage earner.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 587.5	$ 604.9	$ 630.6	$ 659.2	$ 689.2	$ 720.1	$ 751.7

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

CAFETERIA PLANS

Description: Payments made by employers, on behalf of employees, into a qualifying cafeteria plan are exempt from taxation if the program does not discriminate in favor of highly compensated individuals. This exemption parallels the limited exemption treatment of employee benefit programs covering hospitalization, sickness, disability, or death, supplemental unemployment benefits, or strike benefits. Effective January 1, 1998, this expenditure also includes payments made on behalf of employees for personal use of employer provided property and services.

Purpose: This provision lessens the burden of the tax upon Pennsylvania wage earners, along with maintaining fairness, since these payments are not usually based on actual use by each wage earner.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 51.9	$ 53.4	$ 55.7	$ 58.2	$ 60.9	$ 63.6	$ 66.4

Beneficiaries: NA

LIFE INSURANCE PROCEEDS

Description: Amounts paid to beneficiaries or the estate of a decedent due to the death of the decedent are exempt from tax.

Purpose: Life insurance proceeds are not considered compensation for services rendered. Also, premiums are often paid with after-tax dollars.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 65.5	$ 68.9	$ 72.5	$ 76.3	$ 80.2	$ 84.4	$ 88.8

Beneficiaries: The death payment beneficiaries of approximately 190,100 life insurance policies benefit from this tax expenditure.

SICKNESS OR DISABILITY PROCEEDS

Description: Payments, other than regular wages or salary, received for periods of sickness or disability are excluded from compensation.

Purpose: These payments are excluded because they do not take the place of an employee's regular wages or salary. However, sick pay in the form of regular wages or salary is taxable.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

UNEMPLOYMENT AND SUPPLEMENTAL UNEMPLOYMENT COMPENSATION

Description: Amounts received as unemployment compensation or supplemental unemployment compensation are excluded from taxable income.

Purpose: This exemption assists unemployed persons in providing the basic necessities of life.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 105.4	$ 91.6	$ 74.9	$ 74.4	$ 76.6	$ 78.9	$ 81.3

Beneficiaries: Approximately 775,000 people benefit from this tax expenditure.

WORKER'S COMPENSATION

Description: Disability, retirement, or other payments arising under workmen's compensation acts, occupational disease acts, and similar legislation are exempt from taxation.

Purpose: These benefits are not related to services rendered and are intended to provide income or subsistence during periods of disability when the taxpayer was injured on the job and also to pay workers' medical bills for injuries sustained on the job. These benefits more closely resemble insurance payments, which are not taxable.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 69.6	$ 70.0	$ 70.5	$ 70.9	$ 71.3	$ 71.8	$ 72.2

Beneficiaries: As many as 95,200 residents benefit from this tax expenditure.

STRIKE BENEFITS

Description: Amounts designated as strike benefits are exempt from tax.

Purpose: These benefits are not considered compensation for services rendered and are thus excluded from tax.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

PUBLIC ASSISTANCE

Description: Public assistance payments from governmental entities are excluded from taxable income.

Purpose: This provision limits the impact of the tax on the poor and increases the effectiveness of state payments under this program.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 12.7	$ 13.0	$ 13.2	$ 13.3	$ 13.4	$ 13.5	$ 13.5

Beneficiaries: Approximately 274,300 people benefit from this tax expenditure.

SALE OF A PRINCIPAL RESIDENCE

Description: Beginning January 1, 1998, the gain from a sale of principal residence is excludable from income. Prior to January 1, 1998, this expenditure was a once in a lifetime exclusion of up to $100,000 for those 55 and over.

Purpose: A principal residence is typically sold to meet the changing needs of the taxpayer and not in an effort to recognize a capital gain.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 85.6	$ 86.5	$ 87.9	$ 89.9	$ 92.1	$ 94.3	$ 96.6

Beneficiaries: The owners of approximately 178,500 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.

Purpose: This provision reduces tax on members of the armed forces while on active duty in service of the country.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 68.6	$ 71.5	$ 76.3	$ 81.4	$ 85.9	$ 90.7	$ 95.7

Beneficiaries: Approximately 61,200 residents benefit from this tax expenditure.

SCHOLARSHIPS, GRANTS, FELLOWSHIPS, AND STIPENDS

Description: Scholarships, grants, fellowships, and stipends awarded on the basis of need or academic achievement for the purpose of encouraging or allowing the recipient to further his educational development are not taxable. Fellowships and stipends are taxable if they are awarded as compensation for past, present, or future services.

Purpose: Awards made on the basis of detached generosity are considered to be gifts and are not taxable as income.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 48.8	$ 52.6	$ 56.8	$ 61.2	$ 66.0	$ 71.2	$ 76.8

Beneficiaries: The recipients of approximately 150,000 state grants and scholarships, 154,000 federal grants and scholarships, and an unknown number of private scholarships, grants, fellowships, and stipends, benefit from this tax expenditure.

REIMBURSEMENTS FOR ACTUAL EXPENSES

Description: Payments by an employer to an employee to reimburse actual expenses incurred by the employee in the conduct of the employer's business are excludable from compensation.

Purpose: This provision insures that employees incurring business expenses, for which they are later reimbursed in the actual amount of the expenses, are not taxed on the reimbursements. Such expenses and reimbursements are treated as if the employer had made the expenditure directly.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

UNREIMBURSED EXPENSES

Description: Unreimbursed expenditures made by employees are excludable from compensation if they are: necessary to enable the taxpayer to properly perform the duties of employment, reasonable in amount, directly related to the taxpayer's occupation, and customary in the taxpayer's occupation.

Purpose: This provision enhances the fairness of the tax for those employees who incur expenses for the benefit of the employer, in order to properly perform a job, or to retain a rate of compensation.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 64.9	$ 67.1	$ 69.5	$ 71.9	$ 74.4	$ 77.0	$ 79.7

Beneficiaries: Individuals filing approximately 1.2 million returns benefit from this tax expenditure.

BUSINESS INCOME DEDUCTIONS

Description: Ordinary and reasonable expenses necessary to operate a business or profession may be deducted from the gross receipts of that business or profession. This expenditure does not measure the cost of sales and operations or wages and salaries deductions.

Purpose: Businesses and professions are taxed on "net" profits; therefore, expenses necessary to produce the income may be deducted before tax is computed.

(Dollar Amounts In Millions)

Estimates:

Depreciation:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 65.8	$ 71.7	$ 77.0	$ 81.4	$ 85.2	$ 90.4	$ 95.5

Other:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 820.8	$ 893.5	$ 960.5	$1,014.7	$1,062.1	$1,126.7	$1,190.2

Beneficiaries: Approximately 1.2 million businesses and professions benefit from this tax expenditure.

FOSTER CARE

Description: Payments received by foster parents are explicitly excluded from the definition of compensation.

Purpose: This exemption provides an incentive for families to bear the burden of caring for foster children.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 5.4	$ 5.7	$ 5.9	$ 6.2	$ 6.5	$ 6.8	$ 7.0

Beneficiaries: The foster parents of approximately 21,400 children benefit from this tax expenditure.

MEDICAL SAVINGS ACCOUNTS

Description: Annual contributions made to medical savings accounts via an account administrator and the interest earned on these accounts are not taxable. The account must be combined with a health insurance policy with an annual deductible of $1,500 to $2,500 for an individual and $3,000 to $4,500 for a family. Tax-deductible annual contributions must not exceed 65 percent of the insurance policy's deductible for individual coverage and 75 percent for family coverage. Act 179 of 1996 established this expenditure based on a four-year federal pilot program effective January 1, 1997. Participants in the program may continue to contribute after the federal pilot program's expiration date. In addition, new participants may be permitted on a limited basis.

Purpose: This exemption reduces the cost and could improve the quality and availability of health care to Pennsylvanians.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.3	$ 0.3	$ 0.3	$ 0.3	$ 0.3	$ 0.4	$ 0.4

Beneficiaries: Individuals filing approximately 10,400 returns benefit from this tax expenditure.

TUITION PREPAYMENT PROGRAM

Description: The tax expenditure is based on the difference between the amount paid into the program and the value of credits redeemed or payments from the program. The value of credits redeemed from a tuition prepayment program is exempt from taxation.

Purpose: This provision lessens the burden of tax on families saving for college education.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

EXEMPTION FOR ELECTION OFFICIALS

Description: Compensation and other payments received by county election officials are exempt from taxation.

Purpose: This exemption provides an incentive to serve as a county election official.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.4	$ 0.4	$ 0.4	$ 0.4	$ 0.4	$ 0.4	$ 0.4

Beneficiaries: As many as 104,400 election officials benefit from this tax expenditure.

PENNSYLVANIA LOTTERY WINNINGS

Description: Prizes of the Pennsylvania Lottery are exempt from the state personal income tax. Prior to fiscal year 1999-00, an amount equal to total Lottery prizes paid multiplied by the current PIT rate was transferred from the Lottery Fund to the General Fund. Since the General Fund was reimbursed for the exemption of Lottery prizes, this transfer was considered a Lottery expenditure. Act 4 of 1999 eliminated the transfer, creating an actual General Fund expenditure. Since Pennsylvania Lottery winnings paid (if they were reported on a taxpayer return) could be offset by lottery and other gambling losses on a taxpayer's return, an estimate of this expenditure is not available.

Purpose: This provision provides an additional benefit to individuals winning lottery prizes.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

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 2003, 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 $9,000 for each dependent.

Purpose: This provision provides tax relief for taxpayers with low incomes.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 276.3	$ 268.0	$ 260.0	$ 252.3	$ 244.8	$ 237.5	$ 230.4

Beneficiaries: Individuals filing approximately 1.3 million returns benefit from this tax expenditure.

OUT-OF-STATE CREDIT

Description: Pennsylvania residents who have income which is subject to both Pennsylvania personal income tax and the income or wage tax of another state (excluding compensation earned in states with reciprocal agreements) or country may claim the lesser of the actual tax paid to the other state or country or the tax calculated using PA taxable income earned in the other state or country multiplied by the current PA tax rate as a credit against the personal income tax.

Purpose: This provision prevents the double taxation of income earned by a Pennsylvania resident in another state or country.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 135.1	$ 140.1	$ 148.9	$ 157.7	$ 166.0	$ 175.0	$ 185.0

Beneficiaries: Individuals filing approximately 115,100 returns benefit from this tax expenditure.

ESTIMATED TAXES

ESTIMATED TAXES FOR FARMERS

Description: Individuals having an estimated gross income from farming which is at least two-thirds of their total gross income may file an estimated tax declaration any time on or before January 15 of the succeeding year. If such an individual files a final return and pays the entire tax due by March 1, the return may be considered the declaration due on or before January 15. The estimates measure the interest lost due to delayed estimated payments.

Purpose: This provision provides assistance to farmers by allowing more liberal estimated payment rules, enhancing the farmers' cash flow.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Farmers operating approximately 59,000 farms benefit from this tax expenditure.

ESTIMATED PAYMENTS FOR SMALL AMOUNTS

Description: Individuals with taxable income of $8,000 or less not subject to withholding are not required to pay estimated taxes. The threshold was changed from $2,500 effective January 1, 2000.

Purpose: These provisions reduce paperwork for the Department of Revenue and taxpayers with small amounts of income not subject to withholding.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.7	$ 0.9	$ 0.9	$ 0.9	$ 0.9	$ 0.9	$ 0.9

Beneficiaries: Approximately 1.6 million Pennsylvania residents benefit from this tax expenditure.

REALTY TRANSFER TAX

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

The realty transfer tax is a documentary stamp tax on the value of any interest in real estate transferred by deed. The tax rate is 1 percent of the value of the real estate transferred. Each party to a document is jointly and severally liable for the tax imposed, unless the party is an excluded party or the document evidences an excludable transaction. The excluded status of a party does not relieve the other parties to a transaction from the entire tax due. The amounts below represent the General Fund portion of the realty transfer tax expenditures only and do not include expenditures for the portion transferred to the Keystone Recreation, Park and Conservation Fund pursuant to Act 50 of 1993, as amended by Act 89 of 2002. Prior to Act 89 of 2002, 15 percent of the state levied realty transfer tax was transferred to the Keystone Recreation Park and Conservation Fund. Act 89 of 2002 lowered the transfer to 10 percent for January 2002 through June 2002 and to 7.5 percent for July 2002 through June 2003. For July 2003 and thereafter the transfer rate returns to 15 percent.

Administrative Costs: Costs to administer the realty transfer tax expenditures are approximately $0.3 million annually.

TRANSFERS TO GOVERNMENTAL UNITS

Description: A transfer to the Commonwealth, the federal government, or their agencies, political subdivisions, or instrumentalities by gift, dedication, condemnation, or in lieu of condemnation is exempt from taxation.

Purpose: This exemption provides tax relief to the grantor of property to a governmental entity. Without an exemption, the grantor would be required to pay the tax. The exemption may encourage donation of property to a governmental entity.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 2.9	$ 3.0	$ 2.9	$ 3.1	$ 3.3	$ 3.5	$ 3.6

Beneficiaries: Approximately 3,100 local governmental units could benefit from this tax expenditure.

PARTITION OF REALTY BY CO-TENANTS

Description: A partition of realty, passed by testate or intestate succession and held by co-tenants, into two or more distinctive portions with each party taking shares equal to their undivided interest is an excluded transaction.

Purpose: Tax relief is given to the heirs to assist in the equitable settlement of the estate. Heirs to realty do not always want joint ownership in the realty willed to them as co-tenants. This exemption enables the parties to partition the realty into two or more distinct portions with each party taking shares equal to their undivided interest without incurring tax.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: NA

TRANSFERS AMONG FAMILY MEMBERS

Description: Transfers between husband and wife, parent and child or the spouse of such child, siblings and/ or the spouse of a sibling, and a grandparent and grandchild or the spouse of such a grandchild are exempt from taxation.

Purpose: This exemption reduces the tax burden on families by exempting transfers to family members.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 59.6	$ 61.6	$ 59.8	$ 63.3	$ 67.9	$ 71.3	$ 73.8

Beneficiaries: NA

TRANSFERS TO SHAREHOLDERS OR PARTNERS

Description: A transfer from a corporation or association to its shareholder or member, where the grantee owns stock or holds an interest in the same proportion as his interest in the real estate being conveyed is an excluded transaction. The stock or interest must be held by the grantee for more than two years.

Purpose: This exemption recognizes that the grantee has an ownership interest in the realty conveyed to him in the same proportion as stock owned in the corporation or interest in the association.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 1.3	$ 1.3	$ 1.3	$ 1.4	$ 1.5	$ 1.6	$ 1.6

Beneficiaries: NA

TRANSFERS TO OR FROM A NONPROFIT INDUSTRIAL DEVELOPMENT AGENCY

Description: A transfer to a nonprofit industrial development agency or authority is an excluded transaction. A transfer from a nonprofit industrial development agency or authority to a grantee purchasing directly from it is an excluded transaction if (1) the grantee uses such real estate for the primary purpose of manufacturing, fabricating, compounding, processing, publishing, research and development, transportation, energy conversion, energy production, pollution control, warehousing, or agriculture and (2) the authority has full ownership interest in the real estate transferred.

Purpose: These exemptions encourage transfers of realty to nonprofit organizations for industrial development and from nonprofit organizations for use in various activities that may contribute to economic development in the Commonwealth.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 2.8	$ 2.9	$ 2.8	$ 3.0	$ 3.2	$ 3.4	$ 3.5

Beneficiaries: NA

TRANSFERS BETWEEN RELIGIOUS ORGANIZATIONS

Description: A transfer between religious organizations or persons holding title for a religious organization, with both parties possessing tax-exempt status under the Internal Revenue Code, is an excluded transaction. The real estate cannot have been used by such transferor for commercial purposes.

Purpose: This exemption provides tax relief to religious organizations that are perceived to provide social benefits.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 1.1	$ 1.1	$ 1.1	$ 1.2	$ 1.2	$ 1.3	$ 1.3

Beneficiaries: Approximately 18,900 religious organizations could benefit from this tax expenditure.

TRANSFERS TO A CONSERVANCY

Description: A transfer to or from a conservancy that possesses a tax-exempt status pursuant to the Internal Revenue Code and which has as its primary purpose preservation of land for historic, recreational, scenic, agricultural, or open space opportunities is an excluded transaction.

Purpose: This exemption encourages the preservation of realty with historic, recreational, scenic, or agricultural value.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.1	$ 0.1	$ 0.1	$ 0.2	$ 0.2	$ 0.2	$ 0.2

Beneficiaries: Approximately 80 land conservancies could benefit from this tax expenditure.

REAL ESTATE DEVOTED TO AGRICULTURE

Description: A transfer of real estate devoted to the business of agriculture to a family farm corporation or family farm partnership by a member of the same family is an excluded transaction. The family must own at least 75 percent of each class of stock in a family farm corporation. The family farm may also lease the farmland as long as it is used for farming.

Purpose: This exemption provides tax relief for the establishment or expansion of the family farm corporation or family farm partnership thereby recognizing the importance of the family-owned farm.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 4,450 family farm corporations or partnerships could benefit from this tax expenditure.

OWNERSHIP INTEREST IN REAL ESTATE COMPANY OR FAMILY FARM

Description: A transfer between members of the same family of an ownership interest in a real estate company, family farm corporation or family farm partnership is an excluded transaction.

Purpose: A transfer of ownership interest between members of the same family is not considered a change in ownership of the business. This exemption encourages the preservation of family farm corporations, family farm partnerships, and family-owned real estate businesses by allowing transfers of ownership interests between members of the same family not to count toward the corporation becoming an acquired company.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 4,450 family farm corporations or partnerships and an unknown number of real estate companies could benefit from this tax expenditure.

TRANSFERS OF REALTY VALUED AT $100 OR LESS

Description: A transaction where the tax due is one dollar ($1.00) or less is an excluded transaction.

Purpose: The administrative costs of collecting the revenue from a transfer of realty valued at $100 or less are thought to be greater than the revenue.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: NA

PRODUCTION OR EXTRACTION OF COAL, OIL, NATURAL GAS, OR MINERALS

Description: Leases for the production or extraction of coal, oil, natural gas, or minerals and assignments thereof are excluded transactions.

Purpose: This exemption gives tax relief to the mining and extracting industries to produce and extract coal, oil, natural gas, and minerals at a lower cost.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 1,400 companies may benefit from this tax expenditure.

PUBLIC UTILITY EASEMENTS

Description: A transfer of an easement to a person furnishing public utility service is an excluded transaction if the easement is used in, or useful for, furnishing public utility services.

Purpose: Public utility easements are numerous and the majority of them are conveyed for a small consideration. The administrative costs of collecting the revenue from an easement to a provider of public utility services are thought to be greater than the revenue.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The 417 public utilities could benefit from this tax expenditure.

STANDING TIMBER OR CROPS

Description: Standing timber and crops are not deemed to actually pass with the conveyance of realty when the instrument provides for severance and removal within an immediate ascertainable date.

Purpose: Timber and crops are personal property in this instance, the transfer of which is not subject to realty transfer tax.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

INHERITANCE TAX

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

Administrative Costs: Costs to administer the inheritance tax expenditures are approximately $0.3 million annually. Costs incurred to administer the multiple tax expenditures associated with inheritance tax cannot be separately identified.

FAMILY RELATED EXEMPTIONS AND EXCLUSIONS

PREFERENTIAL RATE FOR TRANSFERS TO LINEAL BENEFICIARIES

Description: Effective July 1, 2000, assets transferred to lineal beneficiaries are taxed at a 4.5 percent rate rather than the 15 percent rate for assets transferred to non-lineal heirs. Lineal beneficiaries include grandparents, parents, and lineal descendants (including adopted or step children). Prior to July 1, 2000, transfers to lineal beneficiaries were taxed at a rate of 6 percent.

Purpose: This provision lowers the tax burden on immediate family members of the decedent.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 657.1	$689.5	$ 716.6	$ 745.3	$ 774.7	$ 805.7	$ 837.8

Beneficiaries: Approximately 27,500 estates benefit from this tax expenditure.

TRANSFERS OF PROPERTY TO SPOUSE

Description: Property passing to a spouse of a decedent is exempt from inheritance tax. This estimate is based on the difference between taxing all assets transferred between spouses at the lineal rate of 4.5 percent and the spousal rate of 0 percent.

Purpose: This provision prevents an undue tax burden on a surviving spouse especially when assets cannot be jointly owned. It allows spouses to maintain homes and other assets without being subject to inheritance tax.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$1,004.4	$1,042.9	$1,084.5	$1,127.8	$1,172.8	$1,219.6	$1,268.3

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)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 7.3	$ 7.7	$ 8.0	$ 8.4	$ 8.7	$ 9.0	$ 9.4

Beneficiaries: Approximately 600 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 at a rate of 15 percent for assets transferred to non-lineal heirs. Prior to July 1, 2000, transfers to siblings were taxed at a rate of 15 percent.

Purpose: This provision reduces the tax burden on estates that transfer assets to a sibling of the decedent. It recognizes that a sibling is often a decedent's closest relative and that transfers to siblings should be taxed at a lower rate than transfers to unrelated beneficiaries.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 30.6	$ 32.6	$ 33.8	$ 35.2	$ 36.6	$ 38.0	$ 39.6

Beneficiaries: Approximately 5,000 estates benefit from this tax expenditure.

LIFE INSURANCE PROCEEDS

Description: Life insurance proceeds, whether or not payable to the estate of the decedent, are exempt from inheritance tax.

Purpose: This provision lessens the tax burden on the insurance beneficiaries of the decedent, who are likely to be family members. A common reason for purchasing life insurance is to assist with the payment of inheritance and estate taxes.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 94.0	$ 98.6	$ 103.4	$ 108.5	$ 113.8	$ 119.4	$ 125.2

Beneficiaries: Estates of the decedents associated with approximately 190,100 life insurance policies benefit from this expenditure.

FEDERAL WAR RISK INSURANCE AND NATIONAL SERVICE LIFE INSURANCE PROCEEDS

Description: Proceeds of federal war risk insurance, national service life insurance, or other similar governmental insurance are exempt from inheritance tax.

Purpose: This provision lessens the tax burden on beneficiaries of U.S. military personnel and dependents who receive increased insurance when stationed in an area where military conflict is possible.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	Nominal	0.2	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The families of fallen Pennsylvanians benefit from this tax expenditure.

FAMILY EXEMPTION

Description: A $3,500 family exemption from inheritance tax is permitted for the decedent's surviving spouse, children, or parents living in the decedent's household at the time of death.

Purpose: This provision allows a small tax-free transfer of property to immediate family members residing with the decedent. Smaller taxable estates benefit to a greater extent.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 1.4	$ 1.4	$ 1.4	$ 1.4	$ 1.4	$ 1.4	$ 1.4

Beneficiaries: Approximately 9,000 families benefit from this tax expenditure.

PERSONAL EXCLUSIONS AND DEDUCTIONS

EMPLOYMENT BENEFITS

Description: Employment benefits that the decedent did not have the right to possess, enjoy, assign, or anticipate before death are exempt from inheritance tax. Exempt benefits include pensions, stock-bonuses, profit-sharing plans, Keoghs, Individual Retirement Accounts and other retirement plans. If the decedent did have the right to possess, enjoy, assign, or anticipate the benefits, they are exempt from Pennsylvania inheritance tax only to the same extent they are exempt from the federal estate tax.

Purpose: This provision limits inheritance tax on employment benefits to which the decedent did not have full rights. An individual is presumed to have full rights to these employment benefits after age 59 ½ -- the age at which someone may utilize at least a portion of these funds without penalty under the Internal Revenue Code.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 18.5	$ 19.9	$ 21.4	$ 23.0	$ 24.8	$ 26.7	$ 28.7

Beneficiaries: Estates of the approximately 7,000 decedents of working age and under 59 ½ at death may benefit from this tax expenditure.

ESTATE ADMINISTRATION EXPENSES

Description: Expenses for attorney fees, funeral and burial expenses, tombstones and grave markers, and other expenses incurred in administering the estate are deductible from the taxable estate.

Purpose: This provision allows for the deduction of reasonable and necessary expenses associated with managing the estate.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 66.6	$ 69.2	$ 71.9	$ 74.8	$ 77.8	$ 80.9	$ 84.1

Beneficiaries: Approximately 46,000 estates benefit from this tax expenditure.

DEBTS AND LIABILITIES OF THE DECEDENT

Description: A deduction from the gross estate is allowed for debts and liabilities of the decedent.

Purpose: This provision increases the fairness of the tax by insuring that property is included in the taxable estate based on its net value. For example, a mortgage is deducted from the value of real property to properly value the decedent's interest in that property.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 37.6	$ 39.0	$ 40.6	$ 42.2	$ 43.9	$ 45.6	$ 47.5

Beneficiaries: Approximately 30,000 estates benefit from this tax expenditure.

SOCIAL SECURITY DEATH PAYMENTS

Description: The lump-sum social security death benefit is exempt from inheritance tax.

Purpose: This provision helps limit the impact of the tax on poorer beneficiaries. The social security death benefit could comprise the majority of assets for many small taxable estates.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 1.0	$ 1.0	$ 1.0	$ 1.0	$ 1.0	$ 1.0	$ 1.0

Beneficiaries: Approximately 48,000 estates benefit from this tax expenditure.

RAILROAD RETIREMENT BURIAL BENEFITS

Description: The lump-sum railroad retirement burial benefit is exempt from inheritance tax.

Purpose: This provision helps limit the impact of the tax on poorer beneficiaries. The railroad retirement burial benefit could comprise the majority of assets for many small taxable estates.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: An estimated 400 estates receive lump sum benefit payments from the U.S. Railroad Retirement Board.

ADVANCEMENTS

Description: Transfers made as an advancement of or on account of an intestate share or in satisfaction or partial satisfaction of a gift by will are exempt unless the gift was made within a year of death and gifts to the transferee exceeded $3,000 during that calendar year.

Purpose: Gifts, as long as they are not made within one year of the date of death, are exempt from inheritance tax. This provision provides that these advancements be treated as gifts that are not intended to avoid the tax.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 56,000 estates might benefit from this tax expenditure.

PROPERTY SUBJECT TO POWER OF APPOINTMENT

Description: Property left to a trust by the decedent (grantor) subject to a power of appointment (by a grantee), whether or not exercised and notwithstanding any blending of such property with property of the grantee, is exempt from inheritance tax in the estate of the grantee.

Purpose: Pennsylvania taxes the transfer of these assets subject to a power of appointment at the time the interest is created (when the grantor dies). The grantee may have a life interest in the estate with any remainder passing to some other person. This provision prevents taxation when the property is subsequently distributed upon the death of the grantee, having already been taxed in the estate of the grantor.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

NOMINAL OWNERSHIP OF PROPERTY

Description: Property held in the name of a decedent who held no beneficial interest in the property is exempt from inheritance tax.

Purpose: This provision prevents property in which the decedent had no real interest from being included in the taxable estate.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

BUSINESS RELATED EXCLUSIONS AND DEDUCTIONS

PREFERENTIAL VALUATION OF FARMLAND

Description: Farmland which was devoted to agricultural use for the three years preceding the death of the decedent and is not less than ten contiguous acres or has an anticipated yearly gross income derived from agricultural use of $2,000 or more, is valued based on its current use rather than its highest use.

Purpose: This provision helps to maintain family farms since land currently devoted to agricultural use is often more valuable if developed.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

SMALL BUSINESS INTEREST TRANSFER EXTENDED PAYMENT SCHEDULE

Description: The inheritance tax due on the transfer of a qualified small business interest may be paid in 20 consecutive quarterly installments beginning nine months after the decedent's death. Each installment payment bears interest of 9 percent per annum.

Purpose: This provision helps protect small business 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:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

OTHER EXCLUSIONS

TRANSFERS TO GOVERNMENTS

Description: Intervivos transfers and bequests to governments are exempt from inheritance tax.

Purpose: This exemption is an indirect means of assistance to governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.6	$ 0.6	$ 0.7	$ 0.7	$ 0.7	$ 0.7	$ 0.8

Beneficiaries: Approximately 3,100 governmental units could benefit from this tax expenditure.

TRANSFERS TO CHARITABLE AND FRATERNAL ORGANIZATIONS

Description: Intervivos transfers and bequests to charitable and fraternal organizations are exempt from inheritance tax.

Purpose: Charitable and fraternal organizations provide public services that are believed to benefit citizens. This exemption represents an indirect means of assistance to these entities and may increase the money available for charitable purposes.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 94.1	$ 97.8	$ 101.7	$ 105.7	$ 109.9	$ 114.3	$ 118.9

Beneficiaries: An estimated 33,200 charitable and fraternal organizations might benefit from this tax expenditure.

LIQUID FUELS AND FUELS TAX

Authorization: Chapter 90 of Title 75 of the Pennsylvania Consolidated Statutes. The tax is a permanent trust fund tax of 12.0 cents per gallon imposed on all liquid fuels and fuels used or sold and delivered by distributors in the Commonwealth beginning October 1, 1997. Prior to this date, liquid fuels were taxed under the provisions of the Act of May 21, 1931 (P.L. 149, No. 105), as amended, known as the Liquid Fuels Tax Act and fuels were taxed under the Act of January 14, 1952 (P.L. 1965 No. 550), as amended, known as the Fuels Use Tax Act. Both of these acts were repealed effective October 1, 1997. Aviation gasoline and jet fuel are also taxed under the liquid fuels and fuels tax. However, separate tax rates are set for these fuels. Effective January 1, 2002, the tax rate for aviation gasoline is 4.1 cents per gallon and the tax rate for jet fuels is 1.8 cents per gallon.

OIL COMPANY FRANCHISE TAX

Authorization: Chapter 95 of Title 75 of the Pennsylvania Consolidated Statutes. Beginning October 1, 1997, the tax is imposed on all taxable liquid fuels and fuels on a cents-per gallon equivalent basis. The tax rate is calculated annually by the Department of Revenue. The tax rate for calendar year 2004 is 14.2 cents per gallon for liquid fuels and 19.2 cents per gallon for fuels. Receipts from 57 mills of the tax are deposited as unrestricted Motor License Fund revenue. Prior to October 1, 1997, the tax was an excise tax of 153.5 mills per gallon imposed on all oil companies conducting business in Pennsylvania for the privilege of exercising their corporate franchise, doing business, employing capital, owning or leasing property, maintaining an office or having employees in the Commonwealth.

ALTERNATIVE FUELS TAX

Authorization: Chapter 90 of Title 75 of the Pennsylvania Consolidated Statutes. Beginning October 1, 1997, the tax is imposed on alternative fuels used to propel vehicles on public highways. Alternative fuels include natural gas, compressed natural gas, liquid propane gas and liquefied petroleum gas, alcohols, gasoline-alcohol mixtures containing at least 85 percent alcohol by volume, hydrogen, hythane, electricity, and any other fuel not taxable as liquid fuels or fuels. The tax rate applied to each gasoline gallon equivalent of alternative fuel equals the current liquid fuels tax and oil company franchise tax applicable to one gallon of gasoline.

Administrative Costs: Costs to administer the multiple tax expenditures associated with the liquid fuels and fuels, oil company franchise and alternative fuels taxes cannot be separately identified. Tax expenditures are a significant factor associated with the need for more compliance audits and the increased complexity of such audits.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.7	$ 0.7	$ 0.7	$ 0.7	$ 0.7	$ 0.7	$ 0.8

POLITICAL SUBDIVISIONS

Description: Fuels purchased by political subdivisions of the Commonwealth are exempt from the tax.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts In Millions)

Estimates: ***Liquid Fuels:***

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 5.7	$ 5.8	$ 5.9	$ 6.0	$ 6.1	$ 6.2	$ 6.2

Jet Fuel & Aviation Gasoline:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Fuels:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 3.7	$ 3.8	$ 3.8	$ 3.9	$ 3.9	$ 4.0	$ 4.1

Oil Company Franchise:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 12.8	$ 12.7	$ 13.1	$ 13.3	$ 13.5	$ 13.7	$ 13.9

Beneficiaries: Approximately 3,100 governmental units benefit from these tax expenditures.

VOLUNTEER EMERGENCY VEHICLES

Description: Fuel purchased by a volunteer fire company, volunteer ambulance service, or volunteer rescue squad and used solely in official vehicles is exempt from the tax.

Purpose: Volunteer emergency organizations provide public services that are perceived to benefit citizens. This exemption permits these services to be rendered at a reduced cost.

(Dollar Amounts In Millions)

Estimates: ***Liquid Fuels:***

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 1.1	$ 1.1	$ 1.1	$ 1.1	$ 1.2	$ 1.2	$ 1.2

Jet Fuel & Aviation Gasoline:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Fuels:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 2.1	$ 2.2	$ 2.2	$ 2.2	$ 2.3	$ 2.3	$ 2.3

Oil Company Franchise:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 4.7	$ 4.7	$ 4.8	$ 4.9	$ 5.0	$ 5.1	$ 5.1

Beneficiaries: Approximately 2,200 volunteer fire departments and an unknown number of other volunteer organizations benefit from these tax expenditures.

NONPROFIT NONPUBLIC SCHOOLS

Description: Fuel purchased by any nonprofit nonpublic school in which a Commonwealth resident may legally fulfill compulsory school attendance requirements is granted an exemption from the tax.

Purpose: Since state government indirectly subsidizes transporting public school children, this exemption provides similar treatment to nonprofit nonpublic schools.

(Dollar Amounts in Millions)

Estimates:

Liquid Fuels:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1

Jet Fuel & Aviation Gasoline:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Fuels:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Oil Company Franchise:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2

Beneficiaries: As many as 3,000 nonprofit nonpublic schools may benefit from these tax expenditures.

SECOND CLASS COUNTY PORT AUTHORITIES

Description: Purchases of fuel by second class county port authorities are exempt from the tax.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts In Millions)

Estimates:

Liquid Fuels:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
NA	NA	NA	NA	NA	NA	NA

Jet Fuel & Aviation Gasoline:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Fuels:

2002-03	2003-04	2004-05	2005-065	2006-07	2007-08	2008-09
NA	NA	NA	NA	NA	NA	NA

Oil Company Franchise:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
NA	NA	NA	NA	NA	NA	NA

Beneficiaries: One second class county port authority benefits from these 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)

Estimates:

Liquid Fuels:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Jet Fuel & Aviation Gasoline:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Fuels:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Oil Company Franchise:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1

Beneficiaries: There are 13 electric cooperatives in the Commonwealth that benefit from these tax expenditures.

AGRICULTURAL USE

Description: A full refund of tax paid is granted for 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 price.

(Dollar Amounts in Millions)

Estimates:

Liquid Fuels:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 1.3	$ 1.3	$ 1.3	$ 1.3	$ 1.4	$ 1.4	$ 1.4

Jet Fuel & Aviation Gasoline:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Fuels:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2

Oil Company Franchise:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 1.9	$ 1.9	$ 1.9	$ 2.0	$ 2.0	$ 2.0	$ 2.1

Beneficiaries: Individuals operating approximately 59,000 farms benefit from these tax expenditures.

TRUCK REFRIGERATION UNITS

Description: A full refund of tax paid is granted for undyed diesel fuel used in truck refrigeration units when the tank that fuels the refrigeration unit is used solely for that purpose and is separate from that which powers the vehicle.

Purpose: This provision allows a refund for fuel consumed in an off-road manner when such use can be clearly documented.

(Dollar Amounts in Millions)

Estimates:

Liquid Fuels:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
NA	NA	NA	NA	NA	NA	NA

Fuels:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 0.6	$ 0.6	$ 0.6	$ 0.6	$ 0.6	$ 0.6	$ 0.6

Oil Company Franchise:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 0.9	$ 0.9	$ 0.9	$ 1.0	$ 1.0	$ 1.0	$ 1.0

Beneficiaries: Approximately 220 entities benefit from this tax expenditure.

POWER TAKE-OFF

Description: A full refund of tax paid is granted for undyed fuel consumed in a power takeoff used to load for delivery to a farm or to unload at a farm, farm feed, feed products, lime or limestone products for agricultural use. Tax paid will be refunded provided that the fuel usage is documented by an electronic monitoring device used in conjunction with an electronically controlled engine.

Purpose: This provision allows a refund for fuel consumed in an off-road manner when such use can be clearly documented.

(Dollar Amounts in Millions)

Estimates:

Liquid Fuels:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Fuels:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Oil Company Franchise:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Fewer than 20 taxpayers are expected to benefit from this tax expenditure.

DISCOUNT

Description: A distributor is permitted a variable percentage discount based on gross tax due provided the liquid fuels and fuels tax return and payment due are timely filed. Returns and payments are due on or before the 20th day of each month for the preceding month's sales.

Purpose: This discount is intended to defray the cost of preparing and remitting the liquid fuels and fuels tax reports and payments.

(Dollar Amounts in Millions)

Estimates:

Liquid Fuels:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 4.5	$ 4.6	$ 4.7	$ 4.8	$ 4.8	$ 4.9	$ 5.0

Jet Fuel & Aviation Gasoline:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1

Fuels:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 1.5	$ 1.5	$ 1.5	$ 1.6	$ 1.6	$ 1.6	$ 1.6

Beneficiaries: Approximately 510 distributors benefit from these tax expenditures.

FOREIGN DIPLOMATS

Description: Fuel purchased by foreign diplomats whose country has entered into a treaty with the United States is exempt from payment of the tax.

Purpose: The Commonwealth grants this exemption administratively at the request of the federal government.

(Dollar Amounts in Millions)

Estimates:

Liquid Fuels:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
NA	NA	NA	NA	NA	NA	NA

Jet Fuel & Aviation Gasoline:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Fuels:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
NA	NA	NA	NA	NA	NA	NA

Oil Company Franchise:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of foreign diplomats benefiting from these tax expenditures is unknown but presumed to be nominal.

BUSES

Description: A bus company is entitled to a refund equal to 55 mills of the oil company franchise tax imposed on fuels consumed by motorbuses within this Commonwealth.

Purpose: Act 3 of 1997 repealed the 6 cent surtax imposed on all motor carriers and replaced it with a 55 mill increase in the oil company franchise tax imposed on fuels. Since buses were historically exempt from the surtax, they have been granted a refund for the 55-mill surtax replacement effective January 1, 1999.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.3	$ 0.3	$ 0.3

Beneficiaries: Approximately 100 bus companies benefit from this tax expenditure.

MOTOR CARRIERS ROAD TAX / IFTA

Authorization: Chapter 96 of Title 75 of the Pennsylvania Consolidated Statutes. The motor carriers road tax is equal to the current Pennsylvania liquid fuels and fuels or alternative fuels tax rate per gallon plus the oil franchise tax currently in effect. Prior to October 1, 1997, an additional tax of 6 cents per gallon was collected through the motor carriers road tax. Effective October 1, 1997, this tax was repealed and replaced by a tax of 55 mills on each gallon of fuels and collected through the oil franchise tax. Effective January 1, 1996, under Act 75 of 1995, Pennsylvania implemented the provisions of the International Fuel Tax Agreement (IFTA). Under IFTA, fuel consumed in "qualified motor vehicles" is subject to taxation at current rates. A qualified motor vehicle is a motor vehicle, other than a recreational vehicle, which is used, designed, or maintained for transportation of persons or property and which has two axles and a registered gross weight exceeding 26,000 pounds, three axles or more regardless of weight or used in combination when the registered gross weight exceeds 26,000 pounds. IFTA provisions do not distinguish taxable use by vehicle types, only by weight and axle configuration. Therefore, Act 75 of 1995 repealed the motorbus road tax effective January 1, 1996. The following estimates reflect the full tax rate imposed.

Administrative Costs: Costs to administer the multiple tax expenditures associated with motor carrier road tax/IFTA cannot be identified separately. Tax expenditures are not believed to be a significant factor associated with the need for more compliance audits and contribute minimally to the length of time necessary to complete such audits.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.7	$ 0.7	$ 0.7	$ 0.7	$ 0.7	$ 0.7	$ 0.8

POLITICAL SUBDIVISIONS

Description: Vehicles operated by political subdivisions are exempt from the requirements of the motor carriers road tax.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 11.1	$ 11.1	$ 11.4	$ 11.6	$ 11.7	$ 11.9	$ 12.1

Beneficiaries: Approximately 3,100 governmental units benefit from this tax expenditure.

FARM VEHICLES

Description: Qualified motor vehicles bearing a Pennsylvania farm truck registration operating under restricted use and farm vehicles exempt from registration are exempt from the motor carriers road tax.

Purpose: This exemption allows farmers to provide agricultural products at a reduced price.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 3.3	$ 3.3	$ 3.4	$ 3.4	$ 3.5	$ 3.5	$ 3.6

Beneficiaries: Individuals operating approximately 59,000 farms benefit from this tax expenditure.

EMERGENCY VEHICLES

Description: Fire, rescue, ambulance, and select other emergency vehicles are exempt from the motor carriers road tax.

Purpose: Emergency organizations provide public services that are perceived to benefit citizens. This exemption permits these services to be rendered at a reduced cost.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 6.5	$ 6.6	$ 6.7	$ 6.8	$ 6.9	$ 7.0	$ 7.1

Beneficiaries: Approximately 2,500 fire departments and an unknown number of other organizations benefit from this tax expenditure.

SPECIAL MOBILE EQUIPMENT

Description: Vehicles not designed or used primarily for the transportation of persons or property that only incidentally operate or move over a highway, such as ditch digging apparatus, well-boring apparatus, earth moving and road construction machinery, are exempt from the motor carriers road tax.

Purpose: Exemption is granted to these vehicles because of their specialized off-highway use.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 1.0	$ 1.0	$ 1.0	$ 1.0	$ 1.0	$ 1.0	$ 1.0

Beneficiaries: The owners of approximately 1,700 special mobile equipment vehicles benefit from this tax expenditure.

IMPLEMENTS OF HUSBANDRY

Description: A vehicle designed or adapted to be used exclusively for agricultural operations is exempt from the motor carriers road tax.

Purpose: This exemption allows the farmer to provide agricultural products at a reduced price.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The owners of approximately seven implements of husbandry vehicles benefit from this tax expenditure.

CHARITABLE AND RELIGIOUS ORGANIZATIONS

Description: Vehicles operated by charitable and religious organizations are exempt from the motor carriers road tax.

Purpose: These organizations provide services which are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 1.3	$ 1.3	$ 1.3	$ 1.4	$ 1.4	$ 1.4	$ 1.4

Beneficiaries: Approximately 33,200 charitable and religious organizations may benefit from this tax expenditure.

CHURCHES

Description: A motorbus owned by and registered to a church, exempt under section 1901 of Title 75, is exempt from the motor carriers road tax.

Purpose: These organizations provide services which are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: As many as 12,000 churches may benefit from this tax expenditure.

ELECTRIC COOPERATIVES

Description: Qualified motor vehicles operated by electric cooperatives are exempt from the motor carriers road tax.

Purpose: These cooperatives are nonprofit corporations organized to engage in rural electrification and are perceived to provide public benefit. This exemption permits this service to be rendered at a reduced cost to the rate payers.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: There are 13 cooperatives in the Commonwealth that benefit from this tax expenditure.

VEHICLES NEEDING EMERGENCY REPAIRS

Description: A qualified motor vehicle needing emergency repairs, which was granted authorization from the Pennsylvania State Police to enter this Commonwealth, is exempt from the motor carriers road tax.

Purpose: This exemption was granted due to the temporary emergency nature of the vehicle entering Pennsylvania for needed repairs.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

VEHICLES SECURING REPAIRS OR RECONDITIONING

Description: Exemption from the motor carriers road tax is provided for unladen or towed motor vehicles or unladen trailers entering Pennsylvania solely for the purpose of securing repairs or reconditioning.

Purpose: This exemption was granted so as to not discourage vehicle owners from obtaining repairs or reconditioning of a vehicle from a Pennsylvania business.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

SCHOOL BUSES

Description: Buses designed to carry 11 or more passengers used for the transportation of preprimary, primary or secondary school students to or from public, private or parochial schools or school-related activities or events are exempt from the motor carriers road tax.

Purpose: Since state government indirectly subsidizes transporting school children, this exemption decreases state educational subsidy costs.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 7.9	$ 8.0	$ 8.2	$ 8.3	$ 8.4	$ 8.5	$ 8.7

Beneficiaries: Approximately 5,700 schools benefit from this tax expenditure.

RECREATIONAL VEHICLES

Description: Qualified motor vehicles such as motor homes, pickup trucks with attached campers and buses when used exclusively for personal pleasure by individuals are exempt from the motor carriers road tax.

Purpose: The motor carrier road tax/IFTA requirements are intended to apply to selected commercial vehicles. This provision exempts personal use only vehicles which would otherwise be subject to these taxing requirements.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

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 motor vehicle code tax expenditures are borne by the Department of Transportation and cannot be separately identified.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1

VEHICLE REGISTRATIONS

Description: Specific entities that request the authority to operate are granted a full or partial exemption from the registration fee. Not shown below are exempt categories with unknown numbers of vehicles which include, for example, mobile/modular homes and off road construction vehicles.

Purpose: This exemption provides relief to the organizations or individuals cited below. Many of those cited are dependent upon charitable contributions or augmented incomes. This exemption is also an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts In Millions)

Estimates: ***Disabled/Severely Disabled Veterans:***

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2

Beneficiaries: The owners of approximately 9,000 vehicles benefit from this tax expenditure.

Charitable Organizations:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 1.1	$ 1.1	$ 1.1	$ 1.1	$ 1.1	$ 1.1	$ 1.1

Beneficiaries: The owners of approximately 14,900 vehicles benefit from this tax expenditure.

Former Prisoners of War:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The owners of approximately 1,100 vehicles benefit from this tax expenditure.

Farm Trucks:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 3.3	$ 3.3	$ 3.4	$ 3.4	$ 3.4	$ 3.5	$ 3.5

Beneficiaries: The owners of approximately 12,800 farm trucks benefit from this tax expenditure.

Emergency Vehicles:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 3.4	$ 3.5	$ 3.5	$ 3.5	$ 3.6	$ 3.6	$ 3.6

Beneficiaries: Approximately 2,200 volunteer fire departments and an unknown number of other organizations benefit from this tax expenditure.

Fire Department Vehicles:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 4.0	$ 4.0	$ 4.1	$ 4.1	$ 4.2	$ 4.2	$ 4.3

Beneficiaries: Approximately 2,500 fire departments benefit from this tax expenditure.

Political Subdivisions:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 14.9	$ 15.0	$ 15.2	$ 15.3	$ 15.5	$ 15.7	$ 15.8

Beneficiaries: Approximately 3,100 governmental units benefit from this tax expenditure.

Older Pennsylvanians:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 5.5	$ 5.8	$ 6.0	$ 6.3	$ 6.6	$ 7.0	$ 7.3

Beneficiaries: Older Pennsylvanians owning approximately 177,400 vehicles benefit from this tax expenditure.

CARNIVAL TRUCKS/TRUCK TRACTORS

Description: Owners who document with the Department of Transportation that the truck or tractor is used exclusively for the purpose of transporting circus or carnival personnel, equipment, or machinery are granted a reduced registration fee.

Purpose: The reduced registration fee provides partial relief for those vehicles being used only between April 1 and September 30.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The owners of approximately 150 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 exemption for these entities due to their perceived special status.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2

Beneficiaries: The owners of approximately 9,000 vehicles benefit from this tax expenditure.

INSPECTION STICKERS

Description: All vehicles registered in Pennsylvania are required to have periodic safety inspections to insure their roadworthiness. A certificate of inspection is issued for a fee to show the vehicle meets specified safety standards. The Commonwealth administratively grants an exemption from the certificate fee to vehicles operated by political subdivisions.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.2	$ 0.3	$ 0.3	$ 0.3	$ 0.3	$ 0.3	$ 0.3

Beneficiaries: Approximately 3,100 governmental units benefit from this tax expenditure.

BRIDGE PERMITS

Description: Bridges on state owned rights-of-way need periodic maintenance and construction work. Permits are issued, for a fee, by the state to perform such work. The Commonwealth administratively grants an exemption from the permit fee to political subdivisions who are performing work for the state.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: As many as 3,100 political subdivisions may benefit from this tax expenditure.

HAULING PERMITS

Description: Permits, for which a fee is charged, are issued to firms who wish to haul loads that exceed the maximum size or weight specifications of certain highways and bridges. The Commonwealth administratively grants an exemption from the permit fee to political subdivisions.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: As many as 3,100 political subdivisions may benefit from this tax expenditure.

POLICE ACCIDENT REPORTS

Description: Traffic accident reports are generated as a result of any accident where there is bodily injury or death or if one or more vehicles must be towed from the scene. A fee is charged to obtain a copy of the police accident report. The Commonwealth administratively grants an exemption for paying an accident report fee to political subdivisions.

Purpose: This exemption provides local prosecuting officials an aid in law enforcement.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: As many as 3,100 political subdivisions may benefit from this tax expenditure.

The Racing Fund, a special revenue fund, is comprised of monies received from taxes, licenses and fees and miscellaneous revenues collected by the State Racing Commissions derived from the regulation of harness and horse racing. Prior to December 30, 1983, thoroughbred racing tax revenues consisted of wagering, breakage and admissions taxes and 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, 1 percent rather than the normal 1.5 percent rate, for a period of four years.

Purpose: This provision may have been perceived as an incentive to promote the formation of new racing corporations.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Any racing corporation licensed after the cited date will benefit from this tax expenditure.

ADMISSIONS TAX

Authorization: Department of Revenue letter ruling with concurrence of counsel for Racing Commission.

DARK DAY SIMULCASTS

Description: The minimum admissions tax, currently 5 percent of 50 cents, is waived at events where no admission charge is levied and where simulcasts of races from other facilities are featured rather than live races.

Purpose: This provision may have been perceived as a way to promote simulcast attendance at Commonwealth racing facilities.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: All seven racing associations benefit from this tax expenditure.

UNEMPLOYMENT COMPENSATION INSURANCE TAX

Administrative Costs: The costs of administering the tax expenditure associated with the unemployment compensation insurance tax are nominal.

LIMITATION OF THE TAXABLE WAGE BASE

Authorization: Act of December 5, 1936 (2nd special session, 1937 P.L. 2897, No. 1), 4(x)(1), as amended, 43 P.S. 753(x)(1).

Description: The Commonwealth's unemployment compensation law provides for a limitation of the taxable wage base to the first $8,000 of wages paid to each employee during a calendar year by an employer. Prior to 1984 the limitation on taxable remuneration had been $7,000. All state governments are required by the federal government to tax at least the first $7,000 of subject wages. Many states, including Pennsylvania, have chosen to keep their bases close to the federal minimum. The estimate represents the cost of this limitation as measured by the difference between contributions based on taxable wages and contributions based on total wages. In 1988, legislation was enacted which provides for a "trigger" mechanism to regulate employer and employee contributions. The trigger mechanism working in conjunction with the experience rating system would change tax rates in response to a change in the taxable wage base. The methodology used for this estimate does not incorporate the changes that would occur to the tax rates as a result of tax base changes. Projected tax rates were used to estimate contributions based on currently taxable wages. The same tax rates were used to estimate contributions based on total wages paid by contributory employers.

Purpose: The limitation on taxable wages limits growth in employer tax liabilities that would otherwise occur as wages rise.

(Dollar Amounts in Millions)

Estimates:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$4,533.1	$5,470.2	$6,611.8	$7,422.3	$7,917.3	$8,393.0	$8,852.3

Beneficiaries: Pennsylvania's unemployment compensation tax system is legislatively designed to generate a sufficient amount of revenue to meet annual benefit payments and maintain an adequate reserve in the state's Unemployment Compensation Trust Fund. Since the tax rates are a function of taxable wages, an increase in the amount of taxable wages to total wages would result in a decrease in the assigned tax rates (trigger mechanism). Ultimately, this would maintain revenues at a level comparable to the current tax structure. This situation, however, involves special treatment for some employers compared to others based upon the level of wages paid to the employees. This special treatment (tax expenditure) would be different for every contributory employer in each major industry division and would have to be calculated on an individual employer basis. In general, under the current system, an employer with higher wage employees benefits by paying on a small portion of total wages. If the taxable wage base were total wages paid to employees, the employer with higher employee wages would have to pay a greater amount in taxes, even though the rate would be reduced significantly.

As of the first quarter of 2003 there were 267,881 contributory employers to the Unemployment Compensation Fund. The following is a breakdown of these employers according to major industry division[1]:

Agriculture, Forestry and Fisheries	6,733	Wholesale Trade	23,098
Mining	808	Retail Trade	49,634
Construction	30,765	F.I.R.E.	18,787
Manufacturing	16,665	Services	105,889
Transportation and Public Utilities	9,938	Local Government	836

[1]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 portion of the public utility realty tax (PURTA); 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; and 0.09 percent of total sales and use tax receipts in lieu of the repealed lease tax on class four and above motor carriers. 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. Certain entities and transactions are exempt from these taxes and fees.

The utility realty tax expenditures for this fund parallel the PURTA General Fund tax expenditures since, by statute, the provisions of Article XI-A of the Tax Reform Code of 1971 apply to the 7.6 mills levy accruing to the Public Transportation Assistance Fund. 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.

PUBLIC UTILITY REALTY TAX

Every entity required to pay the tax imposed under Article XI-A of the Tax Reform Code of 1971 must also remit an additional 7.6 mills upon each dollar of the state taxable value of its utility realty at the end of the calendar year. The authorization, explanation and administrative costs of this tax are given in the General Fund Tax Expenditure section.

PROPERTY SUBJECT TO LOCAL TAXATION

Description: Property subject to local real estate taxation under any law in effect on April 23, 1968 is excluded from the PURTA base.

Purpose: The Constitution of Pennsylvania was amended April 23, 1968 to provide for state taxation of public utility realty property; however, any law in effect which subjected real property of a public utility to local real estate taxation was left in full force. This provision prevents the double taxation of such property.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.8	$ 0.8	$ 0.8	$ 0.8	$ 0.8	$ 0.8	$ 0.9

Beneficiaries: The 417 public utilities could benefit from this tax expenditure.

EASEMENTS

Description: Easements or similar interests are excluded from the PURTA base. An easement is an interest in land owned by another entity that entitles the public utility company to limited use related to the provision of utility service.

Purpose: PURTA is intended as a tax on real property, and not as a tax on property such as these rights.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.7	$ 0.7	$ 0.7	$ 0.7	$ 0.7	$ 0.8	$ 0.8

Beneficiaries: The 417 public utilities could benefit from this tax expenditure.

RAILROAD RIGHTS-OF-WAY

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

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

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 1.6	$ 1.7	$ 1.7	$ 1.7	$ 1.7	$ 1.8	$ 1.8

Beneficiaries: The 71 railroad public utilities could benefit from this tax expenditure.

SEWAGE SERVICES

Description: Public utilities furnishing sewage services are exempt from tax.

Purpose: This provides tax relief to companies that are in the business of sewage treatment and encourages investment in sewage treatment facilities that provide public environmental benefits. It also benefits consumers to the extent the tax relief is reflected in lower utility rates.

(Dollar Amounts in Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 1.5	$ 1.5	$ 1.5	$ 1.5	$ 1.5	$ 1.5	$ 1.6

Beneficiaries: The 85 public utilities that provide sewage services benefit from this tax expenditure.

MUNICIPALITIES

Description: Municipalities or municipal authorities furnishing electric, natural gas, telephone, or water public utility services are exempt from tax.

Purpose: The realty used for municipally-furnished utility services is public property used for public purposes. Moreover, taxing such property would result in the municipal government funding the realty tax equivalent distributed to local taxing authorities.

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 0.9	$ 0.9	$ 0.9	$ 0.9	$ 0.9	$ 1.0	$ 1.0

Beneficiaries: The 455 municipal authorities and 33 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 become subject to local real estate tax and are excluded from the PURTA tax base and the realty tax equivalent.

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

(Dollar Amounts In Millions)

Estimates:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	$ 5.5	$ 5.6	$ 5.7	$ 5.7	$ 5.8	$ 5.9	$ 5.9

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

MOTOR VEHICLE LEASE TAX AND MOTOR VEHICLE RENTAL FEE

The Commonwealth levies a 3 percent tax on the total price charged for each lease of a motor vehicle subject to tax under Article II of the Tax Reform Code of 1971.

A fee of $2 per day or portion of a day is imposed on each rental of a motor vehicle subject to tax under Article II of the Tax Reform Code of 1971.

COMMON CARRIERS

Description: Vehicles leased or rented by a public utility, engaged in business as a common carrier, to be used in rendering utility services are exempt from taxation. Since the enactment of the Federal Aviation Act, effective January 1, 1995, Pennsylvania has recognized contract carriers as common carriers. Household goods carriers and private carriers remain taxable.

Purpose: Without this exemption, the tax would be built into the rate base of these types of public utility services and, ultimately, passed on to consumers. Therefore, this exemption reduces the overall cost of utility services that are considered to be basic necessities.

(Dollar Amounts In Millions)

Estimates:

Motor Vehicle Leases:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
NA	NA	NA	NA	NA	NA	NA

Motor Vehicle Rentals:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 6,100 common carriers could benefit from this tax expenditure.

SCHOOL BUSES

Description: The lease or rental of school buses is exempt from taxation. These buses must be used exclusively for the transportation of children for school purposes. The provision is extended to persons who have contracts with school districts to transport children. For the purposes of this analysis, the majority of these contracts are assumed to be leases.

Purpose: The costs of transporting school children are directly borne by school districts and indirectly by state government through subsidy programs. This exemption, while limiting state Public Transportation Assistance Fund revenues, decreases state educational subsidy costs.

(Dollar Amounts in Millions)

Estimates:

Motor Vehicle Leases:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 3.9	$ 4.0	$ 4.2	$ 4.4	$ 4.5	$ 4.7	$ 4.9

Motor Vehicle Rentals:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1

Beneficiaries: Approximately 5,700 schools may benefit from this tax expenditure.

MOTOR CARRIERS (CLASS 4 AND ABOVE)

Description: Motor carriers in vehicle classes 4 and above are exempt from the motor vehicle lease tax.

Purpose: This exemption benefits those entities engaged in commercial leasing. Presumably, many of these vehicles are operated as common carriers that are normally treated as a utility service.

(Dollar Amounts in Millions)

Estimates: **Motor Vehicle Leases:**

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The owners of 296,300 motor carrier vehicles (class 4 and above) benefit from this tax expenditure.

EXEMPT ORGANIZATIONS

Description: The lease or rental of personal property to or for use by any (1) charitable organization, (2) volunteer fireman's organization, (3) nonprofit educational institution, or (4) religious organization is exempt from taxation. Transactions unrelated to the trade or business of such organizations are taxable.

Purpose: These organizations provide public and charitable services that are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

Estimates: **Motor Vehicle Leases:**

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
NA	NA	NA	NA	NA	NA	NA

Motor Vehicle Rentals:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 33,200 organizations might benefit from this tax expenditure.

EXEMPT GOVERNMENTAL UNITS

Description: The lease or rental of personal property to or for use by the federal government, the Commonwealth, or its instrumentalities or political subdivisions is exempt from taxation. Based on the criteria adopted to define tax expenditures, federal transactions are not included in this study. Commonwealth transactions are also excluded because revenues would offset expenditures with no net effect. The estimates, therefore, represent local government tax expenditures.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates: **Motor Vehicle Leases:**

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 0.7	$ 0.7	$ 0.7	$ 0.8	$ 0.8	$ 0.8	$ 0.8

Motor Vehicle Rentals:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 0.4	$ 0.4	$ 0.4	$ 0.4	$ 0.5	$ 0.5	$ 0.5

Beneficiaries: Approximately 3,100 political subdivisions may benefit from this tax expenditure.

TIRE FEE

The Commonwealth imposes a $1 fee per tire on each sale of new tires intended for highway use.

EXEMPT GOVERNMENTAL UNITS

Description: The sale of new tires to or for use by the federal government, the Commonwealth, or its instrumentalities or political subdivisions is exempt from taxation. Based on the criteria adopted to define tax expenditures, federal transactions are not included in this study. Commonwealth transactions are also excluded because revenues would offset expenditures with no net effect. The estimates, therefore, represent only local government tax expenditures.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

Estimates:

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 3,100 political subdivisions may benefit from this tax expenditure.

Governor's Executive Budget

DEPARTMENT PRESENTATIONS

GOVERNOR'S OFFICE

The Governor directs and coordinates the work of State Government and guides the programs of the agencies in the direction that assures compliance with existing law, definable needs and administration goals.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
Governor's Office	**$ 8,027**	**$ 7,619**	**$ 7,320**
Portrait of Former Governor	**7**	**0**	**0**
Total - General Government	$ 8,034	$ 7,619	$ 7,320
GENERAL FUND TOTAL	**$ 8,034**	**$ 7,619**	**$ 7,320**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND	$ 8,034	$ 7,619	$ 7,320	$ 7,320	$ 7,320	$ 7,320	$ 7,320
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	$ 8,034	$ 7,619	$ 7,320	$ 7,320	$ 7,320	$ 7,320	$ 7,320
ALL PROGRAMS:							
GENERAL FUND	$ 8,034	$ 7,619	$ 7,320	$ 7,320	$ 7,320	$ 7,320	$ 7,320
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	$ 8,034	$ 7,619	$ 7,320	$ 7,320	$ 7,320	$ 7,320	$ 7,320

PROGRAM OBJECTIVE: To provide an effective administrative system through which the substantive programs of the Commonwealth can be accomplished.

Program: Executive Direction

The executive authority of the Commonwealth is vested in the Governor by the Pennsylvania Constitution. 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. As one of the Commonwealth's public buildings, the maintenance of the residence is primarily the responsibility of the Department of General Services. Equipment, supplies (except food) and housekeeping services are provided by the department.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		GENERAL FUND
		Governor's Office
$	-229	—Initiative—Operational Efficiency. Savings from operational efficiencies.
	-70	—to continue current program.
$	-299	*Appropriation Decrease*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Governor's Office	$ 8,027	$ 7,619	$ 7,320	$ 7,320	$ 7,320	$ 7,320	$ 7,320
Portrait of Former Governor	7	0	0	0	0	0	0
TOTAL GENERAL FUND	$ 8,034	$ 7,619	$ 7,320	$ 7,320	$ 7,320	$ 7,320	$ 7,320

EXECUTIVE OFFICES

To assist the Governor in the administration of State Government, the Office of Administration performs the duties of a central management agency and coordinates through the Office of Information Technology the Commonwealth's information technology strategies. The Office of the Budget performs the duties of a central financial management agency, prepares the annual Governor's Budget and Five Year Financial Plan based upon the Governor's priorities and analysis of program effectiveness, and provides comptroller services for the maintenance and management of all agency accounts in the Commonwealth.

The Office of General Counsel provides legal counsel in matters affecting the operation of State agencies. The Juvenile Court Judges Commission provides technical and financial assistance to the juvenile probation staffs of the county courts. The Inspector General investigates suspected improper use of State resources and investigates and recovers funds disbursed as a result of fraud or overpayment of welfare benefits. The Commission on Crime and Delinquency provides the planning and technical assistance for the improvement of the criminal justice system as well as financial assistance to relieve the financial hardship of individuals who have been victimized by criminal acts.

The Human Relations Commission, the Commission for Women, the African-American Affairs Commission and the Latino Affairs Commission promote equal opportunities for all people in employment, housing, public accommodations and education.

The Rural Development Council works to promote rural development in Pennsylvania. The Council on the Arts provides for encouragement and development of the arts in Pennsylvania. The Public Employee Retirement Commission monitors public employe retirement plans to assure their actuarial viability.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
Office of Administration	$ 8,702	$ 8,592	$ 8,638
(A)Classification and Pay Services	2,451	2,451	2,451
(A)State Employe Assistance Program	1,259	1,259	1,364
(A)Clerical Testing Program	57	57	57
(A)Temporary Clerical Pool	4,722	4,717	4,699
(A)Bureau of Management Consulting	1,524	1,524	1,606
(A)Executive Board/Directives Management	279	279	179
(A)Labor Relations	174	175	269
(A)Managing for Government Responsiveness Training	435	435	435
(A)Recycling Fund	95	0	0
(A)Group Life Insurance Program Commissions	80	90	90
(A)Leadership Development Institute	68	68	102
Subtotal	$ 19,846	$ 19,647	$ 19,890
Medicare Part B Penalties	421	440	480
Health Insurance Portability and Accountability Act	6,571	4,000	0
Information Communication	12,929	0	0
Commonwealth Technology Services	71,833 a	54,299 b	60,346
Subtotal	$ 71,833	$ 54,299	$ 60,346
(F)Justice Info Tech Integration Implementation (EA)	395	300	0
(F)DCSI - Electronic Reporting (EA)	1,821	1,200	499
Subtotal	$ 2,216	$ 1,500	$ 499
(A)Commonwealth Technology Center	12,197	12,293	0
Subtotal	$ 12,197	$ 12,293	$ 0
Integrated Management Systems	67,316	45,000	43,502
Office of Inspector General	3,183	3,230	3,350
(A)Reimbursements for Special Fund Investigations	1,050	1,050	1,050
Subtotal	$ 4,233	$ 4,280	$ 4,400
Inspector General - Welfare Fraud	12,290	12,645	13,244
(F)TANFBG - Program Accountability	1,900	2,780	1,500
(F)Food Stamps - Program Accountability	6,225	8,353	6,755
(F)Medical Assistance - Program Accountability	2,400	3,328	2,814
(F)CCDFBG - Subsidized Day Care Fraud	160	323	361
Subtotal	$ 22,975	$ 27,429	$ 24,674
Office of the Budget	30,824	29,719	29,422
Subtotal	$ 30,824	$ 29,719	$ 29,422
(F)Government Services & Programs	0	40,000	0
(F)WIA - Program Accountability	400	400	400
(A)Support for Commonwealth Payroll Operations	6,898	6,771	6,568
(A)Support for PLCB Comptroller's Office	7,764	7,764	7,531
(A)Support for Comptroller Services	20,282	20,600	20,204
Subtotal	$ 35,344	$ 35,535	$ 34,703
Audit of the Auditor General	78	0	0
Office of General Counsel	5,937	4,722	4,520
(A)CLE Registration Fees	64	100	100
Subtotal	$ 6,001	$ 4,822	$ 4,620
Rural Development Council	209	222	213
(F)Rural Development	116	77	80
Subtotal	$ 325	$ 299	$ 293

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Human Relations Commission	**10,510**	**10,135**	**10,284**
(F)EEOC - Special Project Grant	2,000	2,000	2,000
(F)HUD - Special Project Grant	1,500	3,500	3,500
(A)Miscellaneous Revenues	9	25	0
Subtotal	$ 14,019	$ 15,660	$ 15,784
Latino Affairs Commission	**225**	**219**	**219**
African American Affairs Commission	**348**	**338**	**344**
Council on the Arts	**1,129**	**1,123**	**1,138**
(F)NEA - Grants to the Arts - Administration	225	250	250
Subtotal	$ 1,354	$ 1,373	$ 1,388
Commission for Women	**275**	**273**	**273**
Juvenile Court Judges Commission	**2,175**	**2,149**	**2,203**
(F)DCSI - Enhanced Data Collecting and Reporting (EA)	40	0	0
(F)DCSI - Specialized Probation Technical Assistance (EA)	304	165	0
Subtotal	$ 2,519	$ 2,314	$ 2,203
Public Employee Retirement Commission	**652**	**672**	**721**
Commission on Crime and Delinquency	**4,803**	**4,796**	**4,643**
(F)Plan for Juvenile Justice	465 c	480	480
(F)DCSI - Administration	1,389	1,600	1,925
(F)DCSI - Program Grants	30,000	30,000	30,000
(F)DCSI - Criminal History Records	10	10	10
(F)Juvenile Justice - Title V	2,000	4,000	3,000
(F)Juvenile Justice - Title V - Administration	46	70	70
(F)Statistical Analysis Center	150	150	150
(F)Criminal Identification Technology	5,800	5,800	4,800
(F)Crime Victims Compensation Services	2,469	4,000	6,000
(F)Crime Victims Assistance	17,600	18,000	18,000
(F)Violence Against Women	5,200	6,500	6,000
(F)Violence Against Women - Administration	144	290	370
(F)Juvenile Justice State Challenge Grants	847	600	600
(F)Local Law Enforcement Block Grant	4,381	4,381	4,000
(F)Truth in Sentencing Incentive Grants	25,000	25,000	25,000
(F)Residential Substance Abuse Treatment Program	3,000	3,000	3,000
(F)DFSC - Special Programs	4,174	5,200	5,200
(F)Crime Victims Assistance (VOCA) - Admin/Operations	576	888	1,148
(F)Juvenile Accountability Incentive Program	18,000	16,500	13,500
(F)Juvenile Accountability Incentive Program - Administration	185	400	400
(F)Combat Underage Drinking Program	450	450	450
(F)Rural Domestic Violence & Child Victimization	0	415	0
(F)Pennsylvanians Against Underage Drinking	400	400	400
(F)Victim Assistance Training Academy	120	120	60
(F)Juvenile Justice and Delinquency Prevention	3,500	4,500	4,500
(F)TANFBG - Stop Violence Against Women	2,247 d	0	0
(F)Safe Neighborhoods	500	1,000	1,600
(F)Forensic Science Program	0	150	150
(F)Terrorism Awareness and Prevention (EA)	0	0	40
(F)VOCA - Flight 93 Disaster - Assistance & Reimbursements (EA)	1,100	1,100	1,200
(A)Deputy Sheriff's Education and Training	277	286	0
(A)PCCD - Special Projects	2	69	0
Subtotal	$ 134,835	$ 140,155	$ 136,696
Partnership for Safe Children	**6,204**	**6,003**	**6,034**
(F)CCDFBG-Early Childhood Task Force	1,197	0	0
Victims of Juvenile Crime	**3,745**	**3,647**	**3,668**
Weed and Seed Program	**3,510**	**3,390**	**3,374**
(F)TANFBG - Weed and Seed	2,000	2,000	0
Subtotal	$ 5,510	$ 5,390	$ 3,374
State Match for DCSI Subgrants	**0**	**935**	**935**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Subtotal - State Funds	$ 253,869	$ 196,549	$ 197,551
Subtotal - Federal Funds	150,436	199,680	150,212
Subtotal - Augmentations	59,687	60,013	46,705
Total - General Government	$ 463,992	$ 456,242	$ 394,468
Grants and Subsidies:			
Intermediate Punishment Programs	**$ 5,231**	**$ 3,180**	**$ 3,180**
Intermediate Punishment Drug and Alcohol Treatment	**13,000**	**13,000**	**13,325**
Drug Education and Law Enforcement	**4,619**	**3,101**	**3,101**
Research-Based Violence Prevention	**10,000**	**5,965**	**5,965**
(F)TANFBG - Nurse Home Visitation	5,811	5,100	3,784
Improvement of Juvenile Probation Services	**5,918**	**5,918**	**5,918**
(F)TANFBG - Juvenile Probation Emergency Services	2,000	2,000	0
Specialized Probation Services	**15,326**	**15,326**	**15,326**
Law Enforcement Activities	**5,500**	**0**	**0**
Grants to the Arts	**13,734**	**14,000**	**14,500**
(F)NEA - Grants to the Arts	825	750	750
Subtotal - State Funds	$ 73,328	$ 60,490	$ 61,315
Subtotal - Federal Funds	8,636	7,850	4,534
Total - Grants and Subsidies	$ 81,964	$ 68,340	$ 65,849
STATE FUNDS	$ 327,197	$ 257,039	$ 258,866
FEDERAL FUNDS	159,072	207,530	154,746
AUGMENTATIONS	59,687	60,013	46,705
GENERAL FUND TOTAL	**$ 545,956**	**$ 524,582**	**$ 460,317**
MOTOR LICENSE FUND:			
General Government:			
Office of the Budget	**$ 4,485**	**$ 5,485**	**$ 5,107**
(A)Reimbursement for Comptroller Services	852	988	988
Subtotal	$ 5,337	$ 6,473	$ 6,095
Statewide Public Safety Radio System	**5,856**	**5,856**	**5,871**
Subtotal - State Funds	$ 10,341	$ 11,341	$ 10,978
Subtotal - Augmentations	852	988	988
Total - General Government	$ 11,193	$ 12,329	$ 11,966
STATE FUNDS	$ 10,341	$ 11,341	$ 10,978
AUGMENTATIONS	852	988	988
MOTOR LICENSE FUND TOTAL	**$ 11,193**	**$ 12,329**	**$ 11,966**
TOBACCO SETTLEMENT FUND:			
General Government:			
Tobacco Settlement Investment Board	**$ 326**	**$ 276**	**$ 0**
Grants and Subsidies:			
Transfer to Health Endowment Account (EA)	**$ 34,682**	**$ 34,531**	**$ 30,029**
TOBACCO SETTLEMENT FUND TOTAL	**$ 35,008**	**$ 34,807**	**$ 30,029**
OTHER FUNDS:			
GENERAL FUND:			
Victim/Witness Services	$ 5,538	$ 5,768	$ 5,768

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Crime Victims Reimbursements	5,949	6,000	6,000
Constables Education and Training Account	1,744	1,881	1,881
Deputy Sheriffs Education and Training Account	0	265	265
Drug Abuse Resistance Education	68	68	68
Substance Abuse Education & Demand Reduction Programs	0	1,230	1,230
Substance Abuse Education & Demand Reduction - Admin	0	65	65
Federal Crime Victim Assistance	34	0	0
Federal Juvenile Justice - Title V	904	0	0
GENERAL FUND TOTAL	**$ 14,237**	**$ 15,277**	**$ 15,277**
MEDICAL PROFESSIONAL LIABILITY CATASTROPHE LOSS FUND:			
General Government Operations (EA)	$ 1,437	$ 0	$ 0
Payment of Claim Settlements (EA)	325,000	0	0
MEDICAL PROFESSIONAL LIABILITY CATASTROPHE LOSS FUND TOTAL	**$ 326,437**	**$ 0**	**$ 0**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 327,197	$ 257,039	$ 258,866
SPECIAL FUNDS	45,349	46,148	41,007
FEDERAL FUNDS	159,072	207,530	154,746
AUGMENTATIONS	60,539	61,001	47,693
OTHER FUNDS	340,674	15,277	15,277
TOTAL ALL FUNDS	**$ 932,831**	**$ 586,995**	**$ 517,589**

[a] Originally appropriated at $17,875,000 for Technology Investment Program, $3,430,000 for Electronic Government, $5,260,000 for Communications Management Office, $12,128,000 for Integrated Criminal Justice System, and $33,140,000 for Commonwealth Technology Services.

[b] Originally appropriated at $7,245,000 for Technology Investment Program, $1,500,000 for Electronic Government, $4,910,000 for Communications Management Office, $10,454,000 for Integrated Criminal Justice System, and $30,190,000 for Commonwealth Technology Services.

[c] Includes recommended supplemental appropriation of $115,000.

[d] Includes recommended supplemental appropriation of $746,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND	$ 220,508	$ 158,819	$ 159,916	$ 159,916	$ 159,916	$ 159,916	$ 159,916
SPECIAL FUNDS	45,349	46,148	41,007	39,583	39,352	39,093	39,369
FEDERAL FUNDS	13,417	56,761	12,409	12,409	12,409	12,409	12,409
OTHER FUNDS	386,624	60,521	47,593	47,593	47,593	47,593	47,593
SUBCATEGORY TOTAL	$ 665,898	$ 322,249	$ 260,925	$ 259,501	$ 259,270	$ 259,011	$ 259,287
LEGAL SERVICES							
GENERAL FUND	$ 5,937	$ 4,722	$ 4,520	$ 4,520	$ 4,520	$ 4,520	$ 4,520
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	64	100	100	100	100	100	100
SUBCATEGORY TOTAL	$ 6,001	$ 4,822	$ 4,620	$ 4,620	$ 4,620	$ 4,620	$ 4,620
PREVENTION AND ELIMINATION OF DISCRIMINATORY PRACTICES							
GENERAL FUND	$ 11,358	$ 10,965	$ 11,120	$ 11,120	$ 11,120	$ 11,120	$ 11,120
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	3,500	5,500	5,500	5,500	5,500	5,500	5,500
OTHER FUNDS	9	25	0	0	0	0	0
SUBCATEGORY TOTAL	$ 14,867	$ 16,490	$ 16,620	$ 16,620	$ 16,620	$ 16,620	$ 16,620
DEVELOPMENT OF ARTISTS AND AUDIENCES							
GENERAL FUND	$ 14,863	$ 15,123	$ 15,638	$ 15,638	$ 15,638	$ 15,638	$ 15,638
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	1,050	1,000	1,000	1,000	1,000	1,000	1,000
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 15,913	$ 16,123	$ 16,638	$ 16,638	$ 16,638	$ 16,638	$ 16,638
CRIMINAL AND JUVENILE JUSTICE PLANNING AND COORDINATION							
GENERAL FUND	$ 51,112	$ 44,017	$ 44,225	$ 44,225	$ 44,225	$ 44,225	$ 44,225
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	138,761	142,104	135,837	133,275	132,053	132,053	132,053
OTHER FUNDS	14,516	15,632	15,277	15,277	15,277	15,277	15,277
SUBCATEGORY TOTAL	$ 204,389	$ 201,753	$ 195,339	$ 192,777	$ 191,555	$ 191,555	$ 191,555
REINTEGRATION OF JUVENILE DELINQUENTS							
GENERAL FUND	$ 23,419	$ 23,393	$ 23,447	$ 23,447	$ 23,447	$ 23,447	$ 23,447
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	2,344	2,165	0	0	0	0	0
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 25,763	$ 25,558	$ 23,447	$ 23,447	$ 23,447	$ 23,447	$ 23,447

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
ALL PROGRAMS:							
GENERAL FUND	$ 327,197	$ 257,039	$ 258,866	$ 258,866	$ 258,866	$ 258,866	$ 258,866
SPECIAL FUNDS	45,349	46,148	41,007	39,583	39,352	39,093	39,369
FEDERAL FUNDS	159,072	207,530	154,746	152,184	150,962	150,962	150,962
OTHER FUNDS	401,213	76,278	62,970	62,970	62,970	62,970	62,970
DEPARTMENT TOTAL	$ 932,831	$ 586,995	$ 517,589	$ 513,603	$ 512,150	$ 511,891	$ 512,167

PROGRAM OBJECTIVE: To provide an effective administrative system through which the substantive programs of the Commonwealth can be achieved.

Program: Executive Direction

The Executive Direction Program provides administrative support and policy direction for implementing, maintaining and monitoring the substantive programs of the Commonwealth.

Program Element: Administration

The Office of Administration provides administrative support and policy direction of centralized human resource services to all agencies under the Governor's jurisdiction. The Office of Administration provides leadership in transformation of human resource business systems and processes through implementation of the Enterprise Resource Planning initiative, Imagine PA. The Office of Administration sustains positive working relationships with unions, negotiating and administering collective bargaining agreements between the Commonwealth and the various unions representing State employees under the provision of the Public Employee Relations Act of 1970, as well as administering the classification, salary, and benefits structures for all employees. The Office of Administration maximizes performance through attracting, developing, training, and retaining human resources. The Office of Administration also assures a diverse workforce and workplace free from discrimination by administering the Commonwealth's Equal Employment Opportunity policy and programs.

The Office of Administration also provides overall direction and support for the Governor's cost saving, revenue enhancement, and customer service initiatives through The Office of Management and Productivity.

Program Element: Information Technology

The Office of Administration is responsible for developing and administering statewide policies and standards governing management and use of the Commonwealth's information technology (IT) resources.

These responsibilities are coordinated through the Office for Information Technology (OIT), which is comprised of six organizational units: Bureau of Enterprise Architecture; Bureau of Enterprise Projects; Bureau of Planning and Administration; Bureau of Services and Solutions; Bureau of Infrastructure and Operations, and Bureau of Geographic Information Systems (GIS) Coordination.

The Bureau of Enterprise Architecture is responsible for overseeing development of IT technical standards and monitoring compliance across Commonwealth agencies. It also has responsibility for establishing enterprise architectural guidance in policy and technology, including network management security, monitoring of IT product licensing and enterprise architecture policy and planning.

The Bureau of Enterprise Projects coordinates development of significant Commonwealth enterprise-wide initiatives. These are projects which have multi-agency/ disciplinary impact and implications, including the Justice Network (JNET), PA Open for Business, Public Safety Radio, as well as continuity of government (CoG) and homeland security related initiatives.

The Bureau of Planning and Administration directs IT strategic planning efforts through an integrated "communities of practice" focus involving all Commonwealth agencies; conducts IT recruiting, training, grant writing activities, and oversees issuance of Information Technology Bulletins (ITBs), which document enterprise IT policies and practices. This bureau also provides oversight for OIT budget, procurement, and contracting-related activities, and administers the Invitation to Qualify (ITQ) process.

The Bureau of Services and Solutions provides direct customer service and support to agencies across a broad range of OIT initiatives. This includes offering enterprise client/server application management and Unix, NT and database development services and support for OA and Commonwealth agencies. This bureau also is responsible for continued development and management of Pennsylvania state government's Internet portal and other enterprise applications. This bureau also is responsible for enterprise database services.

The Bureau of Infrastructure and Operations provides overall direction, support and management of Technology Park, which includes the Commonwealth Technology Center (CTC). This bureau manages the Enterprise Server Farm (ESF) and Exchange email operations for 70,000 users in 47 agencies under the Governor's jurisdiction.

It also provides data voice, video network management administration, engineering and support services; manages service and performance requirements for the Data PowerHouse; and, coordinates disaster recovery and Alternate Site planning efforts; facilitates delivery of Desktop Technology services and manages the OA's video conferencing facilities and cable television resources.

The Bureau of Geographic Information Systems (GIS) Coordination works with local, state and federal agencies to implement enterprise GIS data standards and facilitate interoperability of data and systems across all levels of government.

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

Program: Executive Direction (continued)

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 Welfare Fraud Investigations and Recovery Management, within the Office of Inspector General, is responsible for conducting investigations into suspected welfare fraud and abuse as well as performing collection activities for welfare programs administered by the Department of Public Welfare. The collection activities involve the recovery of benefits provided due to clerical errors, omissions or inaccurate information supplied by applicants, and in the case of medical assistance, charges for services exceeding allowable amounts. In addition, the Office of Inspector General recovers the costs of benefits provided to recipients who are eligible for Supplemental Security Income, tort recoveries, unemployment compensation, workers' compensation and veterans' benefits.

Program Element: Commonwealth Budget and Accounting

The Office of the Budget assists the Governor in formulating fiscal policies and procedures, and in preparing the Commonwealth Budget for delivery to the General Assembly. The establishment of authorized complement levels for those agencies within the scope of authority of the Governor is the responsibility of the Office of the Budget. The office also prepares fiscal notes and reviews proposed regulations as mandated by Act 149 of 1978.

In addition, the Office of the Budget provides accounting, auditing and financial advisory and supportive services to all Commonwealth agencies. The office also provides resources and support to the ImaginePA initiative.

Program Element: Rural Development

The Rural Development Council is responsible for the development and implementation of plans that integrate private expertise and Federal, State and local government efforts for the promotion of rural development in Pennsylvania. The Council's responsibilities include: assessing Pennsylvania's rural development needs, identifying the State's various available resources and compiling and analyzing data to produce insights into rural development.

Program Element: Public Employee Pensions

The Public Employee Retirement Commission, in accordance with Act 66 of 1981 and Act 205 of 1984, provides an ongoing mechanism to monitor public employee retirement plans in the Commonwealth. The commission also is mandated to provide financial analyses to the General Assembly and the Governor in conjunction with their consideration of public pension legislation.

Program Element: Medical Malpractice

The Health Care Services Malpractice Act of 1975 established the Medical Professional Liability Catastrophe Loss Fund to provide a source of funds to pay for judgments, awards or settlements in medical malpractice claims that exceed the basic limits of coverage provided by the professional liability insurance policy. Act 135 of 1996 amended the original legislation to increase the mandated basic insurance coverage for those policies issued or renewed in calendar years 2000 and beyond. Act 13 of 2002 abolished the Medical Professional Liability Catastrophe Loss Fund and replaced it with the Medical Care Availability and Reduction of Error (Mcare) Fund to be administered by the Insurance Department. A Statement of Cash Receipts and Disbursements for the Medical Professional Liability Catastrophe Loss Fund is included in the Special Funds Appendix. The final expenditures for the fund are also reflected as other funds in the Executive Offices Summary by Fund and Appropriation.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Office of Administration:							
Cost per hour of management and supervisory training*	NA	NA	$15.00	$15.00	$15.00	$15.00	$15.00
Participant quality feedback (percent approval)*	NA	NA	80%	80%	80%	80%	80%
Office for Information Technology:							
Availability of email during work hours*	NA	NA	99.5%	99.5%	99.5%	99.5%	99.5%
Availability of help desk during work hours*	NA	NA	99.5%	99.5%	99.5%	99.5%	99.5%
Office of the Budget:							
Months between fiscal year end and CAFR publication*	NA	NA	5	4.5	4	3.5	3
Cost per annual General Fund financial plan (per million dollars)*	NA	NA	$191.42	$186.54	$179.03	$172.33	$164.97
Office of Inspector General/Welfare Fraud:							
Collections, recovery, and recoupments (in thousands)*	NA	NA	$39,500	$39,500	$39,500	$39,500	$39,500

*New program measure.

Program: Executive Direction (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Office of Administration

$ –255	—Initiative—Operational and Administrative Efficiency. Savings from operational and administrative efficiencies.
301	—to continue current program.
$ 46	*Appropriation Increase*

Medicare Part B Penalties

$ 40	—to continue current program.

Health Insurance Portability and Accountability Act

$ –4,000	—nonrecurring costs.

Commonwealth Technology Services

$ –880	—Initiative—Operational Efficiency. Savings from operational efficiencies.
6,927	—to continue current program
$ 6,047	*Appropriation Increase*

Integrated Management Systems

$ –1,350	—Initiative—Operational Efficiency. Savings from operational efficiencies.
–148	—to continue current program.
$ –1,498	*Appropriation Decrease*

Office of Inspector General

$ –55	—Initiative—Operational Efficiency. Savings from operational efficiencies.
$ 175	—to continue current program.
120	*Appropriation Increase*

Inspector General - Welfare Fraud

$ –69	—Initiative—Operational Efficiency. Savings from operational efficiencies.
668	—to continue current program.
$ 599	*Appropriation Increase*

Office of the Budget

$ –297	—Initiative—Operational Efficiency. Savings from operational efficiencies.

Rural Development Council

$ –1	—Initiative—Operational Efficiency. Savings from operational efficiencies.
–8	—to continue current program.
$ –9	*Appropriation Decrease*

Public Employee Retirement Commission

$ –4	—Initiative—Operational Efficiency. Savings from operational efficiencies.
33	—to continue current program.
20	—to provide for non-recurring actuarial support
$ 49	*Appropriation Increase*

MOTOR LICENSE FUND

Office of the Budget

$ –378	—to continue current program.

Statewide Radio System

$ 15	—to continue current program.

TOBACCO SETTLEMENT FUND

Tobacco Settlement Investment Board

$ –276	—program reduction

Transfer to Health Endowment Account for Long-Term Hope (EA)

$ –4,502	—to continue transfers to the Tobacco Endowment Account in accordance with the provisions of the Tobacco Settlement Act.

All other appropriations are recommended at the current year funding levels.

In addition, savings of $275,000 in General Fund augmentations and $44,000 in Motor License Fund augmentations accrue from operational efficiencies.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Office of Administration	$ 8,702	$ 8,592	$ 8,638	$ 8,638	$ 8,638	$ 8,638	$ 8,638
Medicare Part B Penalties	421	440	480	480	480	480	480
Health Insurance Portability and Accountability Act	6,571	4,000	0	0	0	0	0
Information Communication	12,929	0	0	0	0	0	0

Program: Executive Direction (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND (continued):							
Commonwealth Technology Services	$ 71,833	$ 54,299	$ 60,346	$ 60,346	$ 60,346	$ 60,346	$ 60,346
Integrated Management Systems	67,316	45,000	43,502	43,502	43,502	43,502	43,502
Office of Inspector General	3,183	3,230	3,350	3,350	3,350	3,350	3,350
Inspector General - Welfare Fraud	12,290	12,645	13,244	13,244	13,244	13,244	13,244
Office of the Budget	30,824	29,719	29,422	29,422	29,422	29,422	29,422
Audit of the Auditor General	78	0	0	0	0	0	0
Rural Development Council	209	222	213	213	213	213	213
Public Employee Retirement Commission	652	672	721	721	721	721	721
Law Enforcement Activities	5,500	0	0	0	0	0	0
TOTAL GENERAL FUND	$ 220,508	$ 158,819	$ 159,916	$ 159,916	$ 159,916	$ 159,916	$ 159,916
MOTOR LICENSE FUND:							
Office of the Budget	$ 4,485	$ 5,485	$ 5,107	$ 5,107	$ 5,107	$ 5,107	$ 5,107
Statewide Public Safety Radio System	5,856	5,856	5,871	5,871	5,871	5,871	5,871
TOTAL MOTOR LICENSE FUND	$ 10,341	$ 11,341	$ 10,978	$ 10,978	$ 10,978	$ 10,978	$ 10,978
TOBACCO SETTLEMENT FUND:							
Tobacco Settlement Investment Board	$ 326	$ 276	$ 0	$ 0	$ 0	$ 0	$ 0
Transfer to Health Endowment Account (EA)	34,682	34,531	30,029	28,605	28,374	28,115	28,391
TOTAL TOBACCO SETTLEMENT FUND	$ 35,008	$ 34,807	$ 30,029	$ 28,605	$ 28,374	$ 28,115	$ 28,391

PROGRAM OBJECTIVE: To provide legal advice to the Governor and the Cabinet, and to supervise, coordinate and administer legal services for the Commonwealth.

Program: Legal Services

The Office of the General Counsel was created by Act 164 of 1980. The General Counsel serves as the chief legal advisor to the Governor and has the responsibility to appoint deputy general counsel, the chief counsel and assistant counsel in each Executive Branch agency and to supervise, coordinate and administer legal services throughout the Executive Branch.

There are several areas of responsibility for the Office of General Counsel (OGC). The major responsibility is to provide general legal advice to the Governor, his staff and the Cabinet. This includes rendering legal advice and representation concerning matters and issues arising in connection with the operation of agencies under the Governor's jurisdiction. The office and agency chief counsel review and approve for form and legality all Commonwealth deeds, leases, contracts, rules and regulations.

In 1999-2000, OGC began the initial steps toward implementing a program designed to increase and to improve coordination, integration and resource sharing among the various Offices of Chief Counsel. The system creates a knowledge management system known as OGC LawNet, and includes an Intranet Portal through which nearly 1,000 OGC users are connected to the system providing a customizable single point of access to relevant organizational information and systems. OGC LawNet includes communication tools such as a virtual law library, a skills tracking database and a continuing legal education module for registration and tracking of Continuing Legal Education (CLE) courses and credits. Ongoing maintenance and further enhancements to the system are planned for 2003-04.

The Office of General Counsel provides advice to the Governor on pending legislative matters and issues and reviews for constitutionality and legality all legislation presented to the Governor for approval. OGC also is responsible for initiating appropriate actions or defending the Commonwealth when the Attorney General delegates or declines to initiate appropriate proceedings. It also has the authority to intervene in any action by or against an agency under the Governor's jurisdiction whenever the Governor requests. The General Counsel administers the operations of the Juvenile Court Judges Commission and provides the legal representation for the Pennsylvania Public Television Network.

In addition, the General Counsel serves as a member of the Board of Commissioners on Uniform State Laws, the 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)

	Office of General Counsel
$ –290	—Initiative—Operational Efficiency. Savings from operational efficiencies.
88	—to continue current program.
–202	*Apppropriation Decrease*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Office of General Counsel	$ 5,937	$ 4,722	$ 4,520	$ 4,520	$ 4,520	$ 4,520	$ 4,520

PROGRAM OBJECTIVE: To insure equal opportunities and participation for all individuals regardless of race, religion, color, creed, handicap or disability, ancestry, national origin, familial status, age or sex in all areas of employment, housing, credit, commercial property, public accommodations and education.

Program: Prevention and Elimination of Discriminatory Practices

The Human Relations Commission is responsible for identifying, preventing and eliminating illegal discriminatory practices as defined by the Pennsylvania Human Relations Act and the Pennsylvania Fair Educational Opportunities Act. The two principal methods utilized by the commission to secure compliance with the law are processing complaints of discrimination that might result in legal proceedings being initiated, and providing technical assistance to organizations, businesses, governmental bodies and individuals to promote voluntary compliance. Processing formal complaints continues to be the major activity of the commission.

Substantial resources are also devoted to providing technical assistance to anyone who requests guidance in avoiding illegal discriminatory acts. The commission coordinates the State's response to racial and ethnic tensions, and trains law enforcement officials and local government and community leaders on appropriate responses. The commission is also involved with major outreach programs to provide information to community leaders and public officials regarding the Pennsylvania Human Relations Act and its procedures.

The commission, in conjunction with the Pennsylvania Department of Education, is working with several urban school districts to improve the educational achievement of minority and disadvantaged students.

Federal funds are received for investigating complaints that are dual filed with the commission and with either the Equal Employment Opportunity Commission or the U.S. Department of Housing and Urban Development.

The commission's efforts to identify and remedy systemic discrimination continue in order to address the major problems of discrimination against whole classes of individuals. In addition, litigation remains a significant feature of the commission's workload.

In 1999-2000, the Human Relations Commission initiated a project to develop and implement an agency-wide case processing, management and tracking system for the investigation of complaints. It is expected that the project, now completed, will facilitate the resolution of cases in a more efficient and effective manner.

The Latino Affairs Commission functions as an advocate for the Latino community. The commission advises the Governor on policies, procedures, legislation and regulations that impact upon the Latino community. The commission also assists Latino individuals in making the most of their talents and capabilities, and works with local Latino communities in developing strategies and programs that enhance their social and economic status.

The African American Affairs Commission functions as the Commonwealth's advocate for the African American community. The commission advises the Governor and legislative caucuses on policies, procedures, legislation and regulations that impact upon the African American community.

The Commission for Women functions as the Commonwealth's advocate for women and is responsible for developing and implementing policies and programs that work to ensure equal opportunity. A large part of the work of the commission is the distribution of information on subjects that affect equal opportunities and full participation. The commission disseminates information through publication of periodicals, handbooks or checklists on specific subjects; news releases and other information to press and broadcast media; speeches to groups and broadcast appearances; and the provision of information to individuals requesting assistance.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Human Relations Commission:							
Formal complaint investigation:							
Complaints pending at beginning of year	6,605	6,565	6,190	5,790	5,365	4,915	4,440
New complaints filed	5,010	5,125	5,200	5,275	5,350	5,425	5,500
Complaints closed	5,050	5,500	5,600	5,700	5,800	5,900	6,000
Complaints pending at end of year	6,565	6,190	5,790	5,365	4,915	4,440	3,940
Informal complaints received	37,000	35,000	34,000	33,000	32,000	31,000	30,000
Commission for Women:							
Website visits for educational, employment, and health care information*	N/A	N/A	100,000	150,000	200,000	200,000	200,000

Complaints pending at beginning and end of year decrease due to improved case processing and management and improved public information about discrimination and bias which has reduced the number of unfounded complaints.

*New program measure.

Program: Prevention and Elimination of Discriminatory Practices (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Human Relations Commission

$ 149	—to continue current program.

Latino Affairs Commission

$ -1	—Initiative—Operational Efficiency. Savings from operational efficiencies.
1	—to continue current program.
	Appropriation Unchanged

African American Affairs Commission

$ -1	—Initiative—Operational Efficiency. Savings from operational efficiencies.
7	—to continue current program.
6	*Appropriation Increase*

The Commission for Women appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Human Relations Commission	$ 10,510	$ 10,135	$ 10,284	$ 10,284	$ 10,284	$ 10,284	$ 10,284
Latino Affairs Commission	225	219	219	219	219	219	219
African American Affairs Commission	348	338	344	344	344	344	344
Commission for Women	275	273	273	273	273	273	273
TOTAL GENERAL FUND	$ 11,358	$ 10,965	$ 11,120	$ 11,120	$ 11,120	$ 11,120	$ 11,120

PROGRAM OBJECTIVE: To increase public exposure to quality artistic and cultural programs and to stimulate a climate that offers opportunities and encouragement to artists.

Program: Development of Artists and Audiences

The Commonwealth encourages cultural development in the arts through the Pennsylvania Council on the Arts. The 19-member council supports the arts through a grant program, service programs and community organizations. The organizations and artists served are geographically, culturally and ethnically diverse and range from small community organizations that engender and support local arts programs to world-renowned orchestras, museums, dance companies, theatres and festivals.

The council functions with 17 advisory panels, each chaired by a council member and composed of nine or ten professionals in each program area such as: dance, folklore and music. These peer review panels review program structures and recommend needed changes in policy and procedures.

The council supports and assists the arts in the Commonwealth in two specific areas: 1) a grant program that responds to applications and program initiatives that address issues that are beyond the capacity of a single arts institution, and 2) staff services and technical assistance to arts and community organizations. The first involves direct expenditure of grant funds. The second is carried out by the program staff, panelists and council members, and is supported entirely by the administrative appropriation.

The grant program provides funds to support nonprofit arts organizations, specific arts projects and artistic development. The grant program also funds the Minority Arts Program that encourages minority, traditional and ethnic artists and ensembles to participate in the arts.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Attendance at supported events (in thousands)*	27,000	28,000	29,000	30,000	31,000	32,000	32,000
Grant applications received/reviewed	2,077	2,150	2,240	2,330	2,420	2,510	2,600
Awards made	1,580	1,600	1,640	1,670	1,700	1,730	1,750

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		Council on the Arts
$	–1	Initiative—Operational Efficiency. Savings from operational efficiency.
	16	—to continue current program
$	15	*Appropriation Increase*

	Grants to the Arts
500	—to continue current program

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Council on the Arts	1,129	1,123	1,138	1,138	1,138	1,138	1,138
Grants to the Arts	13,734	14,000	14,500	14,500	14,500	14,500	14,500
TOTAL GENERAL FUND	$ 14,863	$ 15,123	$ 15,638	$ 15,638	$ 15,638	$ 15,638	$ 15,638

PROGRAM OBJECTIVE: To provide criminal and juvenile justice system policy analysis, coordination and planning to improve criminal justice programs.

Program: Criminal and Juvenile Justice Planning and Coordination

Program Element: Planning and Coordination

The Pennsylvania Commission on Crime and Delinquency (PCCD) supports the criminal justice system by providing system-wide criminal statistical and analytical services, and by fostering interagency coordination and cooperation, as well as by rendering training and technical assistance. Appointed task forces, advisory groups and planning committees, encompassing commission and non-commission members, advise the commission in addressing specific problem areas.

The commission also administers a mix of State and Federal grant programs that are designed to provide support to local elements of the criminal justice system and, through selective financing of proposals, demonstrate new solutions to Statewide problems.

The commission fosters the development of criminal justice policy by conducting research on timely criminal justice issues and has established a link to Pennsylvania's academic community through the formation of an evaluation advisory committee composed of leading criminal justice researchers. Integral to its role in criminal justice coordination and analysis of legislative issues, PCCD has formed a multi-agency correctional population projection committee that provides policymakers with accurate projections of the Commonwealth's correctional population and conducts policy impact analysis. In the area of criminal justice record information, PCCD coordinates a multidisciplinary committee that analyzes criminal justice information and develops and implements strategies to improve the quality and value of the information.

The commission is the designated State agency to administer the Federal Violence Against Women Act of 1994. The program provides funding to Pennsylvania to develop a coordinated and integrated approach to improving the criminal justice system's response to violence against women.

Under the guidance of its gubernatorially appointed Juvenile and Delinquency Prevention Advisory Committee, PCCD occupies a central role in the interaction among the Department of Public Welfare, the Juvenile Court Judges Commission and other agencies in the development and implementation of policy and programming relative to juvenile justice. PCCD is the State's focal point for promoting local efforts to implement risk-focused, community mobilization programming directed toward preventing delinquent behavior among youths.The Research-based Violence Prevention Program has supported these efforts since 1998-99. The commission administers the Federal Juvenile Justice and Delinquency Prevention Act Formula Grant Program, as well as the Juvenile Accountability Incentive Grant Program that also provide funds.

The commission provides training and technical assistance to county prison boards and local officials through the County Intermediate Punishment Act. This act provided counties with opportunities to develop various intermediate punishment programs for nonviolent offenders to alleviate overcrowding in the county prisons. The Commission also administers a program to support drug and alcohol assessment, evaluation and treatment services related to this program.

Through the use of Federal Drug Control and System Improvement (DCSI) formula grant funds administered by PCCD, State and local units of government receive start-up monies for projects to improve the justice system. Major priorities for new local projects include juvenile justice initiatives; community-based criminal justice initiatives; corrections; community-based planning initiatives; new and expanded criminal justice automation efforts; comprehensive victim services; training; and evaluation activities.

PCCD administers a training program for deputy sheriffs that is financed through a surcharge on fees levied by the sheriffs for legal services executed. In 2003, the Board began a new 760-hour basic training curriculum, which provides for certification of deputy sheriffs and biennial continuing education, which provides for re-certification. Similarly, PCCD provides training and certification for constables. The 80-hour basic and 20 hour annual continuing education training is supported through a surcharge on constable services.

PCCD provides Statewide training and technical assistance for law enforcement personnel to implement community-based crime reduction strategies; coordinates Statewide efforts promoting law enforcement's involvement in policing practices, sponsors an annual program to recognize citizen contributions to local crime reduction projects, and administers a Statewide crime prevention review group. PCCD also provides training to law enforcement agencies to implement drug education and law enforcement education in the schools.

The commission administers the Federal Residential Substance Abuse Treatment Program of the Violent Crime Control and Law Enforcement Act of 1994. This program provides funding to develop and implement residential substance abuse treatment programs within State and local correctional facilities in which prisoners are incarcerated for a period of time sufficient to permit substance abuse treatment. In addition, the commission also administers the Governor's portion of the Local Law Enforcement Block Grant (LLEBG) Program that provides support to local jurisdictions that by formula do not qualify for a direct LLEBG allocation.

Program: Criminal and Juvenile Justice Planning and Coordination (continued)

Through Act 30 of 2001, the powers and duties of PCCD were expanded to include the continuing development of comprehensive, community-based violence prevention plans including efforts initiated by the Governor's Partnership for Safe Children, as well as the development and promotion of comprehensive targeted crime prevention efforts and a planning process for the revitalization of high-crime and distressed communities, such as those already underway with the Weed and Seed Program.

Program Element: Victim Services

PCCD uses county-based policy boards to define local victim service needs and develop cost-effective victim/witness service strategies. Technical and financial assistance is provided to community-based organizations and district attorney offices in all 67 counties to support comprehensive service to victims of all violent crime with particular emphasis on services to victims of sexual assault, domestic violence and child abuse. Grants are made using court imposed costs authorized by Act 96 of 1984, as amended by Act 155 of 1992, and the Federal Victims of Crime Act of 1984. The commission also administers the formula grant, Title V and State Challenge Activities components of the Federal Juvenile Justice and Delinquency Prevention Act of 1974. In addition, the Victims of Juvenile Offenders Program supports community-based services to assist victims of juvenile offenders.

Act 86 of 2000 amended the Crime Victims Act by adding definitions for adult, juvenile and preadjudication disposition. The act provides victims of crimes committed by juvenile offenders with the same rights as victims of crimes committed by adult offenders including receiving basic information pertaining to victims assistance, obtaining access to information concerning disposition of cases and receiving reimbursement of losses.

The Crime Victims Compensation Program was created by Act 139 of 1976 to ameliorate the financial burden faced by victims of crime. The Office of Victim Services is responsible for the administration of the program. Reimbursements to victims are made for medical expenses, counseling, loss of earnings and cash loss of benefits. In the event of death, funeral expenses and loss of support may be compensated to those who qualify. The maximum award is $35,000 including $20,000 for loss of support and $15,000 for loss of earnings. The Crime Victims Compensation Program is the payer of last resort for crime victims' losses and the office is required to verify all aspects of each claim prior to payment.

Payments to victims are disbursed from a restricted revenue account that receives its funding from the collection of costs assessed against certain offenders who are convicted. Payment funds are also provided by the Federal Victims of Crime Act of 1984 that allocates Federal reimbursements to states based on a formula of prior year payments to victims. Act 144 of 2002 authorized a one-time transfer of surplus funds from the Victim Witness Services Restricted Revenue Account to the Crime Victims Payments Restricted Revenue Account in the amount of $1,000,000. The restricted revenue account is listed as Other Funds in the Executive Offices Summary by Fund and Appropriation.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Planning and Coordination							
Persons attending crime prevention course and in-service instructors' workshop	351	300	300	300	300	300	300
Communities/School District Sites implementing Communities That Care	127	127	136	146	156	166	176
New law enforcement officers certified as drug education and law enforcement program instructors	116	260	260	260	260	260	260
New deputy sheriffs certified through completion of training	201	240	240	240	240	240	240

Persons attending crime prevention courses and in-service instructors' workshops increased in 2003-04 over the projection shown in last year's budget based on actual activity.

Program: Criminal and Juvenile Justice Planning and Coordination (continued)

Program Measures: (continued)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Victim Services							
Crime Victims Compensation:							
New claims received, reviewed and accepted	4,787	5,172	5,755	6,346	6,504	6,667	6,833
Claims paid	3,094	4,061	4,438	4,222	4,328	4,436	4,547
Claims denied	392	412	432	454	476	500	525
Claims administratively closed	1033	1085	1139	1196	1256	1318	1384
Claims reopened for additional losses	1,578	1,800	1,900	1,948	1,996	2,046	2,097
Victims compensation claim processing time (in weeks)*	N/A	N/A	12.00	11.50	11.00	10.50	10.00

Claims administratively closed increased in 2003-04 over the projection shown in last year's budget due to an increased public awareness of this program yielding an increase in the number of claims filed.

The average Crime Victim's Compensation program reimbursement per claim in 2002-03 was $2,323.

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Commission on Crime and Delinquency
$ –153 —to continue current program.

Partnership for Safe Children
$ 31 —to continue current program.

Victims of Juvenile Crime
$ 21 —to continue current program.

Weed and Seed Program
$ –16 —to continue current program.

Intermediate Punishment Drug & Alcohol
$ 325 —to continue current program.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Commission on Crime and Delinquency	$ 4,803	$ 4,796	$ 4,643	$ 4,643	$ 4,643	$ 4,643	$ 4,643
Partnership for Safe Children	6,204	6,003	6,034	6,034	6,034	6,034	6,034
Victims of Juvenile Crime	3,745	3,647	3,668	3,668	3,668	3,668	3,668
Weed and Seed Program	3,510	3,390	3,374	3,374	3,374	3,374	3,374
State Match for DCSI Subgrants	0	935	935	935	935	935	935
Intermediate Punishment Programs	5,231	3,180	3,180	3,180	3,180	3,180	3,180
Intermediate Punishment Drug and Alcohol Treatment	13,000	13,000	13,325	13,325	13,325	13,325	13,325
Drug Education and Law Enforcement	4,619	3,101	3,101	3,101	3,101	3,101	3,101
Research-Based Violence Prevention	10,000	5,965	5,965	5,965	5,965	5,965	5,965
TOTAL GENERAL FUND	$ 51,112	$ 44,017	$ 44,225	$ 44,225	$ 44,225	$ 44,225	$ 44,225

PROGRAM OBJECTIVE: To reduce the recurrence of juvenile delinquency through replacement of criminal behavior with socially acceptable behavior.

Program: Reintegration of Juvenile Delinquents

The Juvenile Court Judges Commission (JCJC) is responsible for the development and improvement of juvenile probation services throughout the Commonwealth. These services focus on the provision of balanced attention to the protection of the community, the imposition of accountability for offenses committed and the development of competencies to enable children to become responsible and productive members of the community. The provision of Statewide juvenile justice training, education, research, statistical information, and the development and enhancement of specialized intensive probation and aftercare services for juveniles have significantly improved the quality of service within the Commonwealth's juvenile justice system.

All of the Commonwealth's sixty-seven counties participate in the commission's grant-in-aid program and have adopted the commission's required Juvenile Court Standards, participated in commission sponsored training programs and complied with all commission 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, education and specialized projects such as the provision of liability insurance and financial support for necessary equipment and software to enable counties to participate in the commission's juvenile probation management information system.

The commission annually sponsors from 40 to 45 state-of-the-art-training programs for juvenile justice practitioners. In addition to the provision of training, the commission, in conjunction with Shippensburg University, provides the support to enable probation officers to receive Master of Science Degrees in the Administration of Justice. By the end of 2003-04, 455 juvenile justice professionals will have earned graduate degrees through this program since its inception in 1982.

The commission continues to support the Specialized Probation Services Program, including school-based probation, community-based probation, intensive probation and aftercare services including assistance for drug and alcohol abuse prevention and treatment. The commission provides support for 412 specialized probation officers pursuant to JCJC standards. Of these positions, 144 are for school-based probation, 114 are for community-based probation, 66 are for intensive probation, 58 are for aftercare services, and 30 are specialized probation services supervisors. The commission will continue this program during 2004-05.

The commission's Drug and Alcohol initiative continues to be a priority. Fifty-eight of the Commonwealth's counties are using urinalysis drug testing techniques on those juveniles who are known or suspected drug users. Juveniles referred by the court are tested for one or more of the following drugs: THC, cocaine, barbiturates, amphetamines, opiates, PCP, benzodiazepines and alcohol. Outcome information regarding each youth tested is collected by the commission and entered into its drug-testing database.

Juvenile arrests for violent crimes (murder, forcible rape, robbery and aggravated assault) decreased from 4,533 in 2001 to 4242 in 2002. The arrest rate per 100,000 juveniles decreased from 332 in 2001 to 310 in 2002.

JCJC participates in the Commonwealth's Unified Information Technology System. The commission's primary role in the project is to assist in the design, development and implementation of a juvenile tracking system. The project is part of the development of the Statewide Integrated Criminal Justice System and the establishment of a Justice Network (J-Net) to electronically connect criminal justice agencies to facilitate information sharing.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Children referred to court	41,324	41,400	41,400	41,400	41,400	41,400	41,400
Commitments as a percent of referrals	10.1%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Children arrested for violent crime	4,242	4,250	4,250	4,250	4,250	4,250	4,250
Full-time equivalent Juvenile Probation Officer positions	1,452	1,452	1,452	1,452	1,452	1,452	1,452
Juvenile cases closed that received probation supervision or other services*	n/a	n/a	16,000	16,000	16,000	16,000	16,000
Percent who completed supervision without a new offense*	n/a	n/a	80.0%	80.0%	80.0%	80.0%	80.0%
Percent employed or engaged in an educational/vocational activity at case closing*	n/a	n/a	70.0%	70.0%	70.0%	70.0%	70.0%

*New program measure

Program: Reintegration of Juvenile Delinquents (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Juvenile Court Judges Commission

$ 54 —to continue current program.

The other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Juvenile Court Judges Commission	$ 2,175	$ 2,149	$ 2,203	$ 2,203	$ 2,203	$ 2,203	$ 2,203
Improvement of Juvenile Probation Services	5,918	5,918	5,918	5,918	5,918	5,918	5,918
Specialized Probation Services	15,326	15,326	15,326	15,326	15,326	15,326	15,326
TOTAL GENERAL FUND	$ 23,419	$ 23,393	$ 23,447	$ 23,447	$ 23,447	$ 23,447	$ 23,447

LIEUTENANT GOVERNOR

The Lieutenant Governor serves as President of the Senate and Chairman of the Board of Pardons. In case of the death, conviction or impeachment, failure to qualify or resignation of the Governor, the Lieutenant Governor will become Governor for the remainder of the term. In case of the disability of the Governor, the powers, duties and emoluments of the office will transfer to the Lieutenant Governor until the disability is removed.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
Lieutenant Governor's Office	**$ 581**	**$ 751**	**$ 744**
Portrait - Former Lieutenant Governor	**7**	**0**	**0**
Board of Pardons	**339**	**361**	**365**
Total - General Government	$ 927	$ 1,112	$ 1,109
GENERAL FUND TOTAL	**$ 927**	**$ 1,112**	**$ 1,109**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND	$ 927	$ 1,112	$ 1,109	$ 1,109	$ 1,109	$ 1,109	$ 1,109
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	$ 927	$ 1,112	$ 1,109	$ 1,109	$ 1,109	$ 1,109	$ 1,109
ALL PROGRAMS:							
GENERAL FUND	$ 927	$ 1,112	$ 1,109	$ 1,109	$ 1,109	$ 1,109	$ 1,109
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	$ 927	$ 1,112	$ 1,109	$ 1,109	$ 1,109	$ 1,109	$ 1,109

PROGRAM OBJECTIVE: To provide an effective administrative system through which substantive programs of the agency can be accomplished.

Program: Executive Direction

This program provides for the execution of duties relating to the Office of the Lieutenant Governor. These duties, as prescribed by the Constitution, include presiding over the Senate; assuming the Office of the Governor for the remainder of the Governor's term, if necessary, as a result of the death, conviction or impeachment, failure to qualify or resignation of the Governor; and serving as Chairman of the Pennsylvania Board of Pardons which reviews applications for reprieve, commutation of sentences and pardons. Through statute, the Lieutenant Governor also serves as Chairman of the Local Government Advisory Committee, which advises the Governor's Center for Local Government Services and the Administration on the needs and concerns of local government entities.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Lieutenant Governor's Office

$ -7 —to continue current program.

Board of Pardons

$ 4 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Lieutenant Governor's Office	$ 581	$ 751	$ 744	$ 744	$ 744	$ 744	$ 744
Portrait - Former Lieutenant Governor	7	0	0	0	0	0	0
Board of Pardons	339	361	365	365	365	365	365
TOTAL GENERAL FUND	$ 927	$ 1,112	$ 1,109	$ 1,109	$ 1,109	$ 1,109	$ 1,109

ATTORNEY GENERAL

The State constitution provides that the Attorney General shall be the chief law enforcement officer of the Commonwealth and shall exercise such powers and perform such duties as may be imposed by law.

The Commonwealth Attorneys Act establishes the Attorney General as the chief legal and law enforcement officer of the Commonwealth and provides the following fundamental duties and responsibilities of the Office of Attorney General:

To be the Commonwealth's chief law enforcement officer charged with the responsibility for the prosecution of organized crime and public corruption. This law enforcement program includes a criminal investigations unit and drug law enforcement program as well as direction of Statewide and multi-county investigating grand juries and a Medicaid Fraud Control Section.

To represent the Commonwealth and all Commonwealth agencies and upon request the Auditor General, State Treasurer and Public Utility Commission in any action brought by or against the Commonwealth or its agencies; to furnish upon request legal advice to the Governor or the head of any Commonwealth agency.

To review for form and legality all proposed rules and regulations for Commonwealth agencies.

To review for form and legality all Commonwealth deeds, leases and contracts to be executed by Commonwealth agencies.

To collect, by suit or otherwise, all debts, taxes and accounts due the Commonwealth which shall be referred to and placed with the Attorney General.

To administer the provisions relating to consumer protection as well as appoint the Advisory Committee.

To represent the Commonwealth and its citizens in any action brought for violation of the Antitrust Laws of the United States and the Commonwealth.

The Attorney General, in addition, serves as a member of the Board of Pardons, the Joint Committee on Documents, the Hazardous Substances Transportation Board, the Board of Finance and Revenue, the Pennsylvania Commission on Crime and Delinquency, the Civil Disorder Commission and the Municipal Police Officers Education and Training Commission.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ 37,796	$ 37,796	$ 37,796
(F)Medicaid Fraud	3,501	3,633	3,788
(F)MAGLOCLEN	5,652	6,427	6,409
(F)Gun Violence Prosecution	120	40	40
(F)DCSI - Senior Crime Prevention University (EA)	0	94	48
(A)Legal Fees Reimbursement	117	165	0
(A)Medicaid Fraud Reimbursements	72	72	72
(A)Collections - Legal	165	117	117
(A)Investigative Costs Reimbursements	77	50	50
(A)Environmental Crimes Investigative Costs	47	48	48
(A)Public Protection Law Enforcement	50	2,200	1,700
(A)Continuing Legal Education	3	5	5
Subtotal	$ 47,600	$ 50,647	$ 50,073
(R)Office of Consumer Advocate	4,466	4,594	4,689
Computer Enhancements	**2,216**	**1,000**	**1,000**
Drug Law Enforcement	**22,334**	**22,334**	**22,334**
(F)High Intensity Drug Trafficking Areas	3,101	3,151	3,187
(F)Prescription Drug Monitoring	0	180	0
(F)DCSI - PA Drug Law Enforcement Coordinating System (EA)	0	98	0
(F)DCSI - Computer Forensics (EA)	0	163	0
(F)DCSI - Witness Relocation (EA)	0	267	0
(F)Witness Protection	0	545	0
(A)Seized/Forfeited Property - State Court Awarded	0	500	0
(A)Seized/Forfeited Property - U.S. Department of Justice	0	1,000	600
(A)Seized/Forfeited Property - U.S. Treasury Department	0	0	400
(A)Recovery of Narcotics Investigation Overtime Costs	20	16	16
Subtotal	$ 25,455	$ 28,254	$ 26,537
Local Drug Task Forces	**8,788**	**8,788**	**8,788**
Drug Strike Task Force	**1,700**	**1,700**	**1,700**
Capital Appeals Case Unit	**612**	**612**	**612**
Charitable Nonprofit Conversions	**949**	**949**	**949**
Tobacco Law Enforcement	**513**	**513**	**513**
Subtotal - State Funds	$ 74,908	$ 73,692	$ 73,692
Subtotal - Federal Funds	12,374	14,598	13,472
Subtotal - Augmentations	551	4,173	3,008
Subtotal - Restricted Revenues	4,466	4,594	4,689
Total - General Government	$ 92,299	$ 97,057	$ 94,861
Grants and Subsidies:			
County Trial Reimbursement	**$ 150**	**$ 150**	**$ 150**
STATE FUNDS	$ 75,058	$ 73,842	$ 73,842
FEDERAL FUNDS	12,374	14,598	13,472
AUGMENTATIONS	551	4,173	3,008
RESTRICTED REVENUES	4,466	4,594	4,689
GENERAL FUND TOTAL	**$ 92,449**	**$ 97,207**	**$ 95,011**
OTHER FUNDS:			
GENERAL FUND:			
Seized/Forfeited Property - State Court Awarded	$ 1,899	$ 1,901	$ 2,159
Seized/Forfeited Property - U.S. Department of Justice	123	1,170	1,170
Seized/Forfeited Property - PSP-OAG Agreement	1,364	1,000	1,000
OAG Investigative Funds - Outside Sources	3,285	3,409	3,455
Seized/Forfeited Property - U.S. Treasury Department	16	0	400

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Public Protection Law Enforcement	874	2,750	2,100
Coroner's Education Board	1	20	21
GENERAL FUND TOTAL	**$ 7,562**	**$ 10,250**	**$ 10,305**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 75,058	$ 73,842	$ 73,842
SPECIAL FUNDS	0	0	0
FEDERAL FUNDS	12,374	14,598	13,472
AUGMENTATIONS	551	4,173	3,008
RESTRICTED	4,466	4,594	4,689
OTHER FUNDS	7,562	10,250	10,305
TOTAL ALL FUNDS	**$ 100,011**	**$ 107,457**	**$ 105,316**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
PUBLIC PROTECTION AND LAW ENFORCEMENT							
GENERAL FUND	$ 75,058	$ 73,842	$ 73,842	$ 73,842	$ 73,842	$ 73,842	$ 73,842
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	12,374	14,598	13,472	13,472	13,472	13,472	13,472
OTHER FUNDS	12,579	19,017	18,002	18,002	18,002	18,002	18,002
SUBCATEGORY TOTAL	$ 100,011	$ 107,457	$ 105,316	$ 105,316	$ 105,316	$ 105,316	$ 105,316
ALL PROGRAMS:							
GENERAL FUND	$ 75,058	$ 73,842	$ 73,842	$ 73,842	$ 73,842	$ 73,842	$ 73,842
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	12,374	14,598	13,472	13,472	13,472	13,472	13,472
OTHER FUNDS	12,579	19,017	18,002	18,002	18,002	18,002	18,002
DEPARTMENT TOTAL	$ 100,011	$ 107,457	$ 105,316	$ 105,316	$ 105,316	$ 105,316	$ 105,316

PROGRAM OBJECTIVE: To enforce the criminal laws of the Commonwealth to protect the interests of Pennsylvania citizens in areas of consumer protection, antitrust enforcement, operation of charitable trusts and organizations, and civil rights; and to provide legal services to Commonwealth agencies.

Program: Public Protection and Law Enforcement

The Attorney General as the chief law enforcement officer of the Commonwealth is charged with the responsibility for the investigation and prosecution of organized crime and public corruption. The agency investigates and prosecutes criminal activity in accordance with Sections 205 and 206 of the Commonwealth Attorneys Act, and utilizes Statewide investigative grand juries as appropriate. The Attorney General's Office works with the State Police to curtail drug abuse in the Commonwealth by immobilizing illegal drug traffickers.

Other major activities of this program involve: decreasing the incidence of fraud and deceptive business practices and securing recovery of damages to the Commonwealth and its citizens; encouraging free enterprise and competition; prosecuting hazardous waste cases; 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. Act 166 of 1994 established a Section of Insurance Fraud within the Attorney General's Office to prosecute and investigate insurance fraud.

This program also provides legal services for governmental agencies of the Commonwealth, as required by Section 204 of the Commonwealth Attorneys Act. Specifically, the Attorney General's Office represents the Commonwealth in any action brought by or against the Commonwealth or its agencies, particularly tort claims.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Cases presented to the Statewide Investigating Grand Jury	71	72	75	75	75	75	75
Local drug task force arrests	5,397	5,400	5,400	5,400	5,400	5,400	5,400
Drug arrests resulting from Grand Jury presentments	204	215	220	220	220	220	220
Review of estates, charities, nonprofits, and healthcare conversions for compliance with rules and regulations	2,162	2,400	2,400	2,400	2,400	2,400	2,400
Consumer complaints concerning business practices investigated and mediated	43,688	37,000	37,000	37,000	37,000	37,000	37,000
Dollar value of recoupment to consumers regarding business practices (in thousands)	$6,161	$6,500	$6,500	$6,500	$6,500	$6,500	$6,500
Consumer complaints concerning business practices - health care industry*	1,252	1,500	1,500	1,500	1,500	1,500	1,500

Cases presented to the Statewide investigating Grand Jury increased from those shown in last year's budget due to a greater emphasis on drug investigations placed before the grand jury.

Drug arrests resulting from Grand Jury presentments decreased from projections shown in last year's budget because of the complex, time-consuming nature of the cases.

Consumer complaints concerning business practices investigated and mediated were higher than projected in last year's budget due to high growth in "do not call" complaints.

Dollar value of recoupment to consumers regarding business practices is less than the amount projected in last year's budget because a portion of the funds are reported in the new measure for the Health Care Section.

*New program measure.

Program: Public Protection and Law Enforcement (continued)

Program Measures: (continued)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Money returned to consumers from Healthcare Section intervention* (in thousands)	$1,547	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200
Antitrust cases: dollars paid or agreed to be paid to the Commonwealth or directly to its citizens (in thousands)	$1,757	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
Rate cases argued by the Consumer Advocate	32	18	N/A	N/A	N/A	N/A	N/A
Other cases argued by the Consumer Advocate	248	244	N/A	N/A	N/A	N/A	N/A

Antitrust cases: dollars paid or agreed to be paid to the Commonwealth or directly to its citizens is greater than the estimate for 2002-03 in last year's budget because of one unusually high settlement.

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

All General Fund appropriations are recommended at the current year funding levels.

This budget also recommends the following for the Office of the Consumer Advocate from its restricted account in the General Fund.

		Office of the Consumer Advocate
$	95	—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 37,796	$ 37,796	$ 37,796	$ 37,796	$ 37,796	$ 37,796	$ 37,796
Computer Enhancements	2,216	1,000	1,000	1,000	1,000	1,000	1,000
Drug Law Enforcement	22,334	22,334	22,334	22,334	22,334	22,334	22,334
Local Drug Task Forces	8,788	8,788	8,788	8,788	8,788	8,788	8,788
Drug Strike Task Force	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Capital Appeals Case Unit	612	612	612	612	612	612	612
Charitable Nonprofit Conversions	949	949	949	949	949	949	949
Tobacco Law Enforcement	513	513	513	513	513	513	513
County Trial Reimbursement	150	150	150	150	150	150	150
TOTAL GENERAL FUND	$ 75,058	$ 73,842	$ 73,842	$ 73,842	$ 73,842	$ 73,842	$ 73,842

AUDITOR GENERAL

The Department of the Auditor General post-audits the affairs of State Government agencies and certain local government agencies, officials and organizations. The objective is to insure conformance with established legislative and administrative regulations and to assure that all money has been disbursed legally and properly. In addition, the Auditor General examines the accounts of revenue collecting agents to insure that all money due the Commonwealth was reported and transmitted properly.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
Auditor General's Office	$ 45,351	$ 45,351	$ 46,259
(A)Reimbursement Auditing Services	7,596	9,274	7,646
(A)Sale of Autos	28	116	0
Computer Enhancements	0	2,000	0
Transition - Governor	150	0	0
Security and Other Expenses - Outgoing Governor	68	0	0
Subtotal	$ 53,193	$ 56,741	$ 53,905
Board of Claims	1,734	1,879	1,920
Subtotal - State Funds	$ 47,303	$ 49,230	$ 48,179
Subtotal - Augmentations	7,624	9,390	7,646
Total - General Government	$ 54,927	$ 58,620	$ 55,825
Grants and Subsidies:			
Municipal Pension System State Aid	$ 331	$ 330	$ 0
STATE FUNDS	$ 47,634	$ 49,560	$ 48,179
AUGMENTATIONS	7,624	9,390	7,646
GENERAL FUND TOTAL	$ 55,258	$ 58,950	$ 55,825
OTHER FUNDS:			
MUNICIPAL PENSION AID FUND:			
Municipal Pension Aid	$ 163,241	$ 162,364	$ 166,000
SUPPLEMENTAL STATE ASSISTANCE FUND:			
Supplemental State Assistance (EA)	$ 331	$ 330	$ 0
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 47,634	$ 49,560	$ 48,179
SPECIAL FUNDS	0	0	0
AUGMENTATIONS	7,624	9,390	7,646
OTHER FUNDS	163,572	162,694	166,000
TOTAL ALL FUNDS	$ 218,830	$ 221,644	$ 221,825

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
AUDITING							
GENERAL FUND	$ 47,303	$ 49,230	$ 48,179	$ 48,179	$ 48,179	$ 48,179	$ 48,179
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	7,624	9,390	7,646	7,646	7,646	7,646	7,646
SUBCATEGORY TOTAL	$ 54,927	$ 58,620	$ 55,825	$ 55,825	$ 55,825	$ 55,825	$ 55,825
MUNICIPAL PENSION SYSTEMS							
GENERAL FUND	$ 331	$ 330	$ 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	163,572	162,694	166,000	166,000	166,000	166,000	166,000
SUBCATEGORY TOTAL	$ 163,903	$ 163,024	$ 166,000	$ 166,000	$ 166,000	$ 166,000	$ 166,000
ALL PROGRAMS:							
GENERAL FUND	$ 47,634	$ 49,560	$ 48,179	$ 48,179	$ 48,179	$ 48,179	$ 48,179
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	171,196	172,084	173,646	173,646	173,646	173,646	173,646
DEPARTMENT TOTAL	$ 218,830	$ 221,644	$ 221,825	$ 221,825	$ 221,825	$ 221,825	$ 221,825

PROGRAM OBJECTIVE: To insure that all revenue to which the Commonwealth is entitled is deposited in the State Treasury and that public money is disbursed legally and properly.

Program: Auditing

The Auditor General is required by the Fiscal Code to audit the financial affairs of State Government and certain local government entities. The Auditor General is mandated to perform audits of any entity receiving funds from the Commonwealth or any entity collecting funds that belong to the Commonwealth. Each year, the department performs thousands of regular and special post audits of Commonwealth agencies, persons, associations and corporations to insure money is disbursed legally and properly. The Auditor General also examines accounts of revenue collecting agents to assure that all funds due the Commonwealth have been reported and transmitted properly and that the Commonwealth's financial statements conform to Generally Accepted Accounting Principles (GAAP).

The Single Audit, which is a single financial/compliance audit of the Commonwealth's Federal aid programs, and an audit of the Commonwealth's General Purpose Financial Statements are jointly performed each year by the Auditor General and an independent certified public accounting firm.

Special audits may be made when the Auditor General determines they appear to be necessary. Special audits must also be conducted when the Governor calls upon the Auditor General to do them.

The Fiscal Code also requires the Auditor General to audit public assistance payments to determine the eligibility of persons receiving public assistance grants. Recipients are subject to continuous audit. These audits serve to adjust grants to persons either ineligible or receiving overpayments or underpayments.

In addition to fiscal duties, by statute the Auditor General serves as a member of the State Public School Building Authority and other major Commonwealth boards and commissions.

The Board of Claims operates within this program as an independent judicial and administrative body with jurisdiction to hear and determine claims against the Commonwealth that equal or exceed $300.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Auditor General's Office

$ 908 —to continue current program.

Computer Enhancements

$ -2,000 —nonrecurring program.

Board of Claims

$ 41 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Auditor General's Office	$ 45,351	$ 45,351	$ 46,259	$ 46,259	$ 46,259	$ 46,259	$ 46,259
Computer Enhancements	0	2,000	0	0	0	0	0
Transition - Governor	150	0	0	0	0	0	0
Security and Other Expenses - Outgoing Governor	68	0	0	0	0	0	0
Board of Claims	1,734	1,879	1,920	1,920	1,920	1,920	1,920
TOTAL GENERAL FUND	$ 47,303	$ 49,230	$ 48,179	$ 48,179	$ 48,179	$ 48,179	$ 48,179

PROGRAM OBJECTIVE: To assist municipal pension systems through loans and disbursement of annual supplemental State assistance.

Program: Municipal Pension Systems

In 1984, the General Assembly passed Act 205, known as the Municipal Pension Plan Funding Standard and Recovery Act. The enactment of this legislation was in response to the solvency problems facing many of the Commonwealth's municipal pension systems. The act requires the submission of municipal pension plan actuarial reports to the Public Employee Retirement Commission (PERC) every two years and establishes criteria for determination of actuarial soundness and the amount of State financed support that will be provided. The Auditor General is responsible for audits of approximately 1,300 municipal pension funds for nonuniformed employes where municipalities choose to allocate State aid to those funds.

Under Act 205, the Auditor General is responsible for the administration of the Supplemental State Assistance Program, including disbursement of funds to distressed municipal pension systems based on certifications provided by PERC. Since 1989-90, revenues for the Supplemental State Assistance Fund have been provided entirely by General Fund appropriations. By statute, this program and fund terminated in 2003. The unspent balance within the fund shall be transferred to the General Fund.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	Municipal Pension System State Aid
$ –330	—program eliminated per Act 205 of 1984.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Municipal Pension System State Aid	$ 331	$ 330	$ 0	$ 0	$ 0	$ 0	$ 0

TREASURY DEPARTMENT

The Treasury Department is responsible for receiving all Commonwealth monies and for depositing such monies in State depositories approved by the Board of Finance and Revenue, for managing all securities in its custody to the best advantage of the Commonwealth, for preauditing all requisitions for the expenditures of funds and for disbursement of all State monies upon proper authorization to those entitled to receive payment.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
State Treasurer's Office	$ 23,270	$ 23,475	$ 23,976
(A)Expenses - Unemployment Compensation	2,194	2,419	2,455
(A)Fees - Federal Savings Bonds	24	25	25
(A)Receipts From SWIF	130	165	165
(A)Sale of Automobiles	0	2	2
(A)Unclaimed Property - Reimbursement	440	0	0
(A)Photocopy Services	5	3	3
(A)Administrative Fees	570	505	530
(A)Miscellaneous	47	5	5
Computer Integration Program	1,950	1,498	335
Escheats Administration	9,654	12,750	17,576
Subtotal	$ 38,284	$ 40,847	$ 45,072
Board of Finance and Revenue	2,088	2,385	2,309
Tuition Account Program Advertising	2,000	1,000	1,000
Intergovernmental Organizations	956	933	936
Publishing Monthly Statements	20	25	25
Replacement Checks (EA)	3,350	2,500	3,000
Subtotal	$ 8,414	$ 6,843	$ 7,270
Subtotal - State Funds	$ 43,288	$ 44,566	$ 49,157
Subtotal - Augmentations	3,410	3,124	3,185
Total - General Government	$ 46,698	$ 47,690	$ 52,342
Grants and Subsidies:			
Law Enforcement Officers Death Benefits	$ 727	$ 739	$ 762
Debt Service:			
Loan and Transfer Agents	$ 22	$ 75	$ 75
General Obligation Debt Service	349,063	668,977	779,874
(A)Student Community Building Fees	840	750	750
(A)Bond Escrow Revenue	258,399	0	0
Subtotal - State Funds	$ 349,085	$ 669,052	$ 779,949
Subtotal - Augmentations	259,239	750	750
Total - Debt Service	$ 608,324	$ 669,802	$ 780,699
STATE FUNDS	$ 393,100	$ 714,357	$ 829,868
AUGMENTATIONS	262,649	3,874	3,935
GENERAL FUND TOTAL	$ 655,749	$ 718,231	$ 833,803
MOTOR LICENSE FUND:			
General Government:			
Administration Refunding Liquid Fuels Tax	$ 408	$ 461	$ 451
Replacement Checks - Motor License Fund (EA)	56	300	100
Total - General Government	$ 464	$ 761	$ 551
Refunds:			
Refunding Liquid Fuels Tax - Agriculture	$ 3,238	$ 4,500	$ 4,000
Refunding Liquid Fuels Tax - State Share	244	650	350
Refunding Emergency Liquid Fuels Tax	0	1	0
Refunding Liquid Fuels Tax - Political Subdivisions	2,360	3,800	3,200
Refunding Liquid Fuels Tax - Volunteer Services	346	450	400
Refunding Marine Liquid Fuels Tax - Boat Fund	3,000	3,000	2,800

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Total - Refunds	$ 9,188	$ 12,401	$ 10,750
Debt Service:			
Capital Debt Transportation Projects	$ **39,760**	$ **29,722**	$ **11,890**
General Obligation Debt Service	**1,798**	**8,964**	**10,037**
(R)Capital Bridge Debt (EA)	19,966	21,375	23,554
Loan and Transfer Agent	**8**	**50**	**50**
Subtotal - State Funds	$ 41,566	$ 38,736	$ 21,977
Subtotal - Restricted Revenues	19,966	21,375	23,554
Total - Debt Service	$ 61,532	$ 60,111	$ 45,531
STATE FUNDS	$ 51,218	$ 51,898	$ 33,278
RESTRICTED REVENUES	19,966	21,375	23,554
MOTOR LICENSE FUND TOTAL	$ **71,184**	$ **73,273**	$ **56,832**
BANKING DEPARTMENT FUND:			
General Government:			
Replacement Checks-Banking Department Fund (EA)	$ 0	$ 5	$ 5
BOAT FUND:			
General Government:			
Replacement Checks-Boat Fund (EA)	$ 0	$ 5	$ 5
FARM PRODUCTS SHOW FUND:			
General Government:			
Replacement Checks-Farm Products Show Fund (EA)	$ 0	$ 5	$ 5
FISH FUND:			
General Government:			
Replacement Checks-Fish Fund (EA)	$ 0	$ 5	$ 5
GAME FUND:			
General Government:			
Replacement Checks-Game Fund (EA)	$ 0	$ 5	$ 5
LOTTERY FUND:			
General Government:			
Replacement Checks-Lottery Fund (EA)	$ 3	$ 100	$ 50
MILK MARKETING FUND:			
General Government:			
Replacement Checks-Milk Marketing Fund (EA)	$ 0	$ 5	$ 5
Refunds:			
Refunding Licenses and Fees-Milk Marketing Fund (EA)	$ 0	$ 5	$ 0
MILK MARKETING FUND TOTAL	$ 0	$ 10	$ 5

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
RACING FUND:			
General Government:			
Replacement Checks-Racing Fund (EA)	$ 3	$ 10	$ 10
OTHER FUNDS:			
TUITION ACCOUNT GUARANTEED SAVINGS PROGRAM FUND:			
Tuition Account Program Bureau	$ 1,546	$ 922	$ 1,033
(A)Application Fees	360	280	280
TUITION ACCOUNT GUARANTEED SAVINGS PROGRAM FUND TOTAL	**$ 1,906**	**$ 1,202**	**$ 1,313**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 393,100	$ 714,357	$ 829,868
SPECIAL FUNDS	51,224	52,043	33,368
AUGMENTATIONS	262,649	3,874	3,935
RESTRICTED	19,966	21,375	23,554
OTHER FUNDS	1,906	1,202	1,313
TOTAL ALL FUNDS	**$ 728,845**	**$ 792,851**	**$ 892,038**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
DISBURSEMENT							
GENERAL FUND	$ 43,039	$ 44,347	$ 48,958	$ 48,623	$ 48,623	$ 48,623	$ 48,623
SPECIAL FUNDS	9,658	13,307	11,391	11,391	11,391	11,391	11,391
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	5,316	4,326	4,498	4,498	4,498	4,498	4,498
SUBCATEGORY TOTAL	$ 58,013	$ 61,980	$ 64,847	$ 64,512	$ 64,512	$ 64,512	$ 64,512
INTERSTATE RELATIONS							
GENERAL FUND	$ 956	$ 933	$ 936	$ 936	$ 936	$ 936	$ 936
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	$ 956	$ 933	$ 936	$ 936	$ 936	$ 936	$ 936
DEBT SERVICE							
GENERAL FUND	$ 349,105	$ 669,077	$ 779,974	$ 882,033	$ 945,470	$ 996,126	$ 1,050,248
SPECIAL FUNDS	41,566	38,736	21,977	22,211	21,495	22,490	22,158
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	279,205	22,125	24,304	25,176	20,445	19,181	15,208
SUBCATEGORY TOTAL	$ 669,876	$ 729,938	$ 826,255	$ 929,420	$ 987,410	$ 1,037,797	$ 1,087,614
ALL PROGRAMS:							
GENERAL FUND	$ 393,100	$ 714,357	$ 829,868	$ 931,592	$ 995,029	$ 1,045,685	$ 1,099,807
SPECIAL FUNDS	51,224	52,043	33,368	33,602	32,886	33,881	33,549
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	284,521	26,451	28,802	29,674	24,943	23,679	19,706
DEPARTMENT TOTAL	$ 728,845	$ 792,851	$ 892,038	$ 994,868	$ 1,052,858	$ 1,103,245	$ 1,153,062

PROGRAM OBJECTIVE: To receive and safeguard the monies of the Commonwealth, to manage the funds to the best advantage of the Commonwealth and to insure that all disbursements of funds are legal and proper.

Program: Disbursement

The Treasury Department is required by the Fiscal Code to receive and deposit all monies of the Commonwealth; to invest in securities any Commonwealth monies which accumulate beyond the daily needs of the various funds; to manage to the best possible advantage all securities in its custody; to preaudit all requisitions for the expenditure of funds; and to disburse all State monies upon proper authorization to those entitled to receive payment. In this capacity the department is responsible for the receipt, custody and disbursement of billions of dollars each year.

The Treasury Department also audits disbursement records, maintains accounting controls and disburses all checks to recipients of public assistance. Thousands of checks are processed each working day for distribution to recipients. This processing includes preauditing, collating, authenticating and mailing the checks to individual recipients and banks. Hundreds of participating banks throughout the Commonwealth distribute thousands of checks daily.

The State Treasurer is Chairman of the Board of Finance and Revenue and serves on various State boards and commissions including several public retirement boards.

The Board of Finance and Revenue operates within this program by reviewing and deciding appeals concerning settlements made between the Commonwealth and persons, associations and corporations. The board also administers the program for refunding certain monies to which the Commonwealth is not legally entitled.

Under the provisions of Act 101 of 1976, as amended by Act 161 of 1994, the Treasury Department is required to pay death benefits, adjusted annually for inflation, to the surviving spouse or children of firemen or law enforcement officers of the Commonwealth killed in the performance of their duties and to reimburse political subdivisions for such payments made to survivors of local firemen or law enforcement officers. This current payment includes benefit increases with inflation.

The Treasury Department administers the Tuition Account Program that provides for two programs for postsecondary educational savings. The Tuition Account Guaranteed Savings Program Fund provides for the advance purchase of tuition credits for students who will attend institutions of higher education. Savings for higher education may also be made through the Tuition Account Investment Program Fund. A cash flow statement for each fund is included in the Special Funds Appendix.

The State Treasurer is responsible for the administration and enforcement of the Commonwealth's abandoned and unclaimed property laws. Tangible and intangible property that has remained unclaimed for five or more years is reported and remitted to the Treasury Department by holders in possession of the property. The Commonwealth maintains perpetual custody of the property until it is claimed by the rightful owner. Revenues generated by collection of unclaimed property cover the costs of paying claims.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Disbursements issued							
Disbursements — checks	6,012,497	5,800,000	5,300,000	N/A	N/A	N/A	N/A
Disbursements — wires	4,571,640	4,800,000	4,800,000	N/A	N/A	N/A	N/A
Interest earned on investments:							
General Fund (in thousands)	$ 96,032	$ 130,000	$ 130,000	N/A	N/A	N/A	N/A
Motor License Fund (in thousands)	22,614	33,000	33,000	N/A	N/A	N/A	N/A
TOTAL	$ 118,646	$ 163,000	$ 163,000	N/A	N/A	N/A	N/A

Interest earned on investments in the General Fund and Motor License Fund in 2002-03 and 2003-04 increased from the projections shown in last year's budget due to greater amount of funds invested and higher investment returns.

Program: Disbursement (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

State Treasurer's Office
$ 501 —to continue current program.

Computer Integration Program
$ –1,163 —nonrecurring computer integration costs.

Escheats Administration
$ 4,826 —to continue current program.

Board of Finance and Revenue
$ –76 —to continue current program.

Replacement Checks (EA)
$ 500 —based on projection of funding requirements.

Law Enforcement Officers Death Benefits
$ 23 —to continue current program.

MOTOR LICENSE FUND

Administration Refunding Liquid Fuels Tax
$ –10 —based on most recent projection of program requirements.

Replacement Checks - Motor License Fund (EA)
$ –200 —based on projection of funding requirements.

Refunding Liquid Fuels Tax - Agriculture
$ –500 —based on most recent projection of program requirements.

Refunding Liquid Fuels Tax - State Share
$ –300 —based on most recent projection of program requirements.

Refunding Emergency Liquid Fuels Tax
$ –1 —based on most recent projection of program requirements.

Refunding Liquid Fuels Tax - Political Subdivisions
$ –600 —based on most recent projection of program requirements.

Refunding Liquid Fuels Tax - Volunteer Services
$ –50 —based on most recent projection of program requirements.

Refunding Marine Liquid Fuels Tax - Boat Fund
$ –200 —based on most recent projection of program requirements.

Replacement Checks - Lottery Fund (EA)
$ –50 —based on projection of funding requirements.

Refunding Licenses and Fees - Milk Marketing Fund (EA)
$ –5 —based on most recent projection of program requirements.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
State Treasurer's Office	$ 23,270	$ 23,475	$ 23,976	$ 23,976	$ 23,976	$ 23,976	$ 23,976
Computer Integration Program	1,950	1,498	335	0	0	0	0
Escheats Administration	9,654	12,750	17,576	17,576	17,576	17,576	17,576
Board of Finance and Revenue	2,088	2,385	2,309	2,309	2,309	2,309	2,309
Tuition Account Program Advertising	2,000	1,000	1,000	1,000	1,000	1,000	1,000
Replacement Checks (EA)	3,350	2,500	3,000	3,000	3,000	3,000	3,000
Law Enforcement Officers Death Benefits	727	739	762	762	762	762	762
TOTAL GENERAL FUND	$ 43,039	$ 44,347	$ 48,958	$ 48,623	$ 48,623	$ 48,623	$ 48,623

Program: Disbursement (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
MOTOR LICENSE FUND:							
Administration Refunding Liquid Fuels Tax	$ 408	$ 461	$ 451	$ 451	$ 451	$ 451	$ 451
Replacement Checks - Motor License$ Fund (EA)	56	300	100	100	100	100	100
Refunding Liquid Fuels Tax - Agriculture	3,238	4,500	4,000	4,000	4,000	4,000	4,000
Refunding Liquid Fuels Tax - State Share	244	650	350	350	350	350	350
Refunding Emergency Liquid Fuels Tax	0	1	0	0	0	0	0
Refunding Liquid Fuels Tax - Political Subdivisions	2,360	3,800	3,200	3,200	3,200	3,200	3,200
Refunding Liquid Fuels Tax - Volunteer Services	346	450	400	400	400	400	400
Refunding Marine Liquid Fuels Tax - Boat Fund	3,000	3,000	2,800	2,800	2,800	2,800	2,800
TOTAL MOTOR LICENSE FUND	$ 9,652	$ 13,162	$ 11,301	$ 11,301	$ 11,301	$ 11,301	$ 11,301
BANKING DEPARTMENT FUND:							
Replacement Checks — Banking Department Fund (EA)	$ 0	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5
BOAT FUND:							
Replacement Checks — Boat Fund (EA)	$ 0	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5
FARM PRODUCTS SHOW FUND:							
Replacement Checks — Farm Products Show Fund (EA)	$ 0	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5
FISH FUND:							
Replacement Checks — Fish Fund (EA)	$ 0	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5
GAME FUND:							
Replacement Checks — Game Fund (EA)	$ 0	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5
LOTTERY FUND:							
Replacement Checks — Lottery Fund (EA)	$ 3	$ 100	$ 50	$ 50	$ 50	$ 50	$ 50
MILK MARKETING FUND:							
Replacement Checks-Milk Marketing Fund (EA)	$ 0	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5
Refunding Licenses and Fees-Milk Marketing Fund (EA)	0	0	0	0	0	0	0
TOTAL MILK MARKETING FUND	$ 0	$ 10	$ 5	$ 5	$ 5	$ 5	$ 5
RACING FUND:							
Replacement Checks — Racing Fund (EA)	$ 3	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10

PROGRAM OBJECTIVE: To promote interstate cooperation and progress through participation in various associations and organizations both regionally and nationally.

Program: Interstate Relations

Pennsylvania helps promote interstate progress and cooperation through participation in various organizations, associations and commissions with other states and other units of government. As a member of the Council of State Governments, Education Commission of the States, National Conference of State Legislatures and the National Governors' Association, Pennsylvania helps coordinate ideas on programs, interstate progress, budgets, Federal-State relations, education, labor, research, governmental techniques and general information with other states, the Congress and the Federal Executive Branch.

The Governmental Accounting Standards Board is also included within this program. The board provides guidance and establishes standards to promote uniformity and comparability in governmental accounting and financial reporting.

The State and Local Legal Center provides for Pennsylvania's participation in a center to advance and defend the interests of state and local governments in matters involving Federal preemption, state taxing and spending powers, the tenth amendment and other issues.

This program also covers Pennsylvania's cost of the Great Lakes Commission and the Council of Great Lakes Governors. These organizations were established to plan and promote a unified and balanced program for the development, use and conservation of Great Lakes Basin water resources.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	Intergovernmental Organizations
$ 3	—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Intergovernmental Organizations	$ 956	$ 933	$ 936	$ 936	$ 936	$ 936	$ 936

PROGRAM OBJECTIVE: To provide for interest and principal requirements of notes and bonds issued by the Commonwealth and other expenses related to debt service.

Program: Debt Service

The Commonwealth, through the Treasury Department, is obligated to meet principal and interest requirements and other expenses related to debt service.

Long-term bonds are issued by the State to cover the cost of financing public improvements which represent such a heavy financial burden that they cannot be funded through current revenues. These bond issues have provided funds for the acquisition and development of public recreation and historic sites and facilities; payment for disaster recovery costs; economic revitalization efforts; low-cost loans for water supply and sewage treatment improvements; loans to volunteer fire companies; and a wide variety of construction and renovation projects for hospitals, higher education facilities, State parks, flood control, correctional institutions and various public buildings.

The Commonwealth has saved substantial amounts of debt service interest payments through the issuance of refunding bonds to retire debt incurred in prior years when interest rates were considerably higher. The Commonwealth continues to monitor its debt for additional refunding opportunities.

Program Recommendations:

GENERAL FUND

$ 110,897 —the net effect on principal and interest requirements and other costs relating to the General Fund debt service.

MOTOR LICENSE FUND

$ –16,759 —the net effect on principal and interest requirements and other costs relating to the Motor License Fund debt service.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Publishing Monthly Statements	$ 20	$ 25	$ 25	$ 25	$ 25	$ 25	$ 25
Loan and Transfer Agents	22	75	75	75	75	75	75
General Obligation Debt Service	349,063	668,977	779,874	881,933	945,370	996,026	1,050,148
TOTAL GENERAL FUND	$ 349,105	$ 669,077	$ 779,974	$ 882,033	$ 945,470	$ 996,126	$ 1,050,248
MOTOR LICENSE FUND:							
Capital Debt Transportation Projects	39,760	29,722	11,890	12,155	11,489	12,596	12,347
General Obligation Debt Service	1,798	8,964	10,037	10,006	9,956	9,844	9,761
Loan and Transfer Agent	8	50	50	50	50	50	50
TOTAL MOTOR LICENSE FUND	$ 41,566	$ 38,736	$ 21,977	$ 22,211	$ 21,495	$ 22,490	$ 22,158

DEPARTMENT OF AGING

The mission of the Department of Aging is to enhance the quality of life of older Pennsylvanians by empowering the community, the family and the individual.

The Department of Aging consolidates services for older Pennsylvanians and provides a single point of contact through which older Pennsylvanians can address their concerns to State Government.

Statewide services are provided through the local Area Agencies on Aging. Services include long-term care assessment, home and community-based services, nutrition, employment, transportation, domiciliary care and protection. Additionally, the Department of Aging manages the pharmaceutical assistance program for older Pennsylvanians.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ 16,483	$ 16,071	$ 17,613
(F)Programs for the Aging - Title III - Administration	1,817	1,817	1,817
(F)Programs for the Aging - Title V - Administration	173	173	173
(F)Medical Assistance - Administration	1,088	999	938
(F)DCSI - Older Domestic Violence Victims Cross Training (EA)	70	15	0
(F)DCSI - Protective Services Training (EA)	169	115	50
(F)DCSI - Sexual Abuse Response Training (EA)	87	83	49
(F)Elder Abuse Justice Training Grant	0	350	0
(A)Intergovernmental Transfer - Administration	194	197	206
(A)Day Care Licensure	9	7	8
(A)Brookdale Foundation Grant	6	0	0
Subtotal	$ 20,096	$ 19,827	$ 20,854
Subtotal - State Funds	$ 16,483	$ 16,071	$ 17,613
Subtotal - Federal Funds	3,404	3,552	3,027
Subtotal - Augmentations	209	204	214
Total - General Government	$ 20,096	$ 19,827	$ 20,854
Grants and Subsidies:			
Family Caregiver	$ 11,461	$ 11,461	$ 11,461
(F)Programs for the Aging - Title III - Family Caregiver	9,500	10,000	10,000
Subtotal	$ 20,961	$ 21,461	$ 21,461
Pre-Admission Assessment	5,691	5,871	6,080
(F)Pre-Admission Assessment	7,658	9,678	8,818
(A)Intergovernmental Transfer	652	34	1,099
Subtotal	$ 14,001	$ 15,583	$ 15,997
Legal Advocacy for Older Pennsylvanians	600	0	0
Alzheimer's Outreach	240	145	145
(F)Memory Loss Screening	350	665	350
Subtotal	$ 590	$ 810	$ 495
Subtotal - State Funds	$ 17,992	$ 17,477	$ 17,686
Subtotal - Federal Funds	17,508	20,343	19,168
Subtotal - Augmentations	652	34	1,099
Total - Grants and Subsidies	$ 36,152	$ 37,854	$ 37,953
STATE FUNDS	$ 34,475	$ 33,548	$ 35,299
FEDERAL FUNDS	20,912	23,895	22,195
AUGMENTATIONS	861	238	1,313
GENERAL FUND TOTAL	$ 56,248	$ 57,681	$ 58,807
LOTTERY FUND:			
General Government:			
Auditor General's Audit Cost	$ 105	$ 105	$ 50
Grants and Subsidies:			
PENNCARE	$ 204,976	$ 206,587	$ 207,767
(F)Programs for the Aging - Title III	52,000	52,000	52,000
(F)Programs for the Aging - Nutrition	10,000	10,000	10,000
(F)Programs for the Aging - Title V - Employment	5,250	5,250	5,300
(F)Programs for the Aging - Title VII - Elder Rights Protection	3,500	3,500	3,500
(F)Medical Assistance - Attendant Care	2,764	3,979a	4,067
(F)Medical Assistance Support	1,350b	2,428b	600
(F)Older Refugee Services	165	125	0

Summary by Fund and Appropriation

	2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
	(Dollar Amounts in Thousands)		
(F)Disability Resource Center	0	800	800
(F)Training Grant to Stop Abuse	0	0	300
(A)Intergovernmental Transfer - MA Support	1,350 c	1,328 c	600
Subtotal	$ 281,355	$ 285,997	$ 284,934
Pharmaceutical Assistance Fund	**395,000**	**370,000**	**370,000**
Subtotal - State Funds	$ 599,976	$ 576,587	$ 577,767
Subtotal - Federal Funds	75,029	78,082	76,567
Subtotal - Augmentations	1,350	1,328	600
Total - Grants and Subsidies	$ 676,355	$ 655,997	$ 654,934
STATE FUNDS	$ 600,081	$ 576,692	$ 577,817
FEDERAL FUNDS	75,029	78,082	76,567
AUGMENTATIONS	1,350	1,328	600
LOTTERY FUND TOTAL	**$ 676,460**	**$ 656,102**	**$ 654,984**
TOBACCO SETTLEMENT FUND:			
Grants and Subsidies:			
Home and Community-Based Services	**$ 12,151**	**$ 18,198**	**$ 22,850**
(F)Medical Assistance - Community Services	15,124 d	20,427 d	24,442
(A)Intergovernmental Support - MA Support	6,769 e	6,769 e	6,769
PACENET Transfer (EA)	**34,682**	**34,531**	**30,029**
Subtotal - State Funds	$ 46,833	$ 52,729	$ 52,879
Subtotal - Federal Funds	15,124	20,427	24,442
Subtotal - Augmentations	6,769	6,769	6,769
Total - Grants and Subsidies	$ 68,726	$ 79,925	$ 84,090
STATE FUNDS	$ 46,833	$ 52,729	$ 52,879
FEDERAL FUNDS	15,124	20,427	24,442
AUGMENTATIONS	6,769	6,769	6,769
TOBACCO SETTLEMENT FUND TOTAL	**$ 68,726**	**$ 79,925**	**$ 84,090**
OTHER FUNDS:			
PHARMACEUTICAL ASSISTANCE FUND:			
Contracted Services (EA)	$ 0 f	$ 0 f	$ 0 f
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 34,475	$ 33,548	$ 35,299
SPECIAL FUNDS	646,914	629,421	630,696
FEDERAL FUNDS	111,065	122,404	123,204
AUGMENTATIONS	8,980	8,335	8,682
TOTAL ALL FUNDS	**$ 801,434**	**$ 793,708**	**$ 797,881**

[a] Includes recommended supplemental appropriation of $450,000.

[b] 2002-03 Actual actually appropriated as $9,138,000. 2003-04 Available actually appropriated as $11,474,000. Amounts shown are net of transfer to Medical Assistance-Community Services.

[c] 2002-03 Actual is $8,119,000 and 2003-04 Available is $8,097,000. Amounts shown are net of transfer to Intergovernmental Transfer-MA Support associated with the Home and Community-Based Services appropriation.

[d] 2002-03 Actual includes $7,788,000 and 2003-04 Available includes $9,046,000 actually appropriated as part of Medical Assistance Support.

[e] 2002-03 Actual includes $6,679,000 and 2003-04 Available includes $6,679,000 originally associated with the PENNCARE appropriation.

[f] Not added to the total to avoid double counting: 2002-03 Actual is $436.267,000, 2003-04 Available is $437,212,000 and 2004-05 Budget is $469,800,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
COMMUNITY SERVICES FOR OLDER PENNSYLVANIANS							
GENERAL FUND	$ 34,475	$ 33,548	$ 35,299	$ 35,299	$ 35,299	$ 35,299	$ 35,299
SPECIAL FUNDS	217,232	224,890	230,667	230,939	230,763	230,566	230,776
FEDERAL FUNDS	111,065	122,404	123,204	117,777	117,763	117,763	117,763
OTHER FUNDS	8,980	8,335	8,682	8,682	8,682	8,682	8,682
SUBCATEGORY TOTAL	$ 371,752	$ 389,177	$ 397,852	$ 392,697	$ 392,507	$ 392,310	$ 392,520
PHARMACEUTICAL ASSISTANCE							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	429,682	404,531	400,029	525,605	656,374	752,115	867,391
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 429,682	$ 404,531	$ 400,029	$ 525,605	$ 656,374	$ 752,115	$ 867,391
ALL PROGRAMS:							
GENERAL FUND	$ 34,475	$ 33,548	$ 35,299	$ 35,299	$ 35,299	$ 35,299	$ 35,299
SPECIAL FUNDS	646,914	629,421	630,696	756,544	887,137	982,681	1,098,167
FEDERAL FUNDS	111,065	122,404	123,204	117,777	117,763	117,763	117,763
OTHER FUNDS	8,980	8,335	8,682	8,682	8,682	8,682	8,682
DEPARTMENT TOTAL	$ 801,434	$ 793,708	$ 797,881	$ 918,302	$ 1,048,881	$ 1,144,425	$ 1,259,911

PROGRAM OBJECTIVE: To enable older Pennsylvanians to maintain active and independent lives in their own homes or alternative community living arrangements.

Program: Community Services for Older Pennsylvanians

The Department of Aging has established a network of in-home and community-based services addressing the varied needs of older Pennsylvanians. These programs enrich the lives of older Pennsylvanians and enable frail older Pennsylvanians to delay or avoid institutionalization. The 52 Area Agencies on Aging, serving all 67 counties, provide aging services at the local level.

Many older Pennsylvanians require only minimal outside support to function independently, therefore, a basic service of Area Agencies on Aging (AAA) is to inform these people of available services. AAAs sponsor over 500 senior centers throughout the Commonwealth that provide a full range of socialization, recreational and educational activities. Congregate meals, served by the centers at lunchtime, provide older Pennsylvanians with a hot, nutritionally balanced meal. Transportation services arranged by the agencies allow older Pennsylvanians to visit the doctor, shop or attend senior center events. Job placement services help older Pennsylvanians find unsubsidized private sector employment and offers job training and subsidized part-time community service employment.

Frail older Pennsylvanians require more extensive and personalized services to remain in their homes and communities and avoid relocating to an institutional setting such as a nursing home or personal care home. A nursing home pre-admission screening program helps older Pennsylvanians and their families determine the least restrictive environment needed and assists them in securing and managing intensive in-home services tailored to their needs. A continuum of services is available based on the functional and financial qualifications of the consumer ranging from home delivered meals to intensive in-home services for older Pennsylvanians needing the level of care available in institutional settings. Persons with higher income or assets share in the cost of services. This budget proposes a substantial increase in the utilization of home and community-based care as an alternative to nursing facility care. Home and community-based services promote independence and self-reliance, and maximize opportunities for family and community involvement.

A variety of personal support services are available for the growing population of frail older Pennsylvanians. The most common service is home delivered meals for people unable to prepare adequate meals for themselves or participate in group dining at senior centers. Personal care and related services assist functionally limited persons with key activities of daily living such as eating, dressing and personal hygiene either in their own homes or in adult daily living centers. Home support services provide for performance of labor intensive, unskilled or semiskilled maintenance, cleaning tasks or routine household chores. Protective services are provided to older Pennsylvanians who are at imminent risk of abuse, neglect, exploitation or abandonment. Services are designed to provide the least restrictive alternative to meet the client's need.

Attendant care services are maintained for disabled adults transitioning at age 60 from the Department of Public Welfare's Attendant Care Program. The enhanced level of personal care services is provided until health changes indicate a change in care level is appropriate.

The Department of Aging assists families who maintain frail relatives in their home through the Family Caregiver Program. Working through the AAAs, the program provides benefits counseling and, depending on income, financial assistance including supplies, services and home adaptations and devices.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Pennsylvanians 60 years and older	2,439,900	2,443,400	2,447,000	2,450,500	2,487,400	2,524,200	2,561,000
Pennsylvanians 85 years and older	271,300	288,200	305,100	322,000	330,700	339,300	348,000
Persons served who are clinically nursing home eligible	20,402	23,035	27,380	27,380	27,380	27,380	27,380
Persons receiving assistance:							
Congregate meals	148,372	149,370	150,300	151,200	151,200	151,200	151,200
Transportation (complete round trips)	99,376	106,345	112,900	119,800	119,800	119,800	119,800
Personal assistance services	1,480	1,395	1,300	1,200	1,200	1,200	1,200

Program: Community Services for Older Pennsylvanians (continued)

Program Measures: (continued)	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Attendant care services	540	754	938	940	940	940	940
Home delivered meals	48,706	50,150	52,450	54,800	54,800	54,800	54,800
Home support services	9,639	9,235	8,900	8,600	8,600	8,600	8,600
Personal care services	20,640	19,865	19,125	18,400	18,400	18,400	18,400
Protective services	11,459	12,205	12,900	13,600	13,600	13,600	13,600
Families receiving caregiver support	7,246	7,400	7,400	7,400	7,400	7,400	7,400
Pre-Admission Assessment:							
Initial Assessments	62,854	64,870	86,300	86,300	86,300	86,300	86,300
Referrals to nursing homes	38,064	39,285	47,465	47,465	47,465	47,465	47,465
Referrals for community services	21,540	22,230	38,835	38,835	38,835	38,835	38,835

Persons receiving personal assistance services, home support services, and personal care services decreased from the projections shown in last year's budget as a result of the increase in Tobacco-funded home and community-based waiver services which shifted many nursing home eligible consumers from the Department of Aging to the Department of Public Welfare's in-home service funding streams.

Persons receiving home delivered meals increased from the projections shown in last year's budget as a result of consumer demand and the shift in consumers referenced above which allowed for increased funding of home delivered meals.

Persons receiving protective services increased in 2003-04 from the projection shown in last year's budget due to additional reporting requirements for institutions that has resulted in an ongoing increase in the number of persons served.

Pre-admission assessments and referrals for both nursing homes and community services decrease in 2003-04 from the projections shown in last year's budget since a decision on the Taylor versus White litigation is still pending in court.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND:

General Government Operations

$ 1,698	—to provide for increased claims processing costs related to the PACE/PACENET Program expansion.
88	—to continue current program.
57	—to provide matching funds for Federal DCSI grants.
–294	—nonrecurring projects.
–7	—Initiative—Operational Efficiency. Savings from reduced travel and meeting costs.
$ 1,542	*Appropriation Increase*

Pre-Admission Assessment

$ 209	—to continue current program.

LOTTERY FUND:

Auditor General's Audit Cost

$ –55	—nonrecurring excess appropriation authority.

PENNCARE

$ 1,180	—to provide Attendant Care services to an additional 184 recipients.

TOBACCO SETTLEMENT FUND:

Home and Community-Based Services

$ 1,347	—to continue current program.
651	—to provide for additional assessments for home and community-based services.
2,654	—Initiative—Expanding Home and Community-Based Services. To provide 3,524 additional older Pennsylvanians with home and community-based care as an alternative to nursing facility care.
$ 4,652	*Appropriation Increase*

All other appropriations are recommended at the current year funding levels.

Program: Community Services for Older Pennsylvanians (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 16,483	$ 16,071	$ 17,613	$ 17,613	$ 17,613	$ 17,613	$ 17,613
Family Caregiver	11,461	11,461	11,461	11,461	11,461	11,461	11,461
Pre-Admission Assessment	5,691	5,871	6,080	6,080	6,080	6,080	6,080
Legal Advocacy for Older Pennsylvanians	600	0	0	0	0	0	0
Alzheimer's Outreach	240	145	145	145	145	145	145
TOTAL GENERAL FUND	$ 34,475	$ 33,548	$ 35,299	$ 35,299	$ 35,299	$ 35,299	$ 35,299
LOTTERY FUND:							
Auditor General's Audit Cost	$ 105	$ 105	$ 50	$ 50	$ 50	$ 50	$ 50
PENNCARE	204,976	206,587	207,767	209,122	209,122	209,122	209,122
TOTAL LOTTERY FUND	$ 205,081	$ 206,692	$ 207,817	$ 209,172	$ 209,172	$ 209,172	$ 209,172
TOBACCO SETTLEMENT FUND:							
Home and Community-Based Services	$ 12,151	$ 18,198	$ 22,850	$ 21,767	$ 21,591	$ 21,394	$ 21,604

PROGRAM OBJECTIVE: To assist eligible older Pennsylvanians who experience difficulty meeting the cost of prescription drugs necessary to maintain healthy lives.

Program: Pharmaceutical Assistance

The pharmaceutical assistance program provides limited pharmaceutical assistance to qualified older Pennsylvanians who are 65 years of age and over and who face a growing burden from the cost of drugs required to maintain healthy, productive lives. The program, financed by Lottery and Tobacco Settlement Fund revenue and administered by the Department of Aging, is referred to as PACE.

The PACE program has two components. Act 37 of 2003 expanded the income eligibility limits for both components to enroll additional consumers. 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. PACE pays the entire cost of prescription drugs and insulin supplies after a mandatory copayment of $6 for generic and $9 for brand-name prescriptions is made. 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. PACENET pays the entire cost of prescription drugs and insulin supplies after a claimant meets a $40 per person per month deductible and a mandatory copayment of $8 for generic and $15 for brand-name prescriptions. The $40 deductible is cumulative if it is not met each month. Participating pharmacies are reimbursed at 90 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. Pharmacies are required to stock and dispense A-rated generic drugs included in the Federal Drug Administration "Orange Book" unless an A-rated generic drug is deemed by the Department of Aging to have too narrow a therapeutic index for safe and effective dosing or the usual and customary charge for the brand name drug is equal to or less than the least expensive generic drug. In addition, Act 134 of 1996 prohibits payment for cosmetic drugs and for less than effective drugs without certification by a physician.

The Department of Aging is responsible for insuring compliance with the PACE program requirements. In addition to careful review of eligibility, including income verification by matching with Pennsylvania income tax returns, the department audits providers to detect and deter fraud and has established both a prospective and a retrospective drug utilization review system to monitor and correct misuse of drug therapies.

A prudent pharmaceutical purchasing program ensures that the PACE program receives a discount from drug manufacturers. PACE pays for drug products from manufacturers who agree to pay a rebate for brand drugs pursuant to the determination established by section 1927(c)(1) of the Social Security Act and a rebate of 14 percent of the average manufacturer price for generic drugs purchased through the program. In addition, participating manufacturers agree to pay an excessive pharmaceutical price inflation discount equivalent to the difference between the quarterly average manufacturers price charged for a drug and the average quarterly price charged for that drug one year earlier inflated by the Consumer Price Index-Urban.

As provided in Act 37 of 2003, the department will facilitate the enrollment of its participants in the new Federal Medicare pharmacy benefit, while working with the Federal government and Medicare benefit plans to develop and implement a seamless coordination of benefits.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Comprehensive PACE Program:							
Older Pennsylvanians enrolled (average)	192,340	197,400	198,450	196,500	188,600	181,100	173,850
Total prescriptions per year	9,665,650	10,024,640	10,848,100	11,310,800	11,431,500	11,558,700	11,684,000
Average PACE cost per prescription	$43.07	$46.56	$50.41	$54.41	$58.73	$63.40	$68.44
PACE Needs Enhancement Tier (PACENET):							
Older Pennsylvanians enrolled (average)	30,779	52,000	78,700	115,050	127,200	138,000	149,700
Total prescriptions per year	1,007,036	1,519,885	3,076,500	4,978,700	6,093,500	7,318,300	8,788,200
Average PACENET cost per prescription	$39.13	$44.80	$48.08	$51.08	$54.35	$57.84	$61.55

PACENET Older Pennsylvanians enrolled and total prescriptions per year increase beginning in 2003-04 from the projections shown in last year's budget due to Act 37 of 2003 which increased eligibility limits thereby expanding the number of consumers enrolled in the program.

The program measures above do not reflect any impact of the Federal Medicare pharmacy benefit plan.

Program: Pharmaceutical Assistance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

$ –4,502	**PACENET Transfer (EA)** —reduction in Tobacco Settlement Funds available for transfer.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
LOTTERY FUND:							
Pharmaceutical Assistance Fund	$ 395,000	$ 370,000	$ 370,000	$ 497,000	$ 628,000	$ 724,000	$ 839,000
TOBACCO SETTLEMENT FUND:							
PACENET Transfer (EA)	$ 34,682	$ 34,531	$ 30,029	$ 28,605	$ 28,374	$ 28,115	$ 28,391

DEPARTMENT OF AGRICULTURE

The mission of the Department of Agriculture is to encourage and promote agriculture and related industries throughout the Commonwealth.

The department's mission is accomplished through four major programs: consumer protection, property protection, farmland preservation and farmers and agribusiness development. The department provides a full range of services to farmers and consumers from Harrisburg and through seven regional offices located around the State.

The Department of Agriculture carries out activities to ensure wholesome and safe agricultural products for consumers; expand existing and develop new domestic and foreign markets for Pennsylvania's farmers to compete in the global economy; develop and encourage proper farming and conservation practices; prevent, control and eradicate diseases among livestock, poultry and plants; regulate the conduct of horse racing and improve the quality of life in rural Pennsylvania.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ 30,884	$ 30,588	$ 31,254
(F)Plant Pest Detection System	675	1,200	1,000
(F)Poultry Grading Service	59	59	59
(F)Medicated Feed Mill Inspection	27	27	27
(F)National School Lunch Administration	310	325	335
(F)Emergency Food Assistance	2,900	3,000	3,200
(F)Pesticide Control	767	1,000	758
(F)Agricultural Risk Protection	425	1,000	2,000
(F)Commodity Supplemental Food	600	1,400	1,500
(F)Agricultural Economic Assistance	980	0	0
(F)Organic Cost Distribution	380	750	180
(F)Animal Disease Control	306	400	314
(F)Food Establishment Inspections	100	100	100
(F)Food Safety Inspection Service	35	70	35
(F)Foot and Mouth Disease Monitoring	0	100	0
(F)Integrated Pest Management	0	150	0
(F)Avian Influenza Surveillance	0	96	0
(F)Oral Rabies Vaccine	0	100	0
(F)Johnes Disease Herd Project	0	1,800	0
(F)Exotic Newcastle Disease Control	0	258	0
(F)Scrapie Disease Control	0	60	0
(F)Bioterrorism Preparedness (EA)	200	250	250
(F)West Nile Virus Control	0	111	0
(A)Lime Inspection	28	31	31
(A)Fertilizer and Soil Inspections	0	138	138
(A)Feed Inspections and Registrations	508	514	514
(A)Milk Plant Inspections	25	26	26
(A)Mailing List Production	11	10	10
(A)Special Conferences and Projects	10	10	10
(A)Administrative Services	653	596	926
(A)Pesticide Regulation	1,113	1,553	1,055
(A)Training Rides and Attractions	17	7	7
(A)Chesapeake Bay Project	38	0	0
(A)Food Site Inspection	0	20	45
(A)Farm Account Reimbursement	1	4	1
(A)Nutrient Management Certification Fees	8	8	9
(A)Apiary Registration and Fees	11	10	10
(A)Biomass Energy	17	20	15
(A)Weights and Measures Inspection Services	10	11	11
(A)Food Employe Certification Fees	76	183	100
Subtotal	$ 41,174	$ 45,985	$ 43,920
Agriculture Law Center	**150**	**0**	**0**
Farmers' Market Food Coupons	**855**	**1,397**	**1,397**
(F)Farmers' Market Food Coupons	4,259	3,000	2,300
(F)Senior Farmers' Market Nutrition	1,500	3,000	2,500
Agricultural Conservation Easement Administration	**618**	**583**	**520**
(F)Farmland Protection	3,000	6,000	6,000
(A)Reimbursement from PennDOT	13	3	3
Agricultural Research	**3,503**	**3,363**	**3,000**
Agricultural Promotion, Education, and Exports	**1,351**	**1,186**	**1,186**
(A)International Promotion	66	50	50
(A)Aquaculture Promotion	20	0	16
Hardwoods Research and Promotion	**756**	**728**	**698**
Farm Safety	**116**	**111**	**111**
Nutrient Management	**295**	**288**	**297**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Subtotal - State Funds	$ 38,528	$ 38,244	$ 38,463
Subtotal - Federal Funds	16,523	24,256	20,558
Subtotal - Augmentations	2,625	3,194	2,977
Total - General Government	$ 57,676	$ 65,694	$ 61,998
Grants and Subsidies:			
Animal Health Commission	**$ 4,250**	**$ 4,250**	**$ 4,250**
Veterinary Distance Learning	**100**	**0**	**0**
Animal Indemnities	**150**	**50**	**20**
Transfer to State Farm Products Show Fund	**1,000**	**1,000**	**3,000**
Payments to Pennsylvania Fairs	**4,400**	**3,400**	**3,400**
Livestock Show	**225**	**225**	**225**
Open Dairy Show	**225**	**225**	**225**
Junior Dairy Show	**50**	**50**	**50**
4-H Club Shows	**55**	**55**	**55**
State Food Purchase	**16,450**	**16,450**	**16,450**
Product Promotion and Marketing	**950**	**850**	**850**
(F)Market Improvement	21	150	150
(F)Keystone Agriculture Innovation Center	0	997	0
Future Farmers	**104**	**104**	**104**
Agriculture & Rural Youth	**0**	**110**	**110**
Transfer to Nutrient Management Fund	**3,280**	**3,280**	**3,280**
Local Soil and Water Districts	**1,210**	**1,210**	**1,210**
Crop Insurance	**1,200**	**2,000**	**1,000**
(F)Crop Insurance	0	2,000	0
Plum Pox Virus - Fruit Tree Indemnities	**2,028**	**1,000**	**0**
Subtotal - State Funds	$ 35,677	$ 34,259	$ 34,229
Subtotal - Federal Funds	21	3,147	150
Total - Grants and Subsidies	$ 35,698	$ 37,406	$ 34,379
STATE FUNDS	$ 74,205	$ 72,503	$ 72,692
FEDERAL FUNDS	16,544	27,403	20,708
AUGMENTATIONS	2,625	3,194	2,977
GENERAL FUND TOTAL	**$ 93,374**	**$ 103,100**	**$ 96,377**
FARM PRODUCTS SHOW FUND:			
General Government:			
General Operations (EA)	**$ 6,353**	**$ 6,538**	**$ 5,615**
(A)Transfer from General Fund	0a	0a	0a
(A)Transfer from Farm Operations	0	1,000	0
Subtotal - State Funds	$ 6,353	$ 6,538	$ 5,615
Subtotal - Augmentations	0	1,000	0
Total - General Government	$ 6,353	$ 7,538	$ 5,615
STATE FUNDS	$ 6,353	$ 6,538	$ 5,615
AUGMENTATIONS	0	1,000	0
FARM PRODUCTS SHOW FUND TOTAL	**$ 6,353**	**$ 7,538**	**$ 5,615**
ENVIRONMENTAL STEWARDSHIP FUND:			
Grants and Subsidies:			
Transfer to Agricultural Conservation Easement Purchase (EA)	**$ 13,334**	**$ 15,851**	**$ 16,428**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
RACING FUND:			
General Government:			
State Racing Commissions (EA)	$ 7,606	$ 7,630	$ 7,797
Equine Toxicology and Research Laboratory (EA)	2,065	2,078	2,078
Payments to Pennsylvania Fairs - Administration (EA)	200	203	212
Total - General Government	$ 9,871	$ 9,911	$ 10,087
Grants and Subsidies:			
Transfer to General Fund (EA)	$ 7,293	$ 6,436	$ 8,047
RACING FUND TOTAL	$ 17,164	$ 16,347	$ 18,134
OTHER FUNDS:			
GENERAL FUND:			
Agriculture Farm Operations	$ 2	$ 1,005	$ 5
Dog Law Administration	4,896	6,558	6,754
Pesticide Regulation	1,878	1,934	1,992
Plant Pest Management	525	446	500
National School Lunch	119	60	60
GENERAL FUND TOTAL	$ 7,420	$ 10,003	$ 9,311
AGRICULTURAL CONSERVATION EASEMENT PURCHASE FUND:			
Purchase of County Easements (EA)	$ 50,000	$ 50,000	$ 50,000
NUTRIENT MANAGEMENT FUND:			
Planning, Loans, Grants, and Technical Assistance (EA)	$ 4,136	$ 4,852	$ 3,585
Nutrient Management - Administration (EA)	248	254	245
NUTRIENT MANAGEMENT FUND TOTAL	$ 4,384	$ 5,106	$ 3,830
RACING FUND:			
Sire Stakes Fund	$ 4,556	$ 4,260	$ 4,562
Breeders' Fund	8,898	9,280	9,250
RACING FUND TOTAL	$ 13,454	$ 13,540	$ 13,812
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 74,205	$ 72,503	$ 72,692
SPECIAL FUNDS	36,851	38,736	40,177
FEDERAL FUNDS	16,544	27,403	20,708
AUGMENTATIONS	2,625	4,194	2,977
OTHER FUNDS	75,258	78,649	76,953
TOTAL ALL FUNDS	$ 205,483	$ 221,485	$ 213,507

[a] Not added to the total to avoid double counting: 2002-03 Actual is $1,000,000, 2003-04 Available is $1,000,000, and 2004-05 Budget is $3,000,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
PROTECTION AND DEVELOPMENT OF AGRICULTURAL INDUSTRIES							
GENERAL FUND	$ 56,900	$ 54,656	$ 54,845	$ 54,345	$ 53,845	$ 53,345	$ 52,845
SPECIAL FUNDS	19,887	22,592	22,255	22,255	22,255	22,255	22,255
FEDERAL FUNDS	7,285	17,003	11,208	11,208	11,208	11,208	11,208
OTHER FUNDS	64,429	69,303	66,118	56,118	51,118	56,118	51,118
SUBCATEGORY TOTAL	$ 148,501	$ 163,554	$ 154,426	$ 143,926	$ 138,426	$ 142,926	$ 137,426
HORSE RACING REGULATION							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	16,964	16,144	17,922	17,634	17,634	17,634	17,634
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	13,454	13,540	13,812	13,812	13,812	13,812	13,812
SUBCATEGORY TOTAL	$ 30,418	$ 29,684	$ 31,734	$ 31,446	$ 31,446	$ 31,446	$ 31,446
EMERGENCY FOOD ASSISTANCE							
GENERAL FUND	$ 17,305	$ 17,847	$ 17,847	$ 17,847	$ 17,847	$ 17,847	$ 17,847
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	9,259	10,400	9,500	9,500	9,500	9,500	9,500
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 26,564	$ 28,247	$ 27,347	$ 27,347	$ 27,347	$ 27,347	$ 27,347
ALL PROGRAMS:							
GENERAL FUND	$ 74,205	$ 72,503	$ 72,692	$ 72,192	$ 71,692	$ 71,192	$ 70,692
SPECIAL FUNDS	36,851	38,736	40,177	39,889	39,889	39,889	39,889
FEDERAL FUNDS	16,544	27,403	20,708	20,708	20,708	20,708	20,708
OTHER FUNDS	77,883	82,843	79,930	69,930	64,930	69,930	64,930
DEPARTMENT TOTAL	$ 205,483	$ 221,485	$ 213,507	$ 202,719	$ 197,219	$ 201,719	$ 196,219

PROGRAM OBJECTIVE: To strengthen the agricultural economy and related enterprises.

Program: Protection and Development of Agricultural Industries

The Department of Agriculture administers several related elements within this program.

Program Element: Agribusiness Development

This program element includes: a commodity promotion section; a domestic and international business development section; a market opportunities section and an agricultural land preservation section.

The commodity promotion section focuses on direct consumer market development and creating trade and consumer demands for Pennsylvania agriculture and food products, usually through promotional activities. Equally important, promotional activities are designed to increase and enhance the awareness of consumers within and outside the borders of Pennsylvania about the product and agribusiness opportunities in the Commonwealth.

The domestic and international and business development section helps Pennsylvania companies market their products outside Pennsylvania by providing promotional opportunities in foreign market places. The International Trade section offers technical outreach to Pennsylvania food and agriculture businesses to enable them to adequately understand and prepare for market opportunities in foreign economies.

The market opportunities section examines domestic and foreign market places to identify market needs and communicate these needs to the Pennsylvania food and agriculture industry. Pennsylvania businesses then are better able to expand as they develop products and services that meet the needs of the Pennsylvania farmer, producer and processor

The market opportunities section provides funds for the operation of the Farm Show Complex in Harrisburg. A grant program, Payments to Pennsylvania Fairs, provides for agricultural fair operating reimbursements and grants to Statewide agricultural organizations, Future Farmers of America and 4-H groups in accordance with the guidelines of Act 92 of 1986. After these requirements have been fulfilled, the remaining appropriation balance is used for capital improvements at fairgrounds.

Other promotional activities include appearances at shopping centers and other public functions; developing and displaying exhibits that depict agriculture's role in the economy of Pennsylvania; and working with statewide commodity organizations.

The agricultural land preservation section, through a special fund created by Act 64 of 1988 that implemented a referendum approved by the electorate in November of 1988, purchases easements on prime agricultural land to ensure its continued use for agricultural purposes. Easements have been funded from bonds and a dedicated portion of the cigarette tax. In 1999, two separate acts provided new funding for the program. Act 15 of 1999 established a Supplemental Agricultural Conservation Easement Purchase Program and made $43 million available from the General Fund to accelerate the purchase of easements. Act 68 of 1999, the Environmental Stewardship and Watershed Protection Act, provides $82.6 million from the General Fund and Environmental Stewardship Fund for farmland preservation over a period of about five years. Beginning in 2004-05, Growing Greener II will continue funding for the farmland preservation program through the Environmental Stewardship Fund, for the continued purchase of agricultural easements.

Agricultural research grants provide for scientific research into plant and animal health. This research identifies prevention mechanisms for disease and proactive mechanisms for enhancement of the quality and quantity of agricultural products.

Program Element: Animal Health

The objective of this element is to maintain the health of domestic animals in order to protect human health, to protect the quantity, quality and safety of food of animal origin, and to provide for the general welfare of domestic animals. Emphasis is placed on disease prevention by surveillance and diagnostic activity to detect disease, control of animal movements to prevent the spread of disease, health certification programs to identify disease-free animals, and research to develop improved husbandry and health maintenance methods. Of major concern are interstate and international movements of animals and animal products that may introduce any one of numerous dangerous transmissible diseases existing outside the Commonwealth. Compliance with animal health rules is achieved by regular inspection of animal marketing and processing activities by veterinarians and livestock disease control technicians.

The Pennsylvania Animal Health and Diagnostic Commission provide animal research initiatives and coordination of animal disease diagnostic laboratories. This commission, an administrative unit within the Department of Agriculture, coordinates the Pennsylvania Animal Diagnostic Laboratory System (PADLS), which is composed of the diagnostic laboratory resources of the Department of Agriculture, Pennsylvania State University and the University of Pennsylvania School of Veterinary Medicine. PADLS is part of a nationwide network of state and federal laboratories dedicated to identifying and combating animal diseases. The system provides rapid and accurate diagnostic services to clients while maintaining a bio-secure environment. The laboratories provide animal health services for domestic animals with emphasis on infectious, nutritional and toxic diseases; state-of-the-art testing methods to help diagnose common diseases; and surveillance to detect emerging diseases. All of the programs are designed to protect the

Program: Protection and Development of Agricultural Industries (continued)

livestock, poultry, wildlife, food chain and human population of Pennsylvania. The laboratories also provide testing for state and federal regulatory programs and the export testing of live animals and genetic materials.

Also included in this program is dog law enforcement. Primary functions include: control and regulation of the sale and transportation of dogs; kennel inspections; reimbursement of law enforcement agencies for the detention and disposition of stray dogs and reimbursement to owners of livestock and poultry for damage caused by dogs and coyotes. In 2002, 973,718 dogs and 2,393 kennels were licensed under this program.

Dog law expenditures are reflected in this program as Other Funds.

Program Element: Consumable Agricultural Products

The Department of Agriculture is committed through regulatory efforts to protect the health and safety of the consumer and assure the availability of quality agriculture products to consumers. Act 124 of 2000 established a voluntary food safety training program for non-profit organizations. Department personnel conduct training courses for food handlers including school cafeteria, day care center, fair concession and other nonprofit organizations. The Bureau of Food Safety and Laboratory Services inspects and registers 4,615 food manufacturing firms, 2,150 warehouses, and 15,110 retail food stores; licenses and inspects 21,720 public eating and drinking places, and 4,250 frozen dessert operations; inspects 2,735 schools and approximately 600 camps and summer food sites; and permits and inspects approximately 280 seasonal farm labor camps. The division of Milk Sanitation issues milk permits and inspects approximately 400 dairy processing, manufacturing and distribution facilities. The Eggs, Fruits, and Vegetables division inspects egg processing plants, grocery stores, and warehouses in relation to eggs, fruits and vegetables grading.

Also included in this element are activities that regulate and maintain uniform standards of legal weights and measures of Commonwealth products. The Weights and Measures Division of the Bureau of Ride and Measurement Standards performed 40,462 inspections in 2002-03 and expects to perform 55,000 in 2003-04. The Amusement Ride Division completed 1,994 inspections in 2002-03 and expects to perform 1,700 in 2003-04.

Additional activities guarantee the quality of animal feeds, fertilizers, liming materials, plant materials and pesticides. Act 53 of 1996 transferred the responsibility for enforcement of the Seasonal Farm Labor Act from the Department of Environmental Protection to the Department of Agriculture. Act 97 of 2001 updated the licensing and registration requirements relating to the sale and distribution of fertilizers, soil conditioners and plant growth substances in the Commonwealth.

To protect the consumer and ensure the availability of quality agriculture products, the department regulates the sale of feed, fertilizer, lime and seeds by requiring certain label information and by sampling and analyzing products in its Harrisburg laboratories. During 2002-03, 2,545 agribusinesses were inspected and 2,561 feed, fertilizer and lime samples were analyzed. In addition, 5,602 samples of seed were tested. The department inspects stone fruit trees for the plum pox virus to control the disease and reduce the potential harm to the fruit industry.

The department is improving the process to protect Pennsylvania's food production system from agro-terrorism. Fertilizer, feed and pesticide manufacturers, dealers and distributors will be advised on preventing the use of agricultural production tools for terrorist activities. An extensive training program for veterinarians and growers will be developed and implemented to recognize animal diseases or agents that may be used by bioterrorists.

The department inspects all ornamental nurseries and greenhouses periodically to determine the presence of new plant pests. Laboratories staffed by scientists to insure correct diagnosis of the pest and to quarantine and/or prescribe proper treatment support the field staff. During 2002-03, 1,632 dealer and 3,209 nursery and greenhouse inspections were conducted, along with 1,992 certificates for the exportation of plant material. The department also inspected 1,212 apiaries involving 8,377 colonies of bees in 2002-03 for disease problems.

The Pesticide Control Law provides for the regulation of the use, handling, storage and transportation of pesticides. The department fulfils its statutory responsibilities by requiring registration of all pesticide products, testing and licensing of all persons who use pesticides to insure minimum competency levels, and periodically inspecting those who use, store or transport pesticides. The department also investigates complaints about misuse. During 2002-03, 620 pesticide dealers and 5,942 pesticide application businesses were licensed, 33,796 pesticide applicators certified, 2,758 service technicians registered, more than 11,800 pesticide products registered, 806 inspections and investigations conducted, and 67 samples analyzed. This program attempts to provide for the optimum use of pesticides while minimizing their adverse effects on human life and the environment.

Pesticide expenditures are reflected in this program as Other Funds.

The State Conservation Commission, whose chairmanship alternates each year between the Secretary of Agriculture and the Secretary of the Department of Environmental Protection, is the primary implementing authority for the Nutrient Management Act. The law is designed to minimize surface and ground water pollution from agricultural operations. The Departments of Agriculture and Environmental Protection in cooperation with the commission work with farmers to develop and implement nutrient management plans to reduce pollution.

Program: Protection and Development of Agricultural Industries (continued)

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Agribusiness Development:							
Dollar volume of food and agricultural exports (millions)	1,242	1,267	1,305	1,325	1,360	1,400	1,450
Additional farm acreage preserved under perpetual easements.	33,621	31,200	30,000	30,000	30,000	25,000	25,000
Acres enrolled in agricultural security areas*	NA	NA	37,737	40,756	44,017	47,098	49,924
Annual increase in new PA exhibitors at Farm Show*	NA	NA	2	2	2	2	3
Animal Health:							
Animals examined to determine disease (thousands)	815	825	825	825	825	825	825
Animals quarantined (thousands)	16	15	15	15	15	15	15
Animals destroyed (thousands)	19.5	20	20	20	20	20	20
Consumable Agricultural Products:							
Consumer commodities inspected	63,200	64,000	64,000	64,000	64,000	64,000	64,000

Animals examined to determine disease increase from the projections shown in last year's budget due to expanded efforts to reduce the risk of the spread of avian influenza and pseudorabies.

Additional farm acreage preserved under perpetual easements increases from the projections shown in last year's budget because of funds available from the Growing Greener programs.

Animals quarantined decrease from the projections shown in last year's budget due to reduced infections.

Animals destroyed were greater than the projections shown in last year's budget based on actual data.

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

General Government Operations

$ –75	—Initiative— Operational Efficiency. Savings from operational efficiencies.
741	—to continue current program.
666	*Appropriation Increase*

Agricultural Conservation Easement Administration

$ –63	—nonrecurring costs.

Agricultural Research

$ –363	—nonrecurring projects.

Hardwoods Research and Promotion

$ –30	—nonrecurring costs.

Nutrient Management

$ 9	—to continue current program.

Animal Indemnities

$ –30	—nonrecurring costs.

Transfer to the State Farm Products Show Fund.

$ 2,000	—to continue current program.

Crop Insurance

$ –1,000	—nonrecurring costs.

Plum Pox Virus - Fruit Tree Indemnities

$ –1,000	—nonrecurring costs.

All other General Fund Appropriations are recommended at the current year funding levels.

ENVIRONMENTAL STEWARDSHIP FUND

Transfer to Agricultural Conservation Easement Purchase Fund (EA)

$ 577	—to continue current program.

STATE FARM PRODUCTS SHOW FUND

General Operations (EA)

$ –923	—to continue current program.

RACING FUND

Payments to Pennsylvania Fairs - Administration (EA)

$ 9	—to continue current program.

Program: Protection and Development of Agricultural Industries (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 30,884	$ 30,588	$ 31,254	$ 31,254	$ 31,254	$ 31,254	$ 31,254
Agriculture Law Center	150	0	0	0	0	0	0
Agricultural Conservation Easement Administration	618	583	520	520	520	520	520
Agricultural Research	3,503	3,363	3,000	3,000	3,000	3,000	3,000
Agricultural Promotion, Education, and Exports	1,351	1,186	1,186	1,186	186	1,186	1,186
Hardwoods Research and Promotion	756	728	698	698	698	698	698
Farm Safety	116	111	111	111	111	111	111
Nutrient Management	295	288	297	297	297	297	297
Animal Health Commission	4,250	4,250	4,250	4,250	4,250	4,250	4,250
Veterinary Distance Learning	100	0	0	0	0	0	0
Animal Indemnities	150	50	20	20	20	20	20
Transfer to State Farm Products Show Fund	1,000	1,000	3,000	2,500	2,000	1,500	1,000
Payments to Pennsylvania Fairs	4,400	3,400	3,400	3,400	3,400	3,400	3,400
Livestock Show	225	225	225	225	225	225	225
Open Dairy Show	225	225	225	225	225	225	225
Junior Dairy Show	50	50	50	50	50	50	50
4-H Club Shows	55	55	55	55	55	55	55
Product Promotion and Marketing	950	850	850	850	850	850	850
Future Farmers	104	104	104	104	104	104	104
Agriculture & Rural Youth	0	110	110	110	110	110	110
Transfer to Nutrient Management Fund	3,280	3,280	3,280	3,280	3,280	3,280	3,280
Local Soil and Water Districts	1,210	1,210	1,210	1,210	1,210	1,210	1,210
Crop Insurance	1,200	2,000	1,000	1,000	1,000	1,000	1,000
Plum Pox Virus - Fruit Tree Indemnities	2,028	1,000	0	0	0	0	0
TOTAL GENERAL FUND	$ 56,900	$ 54,656	$ 54,845	$ 54,345	$ 53,845	$ 53,345	$ 52,845
ENVIRONMENTAL STEWARDSHIP FUND:							
Transfer to Agricultural Conservation Easement Purchase (EA)	$ 13,334	$ 15,851	$ 16,428	$ 16,428	$ 16,428	$ 16,428	$ 16,428
FARM PRODUCTS SHOW FUND:							
General Operations (EA)	$ 6,353	$ 6,538	$ 5,615	$ 5,615	$ 5,615	$ 5,615	$ 5,615
RACING FUND:							
Payments to Pennsylvania Fairs — Administration (EA)	$ 200	$ 203	$ 212	$ 212	$ 212	$ 212	$ 212

PROGRAM OBJECTIVE: To prevent consumer fraud in the racing industry.

Program: Horse Racing Regulation

Activities in this program area include the development and implementation of rules, regulations and procedures to insure the public and harness and horse owners of honest, safe, and competitive pari-mutuel harness and horse racing.

Horse racing in Pennsylvania is governed by Act 93 of 1983. This act merged the State Harness Racing Fund and the State Horse Racing Fund into the Racing Fund, adjusted the tax schedule and revised the distribution of funds in order to assist the racing industry by increasing the funds retained by the tracks.

The Racing Fund pays all expenses of the State Racing Commissions. After these obligations have been met, a portion of the money remaining in the fund is credited to the Breeding Fund and Sire Stakes Fund. The amount credited to each fund is a percentage of the amount wagered as specified by law. Act 23 of 2000 amended the Race Horse Industry Reform Act to increase the percentage credited to the Breeding Fund from 0.7 to 1.0% of the amount wagered on thoroughbred races. The Sire Stakes Fund is credited with 1.5% of wagers on harness races. All remaining monies in the Racing Fund are then transferred to the General Fund in the subsequent fiscal year.

The Equine Toxicology and Research Laboratory tests for the presence of foreign substances in the blood and urine of race horses following all races to ensure that no foreign substances have been administered prior to a race.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Investigations to insure compliance with established rules and regulations:							
Harness	1,480	1,500	1,600	1,600	1,600	1,600	1,600
Horse	2,415	2,500	2,500	2,500	2,500	2,500	2,500
Participant licenses issued:							
Harness	3,740	4,000	4,200	4,200	4,200	4,000	4,000
Horse	5,840	6,000	6,000	6,000	6,000	6,000	6,000
Licenses suspended for noncompliance of rules and regulations:							
Harness	125	125	125	125	125	125	125
Horse	20	20	20	20	20	20	20
Racing days approved:							
Harness	358	368	368	368	368	368	368
Horse	431	430	430	430	430	430	430

Horse and Harness racing licenses suspended for noncompliance with rules and regulations decrease from the projections shown in last year's budget because investigations found fewer instances of noncompliance than anticipated.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

RACING FUND

State Racing Commissions (EA)

$ 167 —to continue current program.

Transfer to General Fund (EA)

$ 1,611 —increase in funds available to transfer. Law requires June 30th ending surplus to be transferred to the General Fund.

The Equine Toxicology and Research Laboratory (EA) is recommended at the current year funding level.

Program: Horse Racing Regulation (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
RACING FUND:							
State Racing Commissions (EA)	7,606	7,630	7,797	7,797	7,797	7,797	7,797
Equine Toxicology and Research Laboratory (EA)	2,065	2,078	2,078	2,078	2,078	2,078	2,078
Transfer to General Fund (EA)	7,293	6,436	8,047	7,759	7,759	7,759	7,759
TOTAL STATE RACING FUND	$ 16,964	$ 16,144	$ 17,922	$ 17,634	$ 17,634	$ 17,634	$ 17,634

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 grants to counties or a designated lead agency to purchase food to be provided to the needy. Grants are allocated based on unemployment, food stamp recipients not on public assistance, legal immigrants, medical assistance recipients and households with earned income receiving assistance. Administrative costs of this program are funded from the grants with an eight percent limit on administrative allocations.

This program distributes Federal surplus food through the traditional program involving schools, prisons, hospitals and summer camps. The Federal Emergency Food Assistance Program (TEFAP) involves distribution of U.S. Department of Agriculture surplus food to the needy in Pennsylvania who meet certain eligibility criteria.

The traditional program distributes commodities among the states based on the prior year participation and allocates commodities within the State based on the same criteria. The TEFAP commodities are allocated among the states according to unemployment and poverty levels and are allocated within the State based on the same criteria. Administrative and warehousing costs for both programs are borne by the Federal Government.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Dollar value of commodities distributed (thousands)	$ 38,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000
Persons receiving donated or surplus foods (thousands):							
Traditional program	917	956	1,000	1,000	1,000	1,000	1,000
TEFAP	2,511	2,578	2,600	2,600	2,600	2,600	2,600
State Food Purchase Program	2,455	2,507	2,600	2,600	2,600	2,600	2,660
Percentage of farmers' market coupons redeemed by:							
WIC recipients*	NA	NA	62%	62%	62%	62%	62%
Seniors*	NA	NA	95%	95%	95%	95%	95%

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Farmers' Market Food Coupons and the State Food Purchase are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Farmers' Market Food Coupons	$ 855	$ 1,397	$ 1,397	$ 1,397	$ 1,397	$ 1,397	$ 1,397
State Food Purchase	16,450	16,450	16,450	16,450	16,450	16,450	16,450
TOTAL GENERAL FUND	$ 17,305	$ 17,847	$ 17,847	$ 17,847	$ 17,847	$ 17,847	$ 17,847

DEPARTMENT OF BANKING

The mission of the Department of Banking is to ensure the safety and soundness of State-chartered deposit-taking institutions; to ensure compliance with State laws and regulations which impact other financial service entities; and to provide a regulatory environment that will facilitate development of a sound financial services industry that adequately meets the needs of industry and the public.

The Department of Banking protects the public through the supervision, regulation and examination of records, accounts and policies of State-chartered financial institutions.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
BANKING DEPARTMENT FUND:			
General Government:			
General Government Operations	$ 11,720	$ 10,825	$ 11,120

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
REGULATION OF FINANCIAL INSTITUTIONS							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	11,720	10,825	11,120	11,120	11,120	11,120	11,120
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 11,720	$ 10,825	$ 11,120	$ 11,120	$ 11,120	$ 11,120	$ 11,120
ALL PROGRAMS:							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	11,720	10,825	11,120	11,120	11,120	11,120	11,120
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	0	0	0	0	0	0	0
DEPARTMENT TOTAL	$ 11,720	$ 10,825	$ 11,120	$ 11,120	$ 11,120	$ 11,120	$ 11,120

PROGRAM OBJECTIVE: To insure the maintenance of an economically sound and competitive system of State-chartered financial institutions.

Program: Financial Institution Regulation

This program involves supervision, regulation and examination of the records, accounts and policies of State-chartered banking institutions, savings associations, credit unions and state-licensed sales finance companies, installment sellers, money transmitters, consumer discount companies, collector-repossessors, pawnbrokers, first mortgage bankers and brokers, second mortgage lenders, brokers and brokers' agents, and check cashers. In addition to these activities, the department received approximately 5,800 consumer inquiries during 2002-03.

As of June 30, 2003, there were 169 banking institutions under the department's supervision: 44 commercial banks, 48 bank and trust companies, 50 savings banks, one private bank, 25 non-depository trust companies, and one foreign bank which maintained a representative office in Pennsylvania. There were 13 savings associations and 80 credit unions chartered and supervised by the Department of Banking. Also operating in the Commonwealth were 134 one-bank holding companies and 19 multi-bank holding companies. The department renews non-depository institution licenses annually and issues new licenses upon review and approval of license applications. The 14,001 non-depository entities at the end of June 2003 included: 3,728 installment sellers; 4,275 first mortgage bankers and brokers; 3,728 second mortgage lenders, brokers and brokers' agents; 909 sales finance companies; and 500 consumer discount companies. The remaining 861 licenses were held by pawnbrokers, money transmitters, check cashers and collector-repossessors.

Recent legislative enactments have impacted the Department of Banking's program responsibilities. Act 22 of 1998, as amended by Act 200 of 2002, requires the annual licensing, or for certain retail food stores the registration, and regulation of all check cashers doing business in Pennsylvania.

Act 89 of 2000 provides state-chartered commercial and savings banks with parity in activities permitted for national banks and federally chartered savings banks and savings associations. It also provides parity in activities permitted state-chartered banks located in other states when the activity has been approved by the Federal Deposit Insurance Corporation (FDIC) (under Section 24 of the FDIC Act).

Act 55 of 2001, the Mortgage Bankers and Brokers and Consumer Equity Protection Act, provides the department with broad regulatory and enforcement authority over financial entities which make covered or "predatory loans" in the Commonwealth; strengthens industry bonding requirements; authorizes the department to obtain criminal background information from applicants and provides licensing exemption for religious organizations which meet certain requirements.

Act 186 of 2002, which amended the Motor Vehicle Sales Finance Act, provides increased exam and enforcement authority and additional consumer disclosures and permits incidental items relating to automobile sales to be financed under the Act.

An electronic government initiative to develop an internet-based licensing and reporting application will be completed in 2003-04.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Supervision of State-chartered:							
Banks	169	172	174	174	173	173	173
Savings and loan associations	13	13	13	12	12	12	12
Credit unions	80	76	75	75	74	74	74
Consumer credit agencies:							
First mortgage bankers/brokers	4,275	3,719	3,719	3,719	3,719	3,719	3,719
Second mortgage lenders/brokers/ broker's agents	3,728	3,057	3,057	3,057	3,057	3,057	3,057
Sales finance companies	909	782	782	782	782	782	782
Consumer discount companies	500	470	470	470	470	470	470
Pawnbrokers	57	57	57	57	57	57	57
Money transmitters	31	31	31	31	31	31	31
Collectors-repossessors	149	149	149	149	149	149	149
Installment sellers licensed	3,728	3,728	3,728	3,728	3,728	3,728	3,728
Check casher licenses	624	624	624	624	624	624	624

Program: Financial Institution Regulation (continued)

Program Measures: (continued)	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Electronic filing of license applications*	N/A	N/A	640	1,280	1,282	1,284	1,286
Percentage of license applications filed electronically*	N/A	N/A	5.1%	10.1%	10.2%	10.2%	10.2%
Electronic filing of annual reports*	N/A	N/A	266	553	573	593	616
Percentage of annual reports filed electronically*	N/A	N/A	2.1%	4.4%	4.5%	4.7%	4.9%

Savings and loan associations decreased compared to the projections in last year's budget due to a continued trend to merge or convert to savings banks.

First mortgage bankers/brokers, second mortgage lenders/brokers/brokers agents, and sales finance companies licenses increased compared to the projections in last year's budget because federal preemption from state licensing requirements did not occur on the scale initially expected. Estimates for 2003-04 and subsequent years have been reduced to reflect current market conditions and anticipated federal preemption from state licensing requirements.

Check casher licenses increased compared to the projections in last year's budget due to the inclusion of grocery store registrations.

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		General Government Operations
$	437	—to continue current program.
	–142	—nonrecurring research studies.
$	295	*Appropriation Increase*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
BANKING DEPARTMENT FUND:							
General Government Operations	$ 11,720	$ 10,825	$ 11,120	$ 11,120	$ 11,120	$ 11,120	$ 11,120

CIVIL SERVICE COMMISSION

The mission of the Civil Service Commission is to provide greater efficiency and economy in the government of the Commonwealth by establishing conditions of employment which will attract to the service of the Commonwealth qualified persons of character and ability and appointing and promoting all persons on the basis of merit and fitness.

The Civil Service Commission administers the Commonwealth's merit system. The responsibilities of the commission include recruitment of qualified candidates; evaluation of applicants' education and experience to determine if minimum requirements have been met; development and administration of examinations; and certification of eligibles to the appointing agencies.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ 1	$ 1	$ 1
(A)Fees From Agencies	13,560	14,958	14,536
(A)Special Merit System Services	702	860	852
Subtotal - State Funds	$ 1	$ 1	$ 1
Subtotal - Augmentations	14,262	15,818	15,388
Total - General Government	$ 14,263	$ 15,819	$ 15,389
STATE FUNDS	$ 1	$ 1	$ 1
AUGMENTATIONS	14,262	15,818	15,388
GENERAL FUND TOTAL	**$ 14,263**	**$ 15,819**	**$ 15,389**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 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	14,262	15,818	15,388	15,388	15,388	15,388	15,388
SUBCATEGORY TOTAL	$ 14,263	$ 15,819	$ 15,389	$ 15,389	$ 15,389	$ 15,389	$ 15,389
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	14,262	15,818	15,388	15,388	15,388	15,388	15,388
DEPARTMENT TOTAL	$ 14,263	$ 15,819	$ 15,389	$ 15,389	$ 15,389	$ 15,389	$ 15,389

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 works toward bringing the Commonwealth merit system into full compliance with all State laws and regulations concerning employee selection procedures and the Federal Uniform Guidelines on Employee Selection Procedures. This includes job analysis and implementation of a program to identify and correct adverse impacts of examinations on protected groups.

Goals of the commission include identification and elimination of adverse impact, development of more valid examinations, identification and elimination of discrimination in the Commonwealth's personnel system, increased efficiency in meeting personnel needs of State agencies, and prompt and accurate resolution or adjudication of complaints, grievances and appeals.

Computerized testing has been implemented in all of the Civil Service Commission's testing centers. Candidate Application Processing and Scheduling (CAPS), which will allow applicants to receive a high level pre-qualification as they complete their applications as well as schedule examinations online, is expected to be implemented in February 2004.

The funds supporting this program are received from billing various General and Special Fund agencies.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Total eligibles on list	206,011	200,000	200,000	200,000	200,000	200,000	200,000
Persons scheduled for exams	166,662	175,000	175,000	130,000	130,000	130,000	130,000
Appeal requests received and processed	471	550	550	550	550	550	550
Certifications audited	9,860	11,000	11,000	11,000	11,000	11,000	11,000
People with disabilities provided employment information	2,800	3,000	3,000	3,000	3,000	3,000	3,000
Persons taking computerized exams	50,727	60,000	60,000	50,000	50,000	50,000	50,000
Annual cost of merit system per covered employee*	N/A	N/A	$222	$222	$222	$222	$222
Agency client satisfaction rating (based on a 5-point scale)*	N/A	N/A	3	3	3	3	3
Test-taker satisfaction rating (based on a 5-point scale)*	N/A	N/A	3	3	3	3	3

Appeals requests received and processed decreased in 2002-03 from the projection in last year's budget because there were significantly fewer furloughs, limited hiring and promotion of personnel, and an increased use of union grievances versus the appeal process.

Persons taking computerized exams increased from the projections shown in last year's budget due to a high demand for open job announcements.

*New program measure.

Program Recommendations:

This budget recommends the following changes in augmentations received from agency billings: (Dollar Amounts in Thousands)

General Government Operations

$ 541	—to continue current program.
−36	—Initiative—Civil Service Examination Efficiency. Savings from on-line scheduling of civil service examinations.
−77	—Initiative—Operational Efficiency. Savings from administrative efficiencies.
−858	—nonrecurring costs for imaging system development.
$ −430	*Augmentation Decrease*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1

DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

The mission of the Department of Community and Economic Development is to foster opportunities for businesses and communities to succeed and thrive in a global economy, thereby enabling Pennsylvanians to achieve a superior quality of life.

The Department of Community and Economic Development administers programs which recognize that community development and economic development are linked. This includes expanding and providing for more efficient delivery of local services; coordinating community and economic development resources to restore and maintain the vitality of our communities; advancing the economic well-being of communities through the maximization of community and economic development resources; and promoting housing and community revitalization in conjunction with economic development activities.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ 17,939	$ 16,727	$ 23,969
(F)ARC - Technical Assistance	250	250	250
(F)DOE - Weatherization Administration	500	500	535
(F)Communications Infrastructure	0	830a	0
(F)SCDBG - Administration	1,300	1,300	1,720
(F)CSBG - Administration	1,370	1,370	1,402
(F)LIHEABG - Administration	500	500	535
(F)ARC - Regional Initiative	(3)	300	0
(F)Americorps Training and Technical Assistance	100	0	0
(F)Americorps Training and Technical Assistance (EA)	0	100	0
(A)Manufactured Housing	0	0	260
(A)Minority Business Development Authority	43	0	65
(A)Copy Center Services	0	0	30
(A)Pennsylvania Industrial Development Authority	2,100	2,000	1,920
(A)Pennsylvania Economic Development Financing Authority	723	700	300
(A)Industrial Sites Cleanup	155	160	165
(A)PA Energy Development Authority	14	25	20
(A)Machinery and Equipment Loan Fund Reimbursement	123	120	125
(A)Environmental Training Partnership	1,026	1,600	1,500
(A)Reimbursement Environmental Protection	0	10	0
(A)Small Business First	505	700	1,020
(A)Local Area Transportation	290	300	300
(A)Ben Franklin Technology Development Authority - Admin	0	276	160
(R)Small Business Advocate - Utilities	982	973	967
(R)Zoological Transfer (EA)	97	0	0
Local Earned Income Tax Registry	0	0	550
International Trade	7,037	6,000	6,200
Interactive Marketing	4,595	2,400	2,400
Cultural Expositions and Exhibitions	1,000	0	0
Marketing to Attract Tourists	12,688	11,447	13,100
(A)Reimbursement for Travel Advertisements	216	220	220
Marketing to Attract Business	4,830	2,900	2,472
Regional Marketing Partnerships	5,390	5,000	5,000
Brain Gain	1,906	1,000	0
Marketing to Attract Film Business	679	600	600
International Marketing - Health Care	200	0	0
Housing Research Center	238	238	0
Business Retention and Expansion	4,814b	4,000b	3,729
PENNPORTS	14,053	15,250	11,000
Land Use Planning Assistance	3,817	3,500	3,496
Base Realignment and Closure	94	1,250	2,000
Subtotal - State Funds	$ 79,280	$ 70,312	$ 74,516
Subtotal - Federal Funds	4,017	5,150	4,442
Subtotal - Augmentations	5,195	6,111	6,085
Subtotal - Restricted Revenues	1,079	973	967
Total - General Government	$ 89,571	$ 82,546	$ 86,010
Grants and Subsidies:			
Transfer to Municipalities Financial Recovery Revolving Fund	$ 0	$ 0	$ 2,000
Transfer to Minority Business Development Fund	0	1,000	0
Transfer to Industrial Sites Environmental Assessment Fund	0	0	500
Transfer to Ben Franklin Tech. Development Authority Fund	53,397	53,500	53,000
Transfer to PA Economic Development Financing Authority	0	0	29,184
Opportunity Grant Program	28,000	50,000	50,000
Keystone Innovation Zones	0	0	3,300
Customized Job Training	37,000	32,500	32,500
(F)Community Economic Assistance	50,000	0	0
(F)TANFBG - Critical Job Training	5,000	0	0

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Workforce Leadership Grants	**4,500**	**5,000**	**5,000**
Infrastructure Development	**29,350**	**25,000**	**25,000**
Emergency Responders Resources and Training	**0**	**5,500**	**0**
CyberStart	**1,400**	**1,000**	**0**
(F)CCDFBG - Cyberstart	8,400	0	0
Historic Preservation	**0**	**0**	**11,500**
Housing & Redevelopment Assistance	**14,020**	**25,000**	**30,000**
(F)DOE - Weatherization	17,600	17,600	18,000
(F)Emergency Shelter for the Homeless	75	75	75
(F)Centralia Recovery(EA)	2,000	2,000	2,000
(F)LIHEABG - Weatherization Program	22,700	22,700	24,000
(F)TANFBG - Housing Assistance	8,900	5,000	5,000
(F)TANFBG - Housing Collaboration	30,000	0	0
(F)SCDBG - HUD Disaster Recovery	2,000	2,000	2,000
Family Savings Accounts	**1,076**	**826**	**826**
(F)Assets for Independence	1,800	1,800	1,800
(F)TANFBG - Family Savings Account	2,000	2,000	0
Shared Municipal Services	**900**	**900**	**1,500**
Local Municipal Resources and Development	**0**	**20,500**	**0**
New Communities	**8,880**	**15,000**	**19,000**
(F)Enterprise Communities - SSBG	42,000	32,000	28,000
Appalachian Regional Commission	**842**	**900**	**900**
Industrial Development Assistance	**4,500**	**3,500**	**3,500**
Local Development Districts	**5,640**	**5,640**	**4,500**
Small Business Development Centers	**6,000**	**6,400**	**6,400**
Tourist Promotion Assistance	**11,500**	**11,000**	**11,000**
Tourism - Accredited Zoos	**2,000**	**2,000**	**0**
Community Revitalization	**70,000**	**50,000**	**0**
Urban Development	**9,500**	**8,500**	**0**
Community and Business Assistance	**0**	**2,300**	**0**
Rural Leadership Training	**210**	**200**	**200**
Flood Plain Management	**150**	**0**	**60**
(F)FEMA Technical Assistance	120	120	120
(F)FEMA - Mapping	70	70	70
Community Conservation and Employment	**7,000**	**21,000**	**9,869**
(F)Community Services Block Grant	28,000	28,000	28,000
(F)TANFBG - Digital Divide	4,000	0	0
(F)TANFBG - Child Care Challenge Grants	10,000	10,000	0
(F)Supported Work Program (EA)	4,037	4,037	5,676
(A)Supported Work	7,514	7,571	7,571
Super Computer Center	**1,500**	**1,500**	**1,500**
Infrastructure Technical Assistance	**4,000**	**4,000**	**2,500**
Fay Penn	**400**	**400**	**0**
Tourist Product Development	**0**	**2,500**	**2,500**
Industrial Resource Center	**11,203**	**10,200**	**15,200**
Early Intervention for Distressed Municipalities	**0**	**0**	**1,000**
Manufacturing and Business Assistance	**3,000**	**2,500**	**0**
PENNTAP	**300**	**300**	**0**
Powdered Metals	**200**	**200**	**200**
Agile Manufacturing	**750**	**750**	**0**
Subtotal - State Funds	$ 317,218	$ 369,516	$ 322,639
Subtotal - Federal Funds	238,702	127,402	114,741
Subtotal - Augmentations	7,514	7,571	7,571
Total - Grants and Subsidies	$ 563,434	$ 504,489	$ 444,951
STATE FUNDS	$ 396,498	$ 439,828	$ 397,155
FEDERAL FUNDS	242,719	132,552	119,183
AUGMENTATIONS	12,709	13,682	13,656
RESTRICTED REVENUES	1,079	973	967
GENERAL FUND TOTAL	**$ 653,005**	**$ 587,035**	**$ 530,961**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
TOBACCO SETTLEMENT FUND:			
General Government:			
Tobacco Settlement Investment Board	**$ 0**	**$ 0**	**$ 276**
OTHER FUNDS:			
GENERAL FUND:			
Industrial Sites Environmental Assessment Fund	$ 1,936	$ 4,100	$ 5,000
BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY FUND:			
Ben Franklin Technology	$ 54,397	$ 55,485	$ 55,485
Assistive Technology (F)	0	1,500	0
BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY FUND TOTAL	**$ 54,397**	**$ 56,985**	**$ 55,485**
ENERGY DEVELOPMENT FUND:			
Energy Development - Administration (EA)	$ 75	$ 75	$ 75
Energy Development Loans/Grants (EA)	50	50	50
ENERGY DEVELOPMENT FUND TOTAL	**$ 125**	**$ 125**	**$ 125**
HOME INVESTMENT TRUST FUND:			
HOME Investment Partnership	$ 1,125	$ 1,000	$ 1,300
INDUSTRIAL DEVELOPMENT FUND:			
PA Industrial Development Authority	$ 639	$ 6	$ 7
INDUSTRIAL SITES CLEANUP FUND:			
Industrial Sites Cleanup - Administration (EA)	$ 200	$ 200	$ 210
Industrial Sites Cleanup - Projects (EA)	14,000	9,000	9,000
INDUSTRIAL SITES CLEANUP FUND TOTAL	**$ 14,200**	**$ 9,200**	**$ 9,210**
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)	$ 200	$ 204	$ 250
Machinery and Equipment Loans (EA)	17,000	17,000	17,000
MACHINERY AND EQUIPMENT LOAN FUND TOTAL	**$ 17,200**	**$ 17,204**	**$ 17,250**
MINORITY BUSINESS DEVELOPMENT FUND:			
General Operations (EA)	$ 250	$ 250	$ 275
Minority Business Development Loans (EA)	1,000	1,000	2,500
MINORITY BUSINESS DEVELOPMENT FUND TOTAL	**$ 1,250**	**$ 1,250**	**$ 2,775**
MUNICIPALITIES FINANCIAL RECOVERY REVOLVING AID FUND:			
Distressed Community Assistance (EA)	$ 2,800	$ 2,800	$ 2,800
SMALL BUSINESS FIRST FUND:			
Administration (EA)	$ 1,400	$ 1,400	$ 1,600
Loans (EA)	20,000	20,000	20,000
Pollution Prevention Loans (EA)	700	700	700
EDA - Loans (EA)	500	500	500
Environmental Loans (EA)	700	700	700
EDA - Defense Conversion (EA)	200	200	200
Community Economic Development Loans (EA)	5,000	5,000	5,000

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
SMALL BUSINESS FIRST FUND TOTAL	$ 28,500	$ 28,500	$ 28,700
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Underground Storage Tank Administration (EA)	$ 440	$ 440	$ 45
Upgrade Loans (EA)	10,000	10,000	1,500
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL	$ 10,440	$ 10,440	$ 1,545
WORKMEN'S COMPENSATION ADMINISTRATION FUND:			
Small Business Advocate - Workers' Compensation (R)	$ 175	$ 184	$ 184
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 396,498	$ 439,828	$ 397,155
SPECIAL FUNDS	0	0	276
FEDERAL FUNDS	242,719	132,552	119,183
AUGMENTATIONS	12,709	13,682	13,656
RESTRICTED	1,079	973	967
OTHER FUNDS	133,787	132,794	125,381
TOTAL ALL FUNDS	$ 786,792	$ 719,829	$ 656,618

[a] Includes recommended supplemental appropriation of $830,000.

[b] Actually appropriated as Team Pennsylvania.

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
COMMUNITY AND ECONOMIC DEVELOPMENT SUPPORT SERVICES							
GENERAL FUND	$ 80,782	$ 73,302	$ 78,891	$ 78,341	$ 78,341	$ 77,091	$ 77,091
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	11,917	4,650	3,907	3,907	3,907	3,907	3,907
OTHER FUNDS	6,449	7,268	7,236	7,236	7,236	7,236	7,236
SUBCATEGORY TOTAL	$ 99,148	$ 85,220	$ 90,034	$ 89,484	$ 89,484	$ 88,234	$ 88,234
BUSINESS AND JOB DEVELOPMENT							
GENERAL FUND	$ 126,173	$ 146,050	$ 166,673	$ 205,996	$ 218,686	$ 215,001	$ 212,581
SPECIAL FUNDS	0	0	276	276	276	276	276
FEDERAL FUNDS	55,190	190	190	190	190	190	190
OTHER FUNDS	74,290	70,825	64,612	64,200	64,200	64,200	64,200
SUBCATEGORY TOTAL	$ 255,653	$ 217,065	$ 231,751	$ 270,662	$ 283,352	$ 279,667	$ 277,247
TECHNOLOGY DEVELOPMENT							
GENERAL FUND	$ 74,350	$ 72,950	$ 72,400	$ 72,400	$ 72,400	$ 72,400	$ 72,400
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	54,397	56,985	55,485	55,485	55,485	55,485	55,485
SUBCATEGORY TOTAL	$ 128,747	$ 129,935	$ 127,885	$ 127,885	$ 127,885	$ 127,885	$ 127,885
COMMUNITY DEVELOPMENT							
GENERAL FUND	$ 115,193	$ 147,526	$ 79,191	$ 78,191	$ 78,191	$ 78,191	$ 78,191
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	175,612	127,712	115,086	104,410	104,410	104,410	104,410
OTHER FUNDS	12,439	12,371	12,671	12,671	12,671	12,671	12,671
SUBCATEGORY TOTAL	$ 303,244	$ 287,609	$ 206,948	$ 195,272	$ 195,272	$ 195,272	$ 195,272
ALL PROGRAMS:							
GENERAL FUND	$ 396,498	$ 439,828	$ 397,155	$ 434,928	$ 447,618	$ 442,683	$ 440,263
SPECIAL FUNDS	0	0	276	276	276	276	276
FEDERAL FUNDS	242,719	132,552	119,183	108,507	108,507	108,507	108,507
OTHER FUNDS	147,575	147,449	140,004	139,592	139,592	139,592	139,592
DEPARTMENT TOTAL	$ 786,792	$ 719,829	$ 656,618	$ 683,303	$ 695,993	$ 691,058	$ 688,638

PROGRAM OBJECTIVE: To utilize State economic development resources in a cohesive and cost-effective manner in order to assist in the job creation and retention process within the Commonwealth.

Program: Community and Economic Development Support Services

This program works in partnership with hundreds of local, community and regional service providers to deliver resources to businesses, communities and individuals in need of assistance. Because of the complexity of the delivery system, the department plays a key role in ensuring that the system is effective and efficient. This ensures that Pennsylvania's businesses and communities provide the opportunity for all of the Commonwealth's residents to achieve a high quality of life.

A key function is the Governor's Action Team. The Action Team reacts immediately to major problems and opportunities related to economic development including major business locations, relocations, expansions or dislocations, which require administration-wide, multi-departmental involvement.

Marketing and local planning assistance efforts further supplement the daily operations of the Department of Community and Economic Development. Marketing plays an important role in two distinct areas: promoting Pennsylvania to individuals as an attractive place to vacation in order to maximize Pennsylvania's share of the tourism dollar and promoting Pennsylvania to industry as possessing a good business climate, as well as being an excellent place to live and work. Toward these ends, the department operates two separate extensive multi-media advertising campaigns, one targeting economic development and the other targeting tourism. The department also focuses on interactive marketing to highlight Pennsylvania's economy and quality of life.

The economic development marketing component includes efforts to increase foreign and domestic investments in Pennsylvania, and to expand the markets for products of Pennsylvania firms overseas.Trade missions and trade shows provide opportunities for companies to develop their export potential and expand their export base. In collaboration with 15 contracted trade offices, small businesses are provided support in overcoming the many legal, financial and logistical problems inherent in doing business internationally. Domestically the marketing program targets key industries—those in which Pennsylvania has exhibited a particular competitive advantage.

The tourism marketing component involves the Tourist Promotion Assistance (TPA) Grant Program, which assists county and regional tourist promotion agencies in Pennsylvania by providing grants as matching assistance for advertising and promotion expenses. A key element of tourism marketing is the coordination of the Commonwealth's tourism program with the TPAs efforts. The Regional Marketing Partnership Program coordinates regional efforts to promote tourist destinations and events. Act 189 of 2002 further supports these efforts through the Pennsylvania Travel and Tourism Partnership by ensuring the Commonwealth's strategic tourism plan is continually evaluated and advanced.

Local business development organizations assist in arranging financing packages, and local marketing and promotion activities, while providing direct managerial and technical assistance to small businesses. Development of collaborative day care options by groups of small businesses is supported by grants through Act 100 of 1998.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Traveler expenditures (in millions)	$22,352	$22,799	$23,255	$23,720	$24,195	$24,679	$25,172
Tourist Promotion Assistance: Public/private funds leveraged (in thousands)	$59,200	$61,100	$62,800	$64,700	$66,600	$68,600	$68,600

Program: Community and Economic Development Support Services (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations

$ 7,500	—to increase the capacity of the Center for Local Government Services to provide planning assistance to counties and municipalities
–258	—nonrecurring program costs.
$ 7,242	*Appropriation increase.*

Local Earned Income Tax Registry

$ 550	—Initiative – Local Earned Income Tax Registry. To provide training and technical assistance to tax collectors and employers along with technology upgrades to the local earned income tax registry.

International Trade

$ 200	—to expand international trade and marketing efforts.

Marketing to Attract Tourists

$ 1,653	—to enhance Pennsylvania's image as a tourist destination.

Marketing to Attract Business

$ –428	—nonrecurring projects.

Housing Research Center

$ –238	—nonrecurring projects.

Base Realignment and Closure

$ 750	—to provide for anticipated base realignment and closure activities.

Cyberstart

$ –1,000	—nonrecurring projects.

Local Development Districts

$ –1,140	—nonrecurring projects.

Tourism - Accredited Zoos

$ –2,000	—nonrecurring projects.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 17,939	$ 16,727	$ 23,969	$ 23,969	$ 23,969	$ 23,969	$ 23,969
Local Earned Income Tax Registry	0	0	550	0	0	0	0
International Trade	7,037	6,000	6,200	6,200	6,200	6,200	6,200
Interactive Marketing	4,595	2,400	2,400	2,400	2,400	2,400	2,400
Cultural Expositions and Exhibitions	1,000	0	0	0	0	0	0
Marketing to Attract Tourists	12,688	11,447	13,100	13,100	13,100	13,100	13,100
Marketing to Attract Business	4,830	2,900	2,472	2,472	2,472	2,472	2,472
Regional Marketing Partnerships	5,390	5,000	5,000	5,000	5,000	5,000	5,000
Marketing to Attract Film Business	679	600	600	600	600	600	600
International Marketing - Health Care	200	0	0	0	0	0	0
Housing Research Center	238	238	0	0	0	0	0
Base Realignment and Closure	94	1,250	2,000	2,000	2,000	750	750
CyberStart	1,400	1,000	0	0	0	0	0
Appalachian Regional Commission	842	900	900	900	900	900	900
Industrial Development Assistance	4,500	3,500	3,500	3,500	3,500	3,500	3,500
Local Development Districts	5,640	5,640	4,500	4,500	4,500	4,500	4,500
Tourist Promotion Assistance	11,500	11,000	11,000	11,000	11,000	11,000	11,000
Tourism - Accredited Zoos	2,000	2,000	0	0	0	0	0
Rural Leadership Training	210	200	200	200	200	200	200
Tourist Product Development	0	2,500	2,500	2,500	2,500	2,500	2,500
TOTAL GENERAL FUND	$ 80,782	$ 73,302	$ 78,891	$ 78,341	$ 78,341	$ 77,091	$ 77,091

PROGRAM OBJECTIVE: To ensure that capital for the creation, location, retention and expansion of private business is available at each step of the business life cycle for all types and sizes of business, and to make possible lower capital costs as an attraction for businesses to invest or re-invest in Pennsylvania.

Program: Business and Job Development

The department has a broad array of programs available to create the best possible climate for business development. The InventPA website links new and developing businesses to information and applications. The single application process allows businesses to apply for funding from the many available loan and grant programs with one application, which may be accessed and submitted online.

Program Element: Economic Development

The Business Retention and Expansion program works with the Commonwealth's ten marketing regions to promote job retention, expansion and creation by contacting Pennsylvania businesses to identify their needs in an effort to retain and improve their operations in Pennsylvania. Information gathered is entered into a database, providing an efficient means to access, analyze and acquire in-depth information on Pennsylvania's community and economic assets.

The Export Network links the ten regions to the overseas offices, which offer assistance to support the international trade activities of PA businesses. The Entrepreneurial Support Networks provides improved quality and availability of services to potential entrepreneurs.

The Opportunity Grant Program is a tool used by the Governor's Action Team to secure job creating economic development opportunities by preserving and expanding existing industry as well as attracting economic development prospects to the Commonwealth. The program's flexibility is the key to its usefulness. Program funds are used for job training, infrastructure, land and building improvements, machinery and equipment, working capital and environmental assessment and remediation.

The Small Business First Fund (fund), created by Act 67 of 1996, merged the Pennsylvania Capital Loan Fund, Storage Tank Loan Fund and Air Quality Loan Fund into a single multi-purpose fund that can make loans to small businesses for a wide range of needs. Eligible uses include financing for: environmental needs like air quality, storage tank replacement, recycling and water quality, as well as defense conversion and hospitality industry projects. In addition, the Small Business First Fund provides financial assistance for export-related, advanced technology and computer-related services. Act 213 of 2002 expanded the definition of a small business to include agricultural producers. The department began the Community and Economic Development Loan Program for small businesses located in distressed areas that have social or economic disadvantage in 1999. Act 100 of 1998 allows for the fund to provide pollution prevention loans; Act 213 of 2002 increased the maximum loan from $50,000 to $100,000.

The Infrastructure Development Program provides grants and loans to develop and improve business sites. Funding may be provided for specific infrastructure improvements necessary to complement planned industrial investment by private companies, to restore blighted land to productive use and to develop the restored land, or to develop local infrastructure at present and future business sites. Local public and nonprofit sponsors may receive grants and loans on behalf of industrial, manufacturing, research and development, agriculturally-related and export service enterprises for the following improvements: energy facilities, fire and safety facilities, sewer and water systems, transportation and waste disposal facilities. Private real estate developers are also eligible if they are developing sites for eligible private companies.

The Pennsylvania Industrial Development Authority (PIDA) was established in 1956 to make long-term, low-interest business loans for job-creation or retention to firms, which are engaged in manufacturing or industrial enterprises. PIDA funds may be used for land and buildings. Current policy targets PIDA funds to small and advanced technology businesses, and areas of high unemployment. A qualified business may receive up to $1.75 million at interest rates ranging from two and three quarters percent to four percent, depending upon the unemployment rate in the county where the project is located.

The Machinery and Equipment Loan Fund, recodified in Act 213 of 2002, provides low-interest loan financing to manufacturing and industrial companies and to production agriculture to acquire and install new or used machinery and equipment. Interest rates are similar to PIDA and vary depending on the county and municipality unemployment levels. A criterion of the program is that the applicant must agree to create or preserve jobs.

Job Creation Tax Credits, authorized by Act 23 of 2001, provide $1,000 in tax credits to approved businesses that agree to create or preserve jobs in the Commonwealth within three years. Businesses must agree to create at least 25 new jobs or new jobs equaling at least 20 percent of the existing workforce. Twenty-five percent of the tax credits allocated each year are reserved for businesses with less than 100 employees and may not be utilized until the jobs are actually created. Annually, $22.5 million is available for

Program: Business and Job Development (continued)

these credits; credits not fully utilized or recaptured from any fiscal year may be reissued by the department.

The Industrial Sites Program provides grants and low-interest loan financing to companies, private real estate developers, and municipalities performing environmental site assessment and remediation work at former industrial sites. Funds are not available for companies that caused the environmental contamination on the property.

Program Element: Workforce Development

The Customized Job Training (CJT) Program supports new and existing firms in Pennsylvania by specifically training Pennsylvanians for new jobs or upgrading existing employees skills to accommodate new technologies. WEDnetPA, a major part of CJT, works with companies in need of workers with special skills and guarantees training to meet the standards agreed to between the company and the educational provider. Most of the training is targeted to manufacturing and technology-based companies providing jobs, which pay at least 150 percent of minimum wage. WEDnetPA has trained over 256,000 employees since its inception and is critical to ensuring that highly skilled workers are available for Pennsylvania companies. The Job Enhancement Act of 2002 recodified CJT, expanded eligible programs and included private companies and local workforce investment boards as potential applicants.

The Workforce Leadership Grants Program establishes integrated academic programs in three industry clusters: bio/life sciences, information technology/optoelctronics and advanced manufacturing and materials..

Another focus of workforce development is the retention of young people who are trained in the colleges, universities and technical schools in the Commonwealth. The Stay Invent the Future Program helps to market Pennsylvania, showcasing its opportunities, and helps bring students and Pennsylvania employers together through internships and informational sessions.

Program Element: Ports Development

The PENNPORTS office provides for the development of Pennsylvania's ports, including Erie Port, the Philadelphia Regional Port Authority and the Pittsburgh Port Commission. Funding is used to aid in the development of these ports, which not only generate port and shipping related jobs, but also assist Pennsylvania firms in exporting their products.

Program Element: Pennsylvania Economic Development Financing Authority (PEDFA)

The Pennsylvania Economic Development Financing Authority (PEDFA) pools taxable and tax-exempt bond financing with the ability to finance economic development projects. PEDFA can finance land, buildings, machinery and equipment, and working capital including refinancing. Applications must be submitted through an industrial development authority.

Program Element: Minority Business

The Pennsylvania Minority Business Development Authority (PMBDA) offers low-interest loans to minority-owned businesses for fixed asset financing, working capital and other financing needs. These efforts can be particularly crucial given the difficulty minority entrepreneurs have in securing adequate funding, especially working capital. Since 1998-99, some of these programs are provided through a transfer from the Pennsylvania Minority Business Development Fund to the Small Business First Fund.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Businesses assisted	4,664	4,100	4,500	4,750	4,750	4,750	4,750
Persons receiving job training*	N/A	N/A	155,000	162,750	162,750	162,750	162,750
Opportunity grant projects	83	83	83	83	83	83	83

Opportunity grant projects decreased from the projections shown in last year's budget because higher impact multi-year projects were funded.

*New program measure.

Program: Business and Job Development (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

$ -1,000 **Brain Gain**
—Initiative - Program Reduction. Savings from the elimination of the Brain Gain program.

$ -271 **Business Retention and Expansion**
—nonrecurring projects.

$ -4,250 **PENNPORTS**
—nonrecurring projects.

$ -1,000 **Transfer to Minority Business Development Fund**
—nonrecurring projects.

$ 500 **Transfer to Industrial Sites Environmental Assessment Fund**
—to provide for environmental assessment projects.

$ 29,184 **Transfer to PA Economic Development Financing Authority**
—to provide debt service for economic development bonds.

$ 3,300 **Keystone Innovation Zones**
—to establish development zones adjacent to research universities for technology transfer and support.

$ -5,500 **Emergency First Responders and Training**
—nonrecurring projects.

$ 60 **Flood Plain Management**
—to reestablish program.

$ -400 **Fay Penn**
—nonrecurring projects.

$ 276 **TOBACCO SETTLEMENT FUND**
Tobacco Settlement Investment Board
—to continue current program.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Brain Gain	$ 1,906	$ 1,000	$ 0	$ 0	$ 0	$ 0	$ 0
Business Retention and Expansion	4,814	4,000	3,729	3,729	3,729	3,729	3,729
PENNPORTS	14,053	15,250	11,000	11,000	11,000	11,000	11,000
Transfer to Minority Business Development Fund	0	1,000	0	0	0	0	0
Transfer to Industrial Sites Environmental Assessment Fund	0	0	500	500	500	500	500
Transfer to PA Economic Development Financing Authority	0	0	29,184	68,507	81,197	80,812	78,392
Opportunity Grant Program	28,000	50,000	50,000	50,000	50,000	50,000	50,000
Keystone Innovation Zones	0	0	3,300	3,300	3,300	0	0
Customized Job Training	37,000	32,500	32,500	32,500	32,500	32,500	32,500
Workforce Leadership Grants	4,500	5,000	5,000	5,000	5,000	5,000	5,000
Infrastructure Development	29,350	25,000	25,000	25,000	25,000	25,000	25,000
Emergency Responders Resources and Training	0	5,500	0	0	0	0	0
Small Business Development Centers	6,000	6,400	6,400	6,400	6,400	6,400	6,400
Flood Plain Management	150	0	60	60	60	60	60
Fay Penn	400	400	0	0	0	0	0
TOTAL GENERAL FUND	$ 126,173	$ 146,050	$ 166,673	$ 205,996	$ 218,686	$ 215,001	$ 212,581
TOBACCO SETTLEMENT FUND:							
Tobacco Settlement Investment Board	$ 0	$ 0	$ 276	$ 276	$ 276	$ 276	$ 276

PROGRAM OBJECTIVE: To promote the use of advanced technology in order to help Pennsylvania industries compete successfully in the national and international market places; to encourage research and development of new products and processes that will foster the start-up of new business within the Commonwealth; and to fund research centers that will provide an incentive for indigenous business formation, as well as serving to attract investment in Pennsylvania.

Program: Technology Development

Recognizing the instrumental role that technology development plays in Pennsylvania's effort to remain competitive in the national and international marketplace, the Commonwealth supports efforts to develop technological advances of benefit to its businesses and industries.

The Ben Franklin Technology Development Authority was established by Act 38 of 2001 to continue the promotion of advanced technology in Pennsylvania's traditional and emerging manufacturing industries as well as small businesses. The program supports a wide range of initiatives to modernize machinery and equipment to improve productivity, streamline operations and increase product choice and develop a technologically skilled workforce for Pennsylvania. The Pennsylvania Technology Investment Authority (PTIA), within the Ben Franklin Technology Development Authority Fund, focuses on helping companies that want to develop new technologies. Its efforts are designed to meet the financing needs of high technology, knowledge-based companies whose needs differ from more traditional asset-based financing. The Authority provides a series of support and financing including a Technology Company Investment program, a Technology Development Grant program, and University Research Grants program. A loan guarantee program for individuals with disabilities so that they may purchase assistive technologies, which allow them to fully participate in their community's economy, is also included.

The Industrial Resource Centers (IRCs) were established as an entity separate from the Ben Franklin program by Act 31 of 2001. The IRCs are designed to improve the competitive ability of Pennsylvania's traditional and emerging manufacturing firms by helping them to understand and implement modern manufacturing techniques and technologies. The IRCs work with existing small- and medium-size manufacturers to quickly adopt existing technologies and techniques that do not require substantial research. The centers are operated as nonprofit corporations and are given significant direction from the IRC Strategic Advisory Board, comprised, in the majority, of private sector representatives.

The Pennsylvania Infrastructure Technical Alliance (the PITA) integrates university-based technology research with business and economic development by partnering students at major universities in the State with businesses for research and development.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Jobs created	2,475	2,300	2,323	2,346	2,369	2,392	2,415
Public/private funds leveraged (in thousands)	$236,016	$250,000	$230,000	$230,000	$230,000	$230,000	$230,000
Businesses assisted	4,449	4,100	4,100	4,100	4,100	4,100	4,100

Businesses assisted increased from the projections shown in last year's budget based on actual activity.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Transfer to Ben Franklin Technology Development Authority Fund
$ –500 —nonrecurring projects.

Infrastructure Technical Assistance
$ –1,500 —nonrecurring projects.

Industrial Resource Center
$ 5,000 —to enhance current program.

Manufacturing and Business Assistance
$ –2,500 —nonrecurring projects.

PENNTAP
$ –300 —nonrecurring projects.

Agile Manufacturing
$ –750 —nonrecurring projects.

All other appropriations are recommended at the current year funding levels.

Program: Technology Development (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Transfer to Ben Franklin Tech. Development Authority Fund	$ 53,397	$ 53,500	$ 53,000	$ 53,000	$ 53,000	$ 53,000	$ 53,000
Super Computer Center	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Infrastructure Technical Assistance	4,000	4,000	2,500	2,500	2,500	2,500	2,500
Industrial Resource Center	11,203	10,200	15,200	15,200	15,200	15,200	15,200
Manufacturing and Business Assistance	3,000	2,500	0	0	0	0	0
PENNTAP	300	300	0	0	0	0	0
Powdered Metals	200	200	200	200	200	200	200
Agile Manufacturing	750	750	0	0	0	0	0
TOTAL GENERAL FUND	$ 74,350	$ 72,950	$ 72,400	$ 72,400	$ 72,400	$ 72,400	$ 72,400

PROGRAM OBJECTIVE: To enhance the total environment of Pennsylvania's communities through improvements in the areas of housing, community development, job training and human services.

Program: Community Development

Program Element: Housing and Redevelopment

Housing and Redevelopment provides grants to communities, redevelopment authorities and nonprofit organizations to improve blighted neighborhoods through redevelopment, to revitalize central business districts in aging communities, and to provide low- and moderate-income housing through rehabilitation. Brownfields for housing provides funding for counties to rehabilitate and develop housing on previously developed sites. Persons with disabilities are provided with financial assistance for home modifications and home ownership through both the Department of Community and Economic Development and the Pennsylvania Housing Finance Agency (PHFA).

The weatherization component of the program provides funds to weatherize existing housing through furnace retrofits as well as the installation of insulation, storm doors and windows in homes of persons who meet income eligibility standards developed by the Federal Government. Weatherization is funded from U.S. Department of Energy weatherization funds and U.S. Department of Health and Human Services (HHS) LIHEAP weatherization funds.

The National Affordable Housing Act of 1990 provides funding to expand the supply of affordable housing for low-income families. A variety of options is available to meet this objective: incentives to develop and support rental housing and home ownership through acquisition, construction or rehabilitation; funding to finance relocation of displaced persons; rental assistance; and rehabilitation of substandard housing. Federal funds are provided to recipients through the U.S. Department of Housing and Urban Development (HUD) Integrated Disbursement and Information System. Administrative funds are appropriated to the department to administer the program.

Act 172 of 1992 established a separate special fund entitled the HOME Investment Trust Fund, as required by HUD, to administer these funds. HOME Investment Trust Fund monies are provided to PHFA for development of affordable rental housing and home ownership through acquisition, construction or rehabilitation.

Program Element: Pennsylvania Housing Finance Agency

The Pennsylvania Housing Finance Agency (PHFA) operates programs to increase and protect the supply of decent, safe and affordable multi-family rental and single family homeownership housing. These programs are financed with proceeds from the sale of securities to private investors.

The Growing Greener II bond referendum planned for 2004-05 would enhance PHFA's capacity to finance housing initiatives and mixed use redevelopment projects.

The Single Family Homeownership Program is the PHFA homebuyer assistance program which offers below market rate mortgage loans to first time buyers of single-family houses. Funds to operate the program come from the sale of mortgage revenue bonds. In 2003, the agency financed the purchase of houses for 2,810 Pennsylvania families with $192 million of funding.

The PHFA also operates the Homeowners Emergency Mortgage Assistance Program (HEMAP), a program to protect distressed homeowners from foreclosure. HEMAP was established by Act 91 of 1983, and amended by Act 160 of 1998 to protect citizens who, through no fault of their own, are in danger of losing their homes to foreclosure. Eligible applicants receive assistance in an amount sufficient to bring mortgage payments current and may also receive continuing assistance for up to 24 months. HEMAP payments are loans upon which repayment begins and interest starts to accrue when the recipient is financially able to pay. Current law requires HEMAP loan recipients to repay their loans only when the recipient's housing expense (mortgage, taxes, utilities and insurance) does not exceed 40 percent of net household income (gross income minus Federal, State and local income taxes).

PHFA has channeled over $ 177 million of General Fund monies and $169 million of repayments into HEMAP to save more than 31,500 homes from foreclosure. The provisions of Act 160 of 1998 have moved HEMAP from reliance on General Fund monies to a self-sustaining revolving loan program.

Program Element: Community Development

The Federal Small Communities Development Block Grant (SCDBG) provides assistance in expanding low- and moderate-income housing opportunities, enhancing economic development and job opportunities for low- and moderate-income individuals, correcting public facilities such as water and sewer systems, and improving public facilities that affect public health and safety.

The New Communities Program continues to support Pennsylvania's downtown areas by targeting "Anchor Buildings", which serve as a central focus of downtown commerce and other activities. These efforts are also supported by use of Neighborhood Assistance Tax Credits which give tax credits to organizations servicing the low income.

Act 92 of 1998 established the Keystone Opportunity Zones (KOZs). The KOZs are community development

Program: Community Development (continued)

initiatives to revive economically distressed urban and rural communities. These zones are defined, limited areas in communities with greatly reduced or no tax burdens for residents and businesses located within the zones. Twelve zones are designated for this one-time program. Act 119 of 2000 extended the life of a KOZ from 12 to 15 years and authorized the department to establish 12 smaller Keystone Opportunity Expansion Zones (KOEZs). The act extended the expiration date of the program until 2013 and, increased the eligible tax-exempt activity. Act 217 of 2002 provided for designation of subzones within KOZs and KOEZs to enable acreage remaining undesignated within the original limitation to be designated for State and local tax exemption. In accordance with the act, the Keystone Opportunity Improvement Zones (KOIZ) were designated by Executive Order in 2002.

The Land Use Planning and Technical Assistance Program helps communities develop strategies and plans for economic development, growth management and environmental protection with emphasis on multi-municipal efforts. This program coordinated by the Center for Local Government Services, addresses issues raised by the 21st Century Commission and contains the Planning Assistance Program. The Growing Greener II planned for 2004-05 would increase the capacity of the Center to provide planning assistance to counties and municipalities.

The Shared Municipal Services Program assists communities in improving operational efficiencies through cooperative activities. This program assists Councils of Governments and other agencies in implementing programs of inter-municipal cooperation, which will reduce local government costs and implement more efficient and coordinated local government programs and services.

Communities declared financially distressed in accordance with the provisions of Act 157 of 1988 receive assistance in the form of grants and loans.

The Job Enhancement Act as amended by Act 100 of 1998 established the Community Development Bank. The bank makes capital available for community development lending and provides technical assistance grants to promote the creation and ownership of community development financial institutions within distressed communities.

The Local Government Capital Loan Program provides low interest loans for municipal facilities. The program gives small local governments that find conventional borrowing prohibitive an opportunity to secure needed funds for equipment and buildings.

Program Element: Job Training and Human Services

The Community Conservation and Employment Program provides funds to municipalities, community action agencies and nonprofit sponsors for the development of employment opportunity and conservation activities.

Act 23 of 1997 established the Family Savings Account Program to provide matching funds as an incentive for low-income families to establish savings accounts for home ownership, educational expenses and to start businesses.

The Community Services Block Grant (CSBG) provides funds for community-based programs that offer health, nutrition, housing and employment related services to improve the standard of living of low-income persons.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Housing and Redevelopment:							
Housing units assisted	4,168	5,800	5,800	5,800	5,800	5,800	5,800
Homes weatherized	12,157	9,621	10,000	10,000	10,000	10,000	10,000
Community Development:							
Designated distressed communities assisted	14	15	14	14	14	13	13
Land use planning and technical assistance -municipalities assisted*	N/A	N/A	1,050	1,050	1,050	1,050	1,050
Shared Municipal Services:							
Local governments assisted	594	600	600	600	600	600	600

Housing units assisted decreased in 2002-03 from the projects shown in last year's budget based on actual data and available federal funds.

Homes weatherized increased in 2002-03 from the projections shown in last year's budget based on actual data and available federal funds.

Local governments assisted increased from the projections shown in last year's budget based on a greater than expected number of municipalities implementing the Uniform Construction Code.

*New program measure.

Program: Community Development (continued)

Program Measures: (continued)	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Job Training and Human Services:							
Persons Participating:							
Community Services Block Grant	270,006	264,712	264,000	263,000	262,000	261,000	260,000
Job Placement Program:							
Persons placed (Supported Work)	1,194	1,315	1,350	1,350	1,350	1,350	1,350
Family Savings Accounts:							
Families Participating	1,350	1,800	2,000	2,000	2,000	2,000	2,000
Pennsylvania Housing Finance Agency:							
Approved mortgage assistance loans	2,000	1,700	1,700	1,700	1,700	1,700	1,700
Annual value of assistance loans recorded (in thousands)	$20,800	$13,000	$13,000	$13,000	$13,000	$13,000	$13,000

Families participating in family savings accounts has been updated from last year's budget projections based on actual data and the latest evaluation of future year projections.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

$	-4	**Land Use Planning and Assistance** —nonrecurring program costs.
$	2,000	**Transfer: Financially Distressed Municipalities Aid Fund** —Initiative- Transfer to Municipalities Recovery Fund. To assist municipalities under the Financially Distressed Municipalities program (Act 47 of 1987).
$	11,500	**Historic Preservation** —to provide funding for tax credits.To help small business, developers and some homeowners to rebuild older communities.
$	5,000	**Housing & Redevelopment Assistance** —to expand current program.
$	600	**Shared Municipal Services** —to enhance current program.
$	-20,500	**Local Municipal Resources and Development** —nonrecurring projects.
$	4,000	**New Communities** —to expand Main and Elm street programs.
$	-50,000	**Community Revitalization** —nonrecurring projects.
$	-8,500	**Urban Development** —nonrecurring projects.
$	-2,300	**Community and Business Assistance** —nonrecurring projects.
$	-11,131	**Community Conservation and Employment** —nonrecurring projects.
$	1,000	**Early Intervention for Distressed Municipalities** —to provide early assistance to communities on the verge on being declared distressed municipalities.

All other appropriations are recommended at the current year funding level.

Program: Community Development (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Land Use Planning Assistance	$ 3,817	$ 3,500	$ 3,496	$ 3,496	$ 3,496	$ 3,496	$ 3,496
Transfer to Municipalities Financial Recovery Revolving Fund	0	0	2,000	1,000	1,000	1,000	1,000
Historic Preservation	0	0	11,500	11,500	11,500	11,500	11,500
Housing & Redevelopment Assistance	14,020	25,000	30,000	30,000	30,000	30,000	30,000
Family Savings Accounts	1,076	826	826	826	826	826	826
Shared Municipal Services	900	900	1,500	1,500	1,500	1,500	1,500
Local Municipal Resources and Development	0	20,500	0	0	0	0	0
New Communities	8,880	15,000	19,000	19,000	19,000	19,000	19,000
Community Revitalization	70,000	50,000	0	0	0	0	0
Urban Development	9,500	8,500	0	0	0	0	0
Community and Business Assistance	0	2,300	0	0	0	0	0
Community Conservation and Employment	7,000	21,000	9,869	9,869	9,869	9,869	9,869
Early Intervention for Distressed Municipalities	0	0	1,000	1,000	1,000	1,000	1,000
TOTAL GENERAL FUND	$ 115,193	$ 147,526	$ 79,191	$ 78,191	$ 78,191	$ 78,191	$ 78,191

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

The mission of the Department of Conservation and Natural Resources is to promote sound stewardship of Pennsylvania's State Park and State Forest lands, provide education information and technical assistance regarding geologic and ecologic resources of the State, and provide funding to help develop and acquire recreation lands and facilities, greenways, river corridors, and to conserve the State's natural and cultural heritage. The department is the State's lead land conservation and outdoor recreation agency and advocate for the wise management of natural resources on both public and private lands. The department's programs support the revitalization of communities, sustainable economic growth, outdoor and nature tourism, and help improve the quality of life for all citizens.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ 19,246	$ 18,914	$ 19,863
(F)Surface Mining Control and Reclamation	180	180	180
(F)Topographic and Geologic Survey Grants	175	175	175
(F)Bituminous Coal Resources	230	150	150
(F)Economic Action Programs	60	100	100
(F)National Spatial Data Infrastructure	0	25	0
(F)Intermodal Surface Transportation Act	4,000	5,000	5,000
(F)Land and Water Conservation Fund	5,000	12,000	12,000
(A)Payment for Department Services	275	135	135
(A)Water Well Drillers	82	65	65
(A)Keystone Recreation, Park and Conservation Fund	1,334	1,900	1,900
(A)Internet Record Imaging System	62	90	90
(A)Purchasing Card Rebate	73	40	40
Subtotal	$ 30,717	$ 38,774	$ 39,698
State Parks Operations	60,559	51,207	55,244
(F)Recreational Trails	3,500	3,500	3,500
(F)Presque Isle State Park Greenway	1,000	0	0
(A)PCC Programs - Parks	27	400	400
(A)Reimbursement - Sewer System	194	225	225
(A)Reimbursement - Kings Gap Use	42	75	75
(A)State Parks User Fees	15,000	16,010	14,210
(A)Prior Year Revenue - Parks	532	500	500
(A)Donations	2	20	20
(A)Reimbursement for Services	1,170	95	95
Subtotal	$ 82,026	$ 72,032	$ 74,269
State Forests Operations	15,275	14,318	15,025
(F)Forest Fire Protection and Control	1,040	1,000	1,000
(F)Forestry Incentives and Agriculture Conservation	50	50	50
(F)Forest Management and Processing	300	400	850
(F)Cooperative Forest Insect and Disease Control	250	250	250
(F)Aid to Volunteer Fire Companies	450	450	450
(F)Wetland Protection Fund	200	200	200
(F)Nonpoint Source - Riparian Buffers (EA)	58	0	0
(A)Reimbursement for Services	88	100	100
(A)Reimbursement - Forest Fires	648	350	350
(A)Sale of Vehicles - Forests	15	25	25
(A)Private Donations	12	35	35
(A)Timber Sales	30,000	34,131	34,131
(A)PCC Programs - Forests	7	200	200
Subtotal	$ 48,393	$ 51,509	$ 52,666
Forest Pest Management	2,380	2,380	2,276
(F)Forest Insect and Disease Control	2,000	2,000	2,000
(A)Reimbursement from Counties	49	200	200
Subtotal	$ 4,429	$ 4,580	$ 4,476
Subtotal - State Funds	$ 97,460	$ 86,819	$ 92,408
Subtotal - Federal Funds	18,493	25,480	25,905
Subtotal - Augmentations	49,612	54,596	52,796
Total - General Government	$ 165,565	$ 166,895	$ 171,109
Grants and Subsidies:			
Heritage and Other Parks	$ 5,250	$ 6,950	$ 1,950
Annual Fixed Charges - Flood Lands	42	55	55
Annual Fixed Charges - Project 70	30	30	30
Annual Fixed Charges - Forest Lands	2,421	2,421	2,480
Annual Fixed Charges - Park Lands	300	300	300

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Total - Grants and Subsidies	$ 8,043	$ 9,756	$ 4,815
STATE FUNDS	$ 105,503	$ 96,575	$ 97,223
FEDERAL FUNDS	18,493	25,480	25,905
AUGMENTATIONS	49,612	54,596	52,796
GENERAL FUND TOTAL	**$ 173,608**	**$ 176,651**	**$ 175,924**
ENVIRONMENTAL STEWARDSHIP FUND:			
General Government:			
Parks & Forest Facility Rehabilitation (EA)	**$ 13,713**	**$ 18,811**	**$ 19,751**
Grants and Subsidies:			
Community Conservation Grants (EA)	**$ 7,500**	**$ 6,500**	**$ 6,250**
Natural Diversity Conservation Grants (EA)	**500**	**500**	**750**
Total - Grants and Subsidies	$ 8,000	$ 7,000	$ 7,000
ENVIRONMENTAL STEWARDSHIP FUND TOTAL	**$ 21,713**	**$ 25,811**	**$ 26,751**
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
General Government:			
Park & Forest Facility Rehab. - Realty Transfer (96-97) (EA)	**$ 12**	**$ 0**	**$ 0**
Park & Forest Facility Rehab. - Realty Transfer (97-98) (EA)	**1,480**	**494**	**0**
Park & Forest Facility Rehab. - Realty Transfer (98-99) (EA)	**1,886**	**1,558**	**0**
Park & Forest Facility Rehab. - Realty Transfer (99-00) (EA)	**6,201**	**2,016**	**0**
Park & Forest Facility Rehab. - Realty Transfer (00-01) (EA)	**11,369**	**4,101**	**0**
Park & Forest Facility Rehab. - Realty Transfer (01-02) (EA)	**14,092**	**9,037**	**0**
Park & Forest Facility Rehab. - Realty Transfer (02-03) (EA)	**0**	**9,245**	**20,805**
Total - General Government	$ 35,040	$ 26,451	$ 20,805
Grants and Subsidies:			
Grants for Local Recreation-Realty Transfer Tax (97-98) (EA)	**$ 4,895**	**$ 2,134**	**$ 0**
Grants for Local Recreation-Realty Transfer Tax (98-99) (EA)	**8,251**	**3,886**	**0**
Grants for Local Recreation-Realty Transfer Tax (99-00) (EA)	**10,278**	**5,050**	**0**
Grants for Local Recreation-Realty Transfer Tax (00-01) (EA)	**13,085**	**10,437**	**0**
Grants for Local Recreation-Realty Transfer Tax (01-02) (EA)	**11,743**	**10,064**	**0**
Grants for Local Recreation-Realty Transfer Tax (02-03) (EA)	**0**	**7,704**	**17,338**
Grants to Land Trusts - Realty Transfer Tax (98-99) (EA)	**995**	**109**	**0**
Grants to Land Trusts - Realty Transfer Tax (99-00) (EA)	**2,608**	**195**	**0**
Grants to Land Trusts - Realty Transfer Tax (00-01) (EA)	**4,709**	**2,339**	**0**
Grants to Land Trusts - Realty Transfer Tax (01-02) (EA)	**4,698**	**3,307**	**0**
Grants to Land Trusts - Realty Transfer Tax (02-03) (EA)	**0**	**3,082**	**6,935**
Total - Grants and Subsidies	$ 61,262	$ 48,307	$ 24,273
KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL	**$ 96,302**	**$ 74,758**	**$ 45,078**
MOTOR LICENSE FUND:			
General Government:			
Dirt and Gravel Road	**$ 1,000**	**$ 1,000**	**$ 1,000**
Grants and Subsidies:			
(R)Forestry Bridges - Excise Tax (EA)	$ 3,656	$ 4,500	$ 4,000

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
STATE FUNDS	$ 1,000	$ 1,000	$ 1,000
RESTRICTED REVENUES	3,656	4,500	4,000
MOTOR LICENSE FUND TOTAL	**$ 4,656**	**$ 5,500**	**$ 5,000**
OTHER FUNDS:			
GENERAL FUND:			
Snowmobile & ATV Regulation	$ 7,479	$ 5,000	$ 5,700
Forest Regeneration	6,545	4,000	3,200
Ohiopyle State Park Water Treatment System	1,396	0	0
Forestry Research	0	1,000	1,000
Forest Lands Beautification Act	4,413	2,412	2,036
GENERAL FUND TOTAL	**$ 19,833**	**$ 12,412**	**$ 11,936**
ENVIRONMENTAL EDUCATION FUND:			
General Operations (EA)	$ 184	$ 198	$ 150
OIL AND GAS LEASE FUND:			
General Operations	$ 7,696	$ 7,500	$ 5,011
WILD RESOURCE CONSERVATION FUND:			
General Operations (EA)	$ 663	$ 450	$ 390
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 105,503	$ 96,575	$ 97,223
SPECIAL FUNDS	119,015	101,569	72,829
FEDERAL FUNDS	18,493	25,480	25,905
AUGMENTATIONS	49,612	54,596	52,796
RESTRICTED	3,656	4,500	4,000
OTHER FUNDS	28,376	20,560	17,487
TOTAL ALL FUNDS	**$ 324,655**	**$ 303,280**	**$ 270,240**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
PARKS AND FORESTS MANAGEMENT							
GENERAL FUND	$ 105,503	$ 96,575	$ 97,223	$ 97,223	$ 97,223	$ 97,223	$ 97,223
SPECIAL FUNDS	119,015	101,569	72,829	72,595	72,789	75,129	77,664
FEDERAL FUNDS	18,493	25,480	25,905	25,905	25,905	25,905	25,905
OTHER FUNDS	81,644	79,656	74,283	74,810	77,037	79,365	81,804
SUBCATEGORY TOTAL	$ 324,655	$ 303,280	$ 270,240	$ 270,533	$ 272,954	$ 277,622	$ 282,596
ALL PROGRAMS:							
GENERAL FUND	$ 105,503	$ 96,575	$ 97,223	$ 97,223	$ 97,223	$ 97,223	$ 97,223
SPECIAL FUNDS	119,015	101,569	72,829	72,595	72,789	75,129	77,664
FEDERAL FUNDS	18,493	25,480	25,905	25,905	25,905	25,905	25,905
OTHER FUNDS	81,644	79,656	74,283	74,810	77,037	79,365	81,804
DEPARTMENT TOTAL	$ 324,655	$ 303,280	$ 270,240	$ 270,533	$ 272,954	$ 277,622	$ 282,596

PROGRAM OBJECTIVE: To protect and manage outdoor recreation facilities and open space areas, to provide, or assist in, effective management of forest lands, to reduce plant loss and damage caused by insects, disease and forest fires, and to provide data on geology, energy resources, groundwater and topography within the Commonwealth.

Program: Parks and Forests Management

Program Element: Management of Recreation Facilities and Areas

The system of State parks consists of 116 parks and 2 conservation areas in 62 counties. Over 255,860 acres of land and 33,500 acres of water are within these parks. They attract over 36 million visitors each year and provide picnicking, swimming, hiking, bicycling, horseback riding, cross-country skiing, camping, boating, fishing and hunting opportunities for citizens and guests of the Commonwealth. In addition to managing these facilities, this program element also maintains and restores the State parks and upgrades facilities where needed. Upgraded amenities are needed to provide quality visitor services, increase tourism and enhance revenue opportunities. User fees and concession charges are used to support the maintenance and operation of the park system. The Keystone Recreation, Park and Conservation Fund provides real-estate transfer tax revenues for rehabilitation, repairs and upgrade of facilities and land acquisition for State park and forest lands. Act 68 of 1999 created the Environmental Stewardship Fund, providing funds for additional rehabilitation projects and land acquisitions as part of the "Growing Greener" initiative. With the passage of Act 90 of 2002, the primary revenue source for the Environmental Stewardship Fund was restructured from a General Fund contribution to a $4 tipping fee per ton of solid waste disposed in Pennsylvania's municipal waste landfills. The first $50 million of revenue from the fee was deposited into the Environmental Stewardship Fund in 2002-03, with the fund receiving all revenue generated by the fee thereafter. This provides a specific, dedicated source of funding for the Growing Greener program and extends the $4 tipping fee until 2012. The Growing Greeener II proposal for fiscal 2004-05 includes a new $1.00 municipal solid waste disposal fee dedicated solely to the Environmental Stewardship Fund in order to maintain current program funding levels.

Program Element: Management of Forest Resources

This element is responsible for the management of two million acres of State forest lands. These forest lands offer many social and recreational opportunities and help enhance rural economies. Hiking, camping, hunting, fishing, cross-country skiing, canoeing and snowmobiling are examples of the diverse activities in State forests. Properly managed, forests yield economic benefits such as the promotion of tourism, harvest of timber for wood products, the protection of groundwater for municipal and other uses, and the production and underground storage of natural gas. This element also provides management assistance to the more than 490,000 owners of private forestlands and oversees fire, insect and disease control activities affecting Pennsylvania's forests. Private forest lands constitute three-quarters of all forest land in the state, and the conservation of these lands is important to the future health of the forests, protecting water quality and water supplies, providing recreational opportunities, and maintaining the state's $5 billion a year timber industry.

Although there are five native insects that defoliate trees, the primary insect threat to Pennsylvania's forests is the gypsy moth. Growing populations of gypsy moth and other insects increase the number of acres that need treatment. The need for targeted intervention will remain because it is difficult to predict outbreaks of insect species.

The other major threat to Pennsylvania's forests is fire. Through aggressive prevention and extinction activities, the size of the average forest fire has been held to about five acres.

This program element also maintains the Pennsylvania Natural Diversity Inventory. This computerized database contains location information for rare, unique and unusual features of the Commonwealth. While new research and information is needed to make this a more valuable tool to support land development and conservation decisions, this program currently provides basic information for State and Federal regulatory agencies and for State, regional and local government planning.

Program Element: Topographic and Geologic Services

This element gathers, analyzes, interprets and disseminates information about the surface and subsurface geology, mineral and fossil energy resources, groundwater, and digital and analog topography of all areas of the Commonwealth. These surveys are used to locate hazards such as sinkholes and areas prone to landslide, to catalog coal extraction, for oil and gas drilling operations, and to provide data for activities where knowledge of the Commonwealth's topography and geology is needed.

Program Element: Local Recreation & Conservation Programs

The department administers Community, Land Trust, Rivers Conservation and Rail-to-Trails Grants from the Keystone Recreation, Park and Conservation Fund, the Environmental Stewardship Fund, and Recreational Trails Grants from the Federal TEA 21 (Transportation Equity Act

Program: Parks and Forests Management (continued)

for the 21st Century) Program. The department also administers the Act 68 Snowmobile/ATV Fund, and the Federal Land and Water Conservation Fund. Grants and technical assistance are provided to communities and non-profit organizations for the planning, acquisition, and development of park, recreation and conservation areas and facilities, and linking these investments to build greenways, promote tourism, reduce sprawl, and foster sustainable development. Grants are provided to urban areas to promote neighborhood revitalization and rehabilitation of recreational facilities, and are provided to rapidly developing areas outside cities to purchase park lands, protect open space, and provide the tools to encourage more environmentally sensitive growth.

The Heritage Parks Program is an economic development and conservation partnerships initiative that enables regions of the Commonwealth to comprehensively plan, enhance, manage and market significant natural, cultural, recreational and scenic resources for heritage tourism.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Management of Recreation Facilities and Areas							
State park attendance in visitor days (in thousands)	36,031	36,031	36,031	36,031	36,031	36,031	36,031
State park family campsite nights rented annually*	337,424	350,000	350,000	350,000	350,000	350,000	350,000
State park family cabin nights rented annually*	50,672	50,000	50,000	50,000	50,000	50,000	50,000
Management of Forest Resources							
Forest fires	646	1,000	1,000	1,000	1,000	1,000	1,000
Acres of private timber land affected by professional assistance	3,028,803	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Acres receiving silviculture treatments*	17,566	14,057	14,057	14,057	14,057	14,057	14,057
Timber sale revenue (in thousands)*	$38,000	$34,131	$34,131	$34,131	$35,838	$37,629	$39,511
Recreational and Conservation Programs							
Community Conservation Partnership Grants	351	300	350	350	350	350	350
Heritage Park Grants	121	60	60	60	60	60	60

Acres of timber land affected by professional assistance increase from projections shown in last year's budget based on program need as determined through a forest management plan.

Heritage park grants increased in 2002-03 from the projection shown in last year's budget because additional funding was available to support more grant applications.

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations

$ 1,233	—to continue current program.
–197	—Initiative – Operational Efficiency. Savings from reduced purchases of information technology hardware, vehicles and materials.
–27	—Initiative – Operational Efficiency. Savings from reduced travel expenditures.
–60	—Initiative – Program Reduction. Savings from the reduction of the Summer Internship Program.
$ 949	*Appropriation Increase*

State Parks Operations

$ 4,036	—to continue current program.
770	—Initiative – Tom Ridge Center at Presque Isle. To provide administrative support for the new visitor and environmental education center at Presque Isle State park.
–33	—Initiative – Operational Efficiency. Savings from reduced travel expenditures.
–77	—Initiative – Program Reduction. Savings from the reduction of the Summer Internship Program.
–137	—Initiative – Operational Efficiency. Savings from reduced purchases of information technology hardware, vehicles and materials.
–522	—Initiative – Operational Efficiency. Savings from operational efficiencies related to State Parks operations.
$ 4,037	*Appropriation Increase*

Program: Parks and Forests Management (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

State Forests Operations

$ 929	—to continue current program.
–37	—Initiative – Operational Efficiency. Savings from reduced travel expenditures.
–53	—Initiative – Operational Efficiency. Savings from reduced purchases of information technology hardware, vehicles and materials.
–132	—Initiative – Program Reduction. Savings from the elimination of the Summer Internship Program.
$ 707	*Appropriation Increase*

Forest Pest Management

–4	—Initiative – Operational Efficiency. Savings from reduced travel expenditures.
–8	—Initiative – Program Reduction. Savings from the elimination of the Summer Internship Program.
–25	—Initiative – Operational Efficiency. Savings from reduced purchases of information technology hardware, vehicles and materials.
$ –67	—nonrecurring pest management program activities.
$ –104	*Appropriation Decrease*

Heritage and Other Parks

$ –5,000	—nonrecurring heritage and other parks projects.

Annual Fixed Charges - Forest Lands

$ 59	—to continue current program.

ENVIRONMENTAL STEWARDSHIP FUND

Parks and Forest Facility Rehabilitation (EA)

$ 940	—additional grants for repair and maintenance projects related to the Growing Greener II Initiative.

Community Conservation Grants (EA)

$ –250	—nonrecurring community conservation grants and open space projects.

Natural Diversity Conservation Grants (EA)

$ 250	—additional grants for natural diversity conservation projects as part of the Growing Greener II Initiative.

This budget commmits $26,751,000 from the Environmental Stewardship Fund for environmental projects related to the Growing Greener Initiaitve.

Projects funded by the Keystone, Park and Conservation Fund will continue until the amount allotted by law is completely committed.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 19,246	$ 18,914	$ 19,863	$ 19,863	$ 19,863	$ 19,863	$ 19,863
State Parks Operations	60,559	51,207	55,244	55,244	55,244	55,244	55,244
State Forests Operations	15,275	14,318	15,025	15,025	15,025	15,025	15,025
Forest Pest Management	2,380	2,380	2,276	2,276	2,276	2,276	2,276
Heritage and Other Parks	5,250	6,950	1,950	1,950	1,950	1,950	1,950
Annual Fixed Charges - Flood Lands	42	55	55	55	55	55	55
Annual Fixed Charges - Project 70	30	30	30	30	30	30	30
Annual Fixed Charges - Forest Lands	2,421	2,421	2,480	2,480	2,480	2,480	2,480
Annual Fixed Charges - Park Lands	300	300	300	300	300	300	300
TOTAL GENERAL FUND	$ 105,503	$ 96,575	$ 97,223	$ 97,223	$ 97,223	$ 97,223	$ 97,223
ENVIRONMENTAL STEWARDSHIP FUND:							
Parks & Forest Facility Rehabilitation (EA)	$ 13,713	$ 18,811	$ 19,751	$ 19,751	$ 19,751	$ 19,751	$ 19,751
Community Conservation Grants (EA)	7,500	6,500	6,250	6,250	6,250	6,250	6,250
Natural Diversity Conservation Grants (EA)	500	500	750	750	750	750	750
TOTAL ENVIRONMENTAL STEWARDSHIP FUND	$ 21,713	$ 25,811	$ 26,751	$ 26,751	$ 26,751	$ 26,751	$ 26,751

Program: Parks and Forests Management (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Park & Forest Facility Rehab - Realty Transfer (EA)	$ 9,579	$ 4,068	$ 0	$ 0	$ 0	$ 0	$ 0
Grants for Local Recreation - Realty Transfer Tax (EA)	23,424	11,070	0	0	0	0	0
Grants to Land Trusts - Realty Transfer Tax (EA)	3,603	304	0	0	0	0	0
Park & Forest Facility Rehab. - Realty Transfer (00-01) (EA)	11,369	4,101	0	0	0	0	0
Grants for Local Recreation-Realty Transfer Tax (00-01) (EA)	13,085	10,437	0	0	0	0	0
Grants to Land Trusts - Realty Transfer Tax (00-01) (EA)	4,709	2,339	0	0	0	0	0
Park & Forest Facility Rehab. - Realty Transfer (01-02) (EA)	14,092	9,037	0	0	0	0	0
Grants to Land Trusts - Realty Transfer Tax (01-02) (EA)	4,698	3,307	0	0	0	0	0
Grants for Local Recreation-Realty Transfer Tax (01-02) (EA)	11,743	10,064	0	0	0	0	0
Park & Forest Facility Rehab. - Realty Transfer (02-03) (EA)	0	9,245	20,805	20,697	20,787	21,867	23,037
Grants for Local Recreation-Realty Transfer Tax (02-03) (EA)	0	7,704	17,338	17,248	17,322	18,222	19,197
Grants to Land Trusts - Realty Transfer Tax (02-03) (EA)	0	3,082	6,935	6,899	6,929	7,289	7,679
TOTAL KEYSTONE RECREATION, PARK AND CONSERVATION FUND	$ 96,302	$ 74,758	$ 45,078	$ 44,844	$ 45,038	$ 47,378	$ 49,913
MOTOR LICENSE FUND:							
Dirt and Gravel Road	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000

DEPARTMENT OF CORRECTIONS

The mission of the Department of Corrections is to protect the public by confining persons committed to the department's custody in safe, secure facilities, and to provide opportunities for inmates to acquire the skills and values necessary to become productive law-abiding citizens; while respecting the rights of crime victims.

The department maintains a State system for the custody and rehabilitation of convicted criminals. Included within this system are residential programs and pre-release programs to provide inmates with supervision, counseling and treatment to enable them to satisfactorily adjust to society.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
Institutional:			
General Government Operations	$ 31,245	$ 34,187	$ 31,195
(F)DCSI - Violent Crime Victims (EA)	12	0	0
(F)DCSI - Community Outreach Recruitment (EA)	155	0	0
(F)Volunteer Support	12	20	20
(F)Federal Inmates	25	25	25
(A)County Training	236	205	225
(A)Purchasing Card Rebates	7	15	15
(A)Augmentations from State Agencies	5	25	25
Subtotal	$ 31,697	$ 34,477	$ 31,505
Medical Care	152,249	171,681	176,913
(F)DCSI - Adult Interactive Living (EA)	200	90	90
(A)Medical Co-payment	259	295	427
(A)Purchasing Card Rebates	6	7	7
Subtotal	$ 152,714	$ 172,073	$ 177,437
Inmate Education and Training	35,319	37,043	37,945
(F)Library Services	50	50	50
(F)Youth Offenders Education	455	545	545
(F)Correctional Education	1,282	1,390	1,480
(A)Reimbursement for Services	11	9	11
Subtotal	$ 37,117	$ 39,037	$ 40,031
State Correctional Institutions	1,028,246	1,055,589	1,091,713
(F)SABG - Drug and Alcohol Programs	2,100	2,100	2,100
(F)DCSI - Therapeutic Community (EA)	200	75	110
(F)DCSI - Hispanic Therapeutic Community (EA)	50	250	200
(F)DCSI - Virtual Visitation (EA)	60	67	67
(F)DCSI - Employment Opportunities (EA)	375	343	242
(F)DCSI - Video Conferencing (EA)	60	0	0
(F)DCSI - Inmate Culinary Training (EA)	53	53	15
(F)DCSI - Sex Offender Assessment (EA)	345	115	164
(F)Reimbursement for Alien Inmates	1,900	1,841	2,750
(F)Forensic Community	200	85	50
(F)Bulletproof Vest Program (EA)	346	0	0
(F)TANFBG - HOPE (EA)	30	83	52
(F)Truth In Sentencing	14,065	26,000	26,000
(F)RSAT - Drug Treatment	2,566	1,600	1,100
(F)Inmate Reentry Program	0	2,000	2,000
(A)Community Service Centers	320	690	625
(A)Institutional Reimbursements	163	155	165
(A)Purchasing Card Rebates	153	60	100
(A)Social Security	81	50	75
(A)Offenders Workshop Skills	200	0	0
Subtotal	$ 1,051,513	$ 1,091,156	$ 1,127,528
Subtotal - State Funds	$ 1,247,059	$ 1,298,500	$ 1,337,766
Subtotal - Federal Funds	24,541	36,732	37,060
Subtotal - Augmentations	1,441	1,511	1,675
Total - Institutional	$ 1,273,041	$ 1,336,743	$ 1,376,501
STATE FUNDS	$ 1,247,059	$ 1,298,500	$ 1,337,766
FEDERAL FUNDS	24,541	36,732	37,060
AUGMENTATIONS	1,441	1,511	1,675
GENERAL FUND TOTAL	**$ 1,273,041**	**$ 1,336,743**	**$ 1,376,501**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
OTHER FUNDS:			
LOCAL CRIMINAL JUSTICE FUND:			
County Grants (EA)	$ 1,014	$ 5,743	$ 3,414
MANUFACTURING FUND:			
General Operations (EA)	$ 42,988	$ 41,500	$ 40,000
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 1,247,059	$ 1,298,500	$ 1,337,766
SPECIAL FUNDS	0	0	0
FEDERAL FUNDS	24,541	36,732	37,060
AUGMENTATIONS	1,441	1,511	1,675
OTHER FUNDS	44,002	47,243	43,414
TOTAL ALL FUNDS	**$ 1,317,043**	**$ 1,383,986**	**$ 1,419,915**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
INSTITUTIONALIZATION OF OFFENDERS							
GENERAL FUND	$ 1,247,059	$ 1,298,500	$ 1,337,766	$ 1,329,545	$ 1,329,545	$ 1,329,545	$ 1,329,545
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	24,541	36,732	37,060	37,060	35,748	6,998	6,998
OTHER FUNDS	45,443	48,754	45,089	44,175	41,675	41,675	41,675
SUBCATEGORY TOTAL	$ 1,317,043	$ 1,383,986	$ 1,419,915	$ 1,410,780	$ 1,406,968	$ 1,378,218	$ 1,378,218
ALL PROGRAMS:							
GENERAL FUND	$ 1,247,059	$ 1,298,500	$ 1,337,766	$ 1,329,545	$ 1,329,545	$ 1,329,545	$ 1,329,545
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	24,541	36,732	37,060	37,060	35,748	6,998	6,998
OTHER FUNDS	45,443	48,754	45,089	44,175	41,675	41,675	41,675
DEPARTMENT TOTAL	$ 1,317,043	$ 1,383,986	$ 1,419,915	$ 1,410,780	$ 1,406,968	$ 1,378,218	$ 1,378,218

PROGRAM OBJECTIVE: To decrease the recurrence of crime by replacing criminal behavior with socially acceptable behavior.

Program: Institutionalization of Offenders

The State-administered system for the institutionalization of offenders includes 26 correctional institutions, 14 community corrections centers and a motivational boot camp. There were 40,817 inmates housed in the State system at the end of December 2003 with a multiple occupancy strategy capacity of 34,240. During 2003, SCI Fayette opened and SCI Waynesburg was closed. SCI Pittsburgh began a planned phaseout which will culminate in its closure during 2004. SCI Forest, currently under construction, is scheduled to open in the fall of 2004 and is expected to be fully operational by the summer of 2005.

In addition to providing the basic necessities of life, programs are available which enable inmates to leave prison better prepared to adjust to life in the community. These include educational services, vocational training, drug and alcohol therapy and counseling.

Educational programs offer inmates the opportunity to obtain high school diplomas or adult basic educational skills.

Vocational training is dedicated to the development of marketable job skills so that inmates are more employable upon their release. A variety of programs are offered which may lead to employment as plumbers, electricians, auto mechanics, sheet metalworkers, barbers or cosmeticians.

Counseling services are designed to modify social behavior to a more acceptable level. Mental health and sex offender units have been opened at many institutions. Alcohol and drug rehabilitation programs are also available.

Community correction 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.

The Department of Corrections is expanding its efforts to have inmates perform meaningful work. Community work crews have been established at most locations. Efforts are also underway to expand Correctional Industries, which provides inmates with vocational training and work experience through the manufacture and sale of various products and services.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Inmates (December)	40,090	40,817	42,409	42,229	42,370	42,671	42,943
Cost per inmate per year (state funds)*	$28,623	$30,809	$31,416	$30,597	$30,496	$30,280	$30,089
Inmates per Central Office Staff*	112	120	126	127	129	130	131
Prison Multiple Occupancy Capacity (December)	34,583	34,240	35,484	37,655	37,655	37,655	37,655
Inmates receiving high school diplomas/ GED's	786	1,172	1,350	1,350	1,350	1,350	1,350
Inmates involved in work programs	26,908	28,491	29,450	29,393	29,705	29,901	30,077
Inmates receiving educational training	11,286	11,300	11,549	11,624	11,624	11,624	11,624
Inmates receiving drug and alcohol treatment programs	16,735	16,924	17,387	17,318	17,371	17,495	17,606

Multiple Occupancy Strategy (MOS) is a strategy to house offenders at levels above the single cell capacity based on an assessment of the square footage and security level assigned to a designated housing area. The MOS capacity is cited because it is used in day-to-day operational decisions.

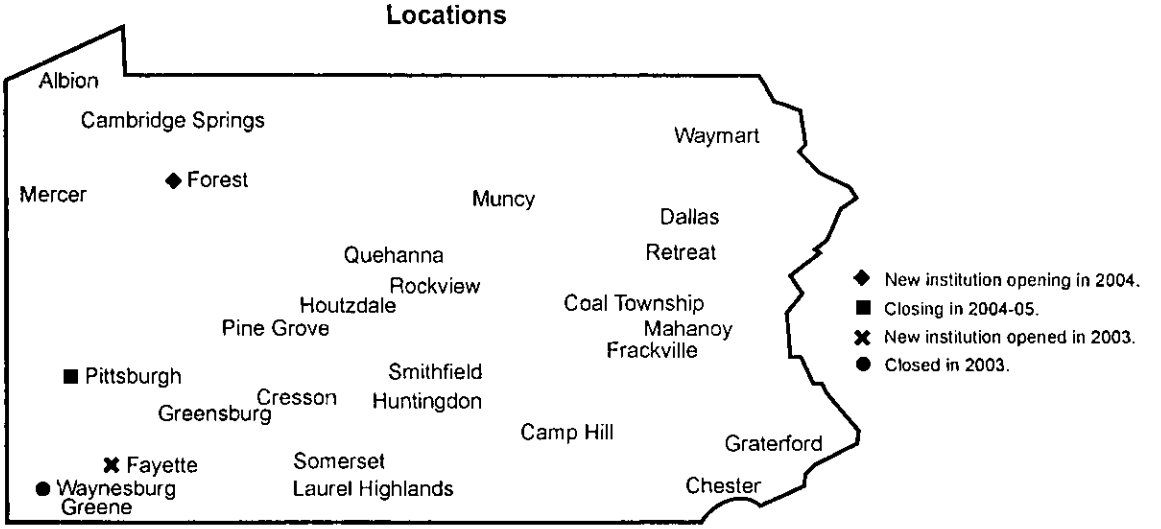
Inmates receiving high school diplomas/GED's decreased in 2002-03 from the projection shown in last year's budget due to the introduction of a new test in 2002 which discarded scores from prior test sections.

*New program measure.

Program: Institutionalization of Offenders (continued)

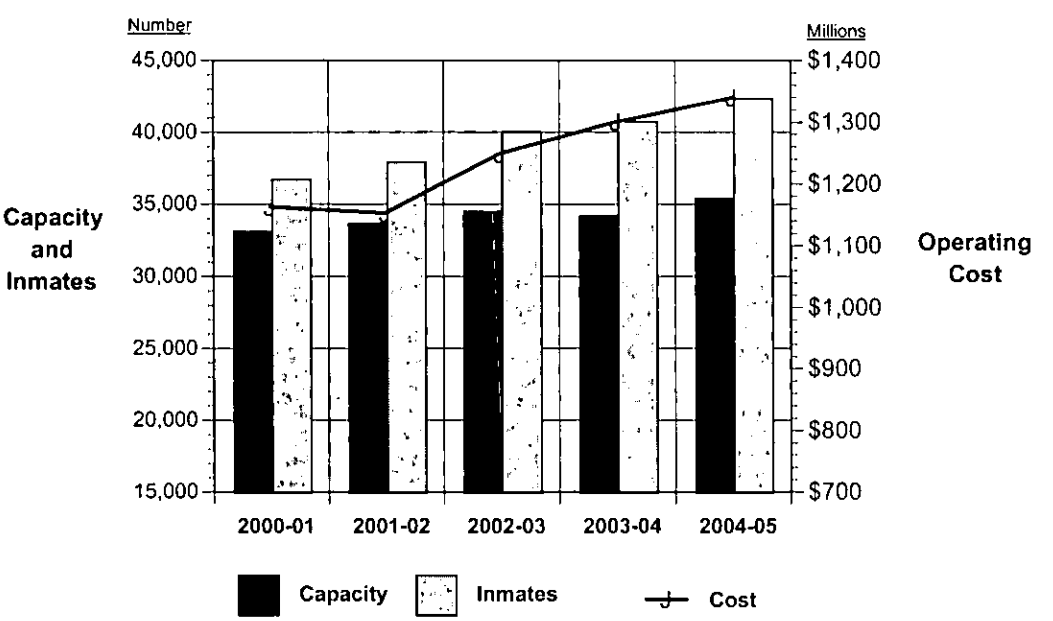
State Correctional Institutions

Locations



State Correctional Institutions

Capacity, Inmate Population and Operating Costs



The cost of operating the State correctional institution system has increased from nearly $1.2 billion in 2000-01 to over $1.3 billion in 2004-05. During this timeframe, the inmate population is projected to increase from 36,810 to 42,409 and the multiple occupancy capacity from 33,180 to an estimated 35,484.

Program: Institutionalization of Offenders (continued)

Population and Capacity Institutions	Population Dec 2003	Estimated Population Dec 2004	Capacity Dec 2003	Estimated Capacity Dec 2004
Albion	2,306	2,396	2,084	2,084
Cambridge Springs	877	900	909	909
Camp Hill	3,279	3,407	3,081	3,081
Chester	1,153	1,198	1,181	1,181
Coal Township	1,924	1,999	1,600	1,600
Cresson	1,328	1,200	834	834
Dallas	2,101	1,983	1,253	1,253
Fayette	411	2,034	1,000	2,034
Forest	0	800	0	800
Frackville	1,080	997	711	711
Graterford	3,238	3,314	2,554	2,554
Greene	1,868	1,891	1,873	1,873
Greensburg	925	711	465	465
Houtzdale	2,362	2,434	2,035	2,035
Huntingdon	2,092	2,024	1,286	1,286
Laurel Highlands	878	887	889	889
Mahanoy	2,314	2,404	2,086	2,086
Mercer	1,064	1,100	847	847
Muncy	877	1,170	795	1,043
Pine Grove	619	625	626	626
Pittsburgh	1,133	0	865	0
Quehanna	298	310	413	413
Retreat	887	922	806	806
Rockview	2,025	1,954	1,206	1,206
Smithfield	1,219	1,117	766	766
Somerset	2,298	2,388	2,079	2,079
Waymart	1,366	1,314	1,341	1,341
Waynesburg	0	0	0	0
Community Centers	881	915	655	682
Other jurisdictions	14	15	0	0
Total	40,817	42,409	34,240	35,484

In 2003, SCI Fayette opened and SCI Waynesburg closed.

SCI Forest is scheduled to open and SCI Pittsburgh is scheduled to close during 2004-05.

Capacity will increase by 2,171 to 37,655 in early 2005 with full opening of SCI Forest and deployment of other planned capacity expansions.

Program: Institutionalization of Offenders (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget
Albion			
State Funds	$ 55,237	$ 47,551	$ 48,453
Federal Funds	360	272	225
Augmentations	14	19	24
TOTAL	$ 55,611	$ 47,842	$ 48,702
Cambridge Springs			
State Funds	$ 22,210	$ 24,486	$ 25,156
Federal Funds	265	241	99
Augmentations	10	13	17
TOTAL	$ 22,485	$ 24,740	$ 25,272
Camp Hill			
State Funds	$ 76,916	$ 82,582	$ 83,879
Federal Funds	111	515	245
Augmentations	46	48	48
TOTAL	$ 77,073	$ 83,145	$ 84,172
Chester			
State Funds	$ 30,351	$ 31,884	$ 33,569
Federal Funds	0	0	0
Augmentations	15	9	12
TOTAL	$ 30,366	$ 31,893	$ 33,581
Coal Township			
State Funds	$ 51,934	$ 44,332	$ 45,736
Federal Funds	18	41	42
Augmentations	20	20	26
TOTAL	$ 51,972	$ 44,393	$ 45,804
Cresson			
State Funds	$ 36,878	$ 39,916	$ 40,859
Federal Funds	1,817	20	22
Augmentations	10	16	21
TOTAL	$ 38,705	$ 39,952	$ 40,902
Dallas			
State Funds	$ 52,551	$ 57,702	$ 59,178
Federal Funds	83	77	87
Augmentations	25	22	27
TOTAL	$ 52,659	$ 57,801	$ 59,292
Fayette			
State Funds	$ 5,090	$ 46,056	$ 53,979
Federal Funds	53	49	23
Augmentations	0	8	27
TOTAL	$ 5,143	$ 46,113	$ 54,029

	2002-03 Actual	2003-04 Available	2004-05 Budget
Forest			
State Funds	$ 183	$ 2,760	$ 34,718
Federal Funds	0	0	0
Augmentations	0	0	15
TOTAL	$ 183	$ 2,760	$ 34,733
Frackville			
State Funds	$ 31,208	$ 33,921	$ 35,268
Federal Funds	89	23	24
Augmentations	5	9	13
TOTAL	$ 31,302	$ 33,953	$ 35,305
Graterford			
State Funds	$ 90,693	$ 93,971	$ 98,592
Federal Funds	2,581	3,295	3,246
Augmentations	21	27	35
TOTAL	$ 93,295	$ 97,293	$ 101,873
Greene			
State Funds	$ 62,078	$ 55,249	$ 57,958
Federal Funds	41	23	24
Augmentations	8	16	21
TOTAL	$ 62,127	$ 55,288	$ 58,003
Greensburg			
State Funds	$ 28,590	$ 31,413	$ 32,095
Federal Funds	2,096	5,165	5,206
Augmentations	7	11	14
TOTAL	$ 30,693	$ 36,589	$ 37,315
Houtzdale			
State Funds	$ 43,885	$ 47,810	$ 48,671
Federal Funds	147	95	98
Augmentations	15	18	23
TOTAL	$ 44,047	$ 47,923	$ 48,792
Huntingdon			
State Funds	$ 49,287	$ 52,737	$ 55,092
Federal Funds	52	273	25
Augmentations	24	20	26
TOTAL	$ 49,363	$ 53,030	$ 55,143
Laurel Highlands			
State Funds	$ 33,394	$ 35,116	$ 36,434
Federal Funds	1,082	5,513	5,515
Augmentations	5	7	10
TOTAL	$ 34,481	$ 40,636	$ 41,959

Program: Institutionalization of Offenders (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget
Mahanoy			
State Funds	$ 54,223	$ 47,738	$ 48,807
Federal Funds	17	15	17
Augmentations	17	20	26
TOTAL	$ 54,257	$ 47,773	$ 48,850
Mercer			
State Funds	$ 29,217	$ 31,306	$ 31,954
Federal Funds	4,174	5,517	5,520
Augmentations	14	13	17
TOTAL	$ 33,405	$ 36,836	$ 37,491
Muncy			
State Funds	$ 33,301	$ 37,189	$ 38,486
Federal Funds	2,402	5,758	5,430
Augmentations	19	26	36
TOTAL	$ 35,722	$ 42,973	$ 43,952
Pine Grove			
State Funds	$ 24,161	$ 27,110	$ 27,741
Federal Funds	84	102	104
Augmentations	6	5	6
TOTAL	$ 24,251	$ 27,217	$ 27,851
Pittsburgh			
State Funds	$ 58,044	$ 42,369	$ 21,415
Federal Funds	0	0	0
Augmentations	17	13	9
TOTAL	$ 58,061	$ 42,382	$ 21,424
Quehanna Boot Camp			
State Funds	$ 11,311	$ 12,589	$ 12,196
Federal Funds	0	0	0
Augmentations	6	6	7
TOTAL	$ 11,317	$ 12,595	$ 12,203
Retreat			
State Funds	$ 28,285	$ 30,569	$ 31,704
Federal Funds	20	18	19
Augmentations	13	12	17
TOTAL	$ 28,318	$ 30,599	$ 31,740
Rockview			
State Funds	$ 52,939	$ 56,369	$ 57,537
Federal Funds	90	1,590	1,895
Augmentations	52	22	25
TOTAL	$ 53,081	$ 57,981	$ 59,457

	2002-03 Actual	2003-04 Available	2004-05 Budget
Smithfield			
State Funds	$ 34,248	$ 36,946	$ 37,882
Federal Funds	25	18	20
Augmentations	15	14	17
TOTAL	$ 34,288	$ 36,978	$ 37,919
Somerset			
State Funds	$ 55,979	$ 48,345	$ 49,370
Federal Funds	405	250	150
Augmentations	22	22	26
TOTAL	$ 56,406	$ 48,617	$ 49,546
Waymart			
State Funds	$ 54,115	$ 56,540	$ 60,371
Federal Funds	166	177	193
Augmentations	13	9	12
TOTAL	$ 54,294	$ 56,726	$ 60,576
Waynesburg			
State Funds	$ 14,776	$ 3,251	$ 0
Federal Funds	18	0	0
Augmentations	3	2	0
TOTAL	$ 14,797	$ 3,253	$ 0
Community Centers			
State Funds	$ 76,752	$ 77,892	$ 79,752
Federal Funds	2,223	2,741	2,956
Augmentations	520	690	625
TOTAL	$ 79,495	$ 81,323	$ 83,333
Training Academy			
State Funds	$ 4,866	$ 5,314	$ 5,346
Federal Funds	0	53	15
Augmentations	209	205	225
TOTAL	$ 5,075	$ 5,572	$ 5,586
Central Office			
State Funds	$ 44,110	$ 57,169	$ 45,261
Federal Funds	6,122	4,891	5,860
Augmentations	290	189	268
TOTAL	$ 50,522	$ 62,249	$ 51,389
Other jurisdictions			
State Funds	$ 247	$ 318	$ 307
Federal Funds	0	0	0
Augmentations	0	0	0
TOTAL	$ 247	$ 318	$ 307

Program: Institutionalization of Offenders (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations

$ –2,992	—to continue current program.

Medical Care

$ 4,749	—to continue current program.
483	—Initiative - Expanded Housing. To provide resources for inmate medical care at SCI Forest.
$ 5,232	*Appropriation Increase*

Inmate Education and Training

$ 656	—to continue current program.
246	—Initiative - Expanded Housing. To provide resources for inmate education and training at SCI Forest.
$ 902	*Appropriation Increase*

State Correctional Institutions

$ 47,688	—to continue current program.
–16,282	—closure of SCI's Pittsburgh and Waynesburg and annualization of SCI Fayette.
–2,000	—Initiative - Commissary Efficiency. Savings from administrative and operational efficiencies in commissary operations.
6,718	—Initiative - Expanded Housing. To provide resources for administrative and operating support at SCI Forest.
$ 36,124	*Appropriation Increase*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 31,245	$ 34,187	$ 31,195	$ 31,195	$ 31,195	$ 31,195	$ 31,195
Medical Care	152,249	171,681	176,913	175,830	175,830	175,830	175,830
Inmate Education and Training	35,319	37,043	37,945	38,365	38,365	38,365	38,365
State Correctional Institutions	1,028,246	1,055,589	1,091,713	1,084,155	1,084,155	1,084,155	1,084,155
GENERAL FUND TOTAL	$ 1,247,059	$ 1,298,500	$ 1,337,766	$ 1,329,545	$ 1,329,545	$ 1,329,545	$ 1,329,545

DEPARTMENT OF EDUCATION

The mission of the department is to academically prepare children and adults to succeed in their chosen profession. The department seeks to ensure that the technical support, resources and physical plant are in place for all students whether children or adults to receive a high quality education.

The department establishes standards and measures aimed at continuous improvement of school curriculum. The department manages staff development and research dissemination systems to ensure that all educational institutions can select from proven practices to boost student achievement. Local school districts, school boards and other educational institutions receive technical assistance from the department via a network of Intermediate Units. The department supports the improvement of Pennsylvania's higher education and community colleges via educational programs, funding to support students and direct resources for facility development.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ 26,674	$ 26,219	$ 25,032
(F)Adult Basic Education - Administration	1,753	1,800	1,800
(F)Education of Exceptional Children	9,781	10,000	10,000
(F)Special Education Improvement	2,085	1,700	1,800
(F)ESEA - Title I - Administration	4,800	21,052	24,537
(F)State Approving Agency (VA)	917	1,028	1,028
(F)Food and Nutrition Service	4,266	4,650	4,700
(F)Migrant Education - Administration	438	515	639
(F)Emergency Immigrant Education (EA)	18	10	0
(F)Vocational Education - Administration	3,910	3,910	3,910
(F)Improving Teacher Quality - Title II - Administration/State	6,497	18,003	20,853
(F)Byrd Scholarships	1,659	1,656	1,656
(F)ESEA - Title V - Administration/State	3,280	16,358	19,255
(F)Homeless Assistance	2,120	2,120	2,120
(F)Preschool Grant	865	980	1,000
(F)DFSC - Administration	1,925	15,783	19,268
(F)State Literacy Resource Centers	150	150	150
(F)School Health Education Programs	600	600	600
(F)Learn and Serve America - School Based	1,779	1,409	1,022
(F)Educate America Act - Administration/State (EA)	600	0	0
(F)Environmental Education Workshops	500	500	500
(F)Bilingual Education(EA)	42	15	0
(F)Charter Schools Initiatives	9,341	10,007	6,000
(F)Technology Literacy Challenge - Administration	1,200	15,267	18,759
(F)America Reads Challenge - Administration (EA)	350	250	0
(F)Comprehensive School Reform - Administration	200	200	200
(F)Advanced Placement Testing	200	200	200
(F)Even Start Family Literacy - Administration (EA)	59	0	0
(F)ESEA - Title X-Education Partnerships	262	215	50
(F)Refugee Children Education	2,317	1,363	1,363
(F)Medical Assistance - Nurses' Aide Training	251	300	300
(F)State and Community Highway Safety (EA)	65	0	0
(F)CCDFBG - Early Childhood Development	100	0	0
(F)CCDFBG - Early Childhood Development (EA)	219	0	0
(F)Reading First Initiative - Administration	5,569	14,648	18,537
(F)CCDFBG - Early Childhood Coordination	0	208	0
(F)SSBG - Early Childhood Development	400	0	0
(F)Title VI - Rural and Low Income School Program - Admin	40	40	60
(F)Title IV - 21st Century Community Learning Centers -Admin	577	15,052	18,435
(F)National Assessment of Educational Progress (NAEP)	0	85	0
(F)Evaluation of Student & Parent Access	0	650	0
(F)Youth Offenders Grant	0	1,000	0
(A)Management Services	47	48	0
(A)Environmental Education	275	460	460
(A)Approved Private Schools	154	163	165
(A)National Center for Educational Statistics	137	116	191
(A)Reimbursement from Department of Banking	14	16	16
(A)Teenage Parenting	4,302	4,319	5,093
(A)Fatherhood Initiative	748	775	0
(A)EPSDT Administration	1,097	1,063	1,226
(A)Troops for Teachers	95	98	0
Subtotal	$ 102,678	$ 195,001	$ 210,925
Office of Safe Schools Advocate	753	1,000	348
(A)PA Assessment Study	160	0	0
Information and Technology Improvement	7,015	5,142	5,249
PA Assessment	20,556	20,356	20,356
(F)Title VI - Part A State Assessments	9,303	22,000	20,637
Subtotal	$ 37,787	$ 48,498	$ 46,590
State Library	4,251	4,165	4,176

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
(F)LSTA - Library Development	1,447	1,650	1,644
(A)Penalties and Reimbursements	5	6	6
(A)Photocopy Service	20	20	20
(A)Keystone Fund	59	61	65
(A)Gates Foundation	53	53	94
Subtotal	$ 5,835	$ 5,955	$ 6,005
Subtotal - State Funds	$ 59,249	$ 56,882	$ 55,161
Subtotal - Federal Funds	79,885	185,374	201,023
Subtotal - Augmentations	7,166	7,198	7,336
Total - General Government	$ 146,300	$ 249,454	$ 263,520
Institutional:			
Youth Development Centers - Education	**$ 11,063**	**$ 11,086**	**$ 11,638**
Scranton State School for the Deaf	**6,011**	**6,202**	**6,252**
(F)Individuals with Disabilities Education - Scranton	85	85	85
(F)School Milk Lunch	35	50	50
(F)ESEA - Scranton	368	452	452
(F)Life Long Learning	4	11	11
(F)Adult Basic Education	0	10	10
(A)Cafeteria and Other Fees	46	60	35
(A)Tuition Recovery	984	937	985
Subtotal	$ 7,533	$ 7,807	$ 7,880
Subtotal - State Funds	$ 17,074	$ 17,288	$ 17,890
Subtotal - Federal Funds	492	608	608
Subtotal - Augmentations	1,030	997	1,020
Total - Institutional	$ 18,596	$ 18,893	$ 19,518
Grants and Subsidies:			
Support of Public Schools:			
Basic Education Funding	**$ 4,086,326**	**$ 4,210,623**	**$ 4,315,889**
Basic Education/Reimbursement of Additional Expenses	**0**	**4,600**	**0**
Philadelphia School District	**25,000**	**25,000**	**25,000**
Performance Incentives	**25,000**	**0**	**0**
School Improvement Grants	**26,161**	**24,314**	**24,314**
Education Support Services	**10,829**	**9,000**	**9,000**
Pennsylvania Accountability Grants	**0**	**0**	**250,000**
Education Assistance Program	**0**	**25,000**	**25,000**
School Readiness	**1,500**	**0**	**0**
Technology Initiative	**4,070** a	**1,290**	**1,290**
(A)Gates Foundation Grant	1,666	1,666	0
Head Start Supplemental Assistance	**0**	**0**	**15,000**
Science Education Program	**2,000**	**2,000**	**0**
Teacher Professional Development	**5,811**	**3,867**	**3,867**
Read to Succeed	**15,000**	**0**	**0**
Adult and Family Literacy	**19,707**	**18,534**	**18,534**
(F)Adult Basic Education - Local	24,000	27,000	23,000
(F)Even Start Family Literacy - Local (EA)	200	0	0
Vocational Education	**55,378**	**56,762**	**58,181**
(F)Vocational Education Act - Local	50,000	51,000	53,000
New Choices / New Options	**2,000**	**2,000**	**0**
Authority Rentals and Sinking Fund Requirements	**283,078**	**294,483**	**294,483**
Pupil Transportation	**438,882**	**466,033** b	**490,413**
Nonpublic and Charter School Pupil Transportation	**75,339**	**76,642** c	**76,663**
Special Education	**874,319**	**904,606**	**927,221**
(F)Individuals with Disabilities Education - Local	310,000	380,000	405,000
(F)Vocational Rehabilitation Basic Support (EA)	0	3,148	0
(A)Vocational Rehabilitation	0	852	0
Early Intervention	**107,725**	**113,111**	**117,607**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
(F)Education for Disabled Children	1,228	1,253	0
Homebound Instruction	**840**	**850**	**782**
Tuition for Orphans and Children Placed in Private Homes	**45,528**	**47,288**	**50,005**
Payments in Lieu of Taxes	**180**	**180**	**208**
Education of Migrant Laborers' Children	**751**	**759**	**784**
PA Charter Schools for the Deaf and Blind	**25,749**	**26,749**	**27,418**
Special Education - Approved Private Schools	**63,450**	**65,450**	**67,086**
Intermediate Units	**6,311**	**6,311**	**6,311**
School Food Services	**25,800**	**26,542**	**27,244**
(F)Food and Nutrition - Local	298,496	298,496	298,496
School Employees' Social Security	**410,244**	**426,403**	**443,862**
School Employees' Retirement	**44,466**	**167,647**	**232,730**
School District Demonstration Projects	**4,000**	**13,000**	**0**
Education of Indigent Children	**100**	**100**	**55**
Subtotal	$ 7,371,134	$ 7,782,559	$ 8,288,443
(F)ESEA - Title V - School Districts	56,000	56,000	12,890
(F)ESEA - Title I - Local	433,844	450,000	475,000
(F)DFSC - School Districts	14,000	14,000	14,000
(F)Educate America Act - Local	6,469	0	0
(F)Improving Teacher Quality - Title II - Local	102,944	115,000	112,000
(F)Technology Literacy Challenge - Local	21,641	21,641	23,388
(F)America Reads Challenge - Local (EA)	4,477	3,000	0
(F)Comprehensive School Reform - Local	20,000	20,000	16,000
(F)ESEA - Title VI - Class Size Reduction (EA)	18,000	8,000	0
(F)Reading First Initiative - Local	22,489	26,000	25,925
(F)Title V - Empowerment Schools	20,000	19,970	9,032
(F)Title IV 21st Century Community Learning Centers - Local	10,967	19,192	19,192
(F)Title III - Language Instruction for LEP & Immigrant Student	5,000	11,000	11,112
(F)Title VI - Rural & Low Income School - Local	849	849	849
(F)Title IV - Community Services for Expelled Students	1,837	1,837	1,837
Subtotal	$ 738,517	$ 766,489	$ 721,225
Other Grants and Subsidies:			
Education Mentoring	**1,200**	**1,200**	**1,200**
Services to Nonpublic Schools	**71,976**	**74,052**	**75,903**
Textbooks, Materials and Equipment for Nonpublic Schools	**22,030**	**22,647**	**23,213**
Technology for Nonpublic Schools	**8,000**	**0**	**0**
Teen Pregnancy and Parenthood	**1,725**	**1,725**	**1,725**
(F)TANF - Teenage Parenting Education	12,904	14,255	12,255
(F)Teenage Parenting - Food Stamps	948	944	944
Comprehensive Reading	**300**	**300**	**300**
Improvement of Library Services	**75,289**	**47,789**	**52,568**
Library Services for the Visually Impaired and Disabled	**2,965**	**2,965**	**2,965**
Recording for the Blind and Dyslexic	**70**	**0**	**0**
Library Access	**7,386**	**7,386**	**7,386**
Electronic Library Catalog	**4,042**	**3,842**	**3,842**
Ethnic Heritage	**165**	**165**	**165**
Governor's Schools of Excellence	**2,492**	**2,492**	**2,492**
Technology Leadership Academy	**1,290**	**0**	**0**
Job Training Programs	**5,100**	**5,100**	**0**
Charter Schools	**1,800**	**1,000**	**1,000**
Independent Schools	**1,000**	**500**	**0**
Reimbursement of Charter Schools	**52,940**	**52,940**	**55,587**
Safe and Alternative Schools	**30,000**	**23,326**	**23,326**
Alternative Education Demonstration Grants	**7,200**	**7,200**	**0**
Subtotal	$ 310,822	$ 269,828	$ 264,871
Higher Education - Other Grants and Subsidies:			
Community Colleges	**210,277**	**213,977**	**224,676**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Community Colleges Facilities and Services	**0**	**3,000**	**3,000**
Regional Community Colleges Services	**550**	**550**	**0**
Subtotal	$ 210,827	$ 217,527	$ 227,676
(F)Teacher Quality Enhancement	4,676	5,000	6,481
(F)Teacher Recruitment	440	440	440
Subtotal	$ 5,116	$ 5,440	$ 6,921
Higher Education - Other Grants and Subsidies:			
Higher Education for the Disadvantaged	**9,320**	**9,320**	**9,320**
Higher Education of Blind or Deaf Students	**54**	**54**	**54**
Higher Education Technology Grants	**500**	**0**	**0**
Higher Education Equipment	**2,000**	**0**	**0**
Enhanced Technology Initiative	**500**	**1,000**	**0**
Engineering Equipment Grants	**1,000**	**0**	**0**
Higher Education Assistance	**0**	**2,068**	**2,000**
Dormitory Sprinklers	**6,000**	**3,000**	**500**
Rural Initiatives	**1,968**	**1,968**	**1,343**
Osteopathic Education	**1,750**	**1,750**	**0**
Thaddeus Stevens College of Technology	**7,737** d	**7,948**	**8,087**
(F)Vocational Education	350 e	0	0
(A)Tuition and Fees	767 e	0	0
(A)Higher Education for the Disadvantaged	129 e	0	0
(A)Federal Pell Grant Aid	593 e	0	0
(A)PHEAA Grant Aid	476 e	0	0
Subtotal	$ 33,144	$ 27,108	$ 21,304
State System of Higher Education:			
State Universities	**439,181**	**417,222**	**430,306**
Recruitment of the Disadvantaged	**345**	**328**	**328**
McKeever Center	**215**	**204**	**204**
Affirmative Action	**1,161**	**1,103**	**1,103**
Program Initiatives	**16,765**	**15,927**	**15,927**
Subtotal	$ 457,667	$ 434,784	$ 447,868
The Pennsylvania State University:			
Educational and General	**239,849**	**232,508**	**239,434**
Medical Programs	**4,943**	**4,793**	**4,793**
Children's Hospital	**4,943**	**4,793**	**4,793**
Agricultural Research	**23,646**	**22,922**	**22,922**
Agricultural Extension Services	**27,028**	**27,580**	**27,580**
Recruitment of the Disadvantaged	**341**	**332**	**332**
Central Pennsylvania Psychiatric Institute	**1,924**	**1,864**	**1,864**
Pennsylvania College of Technology	**12,042**	**11,673**	**11,673**
Pennsylvania College of Technology - Debt Service	**1,424**	**1,379**	**1,379**
Subtotal	$ 316,140	$ 307,844	$ 314,770
University of Pittsburgh:			
Educational and General	**150,224**	**145,625**	**149,301**
Medical Programs	**6,765**	**6,558**	**6,558**
Dental Clinics	**1,061**	**1,029**	**1,029**
Recruitment of the Disadvantaged	**330**	**321**	**321**
Western Psychiatric Institute	**7,925**	**7,682**	**7,682**
Western Teen Suicide Center	**512**	**496**	**496**
Graduate School of Public Health	**258**	**249**	**249**
Rural Education Outreach	**993**	**1,013**	**1,013**
Student Life Initiatives	**425**	**413**	**413**
Subtotal	$ 168,493	$ 163,386	$ 167,062

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Temple University:			
Educational and General	157,839	153,006	156,717
Medical Programs	9,005	8,729	8,729
Dental Clinics	1,061	1,029	1,029
Recruitment of the Disadvantaged	330	321	321
Maxillofacial Prosthodontics	128	125	125
Podiatric Medicine	1,319	1,280	1,280
Bio-Medical Center	466	451	451
Subtotal	$ 170,148	$ 164,941	$ 168,652
Lincoln University:			
Educational and General	11,910	12,155	12,428
Recruitment of the Disadvantaged	330	0	0
International Affairs Institute	299	0	0
Subtotal	$ 12,539	$ 12,155	$ 12,428
Non-State Related Universities and Colleges:			
Drexel University	6,674	6,470	6,583
University of Pennsylvania - Dental Clinics	873	846	1,029
University of Pennsylvania - Cardiovascular Studies	1,568	1,520	1,520
University of Pennsylvania - Medical Programs	3,953	3,832	3,832
University of Pennsylvania - Veterinary Activities	37,676	36,523	37,090
Philadelphia Health and Education Corp. - Medical Programs	7,979	7,329	7,329
Phila. Health & Education Corp - Operations & Maintenance	1,674	1,623	1,623
Phila. Health & Educ. Cor - Recruitment of the Disadvantaged	299	290	290
Phila. Health & Education Corp - Cardiovascular Studies	490	0	0
Philadelphia Health and Education Corporation	1,960	1,900	1,900
Thomas Jefferson University - Doctor of Medicine Instruction	5,752	5,282	5,282
Thomas Jefferson University - Operations & Maintenance	3,969	3,847	4,006
Philadelphia College of Osteopathic Medicine	6,098	4,650	4,731
Pennsylvania College of Optometry	1,566	1,391	1,415
Philadelphia University of the Arts	1,157	1,122	1,142
Subtotal	$ 81,688	$ 76,625	$ 77,772
Non-State Related Institutions:			
Berean - Operations and Maintenance	1,643	1,392	1,415
Berean - Rental Payments	90	85	85
Johnson Technical Institute	188	182	182
Williamson Free School of Mechanical Trades	68	65	66
Subtotal	$ 1,989	$ 1,724	$ 1,748
Subtotal - State Funds	$ 8,432,834	$ 8,679,867	$ 9,199,899
Subtotal - Federal Funds	1,441,759	1,548,025	1,520,841
Subtotal - Augmentations	3,631	2,518	0
Total - Grants and Subsidies	$ 9,878,224	$ 10,230,410	$ 10,720,740
STATE FUNDS	$ 8,509,157	$ 8,754,037	$ 9,272,950
FEDERAL FUNDS	1,522,136	1,734,007	1,722,472
AUGMENTATIONS	11,827	10,713	8,356
GENERAL FUND TOTAL	**$ 10,043,120**	**$ 10,498,757**	**$ 11,003,778**

MOTOR LICENSE FUND:

Grants and Subsidies:			
Safe Driving Course	$ 1,230	$ 1,230	$ 1,230

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
Grants and Subsidies:			
Local Libraries Rehabilitation and Development (EA)	**$ 4,894**	**$ 4,258**	**$ 2,774**
State System of Higher Educ. - Deferred Maintenance (EA)	**6,019**	**10,607**	**12,434**
Total - Grants and Subsidies	$ 10,913	$ 14,865	$ 15,208
KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL	**$ 10,913**	**$ 14,865**	**$ 15,208**
OTHER FUNDS:			
GENERAL FUND:			
LSTA - Library Grants	$ 5,253	$ 4,950	$ 4,950
Emergency Immigrant Assistance	55	100	0
Surety Bond Proceeds	0	14	14
Private Licensed Schools	540	684	623
Empowerment School Districts	4,000	0	0
Medical Assistance Reimbursements	45,467	49,000	58,000
Approved Private Schools - Audit Resolution	5,699	3,000	0
Woodland Hills Desegregation	1,505	0	0
Telecommunications Education Fund Grant	24	0	0
GENERAL FUND TOTAL	**$ 62,543**	**$ 57,748**	**$ 63,587**
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND:			
Governor Casey Organ and Tissue Donation Awareness Fund (EA)	$ 150	$ 150	$ 150
SCHOOL EMPLOYEES' RETIREMENT FUND:			
Administration	$ 41,184	$ 42,948	$ 41,776
Directed Commissions	914	1,290	1,480
(A) Health Insurance - Administration reimbursement	0	1,402	787
(A)Health Options - Administration Reimbursement	0	454	0
SCHOOL EMPLOYEES' RETIREMENT FUND TOTAL	**$ 42,098**	**$ 46,094**	**$ 44,043**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 8,509,157	$ 8,754,037	$ 9,272,950
SPECIAL FUNDS	12,143	16,095	16,438
FEDERAL FUNDS	1,522,136	1,734,007	1,722,472
AUGMENTATIONS	11,827	10,713	8,356
OTHER FUNDS	104,791	103,992	107,780
TOTAL ALL FUNDS	**$ 10,160,054**	**$ 10,618,844**	**$ 11,127,996**

[a] 2002-03 Actual includes $1.29 million actually appropriated as part of Technology Leadership Academy.

[b] Includes recommended supplemental appropriation of $11.082 million.

[c] Includes recommended supplemental appropriation of $2.578 million.

[d] Act 187 of 2002 changed Thaddeus Stevens College of Technology to a "State affiliated agency" therefore it now appears in Higher Education –Other Grants and Subsidies.

[e] Due to change in agency status federal and augmenting funds will no longer be shown in the available and budget year.

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
EDUCATION SUPPORT SERVICES							
GENERAL FUND	$ 33,689	$ 31,361	$ 30,281	$ 30,281	$ 30,281	$ 30,281	$ 30,281
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	69,135	164,872	178,742	178,742	178,742	178,742	178,742
OTHER FUNDS	49,667	54,702	51,831	51,831	51,831	51,823	51,809
SUBCATEGORY TOTAL	$ 152,491	$ 250,935	$ 260,854	$ 260,854	$ 260,854	$ 260,846	$ 260,832
BASIC EDUCATION							
GENERAL FUND	$ 6,931,145	$ 7,250,435	$ 7,732,452	$ 7,792,223	$ 7,947,050	$ 8,242,123	$ 8,698,280
SPECIAL FUNDS	1,230	1,230	1,230	1,230	1,230	1,230	1,230
FEDERAL FUNDS	1,446,088	1,562,045	1,535,165	1,535,165	1,535,165	1,535,165	1,535,165
OTHER FUNDS	59,596	54,913	59,170	59,170	59,170	59,170	59,170
SUBCATEGORY TOTAL	$ 8,438,059	$ 8,868,623	$ 9,328,017	$ 9,387,788	$ 9,542,615	$ 9,837,688	$ 10,293,845
LIBRARY SERVICES							
GENERAL FUND	$ 94,003	$ 66,147	$ 70,937	$ 70,937	$ 70,937	$ 70,937	$ 70,937
SPECIAL FUNDS	4,894	4,258	2,774	2,760	2,772	2,916	3,072
FEDERAL FUNDS	1,447	1,650	1,644	1,644	1,644	1,644	1,644
OTHER FUNDS	5,390	5,090	5,135	5,135	5,135	5,135	5,135
SUBCATEGORY TOTAL	$ 105,734	$ 77,145	$ 80,490	$ 80,476	$ 80,488	$ 80,632	$ 80,788
HIGHER EDUCATION							
GENERAL FUND	$ 1,450,320	$ 1,406,094	$ 1,439,280	$ 1,439,280	$ 1,439,280	$ 1,439,280	$ 1,439,280
SPECIAL FUNDS	6,019	10,607	12,434	12,459	12,958	13,647	14,760
FEDERAL FUNDS	5,466	5,440	6,921	6,921	6,921	6,921	6,921
OTHER FUNDS	1,965	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 1,463,770	$ 1,422,141	$ 1,458,635	$ 1,458,660	$ 1,459,159	$ 1,459,848	$ 1,460,961
ALL PROGRAMS:							
GENERAL FUND	$ 8,509,157	$ 8,754,037	$ 9,272,950	$ 9,332,721	$ 9,487,548	$ 9,782,621	$ 10,238,778
SPECIAL FUNDS	12,143	16,095	16,438	16,449	16,960	17,793	19,062
FEDERAL FUNDS	1,522,136	1,734,007	1,722,472	1,722,472	1,722,472	1,722,472	1,722,472
OTHER FUNDS	116,618	114,705	116,136	116,136	116,136	116,128	116,114
DEPARTMENT TOTAL	$ 10,160,054	$ 10,618,844	$ 11,127,996	$ 11,187,778	$ 11,343,116	$ 11,639,014	$ 12,096,426

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 agency objectives. The success or failure of these supportive efforts can only be indirectly reflected by the effectiveness of the activities they support. A primary concern of the Commonwealth and each agency is to minimize these administrative costs in relation to the costs of services provided.

In addition to including the executive, budget, publication and legal offices of the agency, 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. A three-year initiative, funded through 2003-04, enabled the department to migrate its legacy mainframe database to a relational database. This information technology upgrade offers program managers improved flexibility and responsiveness in data management.

The funds from the School Employees' Retirement Fund used for administration of the School Employees' Retirement System are also included as Other Funds in this program. Administration of the School Employees' Retirement System is directed by the Pennsylvania School Employees' Retirement Board and includes provision of benefits for retired school employees and counseling and information services for active employees. The system currently provides benefits to over 141,000 retirees and beneficiaries. The School Employees' Retirement Fund is shown in the Special Funds Appendix.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations

$ –1,187 —to continue current program.

Information and Technology Improvement

$ 107 —to continue current program.

In addition, this budget recommends $283,000 in School Employees' Retirement Fund savings from replacing contracted Help Desk services with in-house staff.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 26,674	$ 26,219	$ 25,032	$ 25,032	$ 25,032	$ 25,032	25,032
Information and Technology Improvement	7,015	5,142	5,249	5,249	5,249	5,249	5,249
TOTAL GENERAL FUND	$ 33,689	$ 31,361	$ 30,281	$ 30,281	$ 30,281	$ 30,281	$ 30,281

PROGRAM OBJECTIVE: To provide students with the skills, attitudes and abilities needed for effective living in our complex society.

Program: Basic Education

Program Element: Basic Education

The Commonwealth and local school districts share the financing of public elementary and secondary education in Pennsylvania. There are 501 local school districts and 102 charter schools in Pennsylvania. Each is 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 support local school districts. Funding is allocated to each district through a formula that is based on district enrollment and relative wealth. Act 48 of 2003 established the funding formula for the 2003-04 Basic Education Funding appropriation. In addition to providing each school district an amount equal to its 2002-03 allocation, the formula contains five components: a base (equity) supplement, growth supplements, a minimum increase guarantee; a small district assistance supplement and a supplement based upon enrollment and relative local taxing effort.

Program Element: Educational Support

The activities included in this element are those that support basic education programs but are not directly involved with their implementation. These programs include: payments to school districts to cover the State share of payroll costs for Social Security and retirement, authority rental and sinking fund payments for school infrastructure, pupil transportation, school food service subsidy and subsidy payments to intermediate units.

More than two-thirds of the school buildings in the Commonwealth were constructed prior to 1965. Since that time, needs have changed in terms of instructional programs, accessibility, educational philosophy and technology. Buildings have also experienced normal deterioration from use. These factors, as well as demographic changes and a favorable investment climate, have resulted in a continued increase in the number of school building and renovation projects reviewed annually. Of the projects supported with Commonwealth funds, eighty percent of all projects involve renovation or expansion of existing facilities. Funds also support renovations and expansions of regional career and technical education schools. The Commonwealth currently reimburses districts for debt service payments on approximately 1,400 bond issues used to finance these projects. Act 35 of 2001 also provides for the reimbursement to districts for annual leases of buildings or portions of buildings and for 90 charter schools.

Program Element: Basic Education-Nonpublic Schools

The Commonwealth provides aid to nonprofit, nonpublic schools through this element. Appropriations are for auxiliary services, textbooks, instructional materials and transportation to and from nonpublic schools.

Services provided include guidance counseling, testing, psychological services, speech and hearing services, remedial reading, remedial math and services for exceptional children. Textbooks are loaned to children in nonpublic schools under a program established by Act 195 of 1972. Act 90 of 1975 authorizes instructional materials to be loaned to nonpublic schools. Transportation is provided to and from school for nonpublic school students in accordance with the Public School Code.

Program Element: Basic Education — Adjudicated Youth

This element includes educational services for those in rehabilitative or correctional facilities. The Commonwealth's Youth Development Centers house minors adjudicated from the court system. These centers provide rehabilitation and education for incarcerated juveniles. The appropriation within this element is Youth Development Centers-Education.

Program Element: Special Education

Special education, in partnership with basic education, is serving approximately 315,000 school-aged students in Pennsylvania school districts, intermediate units, approved private schools, private residential facilities and State centers.

The major special education appropriation provides support for programs for exceptional children served by the public schools of the Commonwealth. Public school special education programs are administered by all 501 school districts. These programs may be directly operated by the districts or contracted with other school districts, intermediate units or other providers. When appropriate public education is not available, students may be assigned to department approved private schools.

Funds are also provided under this element for the State-operated Scranton State School for the Deaf, Early Intervention and Approved Private/Charter Schools.

Program Element: Vocational Education

Vocational Education, also in partnership with basic education, is serving approximately 100,000 secondary students and indirectly assists in workforce preparation of 40,000 adults. The appropriation for vocational education is paid to area vocational-technical schools, school districts and charter schools that provide approved vocational-technical instruction. Approved programs must collaborate with business and industry and target services at demand occupations based on projections of local labor market demand.

Program: Basic Education (continued)

Program Element: Education Mentoring

This program element supports community-based organizations that partner with schools to provide senior/adult/older mentors to at-risk teens and younger students. Mentors are matched with those students most at-risk of dropping out, students with high absentee rates or truancy and poor academic performance. Funds are also distributed to school districts to enhance long-range comprehensive strategies for dropout prevention and dropout reduction. Grants are awarded on a competitive basis.

Program Element: Basic Education — Teen Parenting

Through this element, the Commonwealth offers program grants, training and technical assistance to schools to provide educational and support services necessary to help pregnant and parenting teens stay in school and graduate. Services include case management, parenting education, referral to pre- and post-natal health care, childcare services, transportation and other services.

Program Element: Charter Schools

This program element provides for grants to groups and schools interested in planning and starting charter schools. Charter schools are public schools, approved by local school districts. They are created and controlled by parents, community leaders and/or teachers. Charter schools operate free from educational mandates, except those concerning nondiscrimination, health and safety.

Program Element: Safe and Alternative Schools

Through the Office of Safe Schools, school districts receive grants to implement their localized innovative plans for safer schools. A portion of the funding is targeted to those school districts that have experienced the greatest problems with violence. This effort is intended to provide children with the opportunity to learn and teachers with the opportunity to teach in environments unhindered by violence and disciplinary problems.

This program element also provides for the development of alternative education programs for disruptive students. School districts receive formula-based grants to aid in offsetting the costs of operating these programs. Local participation is encouraged through the requirement of local matching support. School districts are further encouraged to work together to tailor the types of programs necessary to meet their needs, either through consortia or an intermediate unit.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Basic Education							
Public school enrollment (K-12)	1,816,747	1,810,430	1,801,230	1,791,130	1,777,210	1,761,230	1,741,870
Total expenditures per average daily membership	$9,600	$10,100	$10,600	$11,100	$11,700	$12,300	$12,900
High school graduation rates (%)	86.4	86.5	86.6	86.7	86.8	86.9	87.0
Graduates enrolling in business, technical or college programs	88,550	90,310	91,230	91,980	93,630	95,560	95,750
Students taking PA Assessment	1,554,287	1,549,635	1,546,945	1,982,885	1,967,231	2,386,360	2,338,630
Total General Educational Development (GED) diplomas	11,516	14,000	14,500	14,500	15,000	15,000	15,000
Enrollment in adult basic education	57,500	55,000	55,000	55,000	55,000	55,000	55,000
Adult education volunteers trained	2,390	2,300	2,300	2,300	2,300	2,300	2,300
Adult education students receiving adjunct services	38,450	40,000	41,000	41,000	41,000	41,000	41,000
Basic Education–Nonpublic Schools							
Nonpublic school enrollment	320,010	318,200	316,200	315,200	313,500	311,020	310,000
Basic Education–Adjudicated Youth							
Youth Development Centers							
Total youth served	2,398	2,325	2,325	2,325	2,325	2,325	2,325
Special Education							
Pupils enrolled in programs for the gifted	76,147	76,900	76,900	76,900	76,900	76,900	76,900
Scranton School for the Deaf enrollment	115	119	125	125	125	125	125
Approved vocational education programs:							
Students enrolled	18,500	18,600	18,700	18,800	18,900	19,000	19,000
Students completing programs	3,800	3,820	3,840	3,860	3,880	3,900	3,900

Students taking PA Assessment test increased in 2002-03 from the projection shown in last year's budget because third grade assessments were administered in reading and mathematics for the first time during the 2002-03 school year. Increases in 2005-06 reflect planned expansion of PA Assessment in reading and mathematics in grades four, six and seven beginning in 2005-06. A science assessment test will be implemented in grades four, seven and ten beginning in 2007-08.

Total GED diplomas decrease from the projections shown in last year's budget due to the implementation of a new examination. Fewer individuals took the test in 2002-03 and the pass rate of those taking the test dropped from 72% to 67%.

Program: Basic Education (continued)

Program Measures: (continued)	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Vocational Education							
Enrollment	94,000	94,500	95,000	95,500	96,000	96,500	97,000
Students placed in jobs	8,610	8,656	8,700	8,750	8,795	9,600	10,475
Basic Education–Education Mentoring							
Education mentoring/dropout prevention program enrollment	5,610	5,600	5,600	5,600	5,600	5,600	5,600
Basic Education–Teen Parenting							
Students served by teen parenting programs	5,650	5,650	5,650	5,650	5,650	5,650	5,650

'Vocational Education students placed in jobs decrease from the projections shown in last year's budget because numbers were revised to provide actual students who completed the program and responded to actual student surveys. Previous estimates were based upon a sampling of data.

Education mentoring/dropout prevention program enrollments increase from the projections shown in last year's budget due to the increased number of grantees receiving funding. These grantees built on existing capacity to provide services to additional students.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Office of Safe Schools Advocate

$ –652 —program reduction.

Youth Development Centers — Education

$ 552 —to continue current program.

Scranton State School for the Deaf

$ 50 —to continue current program.

Basic Education Funding

$ 105,266 —PRR —Investing in Our Students' Success. This Program Revision provides for a two and one-half percent increase for basic education programs. See the Program Revision following this program for additional information.

Basic Education/Reimbursement of Additional Expenses

$ –4,600 —nonrecurring 2003-04 payment.

Education Support Services

$ 9,000 —PRR —Investing in Our Students' Success. This Program Revision provides Classroom Plus grants to assist students who need additional services to perform at grade level. See the Program Revision following this program for additional information.

–9,000 —Education Support Services funding in the 2003-04 budget.

$ 0 *Appropriation Unchanged*

Pennsylvania Accountability Grants

$ 250,000 —PRR —Investing in Our Students' Success. This Program Revision provides flexible block grant resources for proven programs to help school districts attain or maintain academic performance targets. See the Program Revision following this program for additional information.

Education Assistance Program

$ 25,000 —PRR —Investing in Our Students' Success. This Program Revision provides tutoring resources to schools that have not made Adequate Yearly Progress in math or reading. See the Program Revision following this program for additional information.

–25,000 —Education Assistance Program funding in the 2003-04 budget.

$ 0 *Appropriation Unchanged*

Head Start Supplemental Assistance

$ 15,000 —PRR —Investing in Our Students' Success. This Program Revision provides for resources to federal Head Start providers to expand programs toadditional children and to offer extended-day services. See the Program Revision following this program for additional information.

Science Education Program

$ –2,000 —nonrecurring project.

Vocational Education

$ 1,419 —PRR —Investing in Our Students' Success. This Program Revision provides for a two and one-half percent increase for vocational education programs. See the Program Revision following this program for additional information.

New Choices/New Options

$ –2,000 —nonrecurring project.

Pupil Transportation

$ 24,380 —to continue current program.

Nonpublic and Charter School Pupil Transportation

$ 21 —to continue current program.

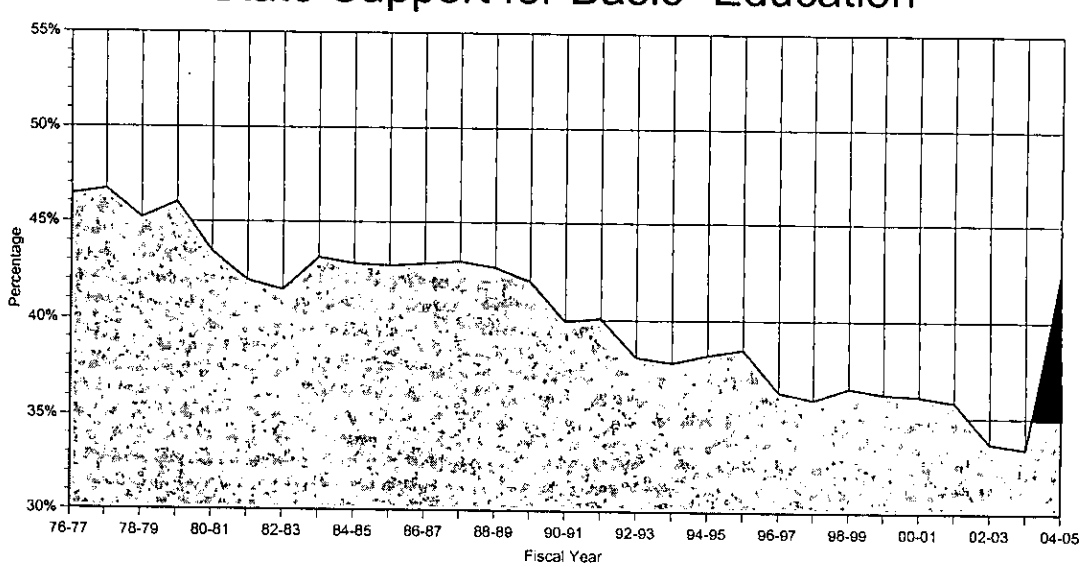
Program: Basic Education (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

$ 22,615	**Special Education** —PRR —Investing in Our Students' Success. This Program Revision provides for a two and one-half percent increase for special education programs. See the Program Revision following this program for additional information.
$ 4,496	**Early Intervention** —to continue current program.
$ –68	**Homebound Instruction** —to continue current program.
$ 2,717	**Tuition for Orphans and Children Placed in Private Homes** —to continue current program.
$ 28	**Payments in Lieu of Taxes** —to continue current program.
$ 25	**Education of Migrant Laborer's Children** —to continue current program.
$ 669	**PA Charter School for the Deaf and Blind** —to continue current program.
$ 1,636	**Special Education - Approved Private Schools** —to continue current program.
$ 702	**School Food Services** —to continue current program.
$ 17,459	**School Employees' Social Security** —to continue current program.
$ 65,083	**School Employees' Retirement** —to continue current program at the actuarially determined employer contribution rate.
$ –13,000	**School District Demonstration Projects** —nonrecurring projects.
$ –45	**Education of Indigent children** —to continue current program.
$ 1,851	**Services to Nonpublic Schools** —to continue current program.
$ 566	**Textbooks, Materials and Equipment for Nonpublic Schools** —to continue current program.
$ –5,100	**Job Training Programs** —nonrecurring projects.
$ –500	**Independent Schools** —program elimination.
$ 2,647	**Reimbursement of Charter Schools** —to continue current program.
$ –7,200	**Alternative Education Demonstration Grants** —nonrecurring projects.

All other appropriations are recommended at the current year funding levels.

State Support for Basic Education



The Commonwealth's participation in funding basic education has declined from 50% in 1975-76 to under 34% in 2003-04.

This budget recommends a $105.3 million basic education funding increase and a $250 million accountability block grant. If enacted, the State's share of the cost of supporting our schools would increase to nearly 35%.

The property tax relief proposal, if enacted, could increase State support by as much as $1 billion, and would increase the State's share of the cost of supporting our schools to nearly 44%.

Program: Basic Education (continued)

Appropriations within this Program:

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Office of Safe Schools Advocate	$ 753	$ 1,000	$ 348	$ 348	$ 348	$ 348	$ 348
PA Assessment	20,556	20,356	20,356	20,356	20,356	20,356	20,356
Youth Development Centers - Education	11,063	11,086	11,638	11,638	11,638	11,638	11,638
Scranton State School for the Deaf	6,011	6,202	6,252	6,252	6,252	6,252	6,252
Basic Education Funding	4,086,326	4,210,623	4,315,889	4,315,889	4,315,889	4,315,889	4,315,889
Basic Education/Reimbursement of Additional Expenses	0	4,600	0	0	0	0	0
Philadelphia School District	25,000	25,000	25,000	25,000	0	0	0
Performance Incentives	25,000	0	0	0	0	0	0
School Improvement Grants	26,161	24,314	24,314	24,314	24,314	24,314	24,314
Education Support Services	10,829	9,000	9,000	9,000	9,000	9,000	9,000
Pennsylvania Accountability Grants	0	0	250,000	250,000	250,000	250,000	250,000
Education Assistance Program	0	25,000	25,000	25,000	25,000	25,000	25,000
School Readiness	1,500	0	0	0	0	0	0
Technology Initiative	4,070	1,290	1,290	0	0	0	0
Head Start Supplemental Assistance	0	0	15,000	15,000	15,000	15,000	15,000
Science Education Program	2,000	2,000	0	0	0	0	0
Teacher Professional Development	5,811	3,867	3,867	3,867	3,867	3,867	3,867
Read to Succeed	15,000	0	0	0	0	0	0
Adult and Family Literacy	19,707	18,534	18,534	18,534	18,534	18,534	18,534
Vocational Education	55,378	56,762	58,181	58,181	58,181	58,181	58,181
New Choices / New Options	2,000	2,000	0	0	0	0	0
Authority Rentals and Sinking Fund Requirements	283,078	294,483	294,483	294,483	294,483	294,483	294,483
Pupil Transportation	438,882	466,033	490,413	490,413	490,413	490,413	490,413
Nonpublic and Charter School Pupil Transportation	75,339	76,642	76,663	76,663	76,663	76,663	76,663
Special Education	874,319	904,606	927,221	927,221	927,221	927,221	927,221
Early Intervention	107,725	113,111	117,607	117,607	117,607	117,607	117,607
Homebound Instruction	840	850	782	782	782	782	782
Tuition for Orphans and Children Placed in Private Homes	45,528	47,288	50,005	50,005	50,005	50,005	50,005
Payments in Lieu of Taxes	180	180	208	208	208	208	208
Education of Migrant Laborers' Children	751	759	784	784	784	784	784
PA Charter Schools for the Deaf and Blind	25,749	26,749	27,418	27,418	27,418	27,418	27,418
Special Education - Approved Private Schools	63,450	65,450	67,086	67,086	67,086	67,086	67,086
Intermediate Units	6,311	6,311	6,311	6,311	6,311	6,311	6,311
School Food Services	25,800	26,542	27,244	27,244	27,244	27,244	27,244
School Employees' Social Security	410,244	426,403	443,862	463,816	483,449	503,787	524,858
School Employees' Retirement	44,466	167,647	232,730	273,837	434,031	708,766	1,143,852
School District Demonstration Projects	4,000	13,000	0	0	0	0	0
Education of Indigent Children	100	100	55	55	55	55	55
Education Mentoring	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Services to Nonpublic Schools	71,976	74,052	75,903	75,903	75,903	75,903	75,903
Textbooks, Materials and Equipment for Nonpublic Schools	22,030	22,647	23,213	23,213	23,213	23,213	23,213
Technology for Nonpublic Schools	8,000	0	0	0	0	0	0
Teen Pregnancy and Parenthood	1,725	1,725	1,725	1,725	1,725	1,725	1,725
Comprehensive Reading	300	300	300	300	300	300	300
Ethnic Heritage	165	165	165	165	165	165	165
Governor's Schools of Excellence	2,492	2,492	2,492	2,492	2,492	2,492	2,492
Technology Leadership Academy	1,290	0	0	0	0	0	0
Job Training Programs	5,100	5,100	0	0	0	0	0
Charter Schools	1,800	1,000	1,000	1,000	1,000	1,000	1,000
Independent Schools	1,000	500	0	0	0	0	0
Reimbursement of Charter Schools	52,940	52,940	55,587	55,587	55,587	55,587	55,587
Safe and Alternative Schools	30,000	23,326	23,326	23,326	23,326	23,326	23,326
Alternative Education Demonstration Grants	7,200	7,200	0	0	0	0	0
TOTAL GENERAL FUND	$ 6,931,145	$ 7,250,435	$ 7,732,452	$ 7,792,223	$ 7,947,050	$ 8,242,123	$ 8,698,280
MOTOR LICENSE FUND:							
Safe Driving Course	$ 1,230	$ 1,230	$ 1,230	$ 1,230	$ 1,230	$ 1,230	$ 1,230

Program Revision: Investing in Our Students' Success

Across this Commonwealth, inspired and talented teachers and administrators are helping our students achieve. As a result, the majority of Pennsylvania students are meeting national standards. But in spite of the best efforts of our public schools, 44 percent of Pennsylvania's schoolchildren – more than two in five – still cannot read or do math at a level that meets the State standard of grade level proficiency. More troubling is that over the last ten years the percentage of Pennsylvania fourth grade students reading at grade level did not budge on national assessments. In 2002, President Bush challenged the nation with the passage of The Federal No Child Left Behind Act. This federal law requires that 35 percent of our students are proficient in math and at least 45 percent proficient in reading in 2004. In 2005, the standards will increase to 45 percent proficient in math and 54 percent proficient in reading. By the time our current elementary school students graduate high school, all students will have to be proficient in reading and math. Pennsylvania is not meeting the modest standards now and will have a hard time keeping up as the standards increase.

This Program Revision recommends a total of $428.3 million in new education funding, including $250 million in targeted educational investments proven to boost student skills especially among those students who traditionally struggle to meet the standards, $34 million in tutoring funding for schools that have not made Adequate Yearly Progress in math or reading, $15 million to supplement federal Head Start programs, and $129.3 million in new support for basic, vocational and special education programs.

Pennsylvania Accountability Grants

The 2003-04 enacted education legislation established an Accountability Block Grant beginning in the 2004-05 fiscal year. This flexible block grant provides the majority of the Commonwealth's new strategic investment in schools and offers school districts proven educational program options to meet the special needs of their struggling students and to attain or maintain academic performance targets. This Program Revision recommends $250 million in Block Grant funding. Every school district will receive a share of the Block Grant in the 2004-2005 school year. School districts can use Block Grant funding for high-quality pre-school, full-day kindergarten, small class size in grades K-3, tutoring, teacher training, science materials and equipment, incentives to recruit and retain the most qualified teachers where needed most, closing achievement gaps, and strengthening links to social and health services. Block Grant funding amounts are determined by a set formula: 75 percent of allocated funding is based on the percentage of students scoring below proficiency on the Pennsylvania System of School Assessment (PSSA) in order to target those students who need the extra assistance the most; and 25 percent of allocated funding is based on the percentage of students scoring proficient or above on the PSSA in an effort to maintain the achievement of those students. School districts also have the option to invest in other research-backed strategies, upon notification and review by the Department of Education. The Pennsylvania Accountability Block Grants are a win-win for school districts and taxpayers – communities have maximum local control and the flexibility to implement those programs that best serve their individual needs, and the focus on proven programs ensures the efficient and effective use of taxpayer resources.

Tutoring

Pennsylvania has one of the highest achievement gaps in the country. This, coupled with meeting standards set by the Federal No Child Left Behind Act, adds a greater sense of urgency to add additional support and resources designed to help all students succeed. Research indicates that tutoring services are one of the most effective tools in boosting student achievement. This Program Revision recommends continuation of the Educational Assistance Program implemented as part of the 2003-04 enacted budget. The enacted budget appropriated a total of $34 million for tutoring in each of the 2003-04 and 2004-05 fiscal years.

The Educational Assistance Program, funded at $25 million, targets school districts with the most severe academic challenges – those schools that did not meet Average Yearly Progress targets in math or reading. Currently, 81 districts in Pennsylvania have at least one school that will qualify for the Educational Assistance Program. Students who score below the standard in grades K-3, 4, 6, or 9, or are below proficient on the reading or math PSSA in grades 5 and 8 can receive tutoring under this program. Students would receive tutoring before school, after school, on weekends or during the summer. New guidelines ensure that tutoring takes place in a class size capped at 10 students during the school year and 15 students during the summer. Districts eligible for the Educational Assistance Program may use their allocated funding to provide programs either in-house or through approved outside providers. All tutoring providers are required to use evidence-based models for instruction. The academic progress of students receiving instruction must be reviewed by a school district assessment mechanism. Tutoring must be aligned to the school curriculum and tutors must collaborate with the classroom teacher. Tutoring providers will be evaluated annually; specific measurable outcomes must be achieved before a provider will be approved to continue tutoring into the following year.

Program Revision: Investing in Our Students' Success (continued)

This Program Revision also provides $9 million for the continuation of Classroom Plus, a tutoring program for students who have received low standardized assessment results. Classroom Plus provides up to $500 per student per fiscal year for tutoring from state approved providers. Public and private school students are able to access tutoring vouchers to use to purchase tutoring services in their communities.

Head Start Supplemental Assistance

The 2003-04 enacted education legislation included a $15 million set aside for the 2004-05 fiscal year targeted to match the world renowned federally funded Head Start program. Consistent with that legislation, this Program Revision recommends $15 million to supplement federal Head Start programs. Grants will be provided to existing Head Start providers to expand their programs to additional children and to offer extended-day services. Head Start providers can either provide extended-day services themselves or collaborate with a licensed child-care center or a registered family or group day-care home. This first-time investment removes Pennsylvania from a list of only nine states that do not provide funding for pre-school education and positions the Commonwealth for future expansion of the Governor's early childhood initiatives.

Education Tax Credits

This Program Revision also provides for the expansion of pre-school programs by recommending a tax credit program for private pre-school scholarships. Pennsylvania businesses will be able to receive up to $5 million in state tax credits for donations to pre-school scholarship organizations. The scholarships will make tuition grants available to parents to pay for the pre-school of their choice throughout the state. The program will function like the current Educational Improvement Tax Credits – which is also expanded to $40 million. These tax credits can be used for two purposes – donations to non-profits that fund innovative educational programs in public schools and donations to scholarship organizations that provide personal tuition grants for private schools.

Enhanced Education Funding

In addition, this Program Revision recommends a two and one-half percent increase in funding for basic education, special education and vocational education programs offered by our school districts. These increases will provide an additional $105.2 million for Basic Education Funding, $22.6 million for Special Education and $1.4 million for Vocational Education.

This Program Revision continues the Commonwealth's significant investment in basic education by strengthening and expanding successful programs and by creating new and innovative strategies to enhance educational opportunities and provide quality education to all Pennsylvania's children. More children will benefit from proven programs like full day kindergarten and extensive tutoring, struggling school districts will have help to get back on track, teachers will have increased access to quality tools and professional development, and schools will be better equipped to meet demanding academic standards required under No Child Left Behind.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
School districts receiving Accountability Block Grant funds							
Program Revision	0	0	501	501	501	501	501
School districts receiving Educational Assistance Program tutoring resources							
Program Revision	0	0	81	81	81	81	81
Students receiving Classroom Plus tutoring services							
Program Revision	0	0	47,200	47,200	47,200	47,200	47,200

Program Revision: Investing in Our Students' Success (continued)

Program Revision Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

$ 105,266	**Basic Education Funding** — to provide a two and one-half percent increase for basic education programs.
$ 9,000	**Educational Support Services** — to provide Classroom Plus grants to assist students who need additional services to perform at grade level.
$ 250,000	**Pennsylvania Accountability Grants** — to provide flexible block grant resources for proven programs to help school districts attain or maintain academic performance targets.
$ 25,000	**Education Assistance Program** — to provide tutoring resources to schools that have not made Adequate Yearly Progress in math or reading.
$ 15,000	**Head Start Supplemental Assistance** — to provide resources to federal Head Start providers to expand programs to additional children and to offer extended-day services.
$ 1,419	**Vocational Education** — to provide a two and one-half percent increase for vocational education programs.
$ 22,615	**Special Education** — to provide a two and one-half percent increase for special education programs.
$ 428,300	*Program Revision Total*

Recommended Program Revision Costs by Appropriation:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Basic Education Funding	$ 0	$ 0	$ 105,266	$ 105,266	$ 105,266	$ 105,266	$ 105,266
Educational Support Services	0	0	9,000	9,000	9,000	9,000	9,000
Pennsylvania Accountability Grants	0	0	250,000	250,000	250,000	250,000	250,000
Education Assistance Program	0	0	25,000	25,000	25,000	25,000	25,000
Head Start Supplemental Assistance	0	0	15,000	15,000	15,000	15,000	15,000
Vocational Education	0	0	1,419	1,419	1,419	1,419	1,419
Special Education	0	0	22,615	22,615	22,615	22,615	22,615
GENERAL FUND TOTAL	$ 0	$ 0	$ 428,300	$ 428,300	$ 428,300	$ 428,300	$ 428,300

PROGRAM OBJECTIVE: To provide and improve library services to citizens of the Commonwealth, special libraries, and government agencies and employes.

Program: Library Services

This program supports and improves State and local library services and ensures access to these services by citizens of the Commonwealth.

The Office of Commonwealth Libraries is the agency of the Commonwealth charged with developing, improving and coordinating library services and systems in the State. It provides Statewide leadership in the development of libraries as essential contributors to the cultural and economic well being of Pennsylvania communities.

The State Library, located in Harrisburg, is a major resource library serving State Government, as well as libraries and residents of the Commonwealth. It includes an extensive general and legal reference collection, comprehensive collections of Pennsylvania newspapers and Pennsylvania State and U.S. Government publications, computer search services to provide reference and research assistance to State Government personnel from more than 300 databases, and a computer-based catalog to give users more rapid access to information about the collection. Since 1998, the catalog has been available on the internet as part of the Access Pennsylvania library database.

The library development function provides leadership and advisory services to public, academic and special libraries; coordinates a Statewide system of public libraries; administers a program of State-aid to public libraries and promotes sharing of library resources through a variety of cooperative programs affecting libraries throughout the Commonwealth. The Improvement of Library Services appropriation supports basic operations in local public libraries, enabling these libraries to provide direct service to meet the demands of Pennsylvania residents for information, education and cultural enrichment. These funds support the district library center program in 28 designated public libraries, which are charged with providing resources and services to the local libraries and residents of their defined geographic areas. In addition, these funds subsidize four Statewide Library Resources Center Libraries named in the Library Code and charged with acquiring research collections, making those collections available to all residents, providing online reference services and reference databases, and converting historic parts of their collections to digital format, accessible via the Internet.

Library Services for Visually Impaired and Disabled provides operating funds to Pennsylvania's regional libraries for direct mail services to Pennsylvania residents who are blind or who have a physical disability that prevents them from using regular print materials. Seventy percent of the users of this program are elderly persons who are often homebound and isolated with no other access to the world of books. The service is provided in partnership with the Carnegie Library of Pittsburgh and the Free Library of Philadelphia. The Federal government waives postage and provides talking books for circulation by the regional libraries.

The Library ACCESS Program supports three program components. First, the Statewide Library Card Program allows people to use any participating public library no matter where they live. Libraries are reimbursed for the cost of lending books to people living outside their service areas. Second, the Interlibrary Delivery Service (IDS) provides cost-effective transportation and delivery of materials between libraries. Library Access pays a subsidy to IDS so that the libraries' share of delivery costs are reduced. Third, the Pennsylvania Online World of Electronic Resources (POWER) Library provides online periodical and reference databases covering a broad range of subjects for public and school library users and by Pennsylvania residents at home through their public libraries' web sites. The POWER Library provides equity because it provides both quality and quantity of resources formerly unattainable in rural areas or cash-strapped urban schools.

The Electronic Library Catalog Program, known as Access Pennsylvania, is a web-based automated catalog of more than 2,700 Pennsylvania libraries and provides access to books, journals and other information held by any participating school, public, college or university library. The program's objective is to increase access to educational materials held in Pennsylvania's libraries by facilitating interlibrary loan and resource sharing. The program improves the educational curriculum across the Commonwealth by providing access to information.

Program: Library Services (continued)

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Items accessed (in thousands)	137,925	139,304	140,697	142,104	143,525	144,961	146,410
Titles in State Library collection listed in machine readable catalog database	1,006,546	1,016,611	1,026,778	1,037,045	1,047,416	1,057,890	1,068,469
Patron queries handled by State Library staff	225,422	227,676	229,953	232,252	234,575	236,921	232,290
Items loaned under the Statewide Library ACCESS program	13,809	14,085	14,367	14,654	14,947	15,246	15,551

Items accessed has increased since last year's budget because the measure was changed from items loaned to items accessed. This measure now counts the number of documents that are utilized within the library as well as documents that are loaned out.

Patron queries handled by State Library staff has been revised to include web-based access to library resources. Previously only "in person" queries were included in this program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND:

State Library

$ 11 —to continue current program.

Improvement of Library Services

$ 4,779 —to continue current program.

All other appropriations are recommended at the current year funding levels.

KEYSTONE RECREATION, PARK AND CONSERVATION FUND:

Local Libraries Rehabilitation and Development (EA)

$ –1,484 —nonrecurring projects.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
State Library	$ 4,251	$ 4,165	$ 4,176	$ 4,176	$ 4,176	$ 4,176	$ 4,176
Improvement of Library Services	75,289	47,789	52,568	52,568	52,568	52,568	52,568
Library Services for the Visually Impaired and Disabled	2,965	2,965	2,965	2,965	2,965	2,965	2,965
Recording for the Blind and Dyslexic	70	0	0	0	0	0	0
Library Access	7,386	7,386	7,386	7,386	7,386	7,386	7,386
Electronic Library Catalog	4,042	3,842	3,842	3,842	3,842	3,842	3,842
TOTAL GENERAL FUND	$ 94,003	$ 66,147	$ 70,937	$ 70,937	$ 70,937	$ 70,937	$ 70,937
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Local Libraries Rehabilitation and Development (EA)	$ 4,894	$ 4,258	$ 2,774	$ 2,760	$ 2,772	$ 2,916	$ 3,072

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 264 degree-granting institutions, which include the State System of Higher Education, the community colleges, the four State-related universities, the Commonwealth's independent universities and colleges, the State affiliated Thaddeus Stevens College of Technology and other specialized associate degree-granting institutions.

Funding for these institutions is through direct grant appropriations and, for most of the independent sector, through the Institutional Assistance Grants and student support programs of the Pennsylvania Higher Education Assistance Agency.

Table 1
Full-Time Equivalent Enrollments at State-Supported Universities and Colleges, Actual and Projected

Institutional Category	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
State System of Higher Education	96,235	97,384	98,240	99,018	99,846	100,738	102,645
Community Colleges	80,874	86,342	90,508	93,665	96,606	99,588	102,884
State-Related Universities	140,375	140,797	141,228	141,584	141,633	141,603	141,798
Non-State Related Universities & Colleges	39,741	40,451	40,964	41,435	41,865	42,308	42,758
TOTAL	357,225	364,974	370,940	375,702	379,950	384,237	390,085

Program Element: State System of Higher Education

Funding for the 14 universities of the State System of Higher Education is distributed through the Chancellor's Office to the individual universities in accordance with a formula that considers the enrollment and programs of the school and the cost of operating and maintaining the individual campuses. While all the universities provide a broad liberal arts curriculum, each has a specific mission — health sciences, business, technologies, etc. All of the universities provide teacher preparation programs. Also, most offer the master's degree level in some of their programs.

Program Element: Community Colleges

Funding for the community colleges is shared by sponsoring counties or school districts, the students through tuition payments and the Commonwealth. Commonwealth appropriations are based on a formula that considers the number of students enrolled, the number of students in each of several technical programs for which additional stipends are paid to recognize the high cost of those programs and the capital costs of the colleges. The colleges offer two-year liberal arts curricula for transfer to other institutions and two-year programs in technologies or other vocational areas that culminate in an associate degree or certificate. They also offer non-credit programs such as public safety, or for the improvement of personal and professional skills.

Program Element: State-related Universities

Funding for the four State-related universities — Pennsylvania State University, the University of Pittsburgh, Temple University and Lincoln University — provides basic support for their educational programs. The first three of these Commonwealth universities are major research universities; they provide programs to the doctoral level in the arts and sciences and professional schools in the medical and legal fields. They also play a major role in the Commonwealth's workforce development initiative.

Program Element: Enrollment and Degree Programs

In 2002, approximately 75% percent of high school graduates planned to attend postsecondary institutions. This is a significant improvement over the past decade when only slightly more than half of Pennsylvania high school graduates indicated they planned to attend a postsecondary institution. Also, participation rates of older students and part-time students continue to increase. Full-time equivalent enrollment in State-supported universities and colleges is expected to increase in the immediate future at levels in excess of two percent annually with the trends differing from sector to sector. Community College growth, for example, has been and will continue to be much more dramatic, especially if a sluggish economy persists in upcoming fiscal years. This overall growth is not only the result of minor growth in the population of traditional age students but also especially due to the increase in participation rates of non-traditional and part-time students. The enrollment is affected by two factors: as the population of traditional college age students continues to decline that

Program: Higher Education (continued)

Table 2
State-Supported Universities and Colleges FTE Enrollments by Subject Area

Subject Area	Number and Percent of Total	2002-03 Actual	2003-04 Projected	2004-05 Projected	2005-06 Projected	2006-07 Projected	2007-08 Projected	2008-09 Projected	Percent Change
Agricultural and Natural Resources	#	3,608	3,676	3,686	3,698	3,704	3,709	3,714	2.94%
	%	1.01%	1.01%	0.99%	0.98%	0.97%	0.97%	0.95%	
Arts and Letters	#	72,146	75,201	76,811	78,257	79,636	81,041	82,528	14.39%
	%	20.20%	20.60%	20.71%	20.83%	20.96%	21.09%	21.16%	
Business, Management and Data Processing	#	56,491	57,541	58,191	58,784	59,322	59,812	60,476	7.05%
	%	15.81%	15.77%	15.69%	15.65%	15.61%	15.57%	15.50%	
Communications and Related Technologies	#	13,050	13,206	13,413	13,494	13,485	13,552	14,615	11.99%
	%	3.65%	3.62%	3.62%	3.59%	3.55%	3.53%	3.75%	
Computer and Information Sciences	#	15,191	15,585	15,931	16,245	16,577	16,903	17,256	13.59%
	%	4.25%	4.27%	4.29%	4.32%	4.36%	4.40%	4.42%	
Education	#	38,691	39,151	39,695	40,121	40,574	40,965	41,391	6.98%
	%	10.83%	10.73%	10.70%	10.68%	10.68%	10.66%	10.61%	
Engineering, Architecture and Environmental Design	#	18,903	19,023	19,253	19,399	19,521	19,648	19,784	4.66%
	%	5.29%	5.21%	5.19%	5.16%	5.14%	5.11%	5.07%	
Engineering Technologies and Related Technologies	#	5,390	5,552	5,752	5,894	6,060	6,221	6,392	18.59%
	%	1.51%	1.52%	1.55%	1.57%	1.59%	1.62%	1.64%	
Health Professions, Health Sciences and Biological Sciences	#	45,653	46,885	47,406	47,937	48,383	48,876	49,407	8.22%
	%	12.78%	12.85%	12.78%	12.76%	12.73%	12.72%	12.67%	
Home Economics, Human Services and Public Affairs	#	23,234	23,698	24,378	24,783	25,142	25,500	25,936	11.63%
	%	6.50%	6.49%	6.57%	6.60%	6.62%	6.64%	6.65%	
Industrial, Repair, Construction and Transport Technologies	#	3,494	3,710	3,844	3,935	4,042	4,159	4,275	22.35%
	%	0.98%	1.02%	1.04%	1.05%	1.06%	1.08%	1.10%	
Law	#	5,019	5,182	5,233	5,275	5,317	5,361	5,409	7.77%
	%	1.40%	1.42%	1.41%	1.40%	1.40%	1.40%	1.39%	
Physical Sciences, Mathematics and Related Technologies	#	14,502	14,501	14,655	14,771	14,881	14,988	15,090	4.05%
	%	4.06%	3.97%	3.95%	3.93%	3.92%	3.90%	3.87%	
Social Sciences, Psychology, Area Studies and Foreign Languages	#	37,687	37,861	38,411	38,821	39,005	39,193	39,493	4.79%
	%	10.55%	10.37%	10.36%	10.33%	10.27%	10.20%	10.12%	
Multi-Interdisciplinary Studies/ Military Sciences	#	4,166	4,202	4,281	4,288	4,301	4,309	4,319	3.67%
	%	1.17%	1.15%	1.15%	1.14%	1.13%	1.12%	1.11%	
TOTAL		357,225	364,974	370,940	375,702	379,950	384,237	390,085	9.20%

decrease is offset by increases in the participation rates of non-traditional and part-time students.

The Pennsylvania Higher Education Assistance Agency and the Department of Education work with school districts to disseminate information to students and their parents about the importance of postsecondary education, the choices available to students, the financial aid available and the high school preparation required.

Along with higher education enrollment size, the mix of enrollments by discipline will shape the future of higher education. Table 2 shows projections of enrollment by subject area in the State-supported universities and colleges from 2002-03 through 2008-09. It reflects the increased choices of career-oriented disciplines with good employment rates such as engineering technology and industrial technologies, but also reflects slower than anticipated growth in the engineering and physical science and mathematics enrollments.

The State-supported universities and colleges in Pennsylvania graduate over 75,000 students annually with degrees ranging from the two-year associate degree to doctoral and professional degrees. Pennsylvania degree graduates from both State-supported and private universities and colleges total over 121,000 annually.

Program: Higher Education (continued)

Table 3
Higher Education Degrees Awarded by State-Supported and Private Universities and Colleges, Actual and Projected

Institutional Category	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
State System of Higher Education	18,194	19,223	19,470	19,676	19,875	20,046	20,226
Community Colleges	11,177	11,743	12,295	12,708	13,083	13,439	13,846
State-Related Universities	33,286	33,845	34,075	34,216	34,232	34,297	34,401
Non-State Related Universities & Colleges	11,780	12,189	12,546	12,720	12,905	13,089	13,276
Private Universities & Colleges	45,849	46,674	47,514	48,369	49,240	50,126	51,029
TOTAL	120,286	123,674	125,900	127,689	129,335	130,997	132,778

Program Element: Support for Educationally Disadvantaged and Minority Students

Under Act 101 of 1971, the Higher Education Equal Opportunity Program provides grants to colleges for tutorial and counseling services for economically and educationally disadvantaged students to aid them in succeeding in college.

In 1996, the Department of Education and the Federal Office of Civil Rights embarked on a joint venture designed to assess and address the challenges in providing higher education opportunities for African American students in Pennsylvania. Funding is included in this subcategory and in the capital budget to further help with the cost of recruiting and retaining minority students. Funds are also provided for an affirmative action program at the State System of Higher Education and to continue infrastructure improvements at Cheyney and Lincoln Universities. In addition, funding for higher education scholarships for students of Cheyney and Lincoln Universities is made available through programs administered by the Pennsylvania Higher Education Assistance Agency.

Program Element: Research

An essential ingredient for a healthy economy and the creation of new jobs in any region is the existence of vigorous research universities. Regions with the most dynamic economies are those where research and development investments have been significant. The research university not only provides new ideas, technologies and products to industry, but also educates and motivates graduates to turn those ideas, technologies and products into industry and jobs.

While the University of Pittsburgh and Temple University are also major research universities, Pennsylvania State University (Penn State) is the primary recipient of direct research funds designated by the Commonwealth to support research in agriculture, engineering, biological and physical sciences, earth and mineral sciences, health and human services, and other disciplines. Pennsylvania State University is the Commonwealth's Federally designated land-grant university and as such has received funds designated for agricultural research since 1901.

The continued State support for organized research is a means of promoting a responsive position on the ever-changing needs of the Commonwealth. In this regard, colleges and universities play a major role in the economic development of the Commonwealth through the creation of a climate that will attract new high technology industries to the State.

Program Element: Community Service

Public and community services are provided by all sectors of higher education and include short-term courses and workshops and programs in the arts. The bulk of Commonwealth funding in this area supports the Cooperative Extension Service of Penn State. The service offers consultation to any State resident on agricultural or environmental issues. It operates the Agricultural Extension Computer Network, which, with a computer in every county extension office, offers a Statewide network of information linked to the resources of the main campus.

Program Element: Support Services and Performance Indicators

The Department of Education provides leadership and support services to all sectors of higher education. Responsibilities include liaison with the national accrediting agencies, the State Board of Education and other governing boards; policy review and development based on comprehensive planning and research; and implementation of the higher education master plan and the Commonwealth's plan for equal education opportunity. The Department also partners with other Commonwealth agencies on workforce development strategies. Additionally, the department provides certificates to those seeking teaching certification in Pennsylvania.

Pennsylvania has been a national leader in education reform by introducing concepts of quality performance and accountability in basic and secondary education. This budget will continue these efforts and introduce programmatic initiatives through a combined effort of elementary/secondary and postsecondary and higher education, jointly with the United States Department of Education, to fulfill the initiatives of "No Child Left Behind".

Program: Higher Education (continued)

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Thaddeus Stevens College of Technology enrollment	625	646	678	712	746	781	818
Office of Civil Rights reviews of institutional plans	7	7	7	7	7	7	7
Minority enrollments at public institutions	58,301	58,900	59,500	61,000	61,300	61,700	61,900
Disadvantaged students served by specialized programs	13,616	13,890	14,165	14,450	14,740	15,035	15,335
Programs evaluated	24	24	25	26	26	26	27
Teacher certifications	37,461	38,000	40,000	41,000	42,000	43,000	44,000

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND:

Community Colleges
$ 10,699 —to continue current program.

Regional Community Colleges Services
$ –550 —nonrecurring project.

Enhanced Technology Initiative
$ –1,000 —nonrecurring project.

Higher Education Assistance
$ -68 —nonrecurring project.

Dormitory Sprinklers
$ –2,500 —to continue current program.

Rural Initiatives
$ –625 —nonrecurring project.

Osteopathic Education
$ –1,750 —program elimination.

Thaddeus Stevens College of Technology
$ 139 —to provide an increase in State support.

State System of Higher Education (SSHE)
$ 13,084 —to provide an increase in State support.

Pennsylvania State University
$ 6,926 —to provide an increase in State support.

University of Pittsburgh
$ 3,676 —to provide an increase in State support.

Temple University
$ 3,711 —to provide an increase in State support.

Lincoln University
$ 273 —to provide an increase in State support.

Non-State-related Universities and Colleges
$ 1,147 —to provide an increase in State support.

Non-State-related Institutions
$ 24 —to provide an increase in State support.

KEYSTONE RECREATION, PARK AND CONSERVATION FUND:

State System of Higher Education - Deferred Maintenance (EA)
$ 1,827 —to continue current program.

All other appropriations are recommended at the current year funding levels.

Program: Higher Education (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Community Colleges	$ 210,277	$ 213,977	$ 224,676	$ 224,676	$ 224,676	$ 224,676	$ 224,676
Community Colleges Facilities and Services	0	3,000	3,000	3,000	3,000	3,000	3,000
Regional Community Colleges Services	550	550	0	0	0	0	0
Higher Education for the Disadvantaged	9,320	9,320	9,320	9,320	9,320	9,320	9,320
Higher Education of Blind or Deaf Students	54	54	54	54	54	54	54
Higher Education Technology Grants	500	0	0	0	0	0	0
Higher Education Equipment	2,000	0	0	0	0	0	0
Enhanced Technology Initiative	500	1,000	0	0	0	0	0
Higher Education Assistance	0	2,068	2,000	2,000	2,000	2,000	2,000
Engineering Equip Grants	1,000	0	0	0	0	0	0
Dormitory Sprinkers	6,000	3,000	500	500	500	500	500
Rural Initiatives	1,968	1,968	1,343	1,343	1,343	1,343	1,343
Osteopathic Education	1,750	1,750	0	0	0	0	0
Thaddeus Stevens College of Technology	7,737	7,948	8,087	8,087	8,087	8,087	8,087
State System of Higher Education	457,667	434,784	447,868	447,868	447,868	447,868	447,868
Pennsylvania State University	316,140	307,844	314,770	314,770	314,770	314,770	314,770
University of Pittsburgh	168,493	163,386	167,062	167,062	167,062	167,062	167,062
Temple University	170,148	164,941	168,652	168,652	168,652	168,652	168,652
Lincoln University	12,539	12,155	12,428	12,428	12,428	12,428	12,428
Non-State-related Universities and Colleges	81,688	76,625	77,772	77,772	77,772	77,772	77,772
Non-State-related Institutions	1,989	1,724	1,748	1,748	1,748	1,748	1,748
TOTAL GENERAL FUND	$ 1,450,320	$ 1,406,094	$ 1,439,280	$ 1,439,280	$ 1,439,280	$ 1,439,280	$ 1,439,280
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
State System of Higher Education — Deferred Maintenance (EA)	$ 6,019	$ 10,607	$ 12,434	$ 12,459	$ 12,958	$ 13,647	$ 14,760

EMERGENCY MANAGEMENT AGENCY

The Pennsylvania Emergency Management 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 Emergency Management Agency also administers post-disaster aid to affected localities and citizens.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ **7,598**	$ **7,459**	$ **7,122**
(F)Civil Preparedness	3,414	5,042	3,424
(F)Flash Flood Project - Warning System	105	105	85
(F)Hazardous Materials Planning and Training	469	469	408
(F)Domestic Preparedness	7,400	0	0
(F)Domestic Preparedness - Critical Infrastructure (EA)	0	8,000	0
(F)Domestic Preparedness - First Responder (EA)	29,082	71,060	50,000
(F)Homeland Security Activities (EA)	4,995	11,760	10,000
(A)Nuclear Facility	61	67	74
Information Systems Management	**1,700**	**1,027**	**1,163**
Subtotal	$ 54,824	$ 104,989	$ 72,276
State Fire Commissioner	**2,052**	**2,140**	**2,067**
(F)Fire Prevention	250	250	0
(A)Fire Academy Fees	82	75	75
(A)Arson Fines	0	2	2
Subtotal	$ 2,384	$ 2,467	$ 2,144
Security	**9,579** a	**6,212**	**1,557**
Subtotal - State Funds	$ 20,929	$ 16,838	$ 11,909
Subtotal - Federal Funds	45,715	96,686	63,917
Subtotal - Augmentations	143	144	151
Total - General Government	$ 66,787	$ 113,668	$ 75,977
Grants and Subsidies:			
(F)Hazard Mitigation Grants 1994 Winter Disaster (EA)	$ 6,386	$ 1,200	$ 1,200
(F)1994 Winter Disaster - Public Assistance (EA)	5	5	0
(F)January 1996 Flood Disaster (EA)	6,479	500	500
(F)Hazard Mitigation Grants - January 1996 Flood (EA)	7,103	1,100	1,100
(F)January 1996 Blizzard Disaster (EA)	5	0	0
(F)June 1996 Storm Disaster (EA)	434	5	0
(F)June 1996 Storm Disaster - Hazard Mitigation (EA)	321	5	0
(F)July 1996 Storm Disaster - Public Assistance (EA)	1,280	500	500
(F)July 1996 Storm Disaster - Hazard Mitigation (EA)	1,156	50	50
(F)September 1996 Storm Disaster (EA)	5	5	0
(F)September 1996 Storm Disaster - Hazard Mitigation (EA)	494	5	0
(F)November 1996 Storm Disaster (EA)	48	0	0
(F)November 1996 Floods - Hazard Mitigation (EA)	76	0	0
May-June 1998 Storm Disaster - Hazard Mitigation	**100**	**0**	**0**
(F)May-June 1998 Storm Disaster - Public Assistance (EA)	5	5	0
(F)May-June 1998 Storm Disaster - Hazard Mitigation (EA)	256	5	0
1999 Disasters - Public Assistance & Hazard Mitigation	**0**	**575**	**0**
(F)August 1999 Flood Disaster - Hazard Mitigation (EA)	379	95	95
(F)August 1999 Flood Disaster - Public Assistance (EA)	765	20	20
(F)September 1999 Tropical Storm Disaster-Public Assistance(EA)	3,617	1,500	1,500
(F)September 1999 Tropical Storm Disaster-Hazard Mitigation(EA)	11,015	2,000	2,000
June 2001 Storm Disaster - Public Assistance	**1,650**	**0**	**0**
(F)June 2001 Storm Disaster - Public Assistance (EA)	6,000	3,000	3,000
June 2001 Storm Disaster - Hazard Mitigation	**0**	**750**	**0**
(F)June 2001 Disaster - Hazard Mitigation (EA)	1,449	3,000	3,000
September 2001 Disaster Relief	**0**	**400**	**0**
(F)February 2003 Snow Storm Disaster (EA)	10,000	18,000	0
July 2003 Storm Relief	**0**	**100**	**0**
(F)July 2003 Storm Disaster - Hazard Mitigation (EA)	0	750	0
(F)July 2003 Storm Disaster - Public Assistance (EA)	0	10,000	0
September 2003 Storm Relief	**0**	**100**	**0**
Firefighters' Memorial Flag	**9**	**10**	**10**
Volunteer Company Grants	**0**	**25,000**	**25,000**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Urban Search and Rescue	**150**	**0**	**0**
Red Cross Extended Care Program	**500**	**500**	**500**
Subtotal - State Funds	$ 2,409	$ 27,435	$ 25,510
Subtotal - Federal Funds	57,278	41,750	12,965
Total - Grants and Subsidies	$ 59,687	$ 69,185	$ 38,475
STATE FUNDS	$ 23,338	$ 44,273	$ 37,419
FEDERAL FUNDS	102,993	138,436	76,882
AUGMENTATIONS	143	144	151
GENERAL FUND TOTAL	**$ 126,474**	**$ 182,853**	**$ 114,452**

OTHER FUNDS:

GENERAL FUND:			
Emergency Management and Disaster Assistance	$ 2,275	$ 2,300	$ 672
Radiological Emergency Response Planning	546	500	500
Radiation Emergency Response Fund	507	525	500
Radiation Transportation Emergency Response Fund	0	0	4
GENERAL FUND TOTAL	**$ 3,328**	**$ 3,325**	**$ 1,676**
DISASTER RELIEF FUND:			
1996 Disaster Areas-Hazard Mitigation (EA)	$ 0	$ 100	$ 910
HAZARDOUS MATERIAL RESPONSE FUND:			
General Operations	$ 117	$ 117	$ 117
Hazardous Materials Response Team	117	417	417
Grants to Counties	824	824	824
Public and Facilities Owners Education	117	117	117
HAZARDOUS MATERIAL RESPONSE FUND TOTAL	**$ 1,175**	**$ 1,475**	**$ 1,475**
VOLUNTEER COMPANIES LOAN FUND:			
Volunteer Company Loans	$ 16,314	$ 19,000	$ 18,000
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 23,338	$ 44,273	$ 37,419
SPECIAL FUNDS	0	0	0
FEDERAL FUNDS	102,993	138,436	76,882
AUGMENTATIONS	143	144	151
OTHER FUNDS	20,817	23,900	22,061
TOTAL ALL FUNDS	**$ 147,291**	**$ 206,753**	**$ 136,513**

[a] 2002-03 Actual includes $150,000 actually appropriated as Urban Search and Rescue.

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
EMERGENCY MANAGEMENT							
GENERAL FUND	$ 20,777	$ 16,423	$ 9,842	$ 9,842	$ 9,842	$ 9,842	$ 9,842
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	92,743	109,436	76,882	76,882	76,882	76,882	76,882
OTHER FUNDS	4,564	4,967	4,135	3,225	3,225	3,225	3,225
SUBCATEGORY TOTAL	$ 118,084	$ 130,826	$ 90,859	$ 89,949	$ 89,949	$ 89,949	$ 89,949
FIRE PREVENTION AND SAFETY							
GENERAL FUND	$ 2,561	$ 27,850	$ 27,577	$ 2,577	$ 2,577	$ 2,577	$ 2,577
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	10,250	29,000	0	0	0	0	0
OTHER FUNDS	16,396	19,077	18,077	18,077	18,077	18,077	18,077
SUBCATEGORY TOTAL	$ 29,207	$ 75,927	$ 45,654	$ 20,654	$ 20,654	$ 20,654	$ 20,654
ALL PROGRAMS:							
GENERAL FUND	$ 23,338	$ 44,273	$ 37,419	$ 12,419	$ 12,419	$ 12,419	$ 12,419
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	102,993	138,436	76,882	76,882	76,882	76,882	76,882
OTHER FUNDS	20,960	24,044	22,212	21,302	21,302	21,302	21,302
DEPARTMENT TOTAL	$ 147,291	$ 206,753	$ 136,513	$ 110,603	$ 110,603	$ 110,603	$ 110,603

PROGRAM OBJECTIVE: To develop and maintain a Statewide emergency force capable of immediate and effective action in the event of natural, technological or other man-made disasters and rapid organizational expansion to assure civil preparedness for war or resource based emergencies.

Program: Emergency Management

The Pennsylvania Emergency Management Agency (PEMA) has developed an organization designed on the National Governors' Association model of comprehensive emergency management. A multi-agency training program 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; alleviating human suffering and hardship resulting from natural and man-made disasters; and deploying rapidly when required in the event of war or other resource based emergencies.

Act 1 of Special Session 2 of 1996 increased the amount of unused appropriated funds available for the Governor to transfer for disaster relief from $5 million to $10 million in any one year.

Act 64 of 1999, the Emergency Management Assistance Compact, allows PEMA to provide and coordinate emergency services to other states participating in a mutual assistance agreement. The Governor is authorized to transfer up to $15 million in unused appropriated funds for these expenses, which may be reimbursed by other states.

The agency's mission includes programs concerning prison/community safety, 911-program implementation and maintenance, statewide chemical and nuclear power safety, and hazardous materials transportation.

The Commonwealth's civil preparedness and emergency response capability is provided through the maintenance of a Statewide system, to facilitate hazard assessment, emergency planning, warning, and emergency communications. A network for radiation monitoring is provided. To facilitate rapid deployment of resources to protect life and property, an emergency response and command center has been developed. Training and education are provided to county and local entities on an ongoing basis to maintain their civil preparedness and emergency response readiness.

Counties are required to have an approved emergency program plan consisting of: a statement of accomplishments, required financial needs, hazard vulnerability and goals indicating projected activity. The Federal Emergency Management Agency (FEMA) requires annual review and update of emergency operations plans. Federal and State laws mandate conduct of exercise programs. The FEMA requirement calls for a four-year rotation of natural, technological and national security exercises at the State, county and local (over 50,000 population) level annually. The 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 coordinates regional counter-terrorism task forces and incident support teams. The agency is constructing a resource database and an online disaster information center so that information can be provided in a timely manner to State and county entities.

Activities required by the Environmental Protection Agency under the Federal Superfund Amendments and Reauthorization Act (SARA Title III) and the Federal Clean Air Act amendments include upgrading chemical emergency preparedness facility plans. Responsibilities for preparedness involve State and county governments and chemical manufacturers. Agency activities also required by SARA Title III are planning and training activities for compliance with the Hazardous Materials Transportation Uniform Safety Act.

Act 56 of 2003 provides for the collection of a monthly surcharge on wireless telephone customers to support a Statewide integrated wireless E-911 system. The surcharge will fund grants to public safety answering points to upgrade 911 technology enabling emergency responders to locate emergency calls from wireless telephones.

Program: Emergency Management (continued)

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
County/Local Emergency plans developed	1,766	1,035	992	1,100	1,100	1,100	1,100
Emergency management training recipients	7,000	6,500	6,500	7,000	6,500	6,500	6,500
Emergency management grants	624	692	692	692	692	692	692
Emergency exercise participants	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Responses to Statewide emergency incidents	4,445	5,462	6,200	6,200	6,200	6,200	6,200
Federal disaster funds disbursed (in thousands)	$102,993	$127,686	$76,882	$15,465	$15,465	$15,465	$15,465

County/Local Emergency plans developed is updated to reflect actual number of plans submitted to the agency for review. Future year estimates assume emergency plans will only be submitted for review when significant changes are made.

Emergency management grants increased from the projections shown in last year's budget due to additional grant programs including state planning and first responder grants.

Responses to Statewide emergency incidents is updated to reflect the actual number of incidents reported to the agency's web-based reporting system. Future year estimates assume a greater awareness and use of the system.

Federal disaster funds disbursed increased from the projections shown in last year's budget based on actual data and estimated cost of recent disasters.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND:

General Government Operations

$ -271	—nonrecurring projects.
-66	—Initiative- Operational Efficiency. Savings from operational effeciencies.
$ -337	*Appropriation Decrease*

Information Systems Management

$ 136	—to continue current program.

Security

$ -1,220	—nonrecurring training grants.
-2,765	—nonrecurring planning grants.
-335	—nonrecurring training exercises.
-335	—nonrecurring program costs.
$ -4,655	*Appropriation Decrease*

1999 Disasters - Public Assistance and Hazard Mitigation

$ -575	—nonrecurring State matching funds for public assistance and hazard mitigation.

June 2001 Storm Disaster - Hazard Mitigation

$ -750	—nonrecurring State match for federally funded projects.

September 2001 Disaster Relief

$ -400	—nonrecurring projects.

Program: Emergency Management (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
General Government Operations	$ 7,598	$ 7,459	$ 7,122	$ 7,122	$ 7,122	$ 7,122	$ 7,122
Information Systems Management	1,700	1,027	1,163	1,163	1,163	1,163	1,163
Security	9,579	6,212	1,557	1,557	1,557	1,557	1,557
May-June 1998 Storm Disaster - Hazard Mitigation	100	0	0	0	0	0	0
1999 Disasters - Public Assistance & Hazard Mitigation	0	575	0	0	0	0	0
June 2001 Storm Disaster - Public Assistance	1,650	0	0	0	0	0	0
June 2001 Storm Disaster - Hazard Mitigation	0	750	0	0	0	0	0
September 2001 Disaster Relief	0	400	0	0	0	0	0
Urban Search and Rescue	150	0	0	0	0	0	0
TOTAL GENERAL FUND	$ 20,777	$ 16,423	$ 9,842	$ 9,842	$ 9,842	$ 9,842	$ 9,842

PROGRAM OBJECTIVE: To minimize the loss of life and property due to fire by developing and maintaining Statewide municipal fire and emergency service capability.

Program: Fire Prevention and Safety

This program provides operating funds for the Fire Commissioner to coordinate and organize State-level fire safety functions, the administration and operation of the Volunteer Loan Assistance Program, and the administration and operation of the State Fire Academy that provides training classes to paid and volunteer fire personnel.

The State Fire Commissioner is responsible for coordinating Federal, State and private fire safety funds; assisting State agencies in the development of plans related to fire safety; reviewing existing or proposed rules and regulations affecting the safety of Commonwealth citizens; and providing a cost-effective fire-loss management system for the Commonwealth.

Through contacts with government agencies, the business community, consumers and the fire service, the Fire Commissioner's Office renders technical assistance; collects, reviews and disseminates pertinent information about fire death data and fire prevention and control techniques; and conducts statewide fire safety educational programs for the entire fire community.

The State Fire Academy at Lewistown is the foundation for fire training delivery. The academy provides advanced professional development for fire service officers, command personnel, instructors and other specialists engaged in fire prevention and suppression activities; offers a Firefighter Certification Program based on nationally accepted professional standards; acts as the educational hub for all other fire and emergency services training in Pennsylvania; and serves as the designated Commonwealth government center for hazardous chemical and radioactive material training, providing training for both first responders and certified county hazardous materials response teams. Fire Academy personnel work closely with the community colleges for local level course development, community college and county fire school instructor certification and delivery of local level fire training courses to over 60,000 students a year.

Another area of assistance to the fire fighting, ambulance and rescue community is the Volunteer Company Loan Assistance Program. The purpose of the program is to improve the capabilities of volunteer fire companies, ambulance services and rescue squads by offering low-interest loans (two percent per annum) for establishing or modernizing facilities to house fire fighting apparatus, purchasing new apparatus or equipment for fire fighting, communications and accessory equipment. Priority is given to replacement of outmoded or unsafe equipment and the purchase of additional equipment to meet unusual demand. Under this program, loans of $15,000 or less are limited to five years, loans between $15,001 and $99,000 are limited to 10 years, and loans between $99,001 up to the maximum of $200,000 are limited to 15 years. Funding for the loan program is reflected in the financial statement for the Volunteer Companies Loan Fund included in the Special Funds Appendix.

Act 17 of 2003 established the Volunteer Companies Grants program. The program provides $25 million for volunteer fire companies and ambulance services for the purpose of further supporting emergency services. Grants are awarded based on a formula which considers purchase or upgrade of safety equipment, debt reduction, and personnel certification among other factors. Fire companies are eligible for grants up to $15,000 and ambulance services are eligible for grants up to $10,000. In 2003, for the first time, applicants could apply electronically via the Internet.

The Volunteer Fire and Emergency Services referendum, approved by the voters on November 5, 2002, allows incurring indebtedness up to $100 million to support firefighting and emergency activities. Legislation would be required to establish a program.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Local fire training graduates	79,682	75,000	75,000	75,000	75,000	75,000	75,000
State Fire Academy resident training hours*	30,527	32,300	33,000	33,000	33,000	33,000	33,000
Volunteer loans granted (in thousands)	$16,240	$19,000	$18,000	$18,000	$17,000	$17,000	$17,000
Fire departments participating in Fire Information Reporting System	800	1,500	1,800	2,000	2,100	2,100	2,100

Local fire training graduates increased from the projections shown in last years budget based on improved reporting capabilities and the latest evaluation of future year projections.

Volunteer loans granted have been updated to reflect actual activity and the latest evaluation of future year loan activity.

*New program measure.

Program: Fire Prevention and Safety (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND:

State Fire Commissioner
$ –73 —nonrecurring program costs.

July 2003 Storm Relief
$ –100 — nonrecurring cost.

September 2003 Storm Relief
$ –100 —nonrecurring cost.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
State Fire Commissioner	$ 2,052	$ 2,140	$ 2,067	$ 2,067	$ 2,067	$ 2,067	$ 2,067
July 2003 Storm Relief	0	100	0	0	0	0	0
September 2003 Storm Relief	0	100	0	0	0	0	0
Firefighters' Memorial Flag	9	10	10	10	10	10	10
Volunteer Company Grants	0	25,000	25,000	0	0	0	0
Red Cross Extended Care Program	500	500	500	500	500	500	500
TOTAL GENERAL FUND	$ 2,561	27,850	27,577	2,577	2,577	2,577	2,577

DEPARTMENT OF ENVIRONMENTAL PROTECTION

The mission of the Department of Environmental Protection is to protect Pennsylvania's air, land and water from pollution and to provide for the health and safety of its citizens through a cleaner environment. The department will work as partners with individuals, organizations, governments and businesses to prevent pollution and restore our natural resources.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ 20,256	$ 22,171	$ 19,025
(F)State Energy Program	227	413	413
(A)Reimbursement - Laboratory Services	8,771	9,575	0
(A)Reimbursement - EDP Services	7,588	7,900	7,900
(A)Department Services	10	75	75
(A)Purchasing Card Rebate	40	15	15
(A)Vehicle Sales	2	10	10
Subtotal	$ 36,894	$ 40,159	$ 27,438
Environmental Hearing Board	1,636	1,764	1,771
(A)Reimbursement for Services	0	25	25
Subtotal	$ 1,636	$ 1,789	$ 1,796
Cleanup of Scrap Tires	1,459	0	0
Environmental Program Management	43,780	43,679	38,294
(F)Coastal Zone Management	2,251	3,700	4,700
(F)Construction Management Assistance Grants - Administration	1,007	1,400	1,400
(F)Storm Water Permitting Initiative	398	2,300	2,300
(F)Safe Drinking Water Act - Management	3,745	5,500	5,500
(F)Water Pollution Control Grants - Management	2,475	3,300	3,300
(F)Training Reimbursement for Small Systems	0	3,500	3,500
(F)Air Pollution Control Grants - Management	2,359	2,400	2,400
(F)Surface Mine Conservation	6,184	6,500	6,500
(F)Wetland Protection Fund	58	240	240
(F)Training and Education of Underground Coal Miners	699	750	0
(F)Diagnostic X-Ray Equipment Testing	250	340	340
(F)Water Quality Outreach Operator Training	154	200	200
(F)Water Quality Management Planning Grants	718	1,150	1,150
(F)Small Operators Assistance	2,000	2,000	2,000
(F)Wellhead Protection Fund	69	250	250
(F)Indoor Radon Abatement	366	500	500
(F)Non-Point Source Implementation	10,631	12,800	12,800
(F)Hydroelectric Power Conservation Fund	38	51	51
(F)Survey Studies	1,139	3,000	3,000
(F)National Dam Safety	33	150	150
(F)Great Lakes Restoration	1,562	1,700	1,700
(F)Abandoned Mine Reclamation (EA)	29,552	34,000	34,000
(F)Quecreek Mine Disaster Relief	2,000	0	0
(F)Nuclear and Chemical Security (EA)	1,723	3,225a	3,225a
(F)Homeland Security Initiative (EA)	177	500	500
(A)Payments - Department Services	82	100	100
(A)Vehicle Sales	6	20	20
(A)Clean Air Fund	0	815	0
(A)Clean Water Fund	247	273	0
(A)Reimbursement from Water Pollution Control Revolving Fund	278	185	185
(A)Safe Drinking Water Account	0	185	0
(A)Solid Waste Abatement	0	535	0
(A)Reimbursement - PENNVEST	76	75	75
(A)Safe Drinking Water Revolving Fund Administration	0	127	127
(R)Sewage Facilities Program Administration (EA)	1,273	1,560	1,210
(R)Used Tire Pile Remediation (EA)	0	321	15
Subtotal	$ 115,330	$ 137,331	$ 129,732
Chesapeake Bay Agricultural Source Abatement	3,263	3,105	3,098
(F)Chesapeake Bay Pollution Abatement	3,820	6,200	6,200
Subtotal	$ 7,083	$ 9,305	$ 9,298
Office of Pollution Prevention and Compliance Assistance	3,274	3,569	0
(F)State Energy Program	2,168	4,951	0
(F)Pollution Prevention	535	600	0

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
(F)Heavy Duty Vehicle Program	0	200	0
(F)Alternative Fuels	88	175	0
(F)National Industrial Competitiveness	604	933	0
(F)Energy & Environmental Opportunities	0	1,200	0
Subtotal	$ 6,669	$ 11,628	$ 0
Environmental Protection Operations	**75,559**	**76,393**	**85,897**
(F)EPA Planning Grant - Administration	4,814	6,800	6,800
(F)Water Pollution Control Grants	3,700	4,500	4,500
(F)Air Pollution Control Grants	2,781	2,900	2,900
(F)Surface Mine Control and Reclamation	7,273	7,583	7,583
(F)Construction Management Assistance Grants	138	350	350
(F)Safe Drinking Water	1,773	2,700	2,700
(F)Oil Pollution Spills Removal	388	1,000	1,000
(F)Emergency Disaster Relief (EA)	50	120	120
(F)Technical Assistance to Small Systems (EA)	1,958	3,263	3,263
(F)Assistance to State Programs (EA)	2,561	2,800	4,300
(F)Local Assistance and Source Water Protection (EA)	6,996	10,000	10,000
(F)State Energy Program	0	0	4,951
(F)Pollution Prevention	0	0	600
(F)Heavy Duty Vehicle Program	0	0	200
(F)Alternative Fuels	0	0	175
(F)National Industrial Competitiveness	0	0	933
(F)Energy & Environmental Opportunities	0	0	1,200
(A)Clean Air Fund	912	1,955	1,955
(A)Clean Water Fund	1,747	2,005	2,005
(A)Vehicle Sale	7	90	90
(A)Reimbursement from Water Pollution Control Revolving Fund	950	520	520
(A)Safe Drinking Water Account	141	251	200
(A)Solid Waste Abatement	232	549	549
(A)Reimbursement - PENNVEST	108	80	80
(A)Reimbursement - Department Services	96	100	100
(A)PADOT ISTEA Program	398	438	438
(A)Safe Drinking Water Revolving Fund	0	187	187
(A)Reimbursement - Laboratory Services	0	0	9,449
(A)Lab Accreditation	0	0	190
Subtotal	$ 112,582	$ 124,584	$ 153,235
Safe Water	**11,000**	**14,000**	**0**
Black Fly Control and Research	**4,336**	**4,419**	**4,415**
(A)County Contributions	1,317	800	800
Subtotal	$ 5,653	$ 5,219	$ 5,215
West Nile Virus Control	**7,433**	**7,430**	**7,418**
Subtotal - State Funds	$ 171,996	$ 176,530	$ 159,918
Subtotal - Federal Funds	109,462	146,144	147,894
Subtotal - Augmentations	23,008	26,890	25,095
Subtotal - Restricted Revenues	1,273	1,881	1,225
Total - General Government	$ 305,739	$ 351,445	$ 334,132
Grants and Subsidies:			
Flood Control Projects	**$ 2,765**	**$ 2,793**	**$ 2,793**
Storm Water Management	**1,200**	**1,200**	**1,200**
Sewage Facilities Planning Grants	**1,950**	**1,950**	**1,950**
Sewage Facilities Enforcement Grants	**5,000**	**5,000**	**5,000**
Sewage Treatment Plant Operations Grants	**52,122**	**0**	**0**
Transfer to Recycling Fund	**0**	**0**	**25,000**
Transfer to Hazardous Sites Cleanup Fund	**0**	**0**	**19,000**
Delaware River Master	**97**	**92**	**93**
Ohio River Basin Commission	**14**	**14**	**14**
Susquehanna River Basin Commission	**700**	**725**	**732**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Interstate Commission on the Potomac River	44	46	46
Delaware River Basin Commission	1,133	1,132	1,132
Ohio River Valley Water Sanitation Commission	172	172	164
Chesapeake Bay Commission	265	265	265
Local Soil and Water District Assistance	3,100	3,100	3,100
(A)Soil and Water Assistance Augmentations	125	250	125
Interstate Mining Commission	32	38	38
Northeast-Midwest Institute	58	58	58
Small Water System Regionalization	327	0	0
Sea Grant Program	250	250	250
Agricultural Consumptive Water Use Study (6/05)	610	0	0
Subtotal - State Funds	$ 69,839	$ 16,835	$ 60,835
Subtotal - Augmentations	125	250	125
Total - Grants and Subsidies	$ 69,964	$ 17,085	$ 60,960
STATE FUNDS	$ 241,835	$ 193,365	$ 220,753
FEDERAL FUNDS	109,462	146,144	147,894
AUGMENTATIONS	23,133	27,140	25,220
RESTRICTED REVENUES	1,273	1,881	1,225
GENERAL FUND TOTAL	**$ 375,703**	**$ 368,530**	**$ 395,092**
ENVIRONMENTAL STEWARDSHIP FUND:			
General Government:			
Oil and Gas Well Plugging (EA)	**$ 772**	**$ 2,097**	**$ 2,100**
Abandoned Mine Reclamation and Remediation (EA)	**2,444**	**6,290**	**6,900**
Total - General Government	$ 3,216	$ 8,387	$ 9,000
Grants and Subsidies:			
Watershed Protection and Restoration (EA)	**$ 27,109**	**$ 26,603**	**$ 28,049**
Sewage and Drinking Water Grants (EA)	**3,370**	**5,065**	**4,465**
Total - Grants and Subsidies	$ 30,479	$ 31,668	$ 32,514
ENVIRONMENTAL STEWARDSHIP FUND TOTAL	**$ 33,695**	**$ 40,055**	**$ 41,514**
MOTOR LICENSE FUND:			
General Government:			
Dirt and Gravel Road	**$ 4,000**	**$ 4,000**	**$ 4,000**
OTHER FUNDS:			
GENERAL FUND:			
Safe Drinking Water Account	$ 698	$ 687	$ 200
Radiation Protection Fund	5,866	5,656	5,745
Clean Water Fund	4,490	4,080	3,600
Solid Waste Abatement Fund	3,146	4,000	4,000
Well Plugging Account	300	436	445
Abandoned Well Plugging	0	165	165
Orphan Well Plugging	594	600	600
Alternative Fuels Incentive Grants	705	6,000	6,000
Industrial Land Recycling	0	22	22
GENERAL FUND TOTAL	**$ 15,799**	**$ 21,646**	**$ 20,777**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
ACID MINE DRAINAGE ABATEMENT AND TREATMENT FUND:			
Acid Mine Drainage Abatement and Treatment (F) (EA)	$ 654	$ 2,964	$ 6,179
CLEAN AIR FUND:			
Major Emission Facilities (EA)	$ 21,118	$ 24,825	$ 25,067
Mobile and Area Facilities (EA)	4,305	7,259	7,333
CLEAN AIR FUND TOTAL	**$ 25,423**	**$ 32,084**	**$ 32,400**
COAL AND CLAY MINE SUBSIDENCE INSURANCE FUND:			
General Operations (EA)	$ 2,426	$ 2,941	$ 3,001
Payment of Claims (EA)	636	2,000	2,000
COAL AND CLAY MINE SUBSIDENCE INSURANCE FUND TOTAL	**$ 3,062**	**$ 4,941**	**$ 5,001**
ENERGY CONSERVATION AND ASSISTANCE FUND:			
Energy Conservation	$ 729	$ 38	$ 676
ENVIRONMENTAL EDUCATION FUND:			
General Operations (EA)	$ 518	$ 592	$ 601
HAZARDOUS SITES CLEANUP FUND:			
General Operations (EA)	$ 18,012	$ 19,056	$ 19,056
Hazardous Sites Cleanup (EA)	26,166	30,000	31,000
Host Municipality Grants (EA)	168	750	750
Transfer to Industrial Sites Cleanup Fund (EA)	8,000	8,000	8,000
Transfer-Industrial Sites Environmental Assessment Fund (EA)	2,000	2,000	2,000
Transfer to Household Hazardous Waste Account	5,000	5,000	0
Small Business Pollution Prevention (EA)	1,803	2,000	1,900
Transfer to Environmental Stewardship Fund (EA)	5,000	5,000	0
HAZARDOUS SITES CLEANUP FUND TOTAL	**$ 66,149**	**$ 71,806**	**$ 62,706**
LOW LEVEL WASTE FUND:			
General Operations (EA)	$ 224	$ 350	$ 247
NON-COAL SURFACE MINING CONSERVATION & RECLAMATION FUND:			
General Operations (EA)	$ 58	$ 800	$ 800
NUTRIENT MANAGEMENT FUND:			
Education, Research and Technical Assistance (EA)	$ 1,245	$ 1,600	$ 1,200
RECYCLING FUND:			
Recycling Coordinator Reimbursement (EA)	$ 1,200	$ 1,300	$ 1,300
Reimbursement for Municipal Inspection (EA)	375	375	375
Reimburse-Host Municipality Permit Applications Review (EA)	0	10	10
Administration of Recycling Program (EA)	1,372	1,500	1,500
County Planning Grants (EA)	716	850	850
Municipal Recycling Grants (EA)	31,257	39,500	61,000
Municipal Recycling Performance Program (EA)	20,000	21,000	21,500
Public Education/Technical Assistance (EA)	9,871	8,000	7,000
Transfer to Solid Waste Abatement Fund	0	1,000	1,000
Forest Lands Beautification Act	1,500	0	0
Transfer to Environmental Stewardship Fund (EA)	25,000	25,000	0
RECYCLING FUND TOTAL	**$ 91,291**	**$ 98,535**	**$ 94,535**
REMINING ENVIRONMENTAL ENHANCEMENT FUND:			
Remining and Reclamation Incentives (EA)	$ 147	$ 1,000	$ 1,000

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
REMINING FINANCIAL ASSURANCE FUND:			
Remining Financial Assurance (EA)	$ 0	$ 25	$ 25
STORAGE TANK FUND:			
General Operations (EA)	$ 8,708	$ 8,914	$ 8,411
Underground Storage Tanks (F) (EA)	248	251	251
Leaking Underground Storage Tanks (F) (EA)	2,004	2,700	2,700
Transfer to Storage Tank Loan Program	0 b	0 b	0 b
STORAGE TANK FUND TOTAL	**$ 10,960**	**$ 11,865**	**$ 11,362**
SURFACE MINING CONSERVATION & RECLAMATION FUND:			
General Operations (EA)	$ 2,973	$ 2,705	$ 2,705
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Environmental Cleanup Program (EA)	$ 5,008	$ 5,500	$ 5,500
Pollution Prevention Program (EA)	357	1,000	1,000
Catastrophic Release Program	0	5,500	5,500
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL	**$ 5,365**	**$ 12,000**	**$ 12,000**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 241,835	$ 193,365	$ 220,753
SPECIAL FUNDS	37,695	44,055	45,514
FEDERAL FUNDS	109,462	146,144	147,894
AUGMENTATIONS	23,133	27,140	25,220
RESTRICTED	1,273	1,881	1,225
OTHER FUNDS	224,597	262,951	252,214
TOTAL ALL FUNDS	**$ 637,995**	**$ 675,536**	**$ 692,820**

[a] Recommended executive authorization from the Federal government's Emergency Response Fund. Additional revisions may occur as the Federal government provides more information on these funds.

[b] Although authorized by legislation, no activity is anticipated during the year.

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
ENVIRONMENTAL SUPPORT SERVICES							
GENERAL FUND	$ 21,892	$ 23,935	$ 20,796	$ 20,796	$ 20,796	$ 20,796	$ 20,796
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	227	413	413	413	413	413	413
OTHER FUNDS	16,411	17,600	8,025	8,025	8,025	8,025	8,025
SUBCATEGORY TOTAL	$ 38,530	$ 41,948	$ 29,234	$ 29,234	$ 29,234	$ 29,234	$ 29,234
ENVIRONMENTAL PROTECTION AND MANAGEMENT							
GENERAL FUND	$ 219,943	$ 169,430	$ 199,957	$ 226,157	$ 210,257	$ 194,457	$ 180,957
SPECIAL FUNDS	37,695	44,055	45,514	45,514	45,514	45,514	45,514
FEDERAL FUNDS	109,235	145,731	147,481	147,481	147,481	147,481	147,481
OTHER FUNDS	232,592	274,372	270,634	261,578	262,078	262,578	263,078
SUBCATEGORY TOTAL	$ 599,465	$ 633,588	$ 663,586	$ 680,730	$ 665,330	$ 650,030	$ 637,030
ALL PROGRAMS:							
GENERAL FUND	$ 241,835	$ 193,365	$ 220,753	$ 246,953	$ 231,053	$ 215,253	$ 201,753
SPECIAL FUNDS	37,695	44,055	45,514	45,514	45,514	45,514	45,514
FEDERAL FUNDS	109,462	146,144	147,894	147,894	147,894	147,894	147,894
OTHER FUNDS	249,003	291,972	278,659	269,603	270,103	270,603	271,103
DEPARTMENT TOTAL	$ 637,995	$ 675,536	$ 692,820	$ 709,964	$ 694,564	$ 679,264	$ 666,264

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, the Environmental Quality Board and the Bureau of Laboratories.

The Environmental Hearing Board's purpose is to safeguard the environmental rights of Pennsylvania's citizens through appeals of actions taken or instituted by the Department of Environmental Protection and/or the private sector. It is included here for presentation purposes.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations

$ 1,528	—Initiative—Operational Efficiency. Replacing contracted information technology services with agency staff.
614	—to continue current program.
-5,288	—Initiative—Operational Efficiency. Savings from replacing contracted information technology services with agency staff.
$ -3,146	*Appropriation Decrease*

Environmental Hearing Board

$ 7	—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 20,256	$ 22,171	$ 19,025	$ 19,025	$ 19,025	$ 19,025	$ 19,025
Environmental Hearing Board	1,636	1,764	1,771	1,771	1,771	1,771	1,771
TOTAL GENERAL FUND	$ 21,892	$ 23,935	$ 20,796	$ 20,796	$ 20,796	$ 20,796	$ 20,796

PROGRAM OBJECTIVE: To protect and improve the quality of the air, water and environment for the health and safety of the citizens of the Commonwealth, to protect the people from dangerous or unnecessary radiation from natural and man-made sources, including occupational and medical exposure and to manage water and mineral resources in a way which insures against their undue destruction and depletion while allowing economic benefits from their use.

Program: Environmental Protection and Management

This program encompasses the major program elements that protect the health and safety of the citizens of the Commonwealth as well as the quality of their environment. While protection of citizens and the environment is the highest priority, the Commonwealth's economic health and development are also major concerns.

Act 68 of 1999, the Environmental Stewardship and Watershed Protection Act, authorized the beginning of the "Growing Greener" Program. The goal of this program is to ensure citizens their rights to clean air, to pure water and to the preservation of the natural, scenic, historic and esthetic values of the environment. In the Department of Environmental Protection, a number of program elements are affected: Water Quality Protection, Water Supply Management, Regulation of Mining and Watershed Conservation. Expanded activities include the reclamation of abandoned mines, plugging of certain oil and gas wells, protection and restoration of watersheds, and improvements to drinking water and sewer systems. With the passage of Act 90 of 2002, the primary revenue source for the Environmental Stewardship Fund was restructured from a General Fund contribution to a $4 tipping fee per ton of solid waste disposed in Pennsylvania's municipal waste landfills. The first $50 million of revenue from the fee was deposited into the Environmental Stewardship Fund in 2002-03, with the fund receiving all revenue generated by the fee in 2003-04 and thereafter. The act provides a specific, dedicated source of funding for the Growing Greener Program and extends the $4 tipping fee until 2012. The Growing Greener II proposal for fiscal year 2004-05 includes a new $1.00 municipal solid waste disposal fee dedicated solely to the Environmental Stewardship Fund in order to maintain current program funding levels.

The Bureau of Laboratories provides analytical data for the department that determines and identifies pollution levels in samples from any part of the environment. Samples from streams and lakes, solid wastes, drinking water, industrial wastes and fish are analyzed for toxic chemicals. Milk, food, water and air are examined for radiation. Water from supply systems, beaches and sewage treatment plants is examined for bacteria; and homeowners' water is examined for potability. With the passage of the Environmental Laboratory Accreditation Act (Act 90 of 2002), an accreditation program for environmental laboratories within the department was established to assure the quality of compliance data in all program areas.

Program Element: Air Quality

Emissions of air contaminants from existing and future sources must be closely monitored and controlled by the Department of Environmental Protection in order to improve air quality as mandated by the Federal Clean Air Act. The goal of these activities is to achieve the best air quality and meet State implementation requirements while providing for industrial growth and environmentally sound energy utilization. Some pollutants of primary concern to the agency include suspended particulates, sulfur and nitrogen oxides, ground-level ozone, volatile organic compounds and toxic air pollutants.

Monitoring air quality occurs at two levels. Ambient (outside) monitoring measures overall air quality in an area. The Commonwealth maintains a network of 60 ambient monitoring sites and 26 fine-particulate monitoring sites. Sites are chosen primarily for their proximity to populated areas in order to determine the air quality where the greatest number of people is affected. Source monitoring, by both operators and mobile teams from the department, is used to check individual sources of emissions. In addition, certain large facilities are required to have instruments installed that continuously monitor emissions, minimizing the risk of accidental release of large amounts of pollutants.

Permits and inspections are the primary regulatory means for ensuring that sources of emissions are designed, constructed and operated within air quality regulations. The department must approve plans for new construction or modification of existing facilities before enhancements are made. Inspections are conducted to assure the facility has conformed to approved designs before permits are issued. In addition, on-site inspections are conducted to investigate complaints, initiate enforcement actions and to provide assistance during emergencies. The department uses compliance agreements and abatement orders to correct violations of air emission standards.

A program governing the removal of asbestos from public buildings is also included in air quality. As required by Federal regulations, the department reviews plans for the management of asbestos in schools, regulates companies doing removal work and oversees the safe disposal of the asbestos.

Program: Environmental Protection and Management (continued)

Program Element: Water Quality Protection

The objective of the Water Quality Protection Program is to protect the health, safety and well-being of the public through the administration of environmental protection and pollution prevention programs focused on enhancing and maintaining the Commonwealth's water quality. Chronic surface and groundwater pollution problems in Pennsylvania originate from a variety of sources and 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, most commonly sewage discharges, industrial waste discharges, and storm or combined sewage drainage. Non-point sources are generally diffused discharges, such as polluted groundwater, drainage from abandoned mines and agricultural runoff. Particular issues under this program include biosolids, wastewater management, erosion control, nutrient management, the Chesapeake Bay, wetlands protection, water obstructions and encroachments, and conservation district support.

Through its planning, permitting, surveillance and monitoring, enforcement and grants administration activities, the department carries out its duties and responsibilities for regulating water pollution control facilities and maintaining a Statewide surface and groundwater quality monitoring program. In addition, the National Pollutant Discharge Elimination System (NPDES), a delegated Federal program under the Clean Water Act, has increased the responsibilities of the Commonwealth to permit and monitor beyond the requirements of State law including requirements for permitting stormwater discharges and combined sewer overflows. The program also reviews plans for facilities and assists local governments in accommodating growth and development. Pennsylvania's 66 county conservation districts have been delegated authority for local administration of several of the water quality protection programs such as erosion and sedimentation control, wetlands and stream encroachments, agricultural application of sewage sludge and dirt and gravel road maintenance. This program provides management, technical, administrative and financial support to the districts in these efforts.

Program Element: Water Supply Management

The major portion of Water Supply Management is concerned with providing the citizens of the Commonwealth with safe, clean drinking water by regulating approximately 10,100 public water systems. These systems provide drinking water to the majority of citizens of the Commonwealth. There are about 2,200 community water systems in the Commonwealth serving 10.4 million residents and 7,900 non-community water systems generally serving restaurants, industries, schools and motels, which must comply with standards. The department also provides some consultative services and inspections for the 700,000 domestic water supplies (residential wells) in Pennsylvania. Regulatory activities involve permitting and compliance, contaminant investigation and control, public education, and consultative services and inspections.

As a result of amendments to the Federal Safe Drinking Water Act in 1996, many of the activities of this program are receiving increased emphasis such as developing capacity development strategies for public water systems to address technical, managerial and financial issues. These amendments also placed additional emphasis on water infrastructure financing programs like the Clean Water State Revolving Fund and the Safe Drinking Water State Revolving Fund, which are used to increase State technical assistance and regulation. To date, over 800 wastewater and 650 drinking water projects have been funded through these programs.

The Black Fly Control Program, by treating 1,600 stream miles of the Susquehanna, Delaware and Allegheny rivers and their major tributaries, reduces the black fly population and gives relief to the citizens and visitors of the Commonwealth. During the 2003 spray season, 32 counties participated in the black fly suppression effort with an impact on 4.2 million residents. Two additional counties have requested participation for the 2003 spray season and two counties have suspended their participation.

The department has been given the responsibility for West Nile Virus (WNV) surveillance and control in an interagency effort with the Departments of Health and Agriculture. Protecting the public from this virus requires an integrated pest management program. This program includes monitoring of mosquito populations, control activities for mosquitoes that may carry the virus, determination of virus distribution, and examination of unknown vectors and reservoirs involved in the transmission of this virus. This program also involves development and maintenance of a data sharing system, outreach, and a funding program to build a long-term infrastructure for county government. Coordinated communications play a key role in each phase of this effort. This program is not intended to be a general mosquito control program, but to reduce the public safety health threat.

When the department's Mosquito Surveillance Program began on April 3, 2000, there were no counties actively conducting WNV surveillance. West Nile has now spread Statewide. Human cases, horse cases as well as West Nile-positive birds and mosquitoes were found in nearly every county in 2002. All 67 counties are participating in the 2003 season. The program builds infrastructure at the State and county level through a working partnership by providing technical support and grant funds to counties for mosquito surveillance and control programs to reduce WNV exposure to citizens of the Commonwealth.

Program: Environmental Protection and Management (continued)

Program Element: Municipal and Residual Waste

The primary focus of the Municipal and Residual Waste Program is to encourage reduction in the amount of wastes produced, to maximize recycling and reuse of waste products and to assure the disposal of the remainder. For years, Pennsylvania relied on landfilling for management of 95 percent of its 11 million tons of municipal waste, while recycling only one percent. Implementation of Act 101 of 1988, the Municipal Waste Planning and Recycling Act, shifted this balance by requiring mandatory recycling in 408 communities. Under Act 101, counties have adopted waste management plans. Municipalities have implemented recycling programs. Communities in which landfills or waste-to-energy facilities are located have taken an active role in permitting and inspecting landfills and facilities to assure that these are being operated in a proper manner. In addition, host communities receive money from a tipping fee to use in any way they wish. The department regulates new and existing landfills to ensure that they are designed, constructed and operated with minimal risk to nearby residents and to the environment.

In 1998, Pennsylvania exceeded the goal set by Act 101 by recycling more than 25 percent of its municipal waste. As a result, the goal for recycling of its municipal waste has been raised to 35 percent by the year 2003. Act 175 of 2002 amended Act 101, and requires the department to develop a plan to assist municipalities in making recycling programs under this act financially self-sufficient.

The Waste Transportation Act (Act 190 of 2002) was enacted to address the problem of increased truck traffic transporting waste on Pennsylvania highways. Transporters of municipal and residual waste will have to obtain written authorization from the department, which works closely with the Department of Transportation and the Pennsylvania State Police to conduct waste truck inspections to improve compliance.

Act 93 of 1988 requires the regulation and control of the disposal of infectious (hospital) wastes. To do this, a manifest system tracks this waste from generation until disposal and a system of inspections assures proper handling of infectious waste. Overall management is guided by regulations and a Statewide plan to address present and future needs for incineration and disposal.

Residual waste is non-hazardous material from industrial, mining, commercial and other similar operations with approximately 2.8 million tons being disposed of in the State's municipal waste landfills annually. A comprehensive set of new regulations for residual waste disposal sites was implemented in July 1992. These regulations required residual waste facilities to be permitted or repermitted. Many have chosen to close, requiring the department to approve closure plans and inspections to assure that closures are done in an environmentally sound manner. In 1997, the regulations were amended to reduce reporting requirements by up to 50 percent, saving resources at the State and local government levels as well as for the private sector. The Growing Greener II proposal would be funded by new disposal fees placed on municipal and residual waste.

Program Element: Hazardous Waste

Hazardous waste management in Pennsylvania consists of regulating the ongoing generation, transportation, treatment, recycling and disposal of hazardous waste plus overseeing the cleanup of improper sites. Generators and transporters of hazardous waste are licensed and all treatment, recycling and disposal operations are permitted. Through a manifest system, the movement of waste is tracked from generation to ultimate treatment or disposal. A state-of-the-art optical imaging system enables the department to process manifest report data, store optical images of documents, identify discrepancies and develop reports. Approximately 250,000 manifests are processed each year. In 1998, the department began accepting various reports electronically to reduce the need to enter data and facilitate reporting by industry.

In May 1999, the department finalized comprehensive revisions to its hazardous waste regulations to make them consistent with the Federal requirements, thereby easing the regulatory burden on business by assuring one standard for compliance. EPA updated Pennsylvania's program authorization on November 27, 2000.

The budget for fiscal year 2004-2005 assumes the imposition of new fees on the emissions of toxic chemicals and a General Fund transfer to allow for the preservation of the Hazardous Sites Cleanup Fund. Without new fees and the General Fund transfer, the programs supported by the Hazardous Sites Cleanup Fund would lose a majority of their funding.

Program Element: Land Recycling Program

Pennsylvania's Land Recycling Program is designed to promote partnerships among local businesses, government, financial institutions, local communities and the Department of Environmental Protection to restore contaminated sites to safe and productive uses. Three statutes were passed in 1995 to make contaminated sites safe, return sites to productive use and preserve farmland and greenspace. Collectively, these statutes are referred to as the Land Recycling Program, and are comprised of: Act 2, the Land Recycling and Environmental Remediation Standards Act; Act 3, the Economic Development Agency, Fiduciary and Lender Environmental Liability Act; and Act 4, the Industrial Sites Environmental Assessment Act. Cleanup standards under Act 2 fall into three broad categories: Background, Statewide Health, and Site-Specific. A Cleanup Standards Science Advisory Board has been established to assist the department in publicizing science-based standards and

Program: Environmental Protection and Management (continued)

cleanup regulations.

The Land Recycling Program identifies risk-based standards for cleanup, simplifying the approval process and limiting future liability when cleanup standards are achieved. Grants and loans are available to help finance environmental assessments and site cleanups that in turn provide economic and environmental benefits. This has helped move Pennsylvania away from the controversial and costly Federal Superfund Program and streamlined the State Hazardous Sites Cleanup Program. At present, the department is actively involved in over 94 Superfund sites and 123 State Hazardous Sites Cleanup Program sites.

To date, the Land Recycling Program has received nearly 1,900 notices of intent to remediate a site, while over 1,319 cleanups have been completed in eight years under the Land Recycling Program. Additionally, the department created the Brownfields Inventory Grant Program in 1999 to further encourage cleanups by providing grants to local government and economic development agencies to inventory brownfields properties in their areas.

Program Element: Regulation of Mining

Regulation of mining helps to ensure the wise use of Pennsylvania's mineral resources and prevent adverse impacts of mining on the public and the environment. This includes active mining for coal and other minerals, oil and gas well drilling, deep mine safety, mine subsidence and reclamation of abandoned mines.

Relating to the coal industry, regulatory activities are designed to ensure proper land reclamation, prevent water and air pollution and protect the health and safety of the public. On July 31, 1982, Pennsylvania was designated as the primary agent for administering the Federal Surface Mining Conservation and Reclamation Act (SMCRA). The SMCRA established a comprehensive set of performance standards for mining and reclamation of surface coal mines, underground coal mines, coal refuse disposal, and coal preparation facilities, and for controlling mine subsidence and the use of explosives on surface coal mines. Pennsylvania is required to follow a mandatory enforcement and civil penalty program imposed by SMCRA, and inspect each mining operation violator monthly until reclamation is achieved.

The Small Operator Assistance Program (SOAP) collects information for use in mine permit applications filed by operators who mine 300,000 tons or less per year. Consultants collect the data and provide reports to the department and to the small operators. The operator in the permit application uses the report. The department pays for the report using Federal grant money. The Remining Operator Assistance Program (ROAP) is a State-funded program that provides assistance to coal operators who mine and reclaim abandoned mine lands by paying for the cost of data collected and analysis necessary for an operator to obtain permits for remining.

In addition to the environmental regulatory, inspection and compliance activities, the Regulation of Mining is concerned with the safety of mine operations and the safety training of miners. The Bureau of Deep Mine Safety conducts mine safety-training programs to minimize the number of accidents. The bureau also directs the certification requirements for underground mine workers thereby influencing the type and degree of expertise of personnel working underground.

The Bureau of Oil and Gas Management is responsible for administering laws and regulations covering the oil and gas industry in Pennsylvania. Through a permitting system for drilling activity, inspecting drilling and storage sites, and monitoring and enforcement actions, the bureau works toward protecting the environment and balancing conflicting interests of the oil, gas and coal industries.

Another aspect of the Regulation of Mining Program is to resolve environmental degradation and health and safety problems resulting from inactive and abandoned coal mines. This includes 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.

The mining program also offers mine subsidence insurance to residential and small commercial owners of property and private structures. This insurance program is financially self-supporting and directed by the Coal and Clay Mine Subsidence Insurance Board. The board administers the Insurance Fund, with premium and investment income being deposited and from which insurance claims and costs are paid. The growth in the number and value of policies has steadily increased since the program's inception in 1961. With increasing property values and public awareness, this trend is expected to continue. A cash flow statement for this fund is included in the Special Funds Appendix.

Program Element: Radiation Protection

Radiation Protection utilizes several means to protect citizens from exposure to dangerous levels of radiation. One is the regulation, licensing and inspection of radiation source users. This involves registering radiation-producing equipment, licensing of users of radioactive materials and inspecting facilities to assure compliance with regulations. For example, the department is responsible for the inspection of over 11,000 users possessing approximately 30,000 x-ray units and over 460 users of naturally occurring and accelerator-produced radioactive material.

The department also monitors the environment for radiation. This is done primarily in the vicinity of major users of radioactive materials, such as nuclear power plants. Ambient air, milk produced on local farms, surface waters, vegetation, fish and silt samples are collected and tested at regular intervals. The Radon Surveillance and Action

Program: Environmental Protection and Management (continued)

Program is also part of this activity, measuring levels in private dwellings, advising owners on remedial actions they can take, and conducting research for effective solutions. The department certifies radon testing and mitigation firms to protect the public from inaccurate test results and ineffective construction or remedial techniques.

Another protection activity is the routine inspection and oversight of nuclear power generating facilities in the Commonwealth. These are: Beaver Valley Power Station, Limerick Generating Station, Peach Bottom Atomic Power Station, Susquehanna Steam Electric Station and Three Mile Island Nuclear Station. An agreement with the U.S. Nuclear Regulatory Commission (NRC) allows State nuclear engineers to review and evaluate plant design and operations, participate in any NRC hearings and participate in routine NRC inspections.

Radiation Protection is also involved in protecting the citizens of Pennsylvania in the event of accidents involving radioactive materials at power plants and other facilities utilizing radioactive materials.

Safe disposal of low-level radioactive waste, including contaminated filters, gloves and clothing from hospitals, industries and university research centers, is also a part of the Radiation Protection Program. (Spent nuclear fuel and similar highly radioactive materials are not included.) The Appalachian Low-Level Radioactive Waste Compact, Act 120 of 1985, committed Pennsylvania to establish a low-level radioactive waste (LLRW) disposal site for the four states in the compact—Delaware, Maryland, West Virginia and Pennsylvania. The Low-Level Radioactive Waste Disposal Act of 1988 and the Low-Level Radioactive Waste Regional Facility Act of 1990, establishes criteria for the selection of a site, operation of a facility and transportation of wastes to the site.

In 1998, the department suspended the siting process after discussing the issue with its Low-Level Waste Advisory Committee and the Appalachian Compact Commission. Suspension of the process was the result of the dramatic reduction in the volume of LLRW being generated in the Appalachian Compact and the availability of out-of-state disposal capacity. The department has prepared a siting re-start plan and will monitor national LLRW disposal developments to insure disposal capacity will continue to be available to generators of LLRW in the Appalachian Compact. The department will also continue to promote LLRW volume reduction during the suspension period.

Program Element: Waterways Engineering

The objective of the Waterways Engineering Program is to investigate, determine feasibility, design and construct flood protection and stream improvement projects in Pennsylvania and to ensure the safety of major dams.

The Dam Safety and Encroachments Act of 1978, authorizes the department's regulation of dams and reservoirs to protect life, property and the environment. This involves the review of plans and specifications that accompany an application for a dam permit, the field inspection of construction of new dams, and inspection of existing dams to determine their general condition. There are approximately 3,000 dams under active permits in the Commonwealth. Of this total, there are 900 high-hazard dams and 2,100 additional dams that require inspection and monitoring. The high-hazard dams are inspected annually to assure proper operation and maintenance because of the significant threat posed by their possible failure. In addition, the department regulates the construction and maintenance of any obstructions, encroachments and changes to the course and current of streams, as well as the related flood plains.

This program, in existence for over 50 years, involves the tangible efforts of flood protection through the construction of physical structures such as dams, levees, walls, channels, culverts, etc. that eliminate imminent threats to habitable structures and rehabilitate flood damaged stream channels. The program provides long term relief through projects requiring extensive and permanent protective works and short term relief by the removal of channel blockage, bedload debris and streambank stabilization

Program Element: Watershed Conservation

The objective of Watershed Conservation is to maintain and enhance the quality of Pennsylvania's water resources through comprehensive watershed management so that public health and safety is protected and natural aquatic systems are sustained. Specific activities designed to achieve these objectives include: monitoring and assessing surface water quality; developing water quality standards; managing nonpoint pollution source problems; improving citizen volunteer monitoring programs; planning water resources use; regulating allocation of surface waters; managing excess stormwater runoff; protecting coastal zone resources; and regulating above and below ground storage tanks.

Water quality assessments have been collected for 45,234 miles of streams in the Commonwealth. A total of 37,041 stream miles were assessed as supporting the Federal "fishable/swimmable" goal and the fish and aquatic life use designated in Pennsylvania's water quality standards. This represents 82% of the miles assessed.

The 2002 Water Quality Assessment prepared by the department reported that of the 52,889 miles of stream assessed for fish and aquatic life use, 16% or 8,385 miles were identified as impaired by either point sources or nonpoint sources. The major nonpoint source impacts were caused by abandoned mine drainage (3,129 miles) and

Program: Environmental Protection and Management (continued)

agricultural runoff (3,116 miles).

Program Element: Office of Energy and Technology Development

The Office of Energy and Technology Development (OETD), previously known as the Office of Pollution Prevention and Compliance Assistance (OPPCA), will serve as the department's principal office for energy policy, the assessment of energy and environmental technology, and the use of appropriate technology to address environmental problems. While the OETD will focus primarily on energy and technology priorities, it will still retain several of the programmatic responsibilities of the OPPCA. The Small Business Ombudsman's Office will remain in the OETD, which provides free and confidential environmental services to the small business community. The Ombudsman and related staff also oversee a grant program that allows businesses to hire a consultant to assess pollution prevention opportunities, and a loan program that small businesses can use for equipment that prevents pollution.

The Pennsylvania Low-Income Energy Assistance Program offers energy assistance to low-income Pennsylvanians. The act states that at least 75 percent of the total appropriations are to be spent for this type of supplemental program. The remaining 25 percent of the funds are used to supplement the Federal energy programs and other energy conservation and development projects.

The State Energy Program (SEP) is a Federal program that provides funding to promote energy efficiency and pollution prevention. The program specifically addresses issues related to transportation, industry/commercial, building/residential, and State and local government sectors. The SEP programs range from a Pollution Prevention/ Energy Efficiency Conference that yields a wealth of technology transfer opportunities to the Governor's Green Government Council which commits the Commonwealth to set an example for the community in taking the lead in reducing operating costs in areas such as energy efficiency, cleaner fleet vehicles and recycling.

Act 166 of 1992 provided for an alternative fuels grant program to be funded by a portion of the Utilities Gross Receipts Tax. The grants to school districts, municipal authorities, political subdivisions and other nonprofit entities are to fund a portion of the expenses incurred to retrofit vehicles to operate using alternative fuels or the additional costs incurred in purchasing vehicles manufactured specifically to operate on fuels other than gasoline. In addition, grants are to partially fund the cost to install equipment necessary to refuel the modified vehicles.

The OETD also houses the Grants Center. This center provides a single point of contact to obtain streamlined information about environmental grants available from the department and other agencies. The Center's purpose is to evaluate and improve effectiveness, prevent fraud and reduce waste.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Laboratory Analyses Supporting Programs							
Mining	313,527	315,000	315,000	315,000	315,000	315,000	315,000
Air	45,961	45,000	45,000	45,000	45,000	45,000	45,000
Water	131,381	132,000	132,000	132,000	132,000	132,000	132,000
Waste Management	189,497	190,000	190,000	190,000	190,000	190,000	190,000
Safe Drinking Water	50,979	50,000	50,000	50,000	50,000	50,000	50,000
Radiation Protection	12,122	12,000	12,000	12,000	12,000	12,000	12,000
Other	55,941	55,000	55,000	55,000	55,000	55,000	55,000
Lab accreditation-drinking water certificates issued*	250	270	275	450	700	700	700

These analyses are conducted based on the need for laboratory testing. Therefore, it is difficult to project the number of tests that will be needed.

*New program measure

Air Quality							
Air quality-staff hours per permit*	193	172	172	172	172	172	172
Air quality permits in effect*	1,666	1,800	2,000	2,350	2,600	2,850	2,850
Air emission inspections performed	10,656	11,000	11,000	11,000	11,000	11,000	11,000
Water Quality Protection							
Sewage and industrial waste discharge inspections	4,396	4,500	4,500	4,500	4,500	4,500	4,500
Permits issued for water pollution control facilities	1,320	1,300	1,300	1,300	1,300	1,300	1,300
Enforcement actions	155	150	150	150	150	150	150
Stormwater construction permits issued	5,400	5,400	6,000	6,000	6,000	6,000	6,000

Stormwater construction permits issued increased from the projections shown in last year's budget based on actual activity.

*New program measure

Program: Environmental Protection and Management (continued)

Program Measures: (continued)	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Water Supply Management							
Residents of areas in Black Fly Suppression Program	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000
Inspections of public drinking water supplies	2,352	2,784	3,000	3,000	3,000	3,000	3,000
Community water systems complying with reporting requirements.	82%	83%	80%	80%	80%	80%	80%
Non-community water systems complying with reporting requirements.	85%	82%	87%	87%	87%	87%	87%
Cumulative assessed stream miles attaining designated use	50,006	54,552	55,089	63,644	68,191	69,363	70,111

Residents of areas in the Black Fly Suppression program increased from the projections shown in last year's budget due to revised population numbers based on 2000 census figures.

Inspections of public drinking water supplies decreased in 2002-03 from the projection shown in last year's budget due to a shift in staff resources to implement new regulatory requirements.

Waterways Engineering							
Dam inspections	1,324	1,371	1,300	1,300	1,300	1,300	1,300
Municipal and Residual Waste							
Municipal and residual waste facilities receiving permit or closure action	8,275	8,275	8,275	8,275	8,275	8,275	8,275
Percent of Pennsylvanians with recycling	85%	88%	90%	90%	90%	90%	90%

Municipal and residual waste facilities receiving permit or closure action increased from the projections shown in last year's budget due to the implementation of Act 90 (the Waste Transportation Safety Act) and Act 190 (the Waste Tire Recycling Act). The number of actions also now includes department deemed approvals, which were previously excluded.

Hazardous Waste							
Hazardous waste inspections performed	1,137	1,150	1,150	1,150	1,150	1,150	1,150
Hazardous waste sites permitted and licensed under Act 108	122	125	125	125	125	125	125
Land Recycling Program							
Cleaned-up land recycling sites	251	250	250	250	250	250	250
Regulation of Mining							
Mine permit actions:							
Coal	1,605	1,500	1,500	1,500	1,500	1,500	1,500
Non-coal	690	600	600	600	600	600	600
Inspections:							
Total coal inspections	22,378	22,000	22,000	22,000	22,000	22,000	22,000
Total non-coal inspections	6,169	6,500	6,500	6,500	6,500	6,500	6,500
Total oil and gas field inspections	8,841	9,000	9,000	9,000	9,000	9,000	9,000
Mining compliance orders issued	576	450	450	450	450	450	450
Mine subsidence insurance policies in effect	57,280	58,500	64,500	71,000	78,000	78,000	78,000
Employes trained in mine safety	9,285	9,000	9,000	9,000	9,000	9,000	9,000
Abandoned mine sites designated as potential safety problems	1,127	1,105	1,083	1,061	1,039	1,017	1,017
Acres of coal mining lands declared forfeited	1,291	1,200	1,200	1,200	1,200	1,200	1,200

Non-coal mine permit actions increased from projections shown in last year's budget due to increased program activity and more permits being issued.

Acres of coal mining lands declared forfeited decreased from the projections shown in last year's budget due to permit variability in the number of acres covered for each site. The number of permits forfeited is relatively constant, but total acreage to be forfeited cannot be predicted accurately.

Program: Environmental Protection and Management (continued)

Program Measures: (continued)	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Radiation Protection							
Radiation user inspections performed	3,351	3,570	3,610	4,400	4,400	3,780	4,000
Users brought into compliance through inspections	500	500	500	500	500	500	500
Nuclear plant off-site samples	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Cubic feet of low-level radioactive waste generated in Pennsylvania	55,370	100,000	100,000	100,000	100,000	100,000	100,000

Cubic feet of low-level radioactive waste generated in Pennsylvania decreased from the projections shown in last year's budget due to variation in the economic condition of generators.

Nuclear plant off-site samples decreased from projections shown in last year's budget due to fewer samples being collected during normal operations.

Alternative Fuels & Pollution Prevention:							
Vehicle conversions/new alternative fuel vehicles	100	159	150	180	180	180	180
People educated in energy efficiency, pollution prevention and green buildings*	420,000	420,000	425,000	430,000	435,000	440,000	445,000
Small businesses provided pollution prevention and energy efficiency assistance	7,991	8,100	8,300	8,400	8,450	8,550	8,550

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Environmental Program Management

-48	—Initiative—Operational Efficiency. Savings from operational and administrative efficiencies.
-5,337	—transfer of program functions to other appropriations.
$ -5,385	*Appropriation Decrease*

Chesapeake Bay Agricultural Source Abatement

$ -7	—nonrecurring program costs.

Office of Pollution Protection and Compliance Assistance

$ -3,569	—elimination of appropriation by transferring program functions to other appropriations.

Environmental Protection Operations

$ 10,519	—to continue current program, including receiving program functions from other appropriations.
-1,015	—Initiative—Operational Efficiency. Savings from replacing contracted information technology services with agency staff.
$ 9,504	*Appropriation Increase*

Safe Water

$ -14,000	—nonrecurring safe water projects.

Black Fly Control and Research

$ -4	—nonrecurring program costs.

West Nile Virus Control

$ -12	—nonrecurring program costs.

Transfer to Recycling Fund

$ 25,000	—General Fund Transfer to support municipality recycling programs.

Transfer to Hazardous Sites Cleanup Fund

$ 19,000	—General Fund Transfer to support hazardous sites cleanup projects.

Delaware River Master

$ 1	—to continue current level of participation.

Susquehanna River Basin Commission

$ 7	—to continue current level of participation.

Ohio River Valley Water Sanitation Commission

$ -8	—nonrecurring program costs.

ENVIRONMENTAL STEWARDSHIP FUND

Oil and Gas Well Plugging (EA)

$ 3	—for additional grants related to the Growing Greener II Initiative.

Abandoned Mine Reclamation and Remediation (EA)

$ 610	—for additional grants related to the Growing Greener II Initiative.

Program: Environmental Protection and Management (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

Watershed Protection and Restoration (EA)

$ 1,446 —for additional grants related to the Growing Greener II Initiative.

Sewage and Drinking Water Grants (EA)

$ –600 —nonrecurring grants.

This budget commmits $41,514,000 from the Environmental Stewardship Fund for environmental projects related to the Growing Greener Initiaitve.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Cleanup of Scrap Tires	$ 1,459	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Environmental Program Management	43,780	43,679	38,294	38,294	38,294	38,294	38,294
Chesapeake Bay Agricultural Source Abatement	3,263	3,105	3,098	3,098	3,098	3,098	3,098
Office of Pollution Prevention and Compliance Assistance	3,274	3,569	0	0	0	0	0
Environmental Protection Operations	75,559	76,393	85,897	85,897	85,897	85,897	85,897
Safe Water	11,000	14,000	0	0	0	0	0
Black Fly Control and Research	4,336	4,419	4,415	4,415	4,415	4,415	4,415
West Nile Virus Control	7,433	7,430	7,418	7,418	7,418	7,418	7,418
Flood Control Projects	2,765	2,793	2,793	2,793	2,793	2,793	2,793
Storm Water Management	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Sewage Facilities Planning Grants	1,950	1,950	1,950	1,950	1,950	1,950	1,950
Sewage Facilities Enforcement Grants	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Sewage Treatment Plant Operations Grants	52,122	0	0	0	0	0	0
Transfer to Recycling Fund	0	0	25,000	25,000	25,000	25,000	25,000
Transfer to Hazardous Sites Cleanup Fund	0	0	19,000	45,200	29,300	13,500	0
Delaware River Master	97	92	93	93	93	93	93
Ohio River Basin Commission	14	14	14	14	14	14	14
Susquehanna River Basin Commission	700	725	732	732	732	732	732
Interstate Commission on the Potomac River	44	46	46	46	46	46	46
Delaware River Basin Commission	1,133	1,132	1,132	1,132	1,132	1,132	1,132
Ohio River Valley Water Sanitation Commission	172	172	164	164	164	164	164
Chesapeake Bay Commission	265	265	265	265	265	265	265
Local Soil and Water District Assistance	3,100	3,100	3,100	3,100	3,100	3,100	3,100
Interstate Mining Commission	32	38	38	38	38	38	38
Northeast-Midwest Institute	58	58	58	58	58	58	58
Small Water System Regionalization	327	0	0	0	0	0	0
Sea Grant Program	250	250	250	250	250	250	250
Agricultural Consumptive Water Use Study (6/05)	610	0	0	0	0	0	0
TOTAL GENERAL FUND	$ 219,943	$ 169,430	$ 199,957	$ 226,157	$ 210,257	$ 194,457	$ 180,957

Program: Environmental Protection and Management (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
ENVIRONMENTAL STEWARDSHIP FUND:							
Oil and Gas Well Plugging (EA)	$ 772	$ 2,097	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100
Abandoned Mine Reclamation and Remediation (EA)	2,444	6,290	6,900	6,900	6,900	6,900	6,900
Watershed Protection and Restoration (EA)	27,109	26,603	28,049	28,049	28,049	28,049	28,049
Sewage and Drinking Water Grants (EA)	3,370	5,065	4,465	4,465	4,465	4,465	4,465
TOTAL ENVIRONMENTAL STEWARDSHIP FUND	$ 33,695	$ 40,055	$ 41,514	$ 41,514	$ 41,514	$ 41,514	$ 41,514
MOTOR LICENSE FUND:							
Dirt and Gravel Road	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000

FISH AND BOAT COMMISSION

The mission of the Fish and Boat Commission is to provide fishing and boating opportunities through the protection and management of aquatic resources.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
Grants and Subsidies:			
Atlantic States Marine Fisheries Commission	$ 12	$ 13	$ 14
BOAT FUND:			
General Government:			
General Operations (EA)	$ 8,629	$ 8,793	$ 9,206
(F)US Coast Guard Grant - Boating Safety	1,399	1,286	1,300
(F)Sport Fish Restoration	746	533	607
(F)Boating Infrastructure Grant (BIG) Program	0	400	100
(F)Land and Water Conservation Fund	0	75	0
(F)Clean Vessels	31	69	50
(F)Wildlife Conservation & Restoration - Non-Game	0	42	0
(A)Sale of Vehicles	48	20	25
Subtotal - State Funds	$ 8,629	$ 8,793	$ 9,206
Subtotal - Federal Funds	2,176	2,405	2,057
Subtotal - Augmentations	48	20	25
Total - General Government	$ 10,853	$ 11,218	$ 11,288
STATE FUNDS	$ 8,629	$ 8,793	$ 9,206
FEDERAL FUNDS	2,176	2,405	2,057
AUGMENTATIONS	48	20	25
BOAT FUND TOTAL	**$ 10,853**	**$ 11,218**	**$ 11,288**
FISH FUND:			
General Government:			
General Operations (EA)	$ 24,776	$ 26,127	$ 25,710
(F)Sport Fish Restoration	5,857	5,063	5,111
(F)Wildlife Conservation and Restoration - Non-Game	23	658	515
(F)Coastal Zone Management	0	65	0
(F)Endangered Species	2	0	0
(F)Surface Mine Regulation	40	40	50
(F)NOAA	173	708	286
(F)USFWS - Partner for Fish & Wildlife	0	10	10
(F)Land and Water Conservation Fund	0	75	0
(A)Sale of Vehicles	57	50	55
(A)Reimbursement - DEP/EPA Projects	112	56	63
(A)Reimbursement for Services - PennDOT	174	65	65
(A)Transportation - Endangered/Threatened Species	0	65	65
(A)Transportation - Environmental Assessment	0	59	30
(A)Purchasing Card Rebate	13	8	15
(A)Economic Angler Use Study - Delaware River	140	0	0
Subtotal - State Funds	$ 24,776	$ 26,127	$ 25,710
Subtotal - Federal Funds	6,095	6,619	5,972
Subtotal - Augmentations	496	303	293
Total - General Government	$ 31,367	$ 33,049	$ 31,975
STATE FUNDS	$ 24,776	$ 26,127	$ 25,710
FEDERAL FUNDS	6,095	6,619	5,972
AUGMENTATIONS	496	303	293
FISH FUND TOTAL	**$ 31,367**	**$ 33,049**	**$ 31,975**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 12	$ 13	$ 14
SPECIAL FUNDS	33,405	34,920	34,916
FEDERAL FUNDS	8,271	9,024	8,029
AUGMENTATIONS	544	323	318
TOTAL ALL FUNDS	**$ 42,232**	**$ 44,280**	**$ 43,277**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
RECREATIONAL FISHING AND BOATING							
GENERAL FUND	$ 12	$ 13	$ 14	$ 14	$ 14	$ 14	$ 14
SPECIAL FUNDS	33,405	34,920	34,916	35,924	37,596	38,229	38,311
FEDERAL FUNDS	8,271	9,024	8,029	8,029	8,029	8,029	8,029
OTHER FUNDS	544	323	318	318	318	318	318
SUBCATEGORY TOTAL	$ 42,232	$ 44,280	$ 43,277	$ 44,285	$ 45,957	$ 46,590	$ 46,672
ALL PROGRAMS:							
GENERAL FUND	$ 12	$ 13	$ 14	$ 14	$ 14	$ 14	$ 14
SPECIAL FUNDS	33,405	34,920	34,916	35,924	37,596	38,229	38,311
FEDERAL FUNDS	8,271	9,024	8,029	8,029	8,029	8,029	8,029
OTHER FUNDS	544	323	318	318	318	318	318
DEPARTMENT TOTAL	$ 42,232	$ 44,280	$ 43,277	$ 44,285	$ 45,957	$ 46,590	$ 46,672

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 Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Fishing licenses sold	907,313	945,559	912,329	912,329	912,329	912,329	912,329
Fishing licenses sold - cost per license *	$0.43	$0.42	$0.53	$0.54	$0.56	$0.57	$0.58
Pounds of fish stocked in Commonwealth streams and lakes	1,907,472	2,046,456	2,124,000	2,124,000	2,124,000	2,124,000	2,124,000
Pounds of fish stocked in streams and lakes-cost per pound *	$3.22	$3.30	$3.40	$3.47	$3.61	$3.68	$3.75
Boats registered	357,000	361,000	365,000	370,000	374,000	378,000	383,000
Warnings issued for violations of fishing and boating laws	36,821	37,000	37,000	37,000	37,000	37,000	37,000
Convictions for violations of fishing and boating laws	8,191	9,000	9,000	9,000	9,000	9,000	9,000

* New Program Measure.

Pounds of fish stocked in Commonwealth streams and lakes decreased in 2002-03 from the projection shown in last year's budget. This is the result of reducing the number of trout raised at commission hatcheries because of operational changes to reduce wastewater/effluent treatment problems, as well as decreased capacity with the closure of the Big Spring Fish Culture Station.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		GENERAL FUND
		Atlantic States Marine Fisheries Commission
$	1	—membership cost.
		BOAT FUND
		General Operations (EA)
$	252	—to continue current program.
	229	—Initiative – Waterways Conservation Officer Training School. To provide training for a new cadet class of Waterways Conservation Officers.
	-12	—Initiative – Operational Efficiency. Savings from operational and administrative efficiencies.
	-56	—nonrecurring projects on commission land and building.
$	413	*Executive Authorization Increase*

		FISH FUND
		General Operations (EA)
$	421	—to continue current program.
	-76	—Initiative – Operational Efficiency. Savings from operational and administrative efficiencies.
	1,209	—for projects on marinas and other commission land and buildings.
	344	—Initiative – Waterways Conservation Officer Training School. To provide training for a new cadet class of Waterways Conservation Officers.
	-2,315	—nonrecurring projects on commission land and buildings.
$	-417	*Executive Authorization Decrease*

Program: Recreational Fishing and Boating (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Atlantic States Marine Fisheries Commission	$ 12	$ 13	$ 14	$ 14	$ 14	$ 14	$ 14
BOAT FUND:							
General Operations (EA)	$ 8,629	$ 8,793	$ 9,206	$ 9,124	$ 9,567	$ 9,726	$ 9,760
FISH FUND:							
General Operations (EA)	$ 24,776	$ 26,127	$ 25,710	$ 26,800	$ 28,029	$ 28,503	$ 28,551

GAME COMMISSION

The mission of the Game Commission is to protect, conserve and manage the diversity of wildlife and their habitats, provide wildlife related education and recreational opportunities for both consumptive and non-consumptive uses of wildlife, and maintain and promote Pennsylvania's hunting and trapping heritage.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GAME FUND:			
General Government:			
General Operations(EA)	**$ 48,957**	**$ 50,557**	**$ 49,936**
(F)Pittman-Robinson Act Reimbursements	7,102	7,970	7,570
(F)Wildlife Conservation Reinvestment Act	0	522	2,066
(F)Endangered Species	17	21	14
(F)Surface Mine Regulatory Program	45	54	45
(F)Harvest Information Program	22	10	10
(F)USDA - Animal & Plant Health Inspection Service	0	45	0
(F)USDA - Credit Commodity Corporation	0	50	0
(F)USDA - Natural Resources Conservation Service	0	240	0
(F)USFWS - State Wildlife Grants	0	1,498	0
(A)Sale of Vehicles	156	250	250
(A)Pennsylvania Conservation Corps	159	132	200
(A)Donations	138	100	127
(A)Becoming an Outdoors Woman	36	20	40
(A)Wildlife Management Institute	1	5	5
(A)Transportation Reimbursement - Elk Lick Project	71	0	0
(A)Transportation Reimbursement - Animal Removal	144	200	145
(A)Transportation Reimbursement - Route 22 Mitigation	0	0	62
(A)Purchasing Card Rebate	33	20	30
(R)Resident License Fee-Natural Propagation of Wildlife	1,815	8,065	7,500
(R)Antlerless Deer License-Natural Propagation of Wildlife	1,972	0	0
(R)Resident/Nonresident License Fees-Natl Propagation of Game	3,053	0	0
Subtotal	$ 63,721	$ 69,759	$ 68,000
Land Acquisition and Development(EA)	**2,000**	**1,000**	**0**
(A)Land Acquisition Donations	0	5	0
Subtotal	$ 2,000	$ 1,005	$ 0
Subtotal - State Funds	$ 50,957	$ 51,557	$ 49,936
Subtotal - Federal Funds	7,186	10,410	9,705
Subtotal - Augmentations	738	732	859
Subtotal - Restricted Revenues	6,840	8,065	7,500
Total - General Government	$ 65,721	$ 70,764	$ 68,000
STATE FUNDS	$ 50,957	$ 51,557	$ 49,936
FEDERAL FUNDS	7,186	10,410	9,705
AUGMENTATIONS	738	732	859
RESTRICTED REVENUES	6,840	8,065	7,500
GAME FUND TOTAL	**$ 65,721**	**$ 70,764**	**$ 68,000**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
WILDLIFE MANAGEMENT							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	50,957	51,557	49,936	49,936	49,936	49,936	49,936
FEDERAL FUNDS	7,186	10,410	9,705	9,705	9,705	9,705	9,705
OTHER FUNDS	7,578	8,797	8,359	8,359	8,359	8,359	8,359
SUBCATEGORY TOTAL	$ 65,721	$ 70,764	$ 68,000	$ 68,000	$ 68,000	$ 68,000	$ 68,000
ALL PROGRAMS:							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	50,957	51,557	49,936	49,936	49,936	49,936	49,936
FEDERAL FUNDS	7,186	10,410	9,705	9,705	9,705	9,705	9,705
OTHER FUNDS	7,578	8,797	8,359	8,359	8,359	8,359	8,359
DEPARTMENT TOTAL	$ 65,721	$ 70,764	$ 68,000	$ 68,000	$ 68,000	$ 68,000	$ 68,000

PROGRAM OBJECTIVE: To establish habitats and environments which will sustain wildlife populations for recreational uses and for the perpetuation of species.

Program: Wildlife Management

The main responsibility of the Game Commission is the perpetuation of the species of wildlife found in Pennsylvania. The commission achieves its mission through wildlife research, management of game habitat, operation of programs for endangered and threatened species, and enforcement of the Game and Wildlife Code. Wildlife conservation officers enforce the provisions of the Game and Wildlife Code to protect the natural balance of the Commonwealth's wildlife population.

The primary means of ensuring the propagation and preservation of wildlife is properly managed land and game habitat. The commission currently administers over 1.4 million acres of State Game Lands and is judiciously acquiring additional lands, including critically important wetlands. The commission also administers cooperative programs to encourage good land use management and habitat improvement by private landowners. Wildlife habitat assessment techniques are used to develop management plans. These assessments apply to all Pennsylvania State Game Lands, Farm Game Projects and other areas actively managed by the Game Commission.

All species receive mandated protection. However, those species considered game animals, such as deer, turkey and bear, receive the most attention. The number of antlerless deer licenses available for sale is based on the deer population projections. The optimal number of deer is based on acres of forested land in the Commonwealth. Hunting, while recreational in nature, is a management tool as well. Future year projection numbers indicate the number of deer that need to be harvested to sustain the population. Also protected by the commission are endangered and threatened species such as river otters, osprey, peregrine falcons, and bald and golden eagles. The expanded ten hour comprehensive Hunter-Trapper Education Program is annually presented to over 38,000 first-time hunters and trappers.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Hunting licenses sold	1,017,154	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000
Deer taken	517,529	500,000	500,000	500,000	500,000	500,000	500,000
Arrests for violation of game laws	8,481	7,750	7,750	7,750	7,750	7,750	7,750
Development of wildlife management plans *	2	5	2	2	2	2	2

Wildlife management plans are developed jointly by the commission and interest groups to assess specific game or endangered animal species in the Commonwealth. Only a few plans are completed annually due to the amount of time required to study a specific animal population.

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GAME FUND

General Operations (EA)

$ −825	—nonrecurring operating costs for current program.
304	—for program and wildlife grants.
−100	—nonrecurring Elk Habitat Challenge project.
$ −621	*Executive Authorization Decrease*

Land Acquisition and Development (EA)

$ −1,000	—nonrecurring land acquisition and development costs.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GAME FUND:							
General Operations(EA)	$ 48,957	$ 50,557	$ 49,936	$ 49,936	$ 49,936	$ 49,936	$ 49,936
Land Acquisition and Development(EA)	2,000	1,000	0	0	0	0	0
TOTAL GAME FUND	$ 50,957	$ 51,557	$ 49,936	$ 49,936	$ 49,936	$ 49,936	$ 49,936

DEPARTMENT OF GENERAL SERVICES

The mission of the Department of General Services is to provide the highest quality services, support, commodities, and facilities based on customer needs to get the best value for the taxpayers' money. The department strives to improve operational efficiency, reduce costs and burdens of doing business, and expand government contracting opportunities, while ensuring integrity and accountability in operations and activities.

The Department of General Services administers the leasing, purchasing, transportation, construction, repair and maintenance services for all agencies of the Commonwealth.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ 65,480	$ 64,166	$ 63,633
(F)February 2003 Disaster (EA)	0	75	0
(A)Federal Surplus Property	632	1,328	1,313
(A)State Buildings Use	456	536	536
(A)Sound Equipment	6	38	38
(A)Employe Liability Self Insurance Program	112	108	108
(A)Newsroom Services	8	15	15
(A)Computer Services	28	100	100
(A)Plans Forefeiture	41	57	57
(A)Media Center Reimbursements	1,442	2,400	2,021
(A)Recycling Program	575	575	575
(A)Services Provided Other Agencies	11	0	0
(A)PA Drug Reduction Property Program	120	0	0
(A)Purchasing Seminar	0	172	0
(A)Metrology Services	0	0	105
Subtotal	$ 68,911	$ 69,570	$ 68,501
Capitol Police Operations	11,011	11,212	10,732
(A)Capitol Police Services	41	52	56
Harristown Rental Charges	6,945	6,666	6,665
Utility Costs	14,006	13,979	17,675
Harristown Utility and Municipal Charges	10,157	10,463	10,469
Printing the Pennsylvania Manual	201	0	159
Asbestos Response	418	318	150
Excess Insurance Coverage	3,135	3,802	3,049
Capital Project Leasing	91	92	0
Subtotal - State Funds	$ 111,444	$ 110,698	$ 112,532
Subtotal - Federal Funds	0	75	0
Subtotal - Augmentations	3,472	5,381	4,924
Total - General Government	$ 114,916	$ 116,154	$ 117,456
Grants and Subsidies:			
Capitol Fire Protection	$ 1,020	$ 1,020	$ 1,020
STATE FUNDS	$ 112,464	$ 111,718	$ 113,552
FEDERAL FUNDS	0	75	0
AUGMENTATIONS	3,472	5,381	4,924
GENERAL FUND TOTAL	$ 115,936	$ 117,174	$ 118,476
BANKING DEPARTMENT FUND:			
General Government:			
Harristown Rental Charges	$ 145	$ 139	$ 139
Harristown Utility and Municipal Charges	197	199	179
Total - General Government	$ 342	$ 338	$ 318
BANKING DEPARTMENT FUND TOTAL	$ 342	$ 338	$ 318
MOTOR LICENSE FUND:			
General Government:			
Harristown Rental Charges (EA)	$ 95	$ 91	$ 94
Harristown Utility and Municipal Charges (EA)	158	153	166

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Total - General Government	$ 253	$ 244	$ 260
Grants and Subsidies:			
Tort Claims Payments	**$ 20,000**	**$ 20,000**	**$ 20,000**
MOTOR LICENSE FUND TOTAL	**$ 20,253**	**$ 20,244**	**$ 20,260**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 112,464	$ 111,718	$ 113,552
SPECIAL FUNDS	20,595	20,582	20,578
FEDERAL FUNDS	0	75	0
AUGMENTATIONS	3,472	5,381	4,924
TOTAL ALL FUNDS	**$ 136,531**	**$ 137,756**	**$ 139,054**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
FACILITY, PROPERTY AND COMMODITY MANAGEMENT							
GENERAL FUND	$ 112,464	$ 111,718	$ 113,552	$ 113,393	$ 113,552	$ 113,393	$ 113,552
SPECIAL FUNDS	20,595	20,582	20,578	20,578	20,578	20,578	20,578
FEDERAL FUNDS	0	75	0	0	0	0	0
OTHER FUNDS	3,472	5,381	4,924	4,924	4,924	4,924	4,924
SUBCATEGORY TOTAL	$ 136,531	$ 137,756	$ 139,054	$ 138,895	$ 139,054	$ 138,895	$ 139,054
ALL PROGRAMS:							
GENERAL FUND	$ 112,464	$ 111,718	$ 113,552	$ 113,393	$ 113,552	$ 113,393	$ 113,552
SPECIAL FUNDS	20,595	20,582	20,578	20,578	20,578	20,578	20,578
FEDERAL FUNDS	0	75	0	0	0	0	0
OTHER FUNDS	3,472	5,381	4,924	4,924	4,924	4,924	4,924
DEPARTMENT TOTAL	$ 136,531	$ 137,756	$ 139,054	$ 138,895	$ 139,054	$ 138,895	$ 139,054

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

This program provides for management of the 26 State-owned buildings of the Capitol complex and Harristown; five regional State office buildings in Pittsburgh, Philadelphia, Scranton, Hazleton and Reading and two executive residences. These facilities contain nearly 6.7 million square feet of office space, with 117 acres of related grounds, parking areas and roadways. The department also manages the acquisition and utilization of space and facilities by State agencies totaling 10.4 million square feet for 1,259 leases, with annual rental costs exceeding $129 million and provides agencies with commodities that conform to accepted standards of quality. This program is responsible for preparing plans, designs, surveys and specifications for all State construction projects. All projects are closely monitored to ensure compliance with State laws and building codes.

Police and security services are provided within the Capitol Complex and related buildings as well as for the regional State office buildings.

Act 57 of 1998 amended Title 62, the Procurement Code, by codifying Commonwealth procurement policies and practices into a single, all-inclusive Commonwealth Procurement Code. The Procurement Code centralizes the policy-making and procurement activities for supplies, goods, commodities and services within the Department of General Services. Through this program the department establishes and administers 268 statewide contracts and processes purchase requests for items not covered under statewide contracts. The Department has begun a strategic sourcing initiative that will leverage the Commonwealth's buying power by aggregating agency volume purchases to achieve better pricing on various commodities and services which will result in lower operating costs for Commonwealth agencies.

The department handles tort claims, in conjunction with the Attorney General's Office, brought against the Commonwealth, its officials and employees. Act 151 of 1986 reaffirmed the Commonwealth's use of sovereign immunity as a defense against tort claims, but established criteria for limited amounts of liability in nine specific areas: vehicle liability; medical professional liability; personal property; Commonwealth real estate; potholes and other dangerous conditions; 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 those claims in litigation. This program is responsible for the Commonwealth's Liability Self-Insurance Programs. Claims are a result of damages incurred because of a willful act or an act of negligence by employees of departments, boards or commissions. Coverage is provided for 26,104 Commonwealth vehicles (including construction trucks and trailers) that travel 305 million miles annually. Excess liability coverage is extended for employees using personal vehicles on Commonwealth business.

This program funds the ongoing assessment of the asbestos danger in Commonwealth-owned buildings. In locations where asbestos is present, the assessment allows the hazard potential to be calculated and abatement costs estimated.

This program provides funding to purchase catastrophic property insurance on Commonwealth-owned buildings.

COSTARS, the Commonwealth's cooperative purchasing program, makes Commonwealth contracts available to local governments, school districts and higher education institutions, giving them the same purchasing power as Commonwealth agencies and resulting in lower prices. Because the strategic sourcing initiative will create more competitive pricing on Commonwealth contracts, local procurement units that previously used Commonwealth contracts only for benchmarking purposes will now purchase from them.

The Commonwealth Agency Recycling Office assists agencies in collecting more than 3,800 tons of paper, generating $113,000 in revenue and saving $190,000 in disposal costs during 2003-04. Collection of other types of recyclable materials generated additional income of $356,000.

Commonwealth Media Services provides high quality, cost-effective, creative audio-video, photographic and media services required by State agencies. Services are available on a continuous basis in the event of emergencies. News conferencing facilities are maintained for more than 150 events at the Capitol Media Center. In addition, a full range of creative audio-video services are incorporated into the production of 200 documentary, educational, promotional, training and public service programs.

This program administers the Federal and State surplus property programs. The property is sold to State agencies, local municipalities, not-for-profit organizations and law enforcement entities for a nominal service charge. During 2003-04, property originally valued at $47.3 million was distributed to eligible organizations. Through the Shelter Share Program, the bureau donated $700,000 in clothing, beds, blankets, and medical equipment and supplies to needy citizens. Disposal of unneeded items generated nearly $4.32 million in revenue in 2003-04.

Program: Facility, Property and Commodity Management (continued)

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Commonwealth spending awarded to MBE's/WBE's*	N/A	N/A	4.0%	6.0%	8.0%	10.0%	11.0%
Enterprise-wide annual procurement related savings (in thousands)*	N/A	N/A	$90,000	$70,000	$50,000	$50,000	$50,000
Total square footage leased by Executive agencies (in thousands)*	N/A	N/A	7,500	7,200	6,900	6,900	6,900
Surplus property distributed (in thousands)	$47,294	$ 24,660	$23,250	$22,440	$20,930	$20,930	$20,930
Capital facilities projects in design and/or construction	389	375	375	375	375	375	375
Capital projects completed within 10% of schedule date	N/A	N/A	85.0%	90.0%	90.0%	90.0%	90.0%
Value (in thousands)	$2,057,000	$1,900,000	$1,900,000	$1,900,000	$1,900,000	$1,900,000	$1,900,000
Tort claims filed	7,929	7,734	7,599	7,695	7,886	7,784	7,694
Tort claims closed (includes settlements, judgments and denials)	8,592	8,206	8,071	8,203	8,327	8,276	8,188
Tort claims pending	9,216	8,789	8,316	7,809	7,368	6,876	6,382
Amount of claims pending (in thousands)	$279,894	$269,602	$272,856	$274,825	$280,298	$281,378	$284,060

* New measure.

Surplus property distributed increased in 2002-03 from the projection shown in last year's budget due to the release of an unexpectedly large number of computers. This volume is not anticipated in the future years.

Tort claims closed increased in 2002-03 from the projection show in last year's budget based on actual cases closed.

Amount of claims pending increased from the projections shown in last year's budget based on a Generally Accepted Accounting Principles analysis of reserves for cases pending litigation.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations

$ -830	— Initiative – Operational Efficiency. Savings from administrative and operational efficiencies.
297	— to continue current program.
-533	*Appropriation Decrease*

Capitol Police Operations

$ -480	—program reduction.

Harristown Rental Charges

$ -1	—decrease in debt service schedule.

Utility Costs

$ 2,000	—to reflect an increase in the purchase of Green Energy derived from renewable resources.
1,696	—to reflect increased consumption and energy costs.
3,696	*Appropriation Increase*

Harristown Utility and Municipal Charges

$ 6	—to provide pro rata share of charges.

Printing the Pennsylvania Manual

$ 201	—biennial cost scheduled for budget year.
-42	— Initiative – Operational Efficiency. Savings from operational efficiencies.
159	*Appropriation Increase*

Asbestos Response

$ -168	— Initiative – Operational Efficiency. Savings from operational efficiencies.

Excess Insurance Coverage

$ -753	— Initiative – Operational Efficiency. Savings from operational efficiencies.

Capitol Project Leasing

$ -92	— Initiative – Operational Efficiency. Savings from operational efficiencies.

BANKING DEPARTMENT FUND

Harristown Utility and Municipal Charges

$ -20	—reduction in pro rata share of charges.

MOTOR LICENSE FUND

Harristown Rental Charges

3	—to provide pro rata share of charges.

Harristown Utility and Municipal Charges

$ 13	—to provide pro rata share of charges.

All other appropriations are recommended at the current year funding level.

Program: Facility, Property and Commodity Management (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 65,480	$ 64,166	$ 63,633	$ 63,633	$ 63,633	$ 63,633	$ 63,633
Capitol Police Operations	11,011	11,212	10,732	10,732	10,732	10,732	10,732
Harristown Rental Charges	6,945	6,666	6,665	6,665	6,665	6,665	6,665
Utility Costs	14,006	13,979	17,675	17,675	17,675	17,675	17,675
Harristown Utility and Municipal Charges	10,157	10,463	10,469	10,469	10,469	10,469	10,469
Printing the Pennsylvania Manual	201	0	159	0	159	0	159
Asbestos Response	418	318	150	150	150	150	150
Excess Insurance Coverage	3,135	3,802	3,049	3,049	3,049	3,049	3,049
Capital Project Leasing	91	92	0	0	0	0	0
Capitol Fire Protection	1,020	1,020	1,020	1,020	1,020	1,020	1,020
TOTAL GENERAL FUND	$ 112,464	$ 111,718	$ 113,552	$ 113,393	$ 113,552	$ 113,393	$ 113,552
BANKING DEPARTMENT FUND:							
Harristown Rental Charges	$ 145	$ 139	$ 139	$ 139	$ 139	$ 139	$ 139
Harristown Utility and Municipal Charges	197	199	179	179	179	179	179
TOTAL BANKING DEPARTMENT FUND	$ 342	$ 338	$ 318	$ 318	$ 318	$ 318	$ 318
MOTOR LICENSE FUND:							
Harristown Rental Charges (EA)	$ 95	$ 91	$ 94	$ 94	$ 94	$ 94	$ 94
Harristown Utility & Municipal Charges (EA)	158	153	166	166	166	166	166
Tort Claims Payments	20,000	20,000	20,000	20,000	20,000	20,000	20,000
TOTAL MOTOR LICENSE FUND	$ 20,253	$ 20,244	$ 20,260	$ 20,260	$ 20,260	$ 20,260	$ 20,260

DEPARTMENT OF HEALTH

The mission of the Department of Health is identified through its slogan, "....in pursuit of good health," and all of its activities are defined by its core functions: health needs assessment, resource development, assuring access to health care, promoting health and disease prevention, assuring quality, and providing leadership in the area of health planning and policy development.

The department works in active partnership with providers and consumers of health care services to assess, analyze, and report on health threats; promote healthy behavior; reduce illness, injury, disability, and premature death; support research; and assure the quality and availability of health care services.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ 29,511	$ 27,271	$ 27,202
(F)WIC Administration and Operation	9,092	12,143	12,143
(F)Health Assessment	481	494	511
(F)PHHSBG - Administration and Operation	2,938	3,167	3,167
(F)SABG - Administration and Operation	5,980	6,254	6,463
(F)MCHSBG - Administration and Operation	16,368	16,549	18,371
(F)Adult Blood Lead Epidemiology	43	43	43
(F)Pediatric Prehospital Emergency Care	252	231	186
(F)TB - Administration and Operation	692	699	770
(F)Lead - Administration and Operation	1,133	1,581	1,191
(F)AIDS Health Education - Administration and Operation	2,042	3,769	4,100
(F)Community Migrant Health	237	319	327
(F)Tobacco Control	1,350	0	0
(F)Breast and Cervical Cancer - Administration and Operation	1,056	0	0
(F)HIV / AIDS Surveillance	701	1,233	1,177
(F)HIV Care - Administration and Operation	1,160	1,038	1,250
(F)State Incentive Grant - Administration and Operation	250	572	275
(F)Crash Outcomes Data Evaluation	20	190	54
(F)Rural Access to Emergency Devices	450	880	504
(F)Cancer Prevention and Control	0	5,569	5,000
(F)Environmental Public Health Tracking	92	842	931
(F)Public Health Emergency Preparedness and Response (EA)	46,775	76,287	76,216
(A)Data Center Services	17	15	17
(A)Departmental Services	1	0	0
(A)Patient Safety	0	0	358
Subtotal	$ 120,641	$ 159,146	$ 160,256
Organ Donation	114	109	109
Diabetes Programs	443	426	426
(F)Diabetes Control	443	1,000	608
Subtotal	$ 886	$ 1,426	$ 1,034
Quality Assurance	14,863	15,367	16,864
(F)Medicare - Health Service Agency Certification	7,270	9,913	10,145
(F)Medicaid Certification	5,123	5,573	5,727
(F)Health Care Reform	0	4,150	4,150
(A)Publication Fees	14	21	14
Subtotal	$ 27,270	$ 35,024	$ 36,900
Vital Statistics	6,628	6,469	6,599
(F)Cooperative Health Statistics	1,399	1,418	1,420
(F)Health Statistics	834	292	66
(F)Traumatic Brain Injury	188	200	300
(A)Reimbursement for Microfilming	91	82	92
(A)Vital-Chek Surcharge	270	260	275
Subtotal	$ 9,410	$ 8,721	$ 8,752
State Laboratory	4,108	4,202	4,069
(F)Clinical Laboratory Improvement	597	748	657
(F)Epidemiology and Laboratory Surveillance and Response	1,332	1,482	1,358
(F)Bio-Terrorism Preparedness	84	0	0
(F)Environmental Biomonitoring	226	368	372
(A)Blood Lead Testing	0	13	0
(A)Blood Lead Specimen Testing	16	6	16
(A)Erythrocyte Protoporphyrin Testing	6	7	6
(A)Alcohol Proficiency Testing	61	62	61
(A)Drug Abuse Proficiency	139	140	139
(A)Licensure for Clinical Laboratories	262	268	262
(A)Low Volume Proficiency Testing	105	99	105
(A)Training Course Fees	1	1	1

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
(A)Bio-Terrorism Testing	1	0	0
Subtotal	$ 6,938	$ 7,396	$ 7,046
State Health Care Centers	**21,316**	**21,290**	**21,980**
(F)Disease Control Immunization	7,900	9,280	10,411
(F)PHHSBG - Block Program Services	3,679	3,679	3,679
(F)Preventive Health Special Projects	767	2,598	2,778
(F)Lake Erie Beach Monitoring	59	152	220
(F)Steps to a Healthier US	0	2,000	2,000
Subtotal	$ 33,721	$ 38,999	$ 41,068
Sexually Transmitted Disease Screening and Treatment	**2,310**	**2,195**	**2,195**
(F)Survey and Follow-Up - Sexually Transmitted Diseases	3,473	3,607	3,607
Subtotal	$ 5,783	$ 5,802	$ 5,802
Subtotal - State Funds	$ 79,293	$ 77,329	$ 79,444
Subtotal - Federal Funds	124,486	178,320	180,177
Subtotal - Augmentations	984	974	1,346
Total - General Government	$ 204,763	$ 256,623	$ 260,967
Grants and Subsidies:			
Newborn Screening	**$ 4,000**	**$ 4,000**	**$ 4,000**
Primary Health Care Practitioner	**4,630**	**4,630**	**4,630**
(F)Loan Repayment Program	242	312	312
(F)Rural Hospital Flexibility Program	355	523	537
Subtotal	$ 5,227	$ 5,465	$ 5,479
Cancer Programs	**3,112**	**2,085**	**2,085**
(F)Breast and Cervical Cancer Program	3,155	0	0
Subtotal	$ 6,267	$ 2,085	$ 2,085
AIDS Programs	**7,159**	**6,801**	**6,801**
(F)AIDS Health Education	3,495	2,020	2,121
(F)HIV Care	11,437	13,607	14,303
(F)Housing Opportunities for People with AIDS	1,575	1,655	1,765
Subtotal	$ 23,666	$ 24,083	$ 24,990
Regional Cancer Institutes	**2,000**	**2,000**	**2,000**
Rural Cancer Outreach	**200**	**0**	**0**
School District Health Services	**38,850**	**38,700**	**39,532**
Local Health Departments	**28,394**	**28,901**	**30,095**
Local Health - Environmental	**7,568**	**7,568**	**7,978**
Maternal and Child Health	**2,605**	**3,975**	**2,990**
(F)MCH Lead Poisoning Prevention and Abatement	2,403	1,786	2,009
(F)MCHSBG - Program Services	17,232	17,665	19,109
(F)Women, Infants and Children (WIC)	144,638	150,970	150,970
(F)Abstinence Education	3,640	4,277	625
(F)TANFBG - Abstinence Education	750	0	0
(F)Environmental Assessment - Child Lead Poisoning	234	234	234
(F)Family Health Special Projects	0	200	392
(F)Screening Newborns	121	219	219
(F)Newborn Hearing Screening & Intervention	250	420	350
(F)TANFBG - I Am Your Child Program	4,008	0	0
(F)Medicaid Outreach (EA)	10	10	0
(F)Children's Health Insurance Program (CHIP)(EA)	10	10	0
(A)Departmental Services	0	1	0
Subtotal	$ 175,901	$ 179,767	$ 176,898
Assistance to Drug and Alcohol Programs	**40,360**	**40,498**	**40,737**
(F)SABG - Drug and Alcohol Services	54,862	56,510	55,203
(F)Substance Abuse Special Project Grants	5,220	7,448	12,053

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
(F)DFSC - Special Programs for Student Assistance (EA)	1,125	1,125	1,125
(F)Substance Abuse - Terrorism Disaster Response (EA)	1,363	1,383	0
(F)DCSI - Adult Offender Treatment (EA)	357	108	498
(A)State Stores Fund Transfer	1,716	1,716	1,694
Subtotal	$ 105,003	$ 108,788	$ 111,310
Tuberculosis Screening and Treatment	**1,009**	**959**	**959**
(F)Tuberculosis Control Program	165	165	165
Subtotal	$ 1,174	$ 1,124	$ 1,124
Renal Dialysis	**8,555**	**9,722a**	**8,895**
Services for Children with Special Needs	**1,732**	**1,645**	**1,645**
Adult Cystic Fibrosis	**721**	**685**	**685**
Cooley's Anemia	**198**	**188**	**188**
Arthritis Outreach and Education	**250**	**238**	**238**
Hemophilia	**1,504**	**1,428**	**1,428**
Lupus	**200**	**200**	**200**
Sickle Cell	**1,903**	**1,808**	**1,808**
Hepatitis Screening and Prevention	**300**	**285**	**285**
(F)Viral Hepatitis	0	0	530
Regional Poison Control Centers	**1,250**	**1,225**	**1,225**
Trauma Programs Coordination	**300**	**285**	**285**
Rural Trauma Preparedness and Outreach	**200**	**0**	**0**
Epilepsy Support Services	**500**	**500**	**500**
Keystone State Games	**220**	**220**	**220**
Bio-Technology Research	**4,000**	**3,000**	**0**
Tourette Syndrome	**100**	**58**	**58**
Emergency Care Research	**1,500**	**1,500**	**0**
Newborn Hearing Screening	**445**	**435**	**435**
Osteoporosis Prevention and Education	**100**	**95**	**95**
Health Research and Services	**5,250**	**7,350**	**0**
Fox Chase Institute for Cancer Research	**801**	**776**	**776**
The Wistar Institute - Research: Operation and Maintenance	**221**	**214**	**214**
The Wistar Institute - Research: AIDS Research	**95**	**92**	**92**
Central Penn Oncology Group	**133**	**130**	**130**
Lancaster - Cleft Palate Clinic	**52**	**49**	**49**
Pittsburgh - Cleft Palate Clinic	**52**	**49**	**49**
Tay Sachs Disease - Jefferson Medical College	**52**	**49**	**49**
Burn Foundation	**430**	**418**	**418**
The Children's Institute, Pittsburgh	**908**	**781**	**781**
Children's Hospital of Philadelphia	**466**	**451**	**451**
Phila. Health & Educ Corp-Pediatric Outpatient & Inpatient	**736**	**712**	**712**
Phila. Health & Educ Corp -Med-Handicapped Children's Clinic	**155**	**149**	**149**
Subtotal - State Funds	$ 173,216	$ 174,854	$ 163,867
Subtotal - Federal Funds	256,647	260,647	262,520
Subtotal - Augmentations	1,716	1,717	1,694
Total - Grants and Subsidies	$ 431,579	$ 437,218	$ 428,081
STATE FUNDS	$ 252,509	$ 252,183	$ 243,311
FEDERAL FUNDS	381,133	438,967	442,697
AUGMENTATIONS	2,700	2,691	3,040
GENERAL FUND TOTAL	**$ 636,342**	**$ 693,841**	**$ 689,048**

TOBACCO SETTLEMENT FUND:

Grants and Subsidies:

Tobacco Use Prevention and Cessation (EA)	**$ 50,523**	**$ 51,797**	**$ 45,043**
Health Research - Health Priorities (EA)	**77,816**	**77,697**	**67,564**
Health Research - National Cancer Institute (EA)	**4,335**	**4,316**	**3,754**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Total - Grants and Subsidies	$ 132,674	$ 133,810	$ 116,361
TOBACCO SETTLEMENT FUND TOTAL	**$ 132,674**	**$ 133,810**	**$ 116,361**
OTHER FUNDS:			
EMERGENCY MEDICAL SERVICES OPERATING FUND:			
Emergency Medical Services	$ 10,457	$ 11,102	$ 13,033
Catastrophic Medical and Rehabilitation	3,000	3,000	3,000
EMERGENCY MEDICAL SERVICES OPERATING FUND TOTAL	**$ 13,457**	**$ 14,102**	**$ 16,033**
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND:			
Implementation Costs (EA)	$ 5	$ 5	$ 5
Hospital and Other Medical Costs (EA)	60	60	60
Grants to Certified Procurement Organizations (EA)	300	300	300
Project Make-A-Choice (EA)	90	90	90
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND TOTAL	**$ 455**	**$ 455**	**$ 455**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 252,509	$ 252,183	$ 243,311
SPECIAL FUNDS	132,674	133,810	116,361
FEDERAL FUNDS	381,133	438,967	442,697
AUGMENTATIONS	2,700	2,691	3,040
OTHER FUNDS	13,912	14,557	16,488
TOTAL ALL FUNDS	**$ 782,928**	**$ 842,208**	**$ 821,897**

[a] Includes recommended supplemental appropriation of $827,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
HEALTH SUPPORT SERVICES							
GENERAL FUND	$ 48,482	$ 46,840	$ 48,135	$ 48,132	$ 48,128	$ 48,119	$ 48,116
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	105,744	154,094	155,088	155,088	155,088	155,088	155,088
OTHER FUNDS	623	632	979	782	786	798	802
SUBCATEGORY TOTAL	$ 154,849	$ 201,566	$ 204,202	$ 204,002	$ 204,002	$ 204,005	$ 204,006
HEALTH RESEARCH							
GENERAL FUND	$ 21,071	$ 21,957	$ 10,237	$ 10,237	$ 10,237	$ 10,237	$ 10,237
SPECIAL FUNDS	82,151	82,013	71,318	67,938	67,389	66,773	67,428
FEDERAL FUNDS	2,864	2,910	2,394	2,394	2,394	2,394	2,394
OTHER FUNDS	361	342	367	367	367	367	367
SUBCATEGORY TOTAL	$ 106,447	$ 107,222	$ 84,316	$ 80,936	$ 80,387	$ 79,771	$ 80,426
PREVENTIVE HEALTH							
GENERAL FUND	$ 123,220	$ 122,926	$ 125,067	$ 125,067	$ 125,067	$ 125,067	$ 125,067
SPECIAL FUNDS	50,523	51,797	45,043	42,908	42,560	42,173	42,585
FEDERAL FUNDS	209,598	215,389	215,806	215,806	215,806	215,806	215,806
OTHER FUNDS	0	1	0	0	0	0	0
SUBCATEGORY TOTAL	$ 383,341	$ 390,113	$ 385,916	$ 383,781	$ 383,433	$ 383,046	$ 383,458
HEALTH TREATMENT SERVICES							
GENERAL FUND	$ 19,376	$ 19,962	$ 19,135	$ 19,135	$ 19,135	$ 19,135	$ 19,135
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	530	530	530	530	530
OTHER FUNDS	13,912	14,557	16,488	16,488	16,488	16,488	16,488
SUBCATEGORY TOTAL	$ 33,288	$ 34,519	$ 36,153	$ 36,153	$ 36,153	$ 36,153	$ 36,153
DRUG AND ALCOHOL ABUSE PREVENTION AND TREATMENT							
GENERAL FUND	$ 40,360	$ 40,498	$ 40,737	$ 40,737	$ 40,737	$ 40,737	$ 40,737
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	62,927	66,574	68,879	68,879	68,879	68,879	68,879
OTHER FUNDS	1,716	1,716	1,694	1,757	1,778	1,797	1,816
SUBCATEGORY TOTAL	$ 105,003	$ 108,788	$ 111,310	$ 111,373	$ 111,394	$ 111,413	$ 111,432
ALL PROGRAMS:							
GENERAL FUND	$ 252,509	$ 252,183	$ 243,311	$ 243,308	$ 243,304	$ 243,295	$ 243,292
SPECIAL FUNDS	132,674	133,810	116,361	110,846	109,949	108,946	110,013
FEDERAL FUNDS	381,133	438,967	442,697	442,697	442,697	442,697	442,697
OTHER FUNDS	16,612	17,248	19,528	19,394	19,419	19,450	19,473
DEPARTMENT TOTAL	$ 782,928	$ 842,208	$ 821,897	$ 816,245	$ 815,369	$ 814,388	$ 815,475

PROGRAM OBJECTIVE: To provide effective administration and support systems through which the substantive programs of the health delivery system and the department can be achieved.

Program: Health Support Services

Health Support Services provides administrative and technical systems which support disease prevention and treatment. Also included in this program are quality assurance activities and State Laboratory facilities.

The Bureau of Health Statistics and Research is the focal point in Pennsylvania for coordinating the collection, analysis and dissemination of health statistics and information. The bureau collects statistical information on the health status of the population including leading causes of death, life expectancy and infant mortality. The bureau responds to about 3,500 requests for services each year and conducts an annual survey of all hospitals, nursing homes and ambulatory surgery centers in Pennsylvania to obtain information on health resources and health services availability, utilization, staffing and patient characteristics. The Bureau operates several Statewide data collection systems/registries, such as the Behavioral Risk Factor Surveillance System, the Statewide Immunization Registry, and the Pennsylvania Cancer Registry. Many of the bureau's publications and statistics are available through the department's website.

The Bureau of Epidemiology administers studies related to the etiology, distribution and trends of major diseases. The department provides epidemiologic assessment of health problems that include environmental occupational hazards, health risk behaviors and life styles of the general public or selected populations. The department also provides professional consultation and technical support for other agencies, county health departments and local municipalities.

The Quality Assurance program conducts surveys and inspections of health care facilities, drug and alcohol programs, and intermediate care facilities to determine compliance with State and Federal standards and regulations and as a condition of receiving Federal Medicare and Medicaid financial support. The surveys determine compliance with various standards including sanitation, fire safety, health and level of care. If deficiencies are noted, a plan for correction is required and may be submitted via a web-based system. Facilities unable or unwilling to correct deficiencies according to a plan agreeable to the department are subject to various penalties. The public web component displays completed surveys for public access.

The frequency of inspections varies by type of facility as required by either State or Federal law or regulations. Initial inspections are conducted prior to issuances of licenses. Acute care hospitals are surveyed and licensed on a two-year cycle. Nursing homes are subject to annual inspections. Home health agencies are inspected on a flexible 12 to 36 month schedule; the frequency of inspections is based on the facility's history of compliance. Hospice agencies are inspected on-site every other year. Currently, ten percent of other outpatient facilities providing physical therapy, occupational therapy and speech therapy and rural health clinic services are inspected annually. Birth centers and pediatric extended care centers are also inspected annually. More frequent inspections are made in response to complaints or life-threatening situations.

The Bureau of Managed Care is responsible for oversight and regulation of managed care plans including health maintenance organizations (HMOs), gatekeeper preferred provider organizations (PPOs) and point of service (POS) products. It licenses new plans, ensures availability and accessibility of health services in plan "service areas" and monitors quality of care through periodic inspections and external quality reviews. It reviews and approves provider contracts and reimbursement methods. It licenses and oversees capitated dental plans (dental HMOs), traditional PPOs, nonprofit medical-surgical, vision, and dental plans (including Pennsylvania Blue Shield). Under Act 68 of 1998, the bureau certifies managed care utilization review organizations and monitors compliance with utilization review standards. The bureau also reviews complaints under Act 68 and coordinates third level grievance reviews conducted by certified external review entities.

The department operates the State Laboratory, which maintains a state of readiness to support the investigation of disease outbreaks or threats to the public health. The laboratory performs approximately 180,000 tests each year for diseases including HIV, rabies, hypothyroidism, blood lead, phenylketonuria, tuberculosis and maple syrup urine disease. The laboratory supports disease prevention through the provision of investigatory, diagnostic and confirmatory testing for both infectious and non-infectious diseases including the isolation of West Nile Virus (WNV) from mosquitoes and birds, and the provision for diagnosis of arbovirus infection (including WNV) in humans. The State Laboratory is designated by the Federal Bureau of Investigation as the primary laboratory for the detection and identification of bioterrorism agents. It establishes and monitors the performance standards for 8,000 clinical and physician office laboratories in the Commonwealth and recommends certification of clinical laboratories under the requirements of the Federal Clinical Laboratory Improvement Amendments.

Program: Health Support Services (continued)

The Federal Centers for Disease Control and Prevention (CDC) and the Health Resources and Services Administration (HRSA) have made funding available to the Department of Health to strengthen the public health infrastructure and enhance the ability to respond to terroristic biological/chemical attacks. The department created the Office of Public Health Preparedness and has developed a statewide plan for preparedness and response for terroristic events, infectious disease outbreaks, or other public health emergencies. Public health preparedness activities across the Commonwealth include upgrading infectious disease surveillance/investigation, expanding public health laboratory capacity, enhancing communications systems, and facilitating state and regional hospital preparedness planning and response efforts. The Office of Public Health Preparedness also acts as liaison for the Pennsylvania Emergency Management Agency (PEMA), the state Office of Homeland Security, and field public health and emergency preparedness specialists. The Public Health Preparedness Office works to strengthen public health emergency preparedness and response capabilities, professional training and public education.

The Office of Health Care Reform (OHCR) aims at improving access, affordability and quality by rejuvenating Pennsylvania State Government's approach to health care. The OHCR is responsible for the coordination of the health care reform agenda for Pennsylvania.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Health care facilities in Pennsylvania with required surveys completed:							
Hospitals (biennially)	115	115	115	115	115	115	115
Skilled and intermediate care nursing homes	744	744	744	744	744	744	744
Intermediate care facilities/MR	186	186	186	186	186	186	186
Home health agencies	364	364	364	364	364	364	364

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations

$ −148	—Initiative—Operational Efficiency. Savings from operational efficiencies.
−117	—Initiative—Operational Efficiency. Savings from utilizing special funds revenue for costs to comply with the Medical Care Availability and Reduction of Error Act.
196	—to continue current program.
$ −69	*Appropriation Decrease*

Quality Assurance

$ 1,497	—to continue current program.

State Laboratory

$ −225	—Initiative—Operational Efficiency. Savings from maximizing the use of Federal funds.
92	—to continue current program.
$ −133	*Appropriation Decrease*

This budget also recommends utilizing $358,000 from the Patient Safety Trust Fund for costs related to the Medicare Availability and Reduction of Error Act.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 29,511	$ 27,271	$ 27,202	$ 27,199	$ 27,195	$ 27,186	$ 27,183
Quality Assurance	14,863	15,367	16,864	16,864	16,864	16,864	16,864
State Laboratory	4,108	4,202	4,069	4,069	4,069	4,069	4,069
TOTAL GENERAL FUND	$ 48,482	$ 46,840	$ 48,135	$ 48,132	$ 48,128	$ 48,119	$ 48,116

PROGRAM OBJECTIVE: To develop better basic scientific knowledge of the nature of disease, illness and the environment which will improve the use of existing and new health resources.

Program: Health Research

The Division of Vital Records in the Bureau of Health Statistics and Research is the central repository for over 32 million records of births, deaths, and fetal deaths, which occur in the Commonwealth. Through automation of this operation, all Pennsylvania birth records from 1923 to the present are available through the department's computer system at all branch offices. The system processes more than 650,000 requests annually for certified copies of birth and death records for proof of age, citizenship, litigation and genealogy. This system assists in the detection of fraudulent record usage, child support and the report of missing children. Birth and death records are also available on microfilm for preservation and retrieval if required.

The bureau also operates the Commonwealth Universal Research Enhancement (CURE) program which was established under the Tobacco Settlement Act, Act 77 of 2001. The program provides funds to various research institutions across the State to support basic biomedical, clinical, health service, and other health research services to improve the health of all Pennsylvania citizens. Act 77 provided that funds will be used to focus on the health research priorities established by the department in conjunction with the Health Research Advisory Committee. The Health Research Program provides health research grants to Pennsylvania-based researchers, universities, medical schools, and other institutions.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Vital events (births, deaths, fetal deaths, marriages and divorces):							
Registered and processed	272,860	273,300	272,250	272,250	270,200	270,200	270,200
Percent registered and processed within 30 days	90%	90%	92%	92%	94%	94%	94%
Applications for certified copies of birth and death records filled	645,000	652,000	657,000	662,000	667,000	672,000	672,000
Tobacco-funded research:							
Research Institutions receiving formula grants*	37	39	39	39	39	39	39
Competitive grants awarded*	6	5	5	5	5	5	5

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND:

Vital Statistics

240 —to continue current program.

$ –110 —Initiative— Operational Efficiency. Savings from streamlining the birth registration process.

$ 130 *Appropriation Increase*

Bio-Technology Research

$ –3,000 —nonrecurring project.

Emergency Care Research

$ –1,500 —nonrecurring project

Health Research and Services

$ –7,350 —nonrecurring project.

TOBACCO SETTLEMENT FUND:

Health Research - Health Priorities

$ –10,133 —for medical research to address significant public health needs in biomedical, biological, behavioral and environmental health sciences and health services research based on revised estimated payments.

Health Research - National Cancer Institute

$ –562 —for medical research to address significant public health needs in biomedical, biological, behavioral and environmental health sciences and health services research based on revised estimated payments.

All other appropriations are recommended and the current year funding levels.

Program: Health Research (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Diabetes Programs	$ 443	$ 426	$ 426	$ 426	$ 426	$ 426	$ 426
Vital Statistics	6,628	6,469	6,599	6,599	6,599	6,599	6,599
Regional Cancer Institutes	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Bio-Technology Research	4,000	3,000	0	0	0	0	0
Emergency Care Research	1,500	1,500	0	0	0	0	0
Health Research and Services	5,250	7,350	0	0	0	0	0
Fox Chase Institute for Cancer Research	801	776	776	776	776	776	776
The Wistar Institute - Research: Operation and Maintenance	221	214	214	214	214	214	214
The Wistar Institute - Research: AIDS Research	95	92	92	92	92	92	92
Central Penn Oncology Group	133	130	130	130	130	130	130
TOTAL GENERAL FUND	$ 21,071	$ 21,957	$ 10,237	$ 10,237	$ 10,237	$ 10,237	$ 10,237
TOBACCO SETTLEMENT FUND:							
Health Research - Health Priorities (EA)	$ 77,816	$ 77,697	$ 67,564	$ 64,362	$ 63,842	$ 63,259	$ 63,879
Health Research - National Cancer Institute (EA)	4,335	4,316	3,754	3,576	3,547	3,514	3,549
TOTAL TOBACCO SETTLEMENT FUND	$ 82,151	$ 82,013	$ 71,318	$ 67,938	$ 67,389	$ 66,773	$ 67,428

PROGRAM OBJECTIVE: To reduce morbidity and mortality through the early detection of disease and health defects and the promotion of sound health practices and remedial care.

Program: Preventive Health

A key to the promotion of sound health practices is insuring that all Pennsylvanians are able to access a range of preventive health and early disease detection services. Outreach and education services facilitated by the Department of Health make people aware of the importance of sound health practices and the availability of services to meet their needs.

The department, through its network of six district offices, 57 State health centers, other public health clinical providers and 10 county and municipal health departments, provides a limited range of public health services. These programs include communicable disease tracking, investigation, intervention and control services, family health and chronic disease prevention, assessment and intervention services, and special environmental health services. The six county and four city health departments also provide a range of individual and environmental public health services within their jurisdictions and are funded through grants and contracts awarded by the department.

To improve the availability of health care in underserved rural and urban areas, the department has established grant programs which enhance the recruitment and retention of primary health care physicians, dentists, and other health professionals. Programs include grant awards to establish medical and dental clinics (which require matching funds), awards to increase the supply of dentists' student intern programs to provide clinic services, educational loan repayment and visa waivers for healthcare professionals practicing in designated shortage areas, and support for the stabilization of small rural hospitals.

In addition to these general activities to promote sound health practices, the department provides a variety of programs targeted to specific populations and diseases that represent significant health risks.

Program Element: Woman and Infant Programs

The department, through a maternal and child health outreach program called "Love 'em with a Checkup", addresses the problems of infant mortality and low birth weight. This outreach campaign alerts women to the importance of early prenatal care and primary care for children. It also provides information on access and appropriate use of health services including the Children's Health Insurance Program (CHIP) and Adult Basic Health Insurance.

The Genetics Program ensures access to genetic screening, education and counseling services for families. It encourages the assessment of patient genetic risks through primary health care providers and pays directly for testing and counseling services for eligible low-income patients. The program targets education and services to underserved populations and areas of the State. The Program, in conjunction with the Women, Infants and Children (WIC) Program, supports outreach activities to promote the intake of folic acid by women of child bearing years.

The Women, Infants, and Children (WIC) Program is a Federally-funded program administered by the department. It serves pregnant, breast-feeding, and postpartum women, infants, and children up to five years of age who are at risk due to medical conditions and/or inadequate diet and low income. The program supplies supplemental foods that are rich in nutrients frequently lacking in the diets of the target population. The program ensures that WIC participants receive routine health care, and that nutrition education and counseling are made available on a regular basis. Participants are also referred to other appropriate local medical, health and social services. Program benefits promote optimal pregnancy outcome, improve participant use of pediatric and obstetrical services and enhance early interventions into potential health problems.

In order to minimize severe health risks to infants, the department conducts a Newborn Screening Program that includes testing for Phenylketonuria (PKU), Hypothyroidism, Sickle Cell Disease, Maple Syrup Urine Disease (MSUD), Congenital Adrenal Hyperplasia (CAH), and Galactosemia. The department assures appropriate follow-up services for all newborns with abnormal or inconclusive test results. In addition, these newborns and their families are linked with treatment specialists who conduct diagnostic testing and coordinate the required care. The department also distributes specialized metabolic products Statewide for children and pregnant women with PKU or MSUD to lessen the adverse effects of those conditions.

The Newborn Hearing Screening and Intervention Program seeks to assure that all newborns are screened for hearing loss within the first 30 days, diagnosed within three months, and receive prescribed treatment or intervention services within six months of birth. The Department performs follow-up and tracking of infants not passing their follow-up re-screening to assure that appropriate assessment and evaluation are completed. The Sudden Infant Death Syndrome (SIDS) Program provides supportive services to families following a sudden infant death. Education regarding SIDS is provided to health professionals and others who normally interact with families following such a death.

The department facilitates a number of programs designed

Program: Preventive Health: (continued)

to help improve the health status of women. These programs include a Statewide breast and cervical cancer early detection program, an HIV and pregnancy initiative, and a sexually transmitted disease program targeted to chlamydia and gonorrhea.

The department supports a special smoking cessation program for pregnant women. This includes a promotional campaign advising health care and child care providers of the availability of self-help materials and training opportunities to help women quit smoking.

Program Element: Children's Programs

The department's Immunization Program provides immunizations to infants, children and adolescents to reduce the incidence of vaccine preventable diseases in the Commonwealth. While vaccinations are encouraged for all ages, special emphasis is placed on reaching children less than two years old. The program also coordinates the surveillance of vaccine preventable diseases, provides consultation during disease outbreaks, assesses immunization levels, conducts professional and public education programs, and initiates, processes, and evaluates the child care and school immunization reporting system. In addition, the program provides vaccine and guidance to school districts for the provision of hepatitis B, measles/mumps/rubella and varicella immunizations for school students. The department also promotes appropriate adult immunization services. These services range from assuring that older citizens and others with chronic illnesses have access to annual influenza and pneumococcal immunizations to providing information to fire companies, school districts, ambulance corps, correction officials, State Police and other public organizations with regard to the purchase of hepatitis B vaccine at reduced rates.

The health hazards of environmental lead are addressed through the department's Childhood Lead Poisoning Prevention Program. The program identifies children with, or at risk for, lead poisoning. It assures timely medical follow-up, environmental investigation and reduction of lead hazards in order to prevent adverse effects on intellectual functioning, behavior and overall health status attributable to lead exposure. Appropriate educational, medical and environmental follow-up is provided for the family of each child with a positive screening test result.

The School Health Program supports health services for all children who are attending elementary or secondary school, either public or private. The program reimburses 501 school districts and ten vocational technical schools for a portion of the costs associated with providing school nursing and dental services.

Program Element: Other Health Promotion and Disease and Injury Prevention Programs

The department ensures that all residents of the Commonwealth are served through an infectious disease epidemiological surveillance, investigation and control system. Reported cases of infectious diseases are investigated by the department to determine the infection source, transmission mode and control measures to prevent additional cases. The agency also provides a secure, confidential Statewide disease surveillance system. This computerized system compares incidence and prevalence rates and identifies risk factors. Disease trends are determined and corrective action recommended to abate or ameliorate public health risks. Diseases investigated range from giardiasis, hepatitis, salmonellosis, shigellosis, rabies and Lyme disease, to tuberculosis, AIDS, and the other prevalent sexually transmitted diseases.

Chronic disease control and injury prevention programs are increasing in light of the fact that chronic diseases and injuries and their associated risk factors are the leading causes of preventable morbidity and premature mortality within the Commonwealth.

The Cardiovascular Health Program promotes healthy active lifestyles through systems, policy, and environmental changes. These changes support the development of positive individual behaviors to reduce and control diabetes, hypertension and prevent heart disease and stroke. The Cancer Prevention and Control Program focuses on encouraging lifestyle changes to prevent the development of cancer and to support research, routine testing, screening, and early interventions to improve the chance of survival for those who have cancer.

The Injury Prevention Program is designed to reduce the incidence of unintentional injuries, violence, and injury-related fatalities through the development of surveillance systems, education programs for at-risk populations and training of health professionals. The department provides funding to ten county and municipal health departments and other providers to raise public awareness of childhood injuries, educate parents and caregivers about safer environments for children, and provide prevention programs on fire safety, poisoning, bicycle safety, falls, firearms storage, drowning, and violence prevention.

The Asthma Program provides education and information to persons with asthma, caregivers and health professionals that support the identification of triggers and self-management of asthma. The department's Acquired Immune Deficiency Syndrome (AIDS) programs are a coordinated strategy to prevent and change high-risk behaviors and provide resources and direction for sustaining preventive behavior and avoiding infection with the Human Immunodeficiency Virus (HIV). Emphasis is placed on enhancing local decision-making processes and targeting activities to local needs through seven regional planning coalitions, county/municipal health departments, and other providers. The program includes on-site training, both print

Program: Preventive Health: (continued)

and electronic public information services, community intervention projects for at-risk populations, and the provision of care, case management and supportive services for persons infected and affected by HIV/AIDS. Confidential and anonymous HIV testing and partner notification services are also provided at over 500 sites Statewide.

The goal of the Sexually Transmitted Disease (STD) Program is to reduce the incidence of syphilis, gonorrhea, chlamydia and other STDs. The STD Program supports a Statewide network of clinical service sites that offer testing, treatment and risk-reduction information, and conduct contact elicitation interviews and related investigative services. Special attention and follow-up is accorded to those age 15 and under who have an STD or who are sexual partners of persons who have an STD, and, in order to prevent medical complications among newborns, to pregnant women who have an STD or who are a sexual partner of persons who have an STD.

The Tuberculosis Control Program provides outpatient examination, diagnosis and appropriate treatment for persons with tuberculosis disease and infection. Key to preventing the spread of the disease is contact examination and treatment of latent tuberculosis infection in close contacts of infectious cases or other high-risk people.

The Oral Health Program assesses the status of the oral health of Pennsylvanians, and plans and implements strategies and programs to improve oral health. The program provides oral and dental health educational material primarily in schools and county health offices that are designed to encourage the prevention of tooth decay, periodontal (gum) disease and other oral diseases. The program also promotes the beneficial health effects of fluoridation of public water systems.

The department maintains a Statewide cancer registry to provide important information to better understand and address the cancer burden within the Commonwealth. Data describing the occurrence of cancer, types of cancer, extent of disease at the time of diagnosis, treatment and demographics are included in the registry database. Information derived through the cancer registry is used for planning and evaluating cancer control programs including cancer prevention and early detection, cancer research, surveillance, and special studies.

The department seeks to control the epidemic of disease, disability, and death related to the use of tobacco products by Pennsylvania residents. The goals of the agency are to change community norms through State-advised, community-driven systems that create environments where it is uncommon to see, use, and be negatively impacted by tobacco products and tobacco smoke pollution; and to reduce the consumption of tobacco to less than 12% by the year 2010.

Act 77 of 2001 established the Tobacco Settlement Fund and programs to improve the health of Pennsylvanians through research, and tobacco prevention and cessation programs. Grants are used to establish a Statewide comprehensive tobacco use prevention and cessation program consistent with best practices as defined by the Federal Centers for Disease Control and Prevention's Best Practices for Comprehensive Tobacco Control Programs. These include community programs to reduce tobacco use, chronic disease programs to reduce the burden of tobacco related diseases, school programs, enforcement, Statewide programs, counter marketing, cessation programs, surveillance and evaluation, and administration and management. Those contractors also survey establishments to determine compliance with the Clean Indoor Air Law and encourage them to become smoke free. Seventy percent of the funds go to "primary contractors" (lead agencies) at the local level to develop, implement and monitor programs in all 67 counties. Thirty percent of the funds go towards programs administered at the State level.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Women and children's programs:							
Percent low birth weight live births	8.2%	7.9%	7.9%	8.0%	8.0%	8.1%	8.1%
Average number of persons participating in women, infants and children (WIC) programs each month	225,000	235,000	235,000	235,000	235,000	235,000	235,000
Other communicable disease programs:							
HIV tests at publicly-funded sites	51,200	53,000	53,500	54,000	54,500	55,000	55,500
Percentage of persons screened found with gonorrhea	1.9%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%

HIV tests at publicly-funded sites increase from the projections shown in last year's budget due to the expansion of service provider locations that provide services to at-risk populations.

Percentage of persons screened found with gonorrhea increased in 2002-03 from the projection shown in last year's budget as a result of enhanced screening activities.

Program: Preventive Health: (continued)

Program Measures: (continued)	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Communicable disease incidences reported:							
Gonorrhea	12,884	12,820	12,756	12,692	12,692	12,500	12,500
Infectious Syphilis	112	88	70	68	66	64	62
AIDS	1,083	900	825	775	696	696	696
Primary care physicians receiving loan repayment forgiveness	104	100	100	100	100	100	100
Cancer abstracts received	108,000	110,000	115,000	120,000	120,000	120,000	120,000
Tobacco Prevention and Cessation Contacts to the Statewide tobacco cessation and prevention counseling information line	10,601	16,000	18,000	20,000	21,000	22,000	23,000
Percentage of adults who smoke	24.5%	24.0%	23.0%	22.0%	21.0%	20.0%	19.0%
Percentage of high school students who smoke	36%	28%	28%	28%	28%	28%	28%

Incidents of infectious syphilis reported increased in 2002-03 from the projection shown in last year's budget due to an outbreak of the disease.

Contacts to the Statewide tobacco cessation and prevention counseling information line increase in the projections shown in last year's budget based on the free quitline's launch during June of 2002 . .

Percentage of adults who smoke increased from the projections shown in last year's budget as a result of corrected data results.

Percentage of high school students who smoke increased for 2002-03 and beyond from the projections shown in last year's budget based on actual data.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND:

State Health Care Centers

$ –250 —Initiative—Operational Efficiency. Savings from maximizing the use of Federal funds.

940 —to continue current program.

$ 690 *Appropriation Increase*

School District Health Services

$ 832 —based on normal fluctuations in attendance and audit payments.

Local Health Departments

$ 1,194 —increased costs based on current population and local budget projections.

Local Health - Environmental

$ 410 —increased costs based on current population and local budget projections.

Maternal and Child Health

$ –985 —nonrecurring Federal match requirements.

TOBACCO SETTLEMENT FUND:

Tobacco Use Prevention and Cessation

$ –6,754 —to continue the program to encourage prevention and cessation of tobacco use based on estimated payments.

All other appropriations are recommended at the current year funding levels.

Program: Preventive Health: (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
State Health Care Centers	$ 21,316	$ 21,290	$ 21,980	$ 21,980	$ 21,980	$ 21,980	21,980
Sexually Transmitted Disease Screening and Treatment	2,310	2,195	2,195	2,195	2,195	2,195	2,195
Newborn Screening	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Primary Health Care Practitioner	4,630	4,630	4,630	4,630	4,630	4,630	4,630
Cancer Programs	3,112	2,085	2,085	2,085	2,085	2,085	2,085
AIDS Programs	7,159	6,801	6,801	6,801	6,801	6,801	6,801
Rural Cancer Outreach	200	0	0	0	0	0	0
School District Health Services	38,850	38,700	39,532	39,532	39,532	39,532	39,532
Local Health Departments	28,394	28,901	30,095	30,095	30,095	30,095	30,095
Local Health - Environmental	7,568	7,568	7,978	7,978	7,978	7,978	7,978
Maternal and Child Health	2,605	3,975	2,990	2,990	2,990	2,990	2,990
Tuberculosis Screening and Treatment	1,009	959	959	959	959	959	959
Arthritis Outreach and Education	250	238	238	238	238	238	238
Hepatitis Screening and Prevention	300	285	285	285	285	285	285
Rural Trauma Preparedness and Outreach	200	0	0	0	0	0	0
Epilepsy Support Services	500	500	500	500	500	500	500
Keystone State Games	220	220	220	220	220	220	220
Newborn Hearing Screening	445	435	435	435	435	435	435
Osteoporosis Prevention and Education	100	95	95	95	95	95	95
Tay Sachs Disease - Jefferson Medical College	52	49	49	49	49	49	49
TOTAL GENERAL FUND	$ 123,220	$ 122,926	$ 125,067	$ 125,067	$ 125,067	$ 125,067	$ 125,067
TOBACCO SETTLEMENT FUND:							
Tobacco Use Prevention and Cessation (EA)	$ 50,523	$ 51,797	$ 45,043	$ 42,908	$ 42,560	$ 42,173	$ 42,585

PROGRAM OBJECTIVE: To maximize the individual's capacity for independent living through the provision of an array of service and support programs.

Program: Health Treatment Services

The department has the responsibility of coordinating a variety of specialized medical services for Commonwealth patients. The department also pays for these services in cases where all other available resources, including Medical Assistance and the Children's Health Insurance Program (CHIP), have been utilized.

Program Element: Inpatient Services

One of the principal concerns of patient management is to provide treatment services at the least expensive level of care while remaining consistent with standards of good medical practice. Inpatient hospital and nursing care is provided for only the most acute medical conditions that require the facilities and services available in an inpatient setting. Because inpatient care is very expensive, programs providing this type of care have imposed strict controls on admissions and, where possible, are using outpatient services in lieu of hospital admissions. Inpatient care is provided for the treatment of tuberculosis, cleft palate, cystic fibrosis, spina bifida, children's cardiac conditions, speech and hearing problems, and orthopedic conditions.

Program Element: Outpatient Services

Outpatient treatment services are more economical and cost-effective than inpatient care and are utilized whenever possible to provide needed treatment services for chronic diseases (including respiratory), physical rehabilitation and reconstruction, catastrophic blood disorders and acute conditions.

Clinical services are offered in a variety of settings, including State and community health centers, family planning clinics and practicing physicians' offices. Minors may seek and receive care under the treatment of minors provisions of the Disease Prevention and Control Law.

The Bureau of Family Health facilitates connections to service for children with special needs through its Special Kids Network (SKN). SKN provides families and health care providers with information about more than 10,000 local, regional, and Statewide resources that serve these children. The network is coordinated by a Statewide contractor and implemented by six regional contractors located in the department's six health districts. A family consultant is located in each of Pennsylvania's four tertiary children's hospitals to assist and advocate for families as they access services. This consultant links families to the SKN for information and referral to local services.

The Comprehensive Specialty Care programs provide children and adults with a variety of services including diagnosis, direct medical care, case management, comprehensive evaluations, rehabilitative services including, pharmaceuticals, and blood products for certain health conditions. In a joint effort to improve utilization of State funds, individuals who appear to be eligible for Medical Assistance and CHIP are referred to the appropriate program.

Medical payment services are available for the following conditions: cardiac, child rehabilitation, cleft palate, hearing and speech impairment, orthopedic, ventilator dependency, cystic fibrosis, spina bifida and hemophilia.

The home ventilator program provides Statewide case management and support services to children with chronic respiratory failure who are ventilator dependent, allowing them to receive life-support equipment and nursing care in their homes.

The Hemophilia Program utilizes nine specialized centers to provide comprehensive evaluation, rehabilitation services and blood products for outpatient or home use. Patients must be registered with a center to receive these benefits and must ensure that third party resources are used before State program funds are expended.

Sickle Cell disease (SCD) is a genetically determined red blood cell disorder which occurs most frequently in the African-American population. Comprehensive medical and psychosocial services are available to patients at different service sites.

The Adult Cystic Fibrosis Program provides comprehensive treatment and care coordination to an increasing number of adults who survive this chronic childhood condition.

The Chronic Renal Disease Program provides dialysis, kidney transplant, drugs, certain physician fees, medical supplies and transportation services to persons with chronic renal failure. The department's Health Promotion Program conducts a public information and education program to encourage organ and tissue donation as one means of managing this disease and increasing the quality of life.

The department is the lead agency for the Commonwealth emergency medical services system as defined in Act 45 of 1985 known as the Emergency Medical Services Act. This includes planning, developing, implementing and evaluating the system (including emergency preparedness and response) through sixteen regional councils and a Statewide advisory council. This program is responsible for licensure of ambulances, medical command facility accreditation, medical command physician recognition, training institute accreditation, certification of prehospital practitioners and distribution of funding. With the passage of prehospital "Do Not

Program: Health Treatment Services (continued)

Resuscitate" (DNR) legislation, regulations and implementation of the DNR program are managed through the program as well.

The Head Injury Program provides case management services and post-acute head injury rehabilitation services to individuals with traumatic head injury. Services are provided through contractual agreements with regional case managers and head injury rehabilitation providers in the Commonwealth. Funding is made available through the Emergency Medical Services Operating Fund included in the Special Fund Appendix.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Minimum number of children and adults receiving outpatient treatment through department supported programs:							
Hemophilia	1,106	1,106	1,106	1,106	1,106	1,106	1,106
Phenylketonuria, Maple Syrup Urine Disease, Galactosemia	750	793	836	879	922	965	965
Renal disease	7,500	7,575	7,651	7,727	7,804	7,883	7,961
Cooley's Anemia	43	43	43	43	43	43	43
Sickle Cell Disease	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Spina Bifida	1,455	1,455	1,455	1,455	1,455	1,455	1,455
Home Ventilators	196	196	196	196	196	196	196
Children's rehabilitative services	2,310	2,310	2,310	2,310	2,310	2,310	2,310

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND:
Renal Dialysis

$ –827 —program efficiencies.

All appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Organ Donation	$ 114	$ 109	$ 109	$ 109	$ 109	$ 109	$ 109
Renal Dialysis	8,555	9,722	8,895	8,895	8,895	8,895	8,895
Services for Children with Special Needs	1,732	1,645	1,645	1,645	1,645	1,645	1,645
Adult Cystic Fibrosis	721	685	685	685	685	685	685
Cooley's Anemia	198	188	188	188	188	188	188
Hemophilia	1,504	1,428	1,428	1,428	1,428	1,428	1,428
Lupus	200	200	200	200	200	200	200
Sickle Cell	1,903	1,808	1,808	1,808	1,808	1,808	1,808
Regional Poison Control Centers	1,250	1,225	1,225	1,225	1,225	1,225	1,225
Trauma Programs Coordination	300	285	285	285	285	285	285
Tourette Syndrome	100	58	58	58	58	58	58
Lancaster - Cleft Palate Clinic	52	49	49	49	49	49	49
Pittsburgh - Cleft Palate Clinic	52	49	49	49	49	49	49
Burn Foundation	430	418	418	418	418	418	418
The Children's Institute, Pittsburgh	908	781	781	781	781	781	781
Children's Hospital of Philadelphia	466	451	451	451	451	451	451
Phila. Health & Educ Corp-Pediatric Outpatient & Inpatient	736	712	712	712	712	712	712
Phila. Health & Educ Corp -Med-Handicapped Children's Clinic	155	149	149	149	149	149	149
TOTAL GENERAL FUND	$ 19,376	$ 19,962	$ 19,135	$ 19,135	$ 19,135	$ 19,135	$ 19,135

PROGRAM OBJECTIVE: To provide education, intervention and treatment programs to reduce drug and alcohol abuse and dependency.

Program: Drug and Alcohol Abuse Prevention and Treatment

This program provides counties with funding to provide drug and alcohol services for Pennsylvanians who do not have insurance or resources to pay for treatment. Single County Authorities (SCA) prepare prevention, intervention and treatment plans tailored to the needs of their respective geographic areas. The department approves these plans and formulates a Statewide plan based on those findings.

Statewide prevention programs provide current information on the effects of drugs and alcohol and assists individuals in developing or improving skills that will enable them to choose a lifestyle free of substance abuse. This is done through educational sessions, workshops, media presentations and an information clearinghouse operated by the department. Primary emphasis has been given to youth, and a special curriculum is now used in all school districts to address drug and alcohol problems.

Intervention services provide support to those individuals affected by drug or alcohol problems. Services include information hotlines, drop-in centers, alcohol safety programs and employee assistance programs. The Student Assistance Program (SAP), which encompasses all 501 Commonwealth school districts, provides school personnel with the knowledge and skills needed to identify students using alcohol or drugs. Students are referred to professional evaluators and, if needed, receive treatment services. Special services are designed to divert certain criminal offenders into rehabilitation programs.

Treatment services are funded in hospitals, prisons, shelters, residential units and outpatient programs. Treatment often consists of short-term detoxification followed by a longer term rehabilitation. Most inpatient services are rendered in a nonhospital setting. Outpatient services may follow discharge from a residential program; however, many persons receive their initial treatment in an outpatient setting. Typically, admissions to treatment are approximately 59 percent drug related and 41 percent alcohol related. Males represent 69 percent of all treatment admissions. After alcohol, the second most predominant drug abuse problem is heroin use. Multiple drug use is also a significant problem.

Drug and alcohol education and training programs are provided for substance abuse and human services professionals. Issues such as prevention, intervention and treatment are addressed through a variety of educational initiatives. This program is accompanied by Federal Drug and Alcohol programs totaling over $68 million.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
School personnel trained by Student Assistance Program	11,100	11,100	11,100	11,100	11,100	11,100	11,100
Students referred for assistance by Student Assistance Program	14,562	14,708	14,855	15,003	15,153	15,305	15,458
Treatment Services:							
Residential programs licensed/approved	291	294	297	300	303	306	309
Outpatient programs licensed/approved	646	652	659	666	672	679	686
Patients enrolled in treatment:							
Male	49,403	50,020	50,645	51,278	51,918	52,566	53,223
Female	21,844	21,939	22,033	22,126	22,220	22,313	22,404
Admissions with primary diagnosis:							
Drug abuse	42,125	42,546	42,971	43,400	43,834	44,272	44,714
Alcohol abuse	29,122	29,413	29,707	30,004	30,304	30,607	30,913
Percent of admissions completing treatment	40%	41%	42%	43%	44%	45%	46%

Percent of admissions completing treatment increases from last year's budget as a result of the use of standardized placement and assessment instruments and the case management of clients

Program: Drug and Alcohol Abuse Prevention and Treatment (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	Assistance to Drug and Alcohol Programs
$ 239	—to match Federal funds for Re-entry of Women Offenders with Dependent Children grant.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Assistance to Drug and Alcohol Programs	$ 40,360	$ 40,498	$ 40,737	$ 40,737	$ 40,737	$ 40,737	$ 40,737

HIGHER EDUCATION ASSISTANCE AGENCY

The mission of the Higher Education Assistance Agency is to provide financial aid to higher education students in the form of grants, loans and employment opportunities through the coordination of State and Federal aid programs. In addition, the agency provides Institutional Assistance Grants to private institutions enrolling students who participate in the State Grant Program.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
Grants and Subsidies:			
Grants to Students-transfer to Higher Ed. Assist. Fund	$ 347,911	$ 347,911	$ 356,609
(F)Byrd Scholarships (EA)	1,664	1,664	1,672
(F)TANFBG - Education Opportunities	1,500	1,500	1,500
Matching Payments-transfer to Higher Ed. Assist. Fund	14,472	14,472	14,122
Institutional Assistance-transfer to Higher Ed. Assist. Fund	40,460	38,437	39,110
Bond-Hill Scholarship-transfer to Higher Ed. Assist. Fund	750	750	750
Agricultural Loan Forgiveness-transfer to Higher Ed. Fund	284	210	85
SciTech Scholarships-transfer to Higher Ed. Assist. Fund	6,200	3,100	3,100
SciTech-Administration transfer to Higher Ed. Assist. Fund	661	661	0
Cheyney Keystone Academy-transfer to Higher Ed. Assist. Fund	2,100	2,100	2,000
Pennsylvania Internship Program Grants--transfer to PHEAA	0	200	0
Subtotal - State Funds	$ 412,838	$ 407,841	$ 415,776
Subtotal - Federal Funds	3,164	3,164	3,172
Total - Grants and Subsidies	$ 416,002	$ 411,005	$ 418,948
STATE FUNDS	$ 412,838	$ 407,841	$ 415,776
FEDERAL FUNDS	3,164	3,164	3,172
GENERAL FUND TOTAL	**$ 416,002**	**$ 411,005**	**$ 418,948**
OTHER FUNDS:			
HIGHER EDUCATION ASSISTANCE FUND:			
Guaranteed Agency Operating Fund	$ 84,144	$ 92,446	$ 93,352
Default Reduction Account	691	835	860
Contract Servicing	127,713	131,994	135,954
Robert Byrd Scholarships	1,663	1,669	1,672
State Student Incentive Grant	4,699	4,680	4,680
Transfers Augmenting Appropriations	2,958	3,728	3,688
Primary Health Care	1,120	1,256	1,384
Tobacco Settlement Funds	241	347	275
Temporary Aid to Needy Families (TANF)	1,288	1,807	1,502
Administration Augmentations	27,594	28,485	29,339
Miscellaneous	742	7	7
Christa McAuliffe Scholarship	103	0	0
Gear Up	1,252	1,282	1,288
HIGHER EDUCATION ASSISTANCE FUND TOTAL	**$ 254,208**	**$ 268,536**	**$ 274,001**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 412,838	$ 407,841	$ 415,776
SPECIAL FUNDS	0	0	0
FEDERAL FUNDS	3,164	3,164	3,172
OTHER FUNDS	254,208	268,536	274,001
TOTAL ALL FUNDS	**$ 670,210**	**$ 679,541**	**$ 692,949**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
FINANCIAL ASSISTANCE TO STUDENTS							
GENERAL FUND	$ 372,378	$ 369,404	$ 376,666	$ 376,666	$ 376,666	$ 376,666	$ 376,666
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	3,164	3,164	3,172	3,172	3,172	3,172	3,172
OTHER FUNDS	254,208	268,536	274,001	274,001	274,001	274,001	274,001
SUBCATEGORY TOTAL	$ 629,750	$ 641,104	$ 653,839	$ 653,839	$ 653,839	$ 653,839	$ 653,839
FINANCIAL AID TO INSTITUTIONS							
GENERAL FUND	$ 40,460	$ 38,437	$ 39,110	$ 39,110	$ 39,110	$ 39,110	$ 39,110
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	$ 40,460	$ 38,437	$ 39,110	$ 39,110	$ 39,110	$ 39,110	$ 39,110
ALL PROGRAMS:							
GENERAL FUND	$ 412,838	$ 407,841	$ 415,776	$ 415,776	$ 415,776	$ 415,776	$ 415,776
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	3,164	3,164	3,172	3,172	3,172	3,172	3,172
OTHER FUNDS	254,208	268,536	274,001	274,001	274,001	274,001	274,001
DEPARTMENT TOTAL	$ 670,210	$ 679,541	$ 692,949	$ 692,949	$ 692,949	$ 692,949	$ 692,949

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 three financial assistance programs to students in the form of grants, work study awards and guaranteed student loans. Disbursements for the various financial assistance programs are made by PHEAA from its Higher Education Assistance Fund. All General Fund appropriations are transferred to PHEAA's Higher Education Assistance Fund prior to distribution to students and institutions. The Higher Education Assistance Fund is shown in the Special Funds Appendix.

Direct grants to students are funded by an annual appropriation from the General Fund, interest earnings from the deposit of that appropriation in the Higher Education Assistance Fund and Federal Leveraging Educational Assistance Partnership (LEAP) Grant funds. The PHEAA Board annually determines by regulation the distribution of funds to applicants on criteria including family income, family size and the cost of the institution the student will be attending.

The objective of the program is to reduce financial barriers and thereby provide access to higher education for all Commonwealth residents and, within the limits of the resources available, help to provide freedom of choice between public colleges and universities and private universities, colleges and postsecondary schools.

The Federal Family Education Loan Program (FFELP), established by the Federal Government and administered by PHEAA, enables students to secure long-term loans from lending institutions. PHEAA includes in this program funds for parents to obtain loans for the education of their children.

The SciTech and Technology Scholarships Program provides grants to eligible Pennsylvania students who are enrolled in an approved postsecondary science or technology curriculum. Students participating in this program must maintain the grade point average required and must also meet the post-graduation work requirement.

The Matching Funds Program provides funds to match Federal and other funds for Perkins Loans, Match Grants and Work-Study awards which students earn through several on-campus and off-campus job opportunities and for activities related to the professional development of financial aid personnel. The On-Campus Jobs Program generally provides employment in campus services; off-campus jobs place students in career and course of study related work in local communities.

The Horace Mann Bond-Leslie Pinckney Hill Scholarship Program (formerly the Equal Opportunity Professional Education Program) provides grants to graduates of Lincoln University and Cheyney University of Pennsylvania who enter the professional programs of law, medicine, or dentistry at Temple University, the Pennsylvania State University or the University of Pittsburgh.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Grants to Students:							
Applications for grants	442,370	468,120	491,990	517,080	543,450	571,170	600,300
Applications complete and needs tested for eligibility	254,340	271,610	285,460	300,020	315,320	331,400	348,300
Eligible applicants—meeting qualifications	167,820	176,190	185,180	194,620	204,550	214,980	225,940
Eligible applicants not enrolled at a college/university	15,600	16,710	17,570	18,460	19,410	20,400	21,440
Eligible applicants enrolled and accepting grants	152,220	159,480	167,610	176,160	185,140	194,580	204,500
Grant amount as percent of applicants total educational cost	13.6%	12.5%	12.3%	12.1%	11.9%	11.7%	11.5%
Students receiving SciTech Scholarships	4,888	4,121	2,000	2,000	2,000	2,000	2,000
Work Study:							
Students assisted by Federal, State and private funds	64,957	63,400	64,000	64,650	65,300	66,000	66,700
Student work study earnings (in millions)	$70.3	$67.5	$68.2	$68.9	$69.6	$70.3	$71.0
Student Loans:							
Federally guaranteed loans	783,671	806,611	806,201	875,793	945,677	1,015,741	1,086,224

Students receiving SciTech Scholarships are in addition to the students in the Grants to Students program.

Program: Financial Assistance to Students (continued)

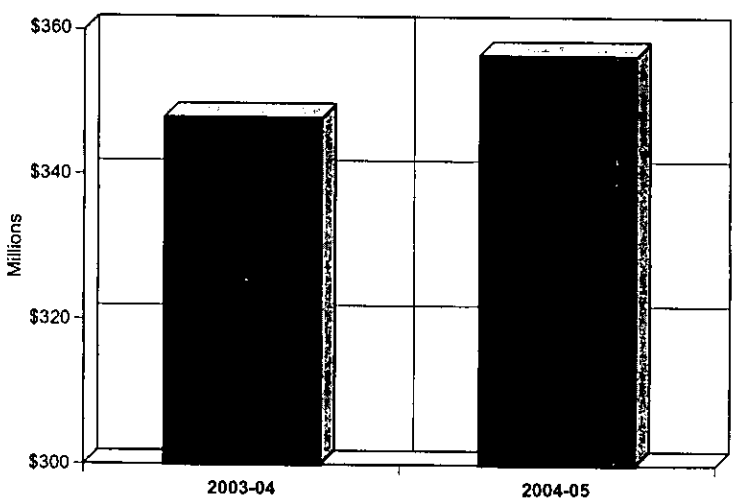
Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

$ 8,698	**Grants to Students** —to continue current program.	
$ -350	**Matching Payments for Student Aid Funds** —to continue current program.	
$ -125	**Agricultural Loan Forgiveness** —to continue current program.	
$ -661	**SciTech and Technology Scholarships—Administration** —nonrecurring cost.	
$ -100	**Cheyney Keystone Academy** —to continue current program.	
$ -200	**Pennsylvania Internship Program Grants** —nonrecurring program.	

All other appropriations are recommended at the current year funding levels.

Grants to Students



This budget recommends increasing funding for grants to students by nearly $8.7 million, or 2.5%, to over $356.6 million.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Grants to Students-transfer to Higher Ed. Assist. Fund	$ 347,911	$ 347,911	$ 356,609	$ 356,609	$ 356,609	$ 356,609	$ 356,609
Matching Payments-transfer to Higher Ed. Assist. Fund	14,472	14,472	14,122	14,122	14,122	14,122	14,122
Bond-Hill Scholarship-transfer to Higher Ed. Assist. Fund	750	750	750	750	750	750	750
Agricultural Loan Forgiveness-transfer to Higher Ed. Fund	284	210	85	85	85	85	85
SciTech Scholarships-transfer to Higher Ed. Assist. Fund	6,200	3,100	3,100	3,100	3,100	3,100	3,100
SciTech-Administration transfer to Higher Ed. Assist. Fund	661	661	0	0	0	0	0
Cheyney Keystone Academy-transfer to Higher Ed. Assist. Fund	2,100	2,100	2,000	2,000	2,000	2,000	2,000
Pennsylvania Internship Program Grants —transfer to PHEAA	0	200	0	0	0	0	0
TOTAL GENERAL FUND	$ 372,378	$ 369,404	$ 376,666	$ 376,666	$ 376,666	$ 376,666	$ 376,666

PROGRAM OBJECTIVE: To assist independent post-secondary institutions to maintain enrollments and stabilize their educational costs thereby promoting access to institutions in all sectors for Pennsylvania students.

Program: Financial Aid to Institutions

The Institutional Assistance Grants Program, which began in 1974, provides grants to assist independent post-secondary institutions that are nonprofit, nondenominational and non-recipients of direct State appropriations.

The appropriated funds provide equal per capita grants to the schools based on the number of student grant recipients enrolled during the academic year. Eighty-four institutions are expected to participate in the 2004-05 program.

The program helps to preserve and develop the diverse system of higher education in Pennsylvania by allowing private colleges and universities to stabilize their educational costs and maintain enrollments. It recognizes the desirability of helping independent institutions remain fiscally sound and serves to promote full student access to institutions in all sectors by assisting student attendance at Pennsylvania's independent colleges and universities.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Eligible grant recipients enrolled at eligible independent institutions	39,306	40,450	40,450	40,450	40,450	40,450	40,450
Per capita grant	$1,033	$953	$967	$967	$967	$967	$967

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	Institutional Assistance Grants
$ 673	—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Institutional Assistance-transfer to Higher Education Assistance Fund	$ 40,460	$ 38,437	$ 39,110	$ 39,110	$ 39,110	$ 39,110	$ 39,110

HISTORICAL AND MUSEUM COMMISSION

The mission of the Historical and Museum Commission is to preserve the Commonwealth's past through leadership, stewardship and service. The commission believes that future generations will be strengthened and inspired by the ideals and traditions of Pennsylvania's heritage.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ 23,870	$ 23,682	$ 23,719
(F)Historic Preservation	1,260	1,260	1,000
(F)National Historic Publications and Records (EA)	0	24	0
(F)National Historic Publications and Records	150	0	0
(F)Delaware & Lehigh Canal Partnership Program	0	350	100
(F)Save Our Treasures (EA)	0	165	0
(F)Save Our Treasures	200	0	0
(F)Save Our Treasures - Archives (EA)	0	53	0
(F)Save Our Treasures - Archives	53	0	0
(F)Surface Mining Review	126	125	125
(F)Environmental Review	145	150	150
(F)Railroad Museum Improvement (EA)	289	524	500
(F)Pennsylvania Archaeology (EA)	16	0	0
(F)Explore PA History (EA)	50	0	0
(A)Historic Preservation Fund	550	215	195
(A)PA Turnpike Commission	0	10	10
(A)Architectural Services	4	5	5
(A)Keystone Recreation, Park & Conservation Fund	300	200	200
Subtotal	$ 27,013	$ 26,763	$ 26,004
Maintenance Program	**1,864**	**1,000**	**1,000**
Subtotal - State Funds	$ 25,734	$ 24,682	$ 24,719
Subtotal - Federal Funds	2,289	2,651	1,875
Subtotal - Augmentations	854	430	410
Total - General Government	$ 28,877	$ 27,763	$ 27,004
Grants and Subsidies:			
Museum Assistance Grants	$ 4,373	$ 6,000	$ 4,135
Regional History Centers	200	0	0
University of Pennsylvania Museum	231	225	225
Carnegie Museum of Natural History	231	225	225
Carnegie Science Center	231	225	225
Franklin Institute Science Museum	699	680	500
Academy of Natural Sciences	428	416	416
African American Museum in Philadelphia	326	317	317
Everhart Museum	42	42	42
Mercer Museum	178	172	172
Whitaker Center for Science and the Arts	128	124	124
Total - Grants and Subsidies	$ 7,067	$ 8,426	$ 6,381
STATE FUNDS	$ 32,801	$ 33,108	$ 31,100
FEDERAL FUNDS	2,289	2,651	1,875
AUGMENTATIONS	854	430	410
GENERAL FUND TOTAL	**$ 35,944**	**$ 36,189**	**$ 33,385**
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
Grants and Subsidies:			
Historic Site Development - Realty Transfer Tax (EA)	**$ 12,330**	**$ 12,416**	**$ 9,016**
OTHER FUNDS:			
GENERAL FUND:			
Historical Preservation Act of 1966 (F)	$ 117	$ 110	$ 80

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
HISTORICAL PRESERVATION FUND:			
Historical Preservation Fund	$ 2,866 a	$ 3,305 a	$ 3,305 a
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 32,801	$ 33,108	$ 31,100
SPECIAL FUNDS	12,330	12,416	9,016
FEDERAL FUNDS	2,289	2,651	1,875
AUGMENTATIONS	854	430	410
OTHER FUNDS	2,983	3,415	3,385
TOTAL ALL FUNDS	**$ 51,257**	**$ 52,020**	**$ 45,786**

[a] Not added to the total to avoid double counting: 2002-03 Actual is $550,000, 2003-04 Available is $215,000, and 2004-05 Budget is $195,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
STATE HISTORIC PRESERVATION							
GENERAL FUND	$ 25,734	$ 24,682	$ 24,719	$ 24,719	$ 24,719	$ 24,719	$ 24,719
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	2,289	2,651	1,875	1,875	1,875	1,875	1,875
OTHER FUNDS	3,837	3,845	3,795	3,795	3,795	3,795	3,795
SUBCATEGORY TOTAL	$ 31,860	$ 31,178	$ 30,389	$ 30,389	$ 30,389	$ 30,389	$ 30,389
MUSEUM ASSISTANCE							
GENERAL FUND	$ 7,067	$ 8,426	$ 6,381	$ 6,381	$ 6,381	$ 6,381	$ 6,381
SPECIAL FUNDS	12,330	12,416	9,016	8,969	9,008	9,476	9,983
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 19,397	$ 20,842	$ 15,397	$ 15,350	$ 15,389	$ 15,857	$ 16,364
ALL PROGRAMS:							
GENERAL FUND	$ 32,801	$ 33,108	$ 31,100	$ 31,100	$ 31,100	$ 31,100	$ 31,100
SPECIAL FUNDS	12,330	12,416	9,016	8,969	9,008	9,476	9,983
FEDERAL FUNDS	2,289	2,651	1,875	1,875	1,875	1,875	1,875
OTHER FUNDS	3,837	3,845	3,795	3,795	3,795	3,795	3,795
DEPARTMENT TOTAL	$ 51,257	$ 52,020	$ 45,786	$ 45,739	$ 45,778	$ 46,246	$ 46,753

PROGRAM OBJECTIVE: To manage and safeguard Pennsylvania's historic resources through a comprehensive history and museum program to educate, interpret, research and preserve all areas of Pennsylvania history.

Program: State Historic Preservation

The State Historic Preservation Program administered by the Historical and Museum Commission is comprised of four major elements. These elements include Executive Direction and Administration, Pennsylvania State and Local Records, Historic Site and Museum Operations and Historic Preservation.

Program Element: Executive Direction and Administration

This element provides general policy and direction for administering the commission's operations. It includes legislative, marketing and press relations, human resources management, procurement, information technology and management of the Commission's website, financial grant administration, fiscal and revenue management, and other support services.

Program Element: State and Local Records

This element supports the operation of the State Archives, the State Records Center and the Document Image Services Center. The State Archives is responsible for identifying, acquiring, preserving and providing continuing public access to the permanently valuable and historical records created by government. This mandate extends to electronic records and to the use of electronic and web technology to facilitate public access. The Archives maintains and preserves program files, maps, correspondence, reports, photographs, minutes, case files and various records that document the significant activities of Pennsylvania's proprietary, revolutionary and State governments including the records of the land office and hundreds of existing and defunct governmental agencies. The Document Image Service Center provides storage services on electronic media and microfiche to governmental agencies. The Center's activities are funded through revenues received for provision of these services.

This element also administers State executive branch and local government records management programs and provides other services to state and local government offices. These services include preparation of records retention schedules; processing of records disposal requests; promulgation of standards for retention of records in different storage media; and training and technical assistance to records custodians.

A five-year plan for an electronic document records and retention system to be utilized by all State agencies is currently under development.

Program Element: Historic Site and Museum Operations

This element supports the operation of 26 historic sites and museums throughout the Commonwealth which are open to the public on a regular schedule, including the State Museum of Pennsylvania. This program provides educational collections and exhibition programs; provides living history and other types of tours to interpret Pennsylvania history; and utilizes cooperative initiatives with associate organizations to further provide for educational and public programs. This program element includes facility development and architectural and design activities as part of a preservation maintenance program funded through the Keystone Recreation, Park and Conservation Fund Grant Program; collections management; and conservation of historical artifacts, papers, and paintings.

In addition, this element supports a Property Management and Lease Program through cooperative agreements with management groups, for profit and nonprofit organizations to operate, maintain and utilize historic sites, buildings and agricultural lands under the custody of the commission.

Program Element: Historic Preservation

This element is responsible for the identification, protection and enhancement of buildings, structures and districts of historic and architectural significance within the Commonwealth. It provides for the infusion of Federal funds from the Department of the Interior to enhance the economic base of many communities in Pennsylvania; provides a survey and National Register nomination program; maintains an information network providing direction and assistance to local preservation organizations; administers an archaeological program to protect resources and improve policies and procedures and provide direction to the professional and advocational community; and preserves and protects endangered historic public and private buildings, structures and landmarks through a nonprofit Statewide revolving fund.

Program: State Historic Preservation (continued)

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
State and Local Records							
Pages of archives and historical manuscripts (in thousands)	202,000	203,500	206,500	208,000	209,500	210,000	210,000
Records maintained by the State Records Center*	N/A	N/A	775,700	796,700	817,700	838,700	859,700
Service request responses (History, Archives and State Records) (in thousands)	165	166	167	168	170	172	172
Historic Site and Museum Operations							
Annual visits to commission historical sites and museums (in thousands)	1,517	1,525	1,532	1,548	1,565	1,570	1,575
Visitors per salaried staff member (in thousands)*	N/A	N/A	12.6	12.7	12.8	12.8	12.9
Historic markers	2,110	2,200	2,300	2,400	2,500	2,600	2,700
Historic Preservation							
Buildings maintained and conserved*	N/A	N/A	354	354	354	354	354
Evaluations for the National Register of Historic Properties	3,420	3,600	3,800	4,000	4,200	4,400	4,500
Professional History and Museum Support Services							
Objects maintained and conserved (in thousands)	2,219	2,230	2,230	2,230	2,230	2,230	2,230
Commission buildings undergoing improvement	115	75	75	75	75	75	75

* New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		GENERAL FUND
		General Government Operations
$	–50	—Initiative – Operational Efficiency. Savings from operational efficiencies.
	87	—to continue current program.
$	37	*Appropriation Increase*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 23,870	$ 23,682	$ 23,719	$ 23,719	$ 23,719	$ 23,719	$ 23,719
Maintenance Program	1,864	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL GENERAL FUND	$ 25,734	$ 24,682	$ 24,719	$ 24,719	$ 24,719	$ 24,719	$ 24,719

PROGRAM OBJECTIVE: To assure provision of representative artifacts, specimens of history, art and science for all citizens through the support of museums within the Commonwealth.

Program: Museum Assistance

This program is comprised of three major components: the Museum Assistance and Local History Grant Program, Museum Assistance General Operating Support and the Keystone Recreation, Park and Conservation Fund. The three programs provide financial assistance designed to enhance the quality of history and museum activities in Pennsylvania.

The Museum Assistance and Local History Grant Program, established in 1985, is a competitive financial assistance process available to all qualified history related institutions within Pennsylvania. Organizations may apply to the Historical and Museum Commission for projects in various grant categories ranging from the research of an historic event to a comprehensive exhibit plan and program having significant Statewide impact. Special Project Support Grants and Local History General Operating Grants, the largest of the financial award categories, require the successful grantee to provide dollar-for-dollar matching funds. All other categories are non-matching, but grantees are encouraged to provide in-kind support where possible.

The Museum Assistance General Operating Program provides support to qualified history and cultural related institutions in the Commonwealth. Financial assistance to these institutions supports a portion of their general operating budgets.

The Keystone Recreation, Park and Conservation Fund Grant Program is a competitive grants process created by Act 50 of 1993. Funding is available to Pennsylvania non-profit organizations and public agencies that operate a publicly accessible historic property listed in, or eligible for, the National Register of Historic Places, or that operate a contributing historic property in a National Register Historic District. Grants are awarded on a 50-50 matching basis and support projects in the areas of redevelopment, preservation, rehabilitation, restoration and other related projects.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Museum assistance competitive grants awarded	232	260	260	260	260	260	260
Museum assistance general operating support grants	147	150	150	150	150	150	150
Non-State dollars generated through matching grants (in thousands)*	N/A	N/A	$5,000	$5,000	$5,000	$5,000	$5,000

Museum assistance competitive grants awarded increased in 2002-03 from the projection shown in last year's budget due to more grants awarded in smaller amounts.

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Museum Assistance Grants

$ −100	—Initiative—Museum Assistance Program. Savings from program reduction.
$ −1,765	—to continue current program.
$ −1,865	*Appropriation Decrease*

State-Aided Museums

$ −180	—nonrecurring project.

KEYSTONE RECREATION, PARK AND CONSERVATION FUND

Historic Site Development - Realty Transfer Tax (EA)

$ −3,400	—nonrecurring projects.

Program: Museum Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Museum Assistance Grants	$ 4,373	$ 6,000	$ 4,135	$ 4,135	$ 4,135	$ 4,135	$ 4,135
Regional History Centers	200	0	0	0	0	0	0
University of Pennsylvania Museum	231	225	225	225	225	225	225
Carnegie Museum of Natural History	231	225	225	225	225	225	225
Carnegie Science Center	231	225	225	225	225	225	225
Franklin Institute Science Museum	699	680	500	500	500	500	500
Academy of Natural Sciences	428	416	416	416	416	416	416
African American Museum in Philadelphia	326	317	317	317	317	317	317
Everhart Museum	42	42	42	42	42	42	42
Mercer Museum	178	172	172	172	172	172	172
Whitaker Center for Science and the Arts	128	124	124	124	124	124	124
TOTAL GENERAL FUND	$ 7,067	$ 8,426	$ 6,381	$ 6,381	$ 6,381	$ 6,381	$ 6,381
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Historic Site Development— Realty Transfer Tax (EA)	$ 12,330	$ 12,416	$ 9,016	$ 8,969	$ 9,008	$ 9,476	$ 9,983

INFRASTRUCTURE INVESTMENT AUTHORITY

The mission of the Infrastructure Investment Authority (PENNVEST) is to improve Pennsylvania's water and foster job creation opportunities through the provision of low interest loans and limited grants to municipalities, municipal authorities and private entities for the construction of drinking water, wastewater, and stormwater projects.

The Pennsylvania Infrastructure Investment Authority administers the PENNVEST program authorized in Act 16 of 1988.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
Grants and Subsidies:			
(F)Sewage Projects Revolving Loan Fund	$ 86,775	$ 90,410	$ 90,250
(F)Drinking Water Projects Revolving Loan Fund	38,283	46,552	40,490
(F)Rural Communities Wastewater Treatment	636	0	0
Subtotal - Federal Funds	125,694	136,962	130,740
Total - Grants and Subsidies	$ 125,694	$ 136,962	$ 130,740
GENERAL FUND TOTAL	**$ 125,694**	**$ 136,962**	**$ 130,740**
ENVIRONMENTAL STEWARDSHIP FUND:			
Grants and Subsidies:			
Storm Water, Water and Sewer Grants (EA)	**$ 21,353**	**$ 25,383**	**$ 26,307**
OTHER FUNDS:			
PENNVEST FUND:			
PENNVEST Operations (EA)	$ 3,039	$ 3,086	$ 2,874
Grants - Other Revenue Sources (EA)	4,000	4,000	3,500
Revenue Bond Loan Pool (EA)	0	10	10
Public Revolving Loans and Administration	55,058	50,000	55,000
Private Revolving Loans	5,438	3,200	4,000
Growing Greener Grants	24,211	26,000	23,000
PENNVEST FUND TOTAL	**$ 91,746**	**$ 86,296**	**$ 88,384**
PENNVEST WATER POLLUTION CONTROL REVOLVING FUND:			
PENNVEST Water Pollution Control Revolving Fund	$ 22,579	$ 15,400	$ 18,500
Additional Sewage Projects Revolving Loans (EA)	30,000	46,000	50,000
Transfer to Drinking Water Revolving Fund (EA)	57,500	8,600	8,187
Sewage Projects Revolving Loan Fund (EA)	0 a	0 a	0 a
On-lot Sewage Disposal Systems (EA)	0 b	0 b	0 b
Rural Communities Wastewater Treatment (EA)	0 c	0 c	0 c
PENNVEST WATER POLLUTION CONTROL REVOLVING FUND TOTAL	**$ 110,079**	**$ 70,000**	**$ 76,687**
PENNVEST DRINKING WATER REVOLVING FUND:			
PENNVEST Drinking Water Project Revolving Fund	$ (14,948)	$ 15,500	$ 15,500
Additional Drinking Water Projects Revolving Loans (EA)	38,000	30,000	30,000
Drinking Water Projects Revolving Loan Fund (EA)	0 d	0 d	0 d
Loan Program Administration (EA)	0 e	0 e	0 e
Technical Assistance to Small Systems (EA)	1,000	3,263	1,000
Assistance to State Programs (EA)	3,000	2,800	3,000
Local Assistance and Source Water Pollution (EA)	5,000	10,000	5,000
PENNVEST DRINKING WATER REVOLVING FUND TOTAL	**$ 32,052**	**$ 61,563**	**$ 54,500**
PENNVEST REVOLVING FUND:			
PENNVEST Revolving Fund	$ 2,751	$ 1,700	$ 250

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 0	$ 0	$ 0
SPECIAL FUNDS	21,353	25,383	26,307
FEDERAL FUNDS	125,694	136,962	130,740
OTHER FUNDS	236,628	219,559	219,821
TOTAL ALL FUNDS	**$ 383,675**	**$ 381,904**	**$ 376,868**

[a] Not added to the total to avoid double counting Federal funds: 2002-03 Actual is $86,500,000, 2003-04 Available is $76,500,000 and 2004-05 Budget is $90,200,000.

[b] Not added to the total to avoid double counting Federal funds: 2002-03 Actual is $500,000, 2003-04 Available is $410,000 and 2004-05 Budget is $50,000.

[c] Not added to the total to avoid double counting Federal funds: 2002-03 Actual is $636,000.

[d] Not added to the total to avoid double counting Federal funds: 2002-03 Actual is $27,970,000, 2003-04 Available is $29,000,000 and 2004-05 Budget is $30,000,000.

[e] Not added to the total to avoid double counting Federal funds: 2002-03 Actual is $1,313,000, 2003-04 Available is $1,489,000 and 2004-05 Budget is $1,489,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
PENNVEST							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	21,353	25,383	26,307	26,307	26,307	26,307	26,307
FEDERAL FUNDS	125,694	136,962	130,740	110,750	113,850	113,850	113,850
OTHER FUNDS	236,628	219,559	219,821	219,321	219,321	219,321	219,321
SUBCATEGORY TOTAL	$ 383,675	$ 381,904	$ 376,868	$ 356,378	$ 359,478	$ 359,478	$ 359,478
ALL PROGRAMS:							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	21,353	25,383	26,307	26,307	26,307	26,307	26,307
FEDERAL FUNDS	125,694	136,962	130,740	110,750	113,850	113,850	113,850
OTHER FUNDS	236,628	219,559	219,821	219,321	219,321	219,321	219,321
DEPARTMENT TOTAL	$ 383,675	$ 381,904	$ 376,868	$ 356,378	$ 359,478	$ 359,478	$ 359,478

PROGRAM OBJECTIVE: To promote public health and a clean environment and to further economic development in the Commonwealth by providing a financing program, technical assistance and administrative support for community drinking water systems, municipal sewage treatment facilities and stormwater control projects.

Program: PENNVEST

The PENNVEST Program authorized by Act 16 of 1988 provides an investment pool of capital to rebuild and expand community drinking water systems and municipal sewage treatment facilities in the Commonwealth. These systems and facilities are essential for the protection of public health and the promotion of economic development. Many systems and facilities need to be repaired, upgraded or expanded to meet environmental standards and economic development goals. Act 5 of 1992 established a program to fund stormwater control projects. Funding these needed improvements has often proved difficult, especially for small communities.

Initial funding for the PENNVEST Fund came from several sources: the $300 million bond issue approved by voter referendum, the balance of approved Water Facilities Loan Fund bonds, Federal seed money for a sewage treatment facilities revolving loan fund and a drinking water project revolving loan fund, and some available Capital Facilities bonds. Act 5 of 1992 authorized a $350 million bond issue, which was approved by referendum, to provide additional funding for the program. In 1990-91, the PENNVEST Revenue Bond Pool Program began providing funding. Act 68 of 1999 also provides additional grant funds for stormwater, water and sewer projects as part of the Growing Greener initiatives. Added to this are interest earnings on the fund's cash flow, and interest and principal payments made on loans.

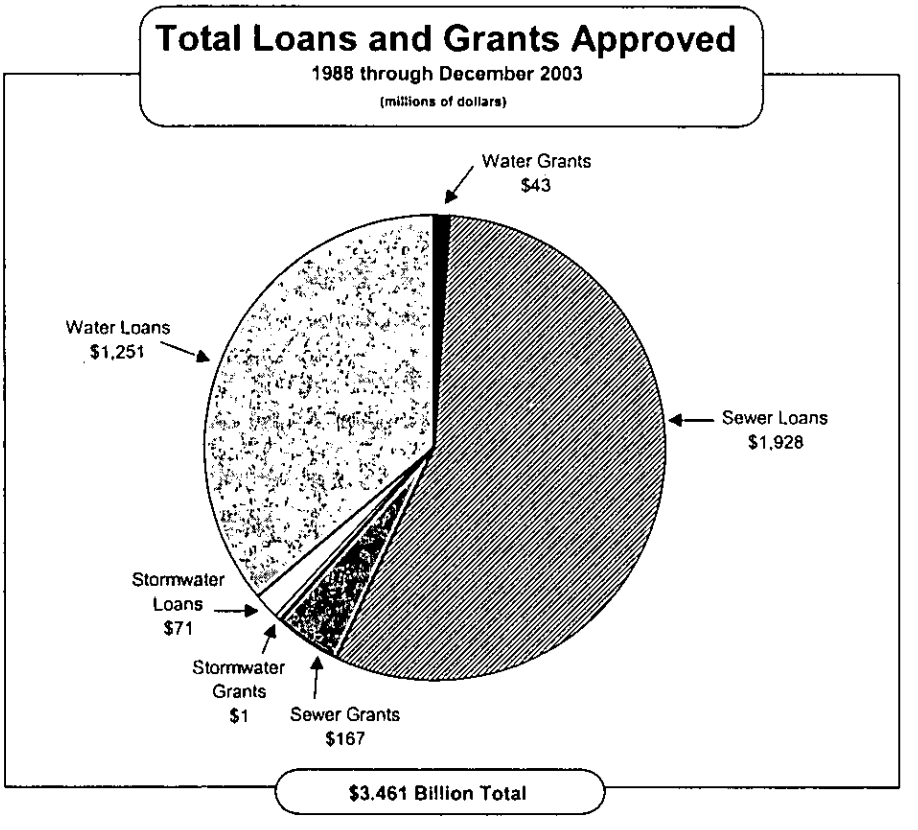
PENNVEST funds are used for loans and grants to municipalities, municipal authorities and private firms to improve water, sewage and stormwater systems they own. Loans are available to individual homeowners to upgrade their on-lot septic systems. The Pennsylvania Infrastructure Investment Authority, supported by the Department of Environmental Protection, helps system owners apply for funding, provides technical assistance in planning and designing projects, and, if necessary, reviews the applicant operations to improve efficiency.

To facilitate fund management and accounting, several separate funds have been established. The PENNVEST Fund serves as the repository of interest and investment income, and loan repayments. Loans and grants and administrative costs are paid from this fund. The PENNVEST Water Pollution Control Revolving Fund combines the Federal seed money and the Commonwealth's required matching funds to create a revolving loan fund for sewage treatment facilities construction. The PENNVEST Drinking Water Revolving Fund combines Federal seed money and the Commonwealth's required matching funds to create a revolving loan fund for drinking water projects and technical assistance. The PENNVEST Revolving Fund receives the proceeds from the sale of bonds mentioned above. The PENNVEST Revenue Bond Pool is supported by loan interest and principal repayments from loans and disburses the proceeds from the sale of PENNVEST Revenue Bonds.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
PENNVEST projects implemented	122	120	120	120	120	120	120
PENNVEST awards (in millions):							
Loans	$224	$280	$280	$280	$280	$280	$280
Grants	35	39	39	39	39	39	39
Total	$259	$319	$319	$319	$319	$319	$319
Percent of applications approved *	N/A	N/A	96.8%	96.8%	96.8%	96.8%	96.8%
Average time from application submittal to approval (days) *	N/A	N/A	110	110	110	110	110

* New Program Measure.

Program: PENNVEST (continued)



Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

ENVIRONMENTAL STEWARDSHIP FUND
PENNVEST

$ 924 —for additional grants related to the Growing Greener II Initiative.

Grant disbursements totalling $3.5 million and administrative costs are to be funded from existing non-General Fund sources.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
ENVIRONMENTAL STEWARDSHIP FUND:							
Storm Water, Water and Sewer Grants (EA)	$ 21,353	$ 25,383	$ 26,307	$ 26,307	$ 26,307	$ 26,307	$ 26,307

INSURANCE DEPARTMENT

The mission of the Insurance Department is to serve Pennsylvania's insurance consumers through fair and efficient regulation of the insurance industry.

The Insurance Department executes the insurance laws of the Commonwealth, monitors the financial solvency of insurance companies conducting business in Pennsylvania, regulates insurance rates and policy forms, licenses insurance companies and producers to conduct business in the state, and liquidates insolvent insurance companies. The department answers consumer inquiries, responds to consumer complaints, and produces and distributes educational information on insurance.

The Insurance Department manages the Children's Health Insurance Program (CHIP), Adult Basic (adultBasic) Insurance program, the Medical Care Availability and Reduction of Error (Mcare) program, the Underground Storage Tank Indemnification Fund, the Catastrophic Loss Benefits Continuation Fund, and the Workers' Compensation Security Fund.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ **19,641**	$ **20,042**	$ **21,826**
(A)Companies in Liquidation	1,098	1,191	1,226
(A)Duplicating and Mailing Services	48	40	40
(A)Workers' Compensation Security Services	96	110	110
(A)Reimbursements - Examination Travel	578	590	625
(A)Reimbursements - Market Conduct Travel	337	315	330
(A)Underground Storage Tank Indemnification Fund Expense	5	9	9
(A)Reimbursement - Catastrophic Loss Benefits Continuation Fund	24	5	5
Children's Health Insurance Administration	**2,299**	**1,602**	**1,758**
(F)Children's Health Insurance Administration	4,795	3,787	4,117
Adult Health Insurance Administration	**2,526**	**2,543**	**2,681**
Subtotal - State Funds	$ 24,466	$ 24,187	$ 26,265
Subtotal - Federal Funds	4,795	3,787	4,117
Subtotal - Augmentations	2,186	2,260	2,345
Total - General Government	$ 31,447	$ 30,234	$ 32,727
Grants and Subsidies:			
Children's Health Insurance	$ **32,753**	$ **34,296**	$ **45,423**
(F)Children's Health Insurance Program	116,017	137,627	157,752
USTIF Loan Repayment	**0**	**0**	**2,500**
Subtotal - State Funds	$ 32,753	$ 34,296	$ 47,923
Subtotal - Federal Funds	116,017	137,627	157,752
Total - Grants and Subsidies	$ 148,770	$ 171,923	$ 205,675
STATE FUNDS	$ 57,219	$ 58,483	$ 74,188
FEDERAL FUNDS	120,812	141,414	161,869
AUGMENTATIONS	2,186	2,260	2,345
GENERAL FUND TOTAL	$ **180,217**	$ **202,157**	$ **238,402**
TOBACCO SETTLEMENT FUND:			
General Government:			
Adult Health Insurance Program(EA)	$ **97,544**	$ **112,139**	$ **99,984**
OTHER FUNDS:			
GENERAL FUND:			
Children's Health Insurance Program	$ 25,687	$ 36,317	$ 30,700
CATASTROPHIC LOSS BENEFITS CONTINUATION FUND:			
Administration (EA)	$ 1,827	$ 1,921	$ 2,309
Claims (EA)	13,000	16,000	13,000
CATASTROPHIC LOSS BENEFITS CONTINUATION FUND TOTAL	$ **14,827**	$ **17,921**	$ **15,309**
MEDICAL CARE AVAILABILITY AND REDUCTION OF ERROR FUND:			
General Operations	$ 21,800	$ 22,998	$ 23,537
Payment of Claims	347,000	379,000	390,000
MEDICAL CARE AVAILABILITY AND REDUCTION OF ERROR FUND TOTAL	$ **368,800**	$ **401,998**	$ **413,537**
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Administration (EA)	$ 7,923	$ 6,801	$ 8,398
Claims (EA)	60,000	75,000	80,000

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Transfer to General Fund	100,000	0	0
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL	**$ 167,923**	**$ 81,801**	**$ 88,398**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 57,219	$ 58,483	$ 74,188
SPECIAL FUNDS	97,544	112,139	99,984
FEDERAL FUNDS	120,812	141,414	161,869
AUGMENTATIONS	2,186	2,260	2,345
OTHER FUNDS	577,237	538,037	547,944
TOTAL ALL FUNDS	**$ 854,998**	**$ 852,333**	**$ 886,330**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
INSURANCE INDUSTRY REGULATION							
GENERAL FUND	$ 57,219	$ 58,483	$ 74,188	$ 74,665	$ 75,165	$ 75,665	$ 76,165
SPECIAL FUNDS	97,544	112,139	99,984	90,875	86,291	81,599	78,904
FEDERAL FUNDS	120,812	141,414	161,869	161,821	161,821	161,821	161,821
OTHER FUNDS	579,423	540,297	550,289	550,289	550,289	550,289	550,289
SUBCATEGORY TOTAL	$ 854,998	$ 852,333	$ 886,330	$ 877,650	$ 873,566	$ 869,374	$ 867,179
ALL PROGRAMS:							
GENERAL FUND	$ 57,219	$ 58,483	$ 74,188	$ 74,665	$ 75,165	$ 75,665	$ 76,165
SPECIAL FUNDS	97,544	112,139	99,984	90,875	86,291	81,599	78,904
FEDERAL FUNDS	120,812	141,414	161,869	161,821	161,821	161,821	161,821
OTHER FUNDS	579,423	540,297	550,289	550,289	550,289	550,289	550,289
DEPARTMENT TOTAL	$ 854,998	$ 852,333	$ 886,330	$ 877,650	$ 873,566	$ 869,374	$ 867,179

PROGRAM OBJECTIVE: To serve Pennsylvania's insurance consumers through fair and efficient regulation of the insurance industry.

Program: Insurance Industry Regulation

The Insurance Department's responsibilities are to protect insurance consumers by providing adequate safeguards, to ensure that products are available, and to provide a fair regulatory climate that will encourage insurance companies to conduct business in the Commonwealth.

The Insurance Department regulates all aspects of the insurance industry in Pennsylvania. It supervises the operation of 1712 insurance companies; authorizes the admission of new insurers to the State; tests and licenses insurance agents, brokers and bondsmen; reviews and approves about 17,000 rate and policy form filings each year. It analyzes annual and quarterly financial statements and other corporate transactions filed by insurance companies and other regulated entities; conducts an average of 90 on-site financial examinations of domestic insurance companies each year; conducts adjudicatory hearings; and handles nearly 800,000 consumer and producer interventions and inquiries annually.

The financial condition of insurers licensed to transact business in Pennsylvania is monitored and regulated through the department's examination and financial analysis functions. Because of the concern regarding the number of financially troubled insurers and national attention focused on the quality of state regulation and insurer solvency, the department continues to commit its resources to solvency regulation. The department has implemented risk-based capital requirements for all types of insurers and increased its use of targeted or limited scope financial examinations in response to market conditions or deteriorating insurer financial results. Resources continue to be focused on improving the effectiveness of regulatory actions taken to correct problems before they lead to insolvency.

The Federal Gramm-Leach-Bliley Financial Services Modernization Act of 1999 enables insurance companies, banks and securities firms to merge and sell one another's products. Pennsylvania is acting in concert with other states to develop a blueprint for state insurance regulation. The Insurance Department is working toward educating consumers with respect to the vast array of products available and providing a regulatory climate that will enable insurance companies to remain competitive in an increasingly global marketplace. Additional coordination with other states aims for more uniform and streamlined producer licensing.

The Consumer Liaison office established in 2004 will enhance the Department's role as an active advocate for insurance consumers. The Insurance Department's three regional offices provide the public with insurance information, education and complaint resolution services. The department conducts field investigations of insurance law violations and undertakes on-site market conduct examinations of insurance company records, files and operations.

The Insurance Commissioner by law serves as statutory liquidator/receiver for Pennsylvania domestic insurers found to be insolvent by the Commonwealth Court and for unlicensed insurance entities.

The department administers the Children's Health Insurance Program (CHIP), which was established by Act 113 of 1992 and significantly expanded with the passage of Act 68 of 1998. CHIP makes comprehensive free or low-cost health insurance available to the children of low-income working parents. CHIP offers a comprehensive package of benefits, including well child visits, immunizations, prescription coverage, emergency care, inpatient services, mental health services and hearing, vision and dental services. When initially implemented in 1993, CHIP provided the free portion of the program to those under 185 percent of the Federal poverty guidelines and the subsidized program to children from families earning between 185 percent and 235 percent of poverty. With the passage of Act 68 of 1998, the free program was expanded to children of families under 200 percent of poverty and the age limit was increased from sixteen to eighteen. The subsidized program, which provides half the cost of the insurance premium, was adjusted to between 200 and 235 percent of poverty and the age limit was increased from age 5 to age 18. The coverage is funded from a portion of cigarette tax receipts, a State appropriation, the Federal State Children's Health Insurance Program under Title XXI of the Social Security Act, and payments by participating working families in accordance with a sliding fee scale. As of December 31, 2003, enrollment increased to about 137,430 children.

Act 77 of 2001 established the Tobacco Settlement Fund and provided funding for programs that improve the health status of Pennsylvania citizens. A portion of fund revenues is provided for the Adult Basic Coverage Insurance Program, which began coverage on July 1, 2002. The program provides health care insurance for adults between 19 and 65 years of age whose household income is less than 200 percent of poverty and who are ineligible for other insurance. The department's responsibility includes contracting with insurers for a benefit package and providing for outreach activities. Enrolled adults contribute monthly to the cost of the coverage. As of December 31, 2003, enrollment has reached over 44,700 adults.

The Catastrophic Loss Benefits Continuation Fund, funded through certain motor vehicle violation surcharge fees, provides benefits to Pennsylvanians who were

Program: Insurance Industry Regulation (continued)

catastrophically injured in motor vehicle accidents prior to January 1, 1990, and incurred medical expenses in excess of $100,000. Effective January 1, 2004 the surcharge fees are deposited to the Mcare Fund for a ten-year period and then revert to the General Fund. Revenue from investment income will continue to accrue to this fund.

The Underground Storage Tank Indemnification Fund, established pursuant to Act 32 of 1989, the Storage Tank and Spill Prevention Act, provides claims payments to owners and operators of underground storage tanks. The program is funded through a fee schedule based on the type of product stored in the underground storage tank. In addition to making claim payments to eligible tank owners or operators for damages caused by releases from their tanks, programs include the Tank Installation Indemnification Program in the Insurance Department, the Upgrade Loan Program in the Department of Community and Economic Development, and the Pollution Prevention and Environmental Clean-Up Program through the Department of Environmental Protection.

Act 13 of 2002 established the Medical Care Availability and Reduction of Error (Mcare) Fund; the act established requirements for basic insurance coverage for health care providers and for their purchase of excess insurance through this program. The program is responsible for payment of claims against participating health care providers for losses or damages awarded in medical professional liability actions against them in excess of basic insurance coverage. Revenue is derived by levying an annual surcharge on health care providers and from motor vehicle violation surcharges. Act 44 of 2003 provides for transfer of a portion of the moving violations surcharge to the Health Care Provider Retention Account for the Health Care Provider Retention Program; the account will also receive 18.52% of the cigarette tax. This program will provide surcharge abatements to health care providers for calendar years 2003 and 2004. Abatements are 100% of the Mcare billing for providers in high rate classes and 50% abatement for others.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Interventions on behalf of consumers	154,000	159,000	162,000	163,000	163,000	165,000	166,000
Companies in liquidation	17	15	12	7	5	3	3
Administrative hearings held	166	170	170	170	170	170	170
Rate filings reviewed	6,800	7,609	8,792	9,585	10,447	11,385	12,409
Average cost per rate filing reviewed*	NA	$ 381	$ 330	$ 307	$ 288	$ 270	$ 253
Policy/form filings reviewed	10,300	11,858	13,382	14,585	15,896	17,325	18,884
Average cost per form reviewed*	NA	$ 115	$ 108	$ 100	$ 94	$ 88	$ 83
Enforcement investigations completed	343	350	350	350	350	350	350
Average cost per field investigation completed*	NA	$ 1,146	$ 1,554	$ 1,589	$ 1,625	$ 1,661	$ 1,698
Insurer Market Conduct Examinations compiled	21	30	35	40	40	40	40
Average cost per investigation completed*	NA	$23,968	$26,141	$26,729	$27,331	$27,946	$28,575
Producer licensing filings	301,000	301,000	310,000	319,000	327,000	335,000	343,000
Company financial and corporate filings reviewed	2,753	2,900	2,900	2,900	2,900	2,900	2,900
Children's Health Insurance Program enrollment	131,695	143,257	152,093	161,474	171,433	182,007	193,233
Adult Basic Insurance Coverage enrollment	34,171	42,243	35,539	25,250	22,042	18,958	16,333

Insurance companies in liquidation increases from the projections shown in last year's budget due to additional companies entering liquidation and fewer companies being discharged than originally forecast. Future liquidations may decrease but are not readily predictable.

Rate and policy/form filings have increased from the projections shown in last year's budget as changes in market conditions result in changes to policies and rates; efficient use of technology provides the resources for the additional reviews.

Administrative hearings held increased from the projection shown in last year's budget due to an increase in Mcare appeals, Right to Know issues, and managed care appeals.

Enforcement investigation completed have decreased from the projections shown in last year's budget because resources were committed to working on multi-state exams.

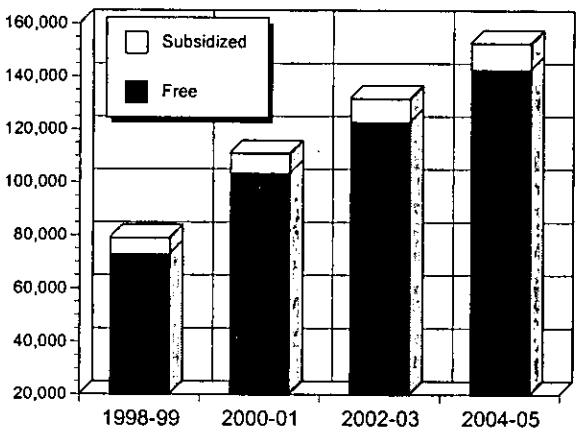
Adult Basic enrollment changed from the projections shown in last year's budget due to actual data and revised estimates of the cost per enrollment.

Children's Health Insurance enrollment increases from the projections shown in last year's budget due to an increase in the rate of new enrollments to date and revised future year projections.

* New program measure.

Program: Insurance Industry Regulation (continued)

Children's Health Insurance Program
Children Served



Pennsylvania's Children's Health Insurance Program has been a national leader in ensuring that free or subsidized health care is available for children of low-income families. It is projected that over 152,000 children will be served in 2004-05.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND:

General Government Operations

$ 759	to continue current program.
411	Consumer Liaison office implementation.
385	expanded financial examination of insurance companies.
250	updated licensing system.
–14	—Initiative— Operational Efficiency. Savings from closing the Erie regional office.
–7	—Initiative— Operational Efficiency. Savings from reduced postage costs.
$ 1,784	*Appropriation Increase*

Children's Health Insurance Administration

$ 156	—to continue current program.

Adult Health Insurance Administration

$ 138	—to continue current program.

Children's Health Insurance

$ 11,104	—to continue current program.
23	—Initiative—Streamlining Eligibility Determination. To provide health care coverage for children as a result of pilot programs to streamline the eligibility determination process.
$ 11,127	*Appropriation Increase*

Adult Health Insurance Administration

$ 138	—to continue current program.

USTIF Loan Repayment

$ 2,500	—first of ten annual repayments of a transfer from the Underground Storage Indemnification Fund.

TOBACCO SETTLEMENT FUND:

Adult Health Insurance

$ –12,155	—for a subsidized health insurance program for adults with a household income less than 200% of Federal poverty guidelines.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 19,641	$ 20,042	$ 21,826	$ 21,826	$ 21,826	$ 21,826	$ 21,826
Children's Health Insurance Administration	2,299	1,602	1,758	1,758	1,758	1,758	1,758
Adult Health Insurance Administration	2,526	2,543	2,681	2,681	2,681	2,681	2,681
Children's Health Insurance	32,753	34,296	45,423	45,400	45,400	45,400	45,400
USTIF Loan Repayment	0	0	2,500	3,000	3,500	4,000	4,500
TOTAL GENERAL FUND	$ 57,219	$ 58,483	$ 74,188	$ 74,665	$ 75,165	$ 75,665	$ 76,165
TOBACCO SETTLEMENT FUND:							
Adult Health Insurance Program	$ 97,544	$ 112,139	$ 99,984	$ 90,875	$ 86,291	$ 81,599	$ 78,904

DEPARTMENT OF LABOR AND INDUSTRY

The mission of the Department of Labor and Industry is to foster and maintain economic growth and economic development in Pennsylvania.

The mission is accomplished through programs which protect the health, welfare and safety of workers, provide meaningful job training and placement services, stabilize the incomes of injured, disabled or unemployed workers, and facilitate labor-management cooperation.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ 17,209	$ 17,011	$ 17,309
(F)Workforce Investment Act - Administration	4,772	8,500	8,500
(F)Career Resources Network	151	190	104
(F)Community Service and Corps	9,308	10,000	10,009
(F)Disability Determination	71,636	83,620	87,734
(F)New Hires	1,541	1,739	1,739
(A)Federal Indirect Cost Reimbursements	1,000	1,000	1,000
Subtotal	$ 105,617	$ 122,060	$ 126,395
Occupational and Industrial Safety	11,400	11,375	11,626
(F)Building Code	200	200	200
(A)Federal Indirect Cost Reimbursements	1,000	1,000	1,000
PENNSAFE	1,323	1,294	1,280
(F)Underground Utility Line Protection	300	500	300
(F)Environmental Information Exchange (EA)	0	100	100
(R)Asbestos and Lead Certification (EA)	1,496	1,664	1,723
Pennsylvania Conservation Corps	5,905	5,676	5,665
Employer Information Resources	1,107	0	0
Pathways	3	0	0
Subtotal - State Funds	$ 36,947	$ 35,356	$ 35,880
Subtotal - Federal Funds	87,908	104,849	108,686
Subtotal - Augmentations	2,000	2,000	2,000
Subtotal - Restricted Revenues	1,496	1,664	1,723
Total - General Government	$ 128,351	$ 143,869	$ 148,289
Grants and Subsidies:			
Occupational Disease Payments	$ 2,292	$ 2,041	$ 1,813
Vocational Rehabilitation Services	4,000	4,000	4,000
Entrepreneurial Assistance	931	1,061	1,061
Transfer to Vocational Rehabilitation Fund	37,083	38,083	37,083
Supported Employment	1,155	1,155	1,155
Centers for Independent Living	1,600	1,600	1,600
Workers' Compensation Payments	210	198	176
Training Activities	2,240	2,250	2,250
Assistive Technology	890	890	890
Self Employment Assistance	2,341	2,500	0
Employment Services	17,257	8,200	0
(F)Joint Jobs Initiative (EA)	123,987	158,744	158,527
(F)Reed Act - Unemployment Insurance	7,000	10,000	12,000
(F)Reed Act - Employment Services	3,976	15,000	22,000
(F)WIA - Adult Employment and Training	40,163	60,000	60,000
(F)WIA - Youth Employment and Training	49,512	52,000	52,000
(F)WIA - Statewide Activities	20,611	23,000	23,000
(F)WIA - Dislocated Workers	78,863	109,000	109,000
(F)WIA - Veterans Employment and Training	0	618	618
(F)TANFBG - Youth Employment and Training	14,946	15,000	15,000
(A)Joint Jobs Initiative	38,343	43,000	43,000
Subtotal	$ 394,658	$ 494,562	$ 495,145
Beacon Lodge Camp	120	117	117
Subtotal - State Funds	$ 70,119	$ 62,095	$ 50,145
Subtotal - Federal Funds	339,058	443,362	452,145
Subtotal - Augmentations	38,343	43,000	43,000
Total - Grants and Subsidies	$ 447,520	$ 548,457	$ 545,290

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
STATE FUNDS	$ 107,066	$ 97,451	$ 86,025
FEDERAL FUNDS	426,966	548,211	560,831
AUGMENTATIONS	40,343	45,000	45,000
RESTRICTED REVENUES	1,496	1,664	1,723
GENERAL FUND TOTAL	**$ 575,871**	**$ 692,326**	**$ 693,579**
OTHER FUNDS:			
GENERAL FUND:			
Vending Machine Proceeds - Surface Transportation	$ 1,308	$ 1,011	$ 1,000
ADMINISTRATION FUND:			
Administration of Unemployment	$ 218,659	$ 218,900	$ 219,200
EMPLOYMENT FUND FOR THE BLIND:			
General Operations	$ 768	$ 720	$ 730
HAZARDOUS MATERIAL RESPONSE FUND:			
Hazardous Material Response Administration	$ 154	$ 170	$ 170
REHABILITATION CENTER FUND:			
Operation of Rehabilitation Center	$ 25,073	$ 22,080	$ 21,717
VOCATIONAL REHABILITATION FUND:			
General Operations (EA)	$ 800 a	$ 800 a	$ 800 a
Vocational Rehabiliation Services (F)	122,129 b	136,259 b	138,765
VOCATIONAL REHABILITATION FUND TOTAL	**$ 122,929**	**$ 137,059**	**$ 139,565**
WORKMEN'S COMPENSATION ADMINISTRATION FUND:			
Administration of Workers' Compensation	$ 55,341	$ 55,006	$ 54,250
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 107,066	$ 97,451	$ 86,025
SPECIAL FUNDS	0	0	0
FEDERAL FUNDS	426,966	548,211	560,831
AUGMENTATIONS	40,343	45,000	45,000
RESTRICTED	1,496	1,664	1,723
OTHER FUNDS	424,232	434,946	436,632
TOTAL ALL FUNDS	**$ 1,000,103**	**$ 1,127,272**	**$ 1,130,211**

[a] Transfer to Vocational Rehabilitation Fund and Supported Employment not added to the total to avoid double counting: 2002-03 Actual is $38,238,000, 2003-04 Available is $39,238,000, and 2004-05 Budget is $38,238,000.

[b] 2002-03 Actually authorized as part of the $161,167,000 General Operations (EA) and the 2003-04 Available actually authorized as part of the $177,803,000 General Operations (EA).

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
COMMUNITY AND OCCUPATIONAL SAFETY AND STABILITY							
GENERAL FUND	$ 29,932	$ 29,680	$ 30,215	$ 30,215	$ 30,215	$ 30,215	$ 30,215
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	651	890	604	604	604	604	604
OTHER FUNDS	3,650	3,834	3,893	3,893	3,893	3,893	3,893
SUBCATEGORY TOTAL	$ 34,233	$ 34,404	$ 34,712	$ 34,712	$ 34,712	$ 34,712	$ 34,712
WORKERS COMPENSATION AND ASSISTANCE							
GENERAL FUND	$ 2,502	$ 2,239	$ 1,989	$ 1,774	$ 1,583	$ 1,414	$ 1,272
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	73,177	85,359	89,473	89,473	89,473	89,473	89,473
OTHER FUNDS	274,000	273,906	273,450	273,450	273,450	273,450	273,450
SUBCATEGORY TOTAL	$ 349,679	$ 361,504	$ 364,912	$ 364,697	$ 364,506	$ 364,337	$ 364,195
WORKFORCE INVESTMENT							
GENERAL FUND	$ 28,853	$ 18,626	$ 7,915	$ 7,915	$ 7,915	$ 7,915	$ 7,915
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	353,138	461,962	470,754	470,754	470,754	470,754	470,754
OTHER FUNDS	38,343	43,000	43,000	43,000	43,000	43,000	43,000
SUBCATEGORY TOTAL	$ 420,334	$ 523,588	$ 521,669	$ 521,669	$ 521,669	$ 521,669	$ 521,669
VOCATIONAL REHABILITATION							
GENERAL FUND	$ 45,779	$ 46,906	$ 45,906	$ 45,906	$ 45,906	$ 45,906	$ 45,906
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	150,078	160,870	163,012	163,012	163,012	163,012	163,012
SUBCATEGORY TOTAL	$ 195,857	$ 207,776	$ 208,918	$ 208,918	$ 208,918	$ 208,918	$ 208,918
ALL PROGRAMS:							
GENERAL FUND	$ 107,066	$ 97,451	$ 86,025	$ 85,810	$ 85,619	$ 85,450	$ 85,308
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	426,966	548,211	560,831	560,831	560,831	560,831	560,831
OTHER FUNDS	466,071	481,610	483,355	483,355	483,355	483,355	483,355
DEPARTMENT TOTAL	$ 1,000,103	$ 1,127,272	$ 1,130,211	$ 1,129,996	$ 1,129,805	$ 1,129,636	$ 1,129,494

PROGRAM OBJECTIVE: To further economic development in the Commonwealth by promoting the health, welfare and safety of employes, and acting to maintain continuous production and employment through mediation.

Program: Community and Occupational Safety and Stability

The department is responsible for administering a wide range of laws designed to enhance income security, safeguard the health of workers and the general public, protect the rights of Pennsylvania workers, and promote labor relations stability and labor-management cooperation.

Program Element: Income Security and Workers' Rights

The department monitors and enforces the Minimum Wage, Wage Payment and Collection, and Prevailing Wage laws to protect the income of employes. The department also protects workers' rights by ensuring compliance with the Child Labor, Seasonal Farm Labor, Industrial Homework, Equal Pay and Medical Pay laws. The department informs employes and employers about the laws, conducts investigations and resolves disputes.

Program Element: Labor Relations

Labor relations stability is promoted through the provision of mediation services to the public and private sectors. Under the Public Employe Relations Act, parties to a contract in the public sector must notify the department if no agreement has been reached after contract negotiations have commenced. In the private sector, dispute notices must be filed with the department based on the National Labor Relations Act. Mediation services are mandatory in the public sector and voluntary in the private sector. Each year over 1,000 cases are mediated by the department.

The Pennsylvania Labor Relations Board enforces and implements the provisions of the Commonwealth's laws relating to private and public sector collective bargaining, including the Pennsylvania Labor Relations Act, the Public Employe Relations Act and acts relating to police and fire employees. The board determines collective bargaining representatives, prevents and discourages unfair practices and in the public sector, contributes to the resolution of bargaining disputes by the issuance of arbitration panels and the appointment of fact finders.

The Office of Labor-Management Cooperation promotes labor-management cooperation through support of and coordination with the area labor-management committees throughout Pennsylvania. The Pennsylvania Bureau of Mediation provides technical assistance as facilitator for cooperative programs. In addition to promoting labor-management cooperation, the office also recognizes and awards existing successful labor-management cooperation efforts in the Commonwealth. It provides support and technical assistance to the Governor's Committee on Economic Development through Labor-Management Partnerships.

Program Element: Public Health and Safety

The Uniform Construction Code, Bedding and Upholstery, Stuffed Toy, Employment Agency, LP Gas, Boiler, Lead Certification, and Asbestos Occupations Accreditation and Certification Acts are all administered by the Bureau of Occupational and Industrial Safety (BOIS). The bureau enforces the acts through promulgation of regulations, conducting field inspections, licensing and certification, and investigating complaints. The department is also responsible for insuring that buildings are accessible and usable by persons with disabilities under the State's Universal Accessibility Act.

Act 45 of 1999, the Uniform Construction Code Act, required the department to adopt a nationally recognized construction code for communities within the Commonwealth in place of disparate community-based codes previously in existence. As authorized by the act, the department is establishing a program of training, including continuing education, testing and certification for code administrators, municipal code officials, construction code officials or persons designated by the department. Final regulations are under review for publication in 2003-04. Buildings must comply in seven distinct areas with the approved code for occupancy approval. These areas are: (1) building, (2) electrical, (3) mechanical, (4) plumbing, (5) energy, (6) accessibility and (7) fire protection. Department certified inspectors will ensure compliance with approved plans prior to issuance of an occupancy permit.

The Worker and Community Right-to-Know Act requires all employers doing business in Pennsylvania to provide certain information about hazardous chemicals found in their workplace and to make that information available to emergency response organizations and the public. The department enforces worker right-to-know provisions for public employes and those in the mining industry, and provides over 100 education/outreach programs annually. Training and technical assistance are provided to employers to assist them in establishing department-certified workplace safety committees. The department also provides training and outreach programs related to underground utility line damage prevention.

The Office for the Deaf and Hard of Hearing responds to requests for information and referral, promotes access for people who are deaf, and provides public education about hearing loss and deafness.

Program: Community and Occupational Safety and Stability (continued)

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Minimum wage violations cited	136	149	149	149	149	149	149
Child labor law violations	226	248	248	248	248	248	248
Nonpayment of wage violations	3,831	4,195	4,195	4,195	4,195	4,195	4,195
Mediated cases involving work stoppages:							
Public bargaining units	1.4%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Private bargaining units	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Unfair labor practice cases concluded	618	590	590	590	590	590	590
Union representation cases concluded	174	195	195	195	195	195	195
Total inspections performed	134,352	130,000	130,000	130,000	130,000	130,000	130,000
Prevailing Wage Law violations	341	373	373	373	373	373	373
Building approvals issued	13,774	13,500	10,000	3,700	3,700	3,700	3,700
New buildings certified	7,162	7,000	5,200	1,925	1,925	1,925	1,925
Renovations of existing buildings certified	6,612	6,500	4,800	1,775	1,775	1,775	1,775

Minimum wage violations cited decreased from those shown in last year's budget due to a decline in the number of minimum wage jobs and fewer complaints.

Child Labor Law and Nonpayment of Wage Violations increase from the projections shown in last year's budget due to an increase in tips from the public regarding potential violations.

Unfair labor practice cases concluded increased from the projection in last year's budget because of an intensive effort to close dormant and inactive cases.

Prevailing wage law violations increased from those shown in last year's budget because of increased management enforcement efforts.

Building approvals issued, new buildings certified, and renovations of existing buildings certified will require fewer, but more extensive, reviews and inspections resulting in a decrease in future years.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

General Government Operations

$	–15	—Initiative— Operational Efficiency. Savings from reduced information technology contracting.
	313	—to continue current program.
$	298	*Appropriation Increase*

Occupational and Industrial Safety

$	–13	—Initiative— Operational Efficiency. Savings from reduced information technology contracting.
	264	—to continue current program.
$	251	*Appropriation Increase.*

PENNSAFE

$	–2	—Initiative— Operational Efficiency. Savings from reduced information technology contracting.
	–12	—nonrecurring costs.
$	–14	*Appropriation Decrease*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 17,209	$ 17,011	$ 17,309	$ 17,309	$ 17,309	$ 17,309	$ 17,309
Occupational and Industrial Safety	11,400	11,375	11,626	11,626	11,626	11,626	11,626
PENNSAFE	1,323	1,294	1,280	1,280	1,280	1,280	1,280
TOTAL GENERAL FUND	$ 29,932	$ 29,680	$ 30,215	$ 30,215	$ 30,215	$ 30,215	$ 30,215

PROGRAM OBJECTIVE: To further economic development in the Commonwealth by stabilizing the incomes of employes who become unemployed.

Program: Workers' Compensation and Assistance

This program provides income and medical services security to qualifying individuals. This program includes workers' compensation, unemployment compensation, occupational disease payments, and Social Security disability payments.

Workers' Compensation is a system of payments made through private insurance companies, the State Workers' Insurance Fund, and self-insured employers to employees who sustain injuries or diseases during their course of employment. The Commonwealth's administrative expenses are funded from assessments on the insurance industry.

Act 57 of 1996 substantially amended the Workers' Compensation Act. The amendments addressed the high cost of workers' compensation in the Commonwealth with respect to premiums, wage benefits, medical treatment and review, and litigation. The amendments were intended to provide expedited settlement of issues, reduce fraud, counteract disincentives to return to work, and encourage workplace safety. Their impact is a reduction of burdensomely high costs for businesses and the resultant improvement of the business climate in the Commonwealth.

Act 41 of 2001 amended the Workers' Compensation Act to transfer up to $3.8 million from the Workmen's Compensation Administration Fund to the Self-Insurance Guaranty Fund's Prefund Account to pay workers' compensation benefits to eligible claimants injured prior to Act 44 of 1993. Act 44 of 1993 provided for payments to eligible claimants from the Self-Insurance Guaranty Fund. Eligible claimants are those affected by defaulting self-insured employers or defaulting members of self-insurance pooling arrangements.

The department processes applications for Federal disability benefits, gathers medical evidence for each claim and makes recommendations to the Social Security Administration under the Social Security Administration's Disability Determination Program guidelines.

Occupational Disease Payments are made primarily to victims of silicosis, and related diseases, commonly referred to as "black lung." Victims of these diseases are covered based on their date of last exposure and disability.

Unemployment compensation payments are made to individuals and their dependents during periods of involuntary unemployment. The payments are funded from taxes on employers and employees paid into the Unemployment Compensation Trust Fund. The tax rates vary according to the financial condition of the fund. The maximum weekly benefit rate is calculated as 66 2/3% of the average weekly wage for the preceding year. The maximum weekly payment during calendar year 2003 was $451.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Claimants qualifying for occupational disease payments from Commonwealth funds	1,178	1,085	975	875	875	875	875
Reportable injuries	98,042	102,000	102,000	102,000	102,000	102,000	102,000
Total petitions assigned	51,249	52,940	52,940	52,940	52,940	52,940	52,940
Judges' decisions	53,029	54,000	54,000	54,000	54,000	54,000	54,000
Average time in days—Case filed/ concluded	265	263	260	257	254	251	248
New claims for unemployment compensation	740,200	729,000	684,000	644,000	644,000	644,000	644,000

New claims for unemployment compensation increase from the projection shown in last year's budget based on actual data.

Program: Workers' Compensation and Assistance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Occupational Disease Payments

$ –228 —nonrecurring payments.

Workers Compensation Payments

$ –22 —nonrecurring payments. These payments are made for a special class of recipients who became eligible before March 1968, and not for new claimants shown in the program measure above whose payments are made from the State Workmen's Insurance Fund and by private insurance companies.

In addition, this budget recommends the following change to the Workers' Compensation Program through the Workmen's Compensation Administration Fund.

Administration of Workers' Compensation

$ –1,159 —nonrecurring building improvements.
403 —to continue current program.

$ –756 *Appropriation Decrease*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Occupational Disease Payments	$ 2,292	$ 2,041	$ 1,813	$ 1,614	$ 1,437	$ 1,280	$ 1,150
Workers' Compensation Payments	210	198	176	160	146	134	122
TOTAL GENERAL FUND	$ 2,502	$ 2,239	$ 1,989	$ 1,774	$ 1,583	$ 1,414	$ 1,272

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

This program provides a range of employment and training services through the Team Pennsylvania CareerLink, the Bureau of Workforce Investment, the Bureau of Employer and Career Services, the Center for Workforce Information and Analysis, the Bureau of Unemployment Compensation Benefits and Allowances and the Pennsylvania Conservation Corps.

The Department of Labor and Industry is the lead agency in administering interagency employment and training programs. The Joint Jobs Initiative is designed to target resources of the Departments of Labor and Industry and Public Welfare to improve job training and employment service programs for welfare recipients. The Single Point of Contact (SPOC) Program provides comprehensive employment and training services to Temporary Assistance to Needy Families (TANF) recipients with multiple barriers to employment. Services are co-located in County Assistance Offices.

Program Element – Workforce Investment

Act 224 of 2002 amends the Workforce Development Act of 2001 to require the Pennsylvania Workforce Investment Board to establish quality guarantees for training programs, to coordinate workforce development programs, expand and make permanent the Critical Job Training Grant Program serving dislocated workers and underemployed workers and establish the Workforce Leadership Grant Program.

The act provides for workforce leadership grants for the development of innovative programs to address workforce development needs in three cluster areas: Bio-technology/ Life Sciences: Information Technology/optoelectronics and advanced manufacturing and materials. The act also provides for reimbursements to Community Colleges offering non-credit workforce investment courses.

Local workforce investment boards plan and oversee the local delivery of services with approval by the Governor. The boards in partnership with local elected officials, identify providers of training services, monitor system performance and help develop the labor market information system. The Federal Workforce Investment Act (WIA) of 1998, which repealed the Job Training Partnership Act and the Economic Dislocation and Worker Adjustment Assistance Act, was enacted to improve the delivery of job training services. The WIA provided for an orderly transition from the Job Training Partnership Act programs to an improved workforce preparation and employment system. The authorization of WIA expired on September 30, 2003, but new legislation is expected to reauthorize the program.

Funding for numerous programs has been consolidated under the WIA into three basic grants under Title I-B:

- adult employment and training,
- dislocated worker employment and training, and
- youth employment and training.

In addition, the law gives states and local areas more authority and responsibility for job training needs and decisions, and individuals more customer choice.

Program Element – CareerLink

The former Job Centers have evolved into Team Pennsylvania CareerLink Centers, a one-stop services system. The transition has improved service for employers, job seekers and other customers by integrating systems and coordinating services. Services available at the centers include: job search and placement assistance (including career counseling), labor market information (which identifies job vacancies, skills needed for in-demand jobs and local, regional and national trends), initial assessment of skills and needs, information about available services and follow-up services to help customers keep their jobs after placement.

Team Pennsylvania CareerLink is a cooperative effort involving the Departments of Aging, Community and Economic Development, Education, Labor and Industry, and Public Welfare in partnership with private sector employers, trade associations, local elected officials, job seekers and community leaders to provide a one-stop delivery of career services.

Program Element: Dislocated Workers

The department provides funds to assist dislocated workers through training programs, rapid response efforts, support services, and needs-based payments.

The department's Rapid Response Program is operated by the Dislocated Worker Unit in conjunction with the Department of Community and Economic Development. When a business relocates to another state or employees are laid off, the Department of Labor and Industry's Rapid Response Team is available to bring a wide variety of State and local resources to the job site to assist laid-off individuals in finding reemployment. The department also promotes labor-management cooperation by encouraging the formation of labor-management committees at the job site to coordinate the mix of available services.

Program: Workforce Investment (continued)

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. Of the remaining eighty percent allocated to states, sixty percent is allocated to local areas with forty percent retained at the state level (fifteen percent for statewide activities and twenty-five percent for rapid response efforts).

Eighty-five percent of the Federal funds appropriated for adult and youth services are allocated to the local areas; the remainder is reserved for statewide activities.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Individuals obtaining employment with Job Service assistance	48,191	50,000	50,000	50,000	50,000	50,000	50,000
Workforce Investment Act:							
Adult entered employment rate	75%	73%	74%	74%	75%	76%	76%
Adult retention rate	83%	82%	83%	84%	85%	85%	85%
Adult average wage gain after six months	$2,719	$3,400	$3,400	$3,400	$3,400	$3,400	$3,400
Dislocated worker entered employment rate	85%	83%	83%	83%	83%	83%	83%
Dislocated worker retention rate	91%	92%	92%	92%	92%	92%	92%
Youth (19-21) entered employment rate	54%	65%	65%	66%	66%	67%	67%
Youth (19-21) retention rate	77%	78%	80%	81%	81%	81%	82%
Youth (19-21) average wage gain after six months	$1,948	$2,600	$2,600	$2,600	$2,700	$2,800	$2,800

Individuals obtaining employment with Job Service assistance was greater than projected in last year's budget because of improved data entry and system improvements.

Adult average wage gain after six months, youth (19-21) entered employment rate, and youth (19-21) average wage gain after six months decreased from those shown in last year's budget based on revised data.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Pennsylvania Conservation Corps

$ –2	—Initiative— Operational Efficiency. Savings from reduced information technology contracting.
–9	–nonrecurring costs.
$ –11	*Appropriation Decrease*

Self Employment Assistance

$ –2,500	–nonrecurring projects.

Employment Services

$ –8,200	—nonrecurring projects.

The Training Activities appropriation is recommended at the current year funding level. In addition, $513,754,000 in Federal and other funds are budgeted for this program in 2004-05.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Pennsylvania Conservation Corps	$ 5,905	$ 5,676	$ 5,665	$ 5,665	$ 5,665	$ 5,665	$ 5,665
Employer Information Resources	1,107	0	0	0	0	0	0
Pathways	3	0	0	0	0	0	0
Training Activities	2,240	2,250	2,250	2,250	2,250	2,250	2,250
Self Employment Assistance	2,341	2,500	0	0	0	0	0
Employment Services	17,257	8,200	0	0	0	0	0
TOTAL GENERAL FUND	$ 28,853	$ 18,626	$ 7,915	$ 7,915	$ 7,915	$ 7,915	$ 7,915

PROGRAM OBJECTIVE: To enable eligible persons with disabilities to obtain competitive employment.

Program: Vocational Rehabilitation

This program, conducted in conjunction with the Federal Government, targets the estimated 540,000 citizens of the Commonwealth who have physical or mental impairments that present a substantial impediment to employment. During 2002, approximately 79,150 customers with disabilities were referred to and/ or served by the Office of Vocational Rehabilitation.

The Federal Rehabilitation Act of 1973, as amended through 1992, established eligibility criteria for vocational rehabilitation services. Services are provided to individuals who can benefit from and who need services to prepare for, enter or retain employment. Primary emphasis is placed on serving individuals with the most severe disabilities. These individuals generally require extensive and varied services over an extended period of time. State and Federal funds are expended through the Vocational Rehabilitation Fund.

Act 15 of 1999 transferred the administration of services provided to persons who are blind or visually impaired from the Department of Public Welfare to the Department of Labor and Industry. This realignment provides more efficient and higher quality services while maintaining a distinct and specialized service model.

Training and employment services are provided to those most likely to be employed in the short term through the fully State-funded Vocational Rehabilitation Services Program.

To address the needs of individuals who do not meet Federal eligibility criteria, State funds are provided for the Centers for Independent Living (CILs). CILs are non-residential centers that provide information and referral services, peer counseling, independent living skills training and other services to Pennsylvanians with disabilities.

The Supported Employment Program improves employment opportunities for those previously considered to have disabilities so severe that they could not benefit from the traditional vocational rehabilitation program. Supported employment combines job placement in the community with job training at the job site. Full-time training and support services are provided.

Grants are provided through the Independence Capital Access Network (ICAN) to businesses for the purchase of specialized or adaptive equipment to employ Pennsylvanians with disabilities.

This program also includes the Hiram G. Andrews Center in Johnstown. The center is funded from fees for services rendered. The center provides a wide array of vocational rehabilitation and job training services.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Caseload:							
Carry-over	53,589	57,564	61,814	66,024	70,194	74,224	78,209
New referrals	30,107	30,000	30,000	30,000	30,000	30,000	30,000
Total caseload	83,696	87,564	91,814	96,024	100,194	104,224	108,209
Cases closed:							
Ineligible or plan not initiated	9,297	9,200	9,150	9,050	9,000	8,950	8,950
Placed in competitive employment	10,227	10,250	10,350	10,500	10,700	10,800	10,800
Nonrehabilitated	6,608	6,300	6,290	6,280	6,270	6,265	6,235
Total cases closed	26,132	25,750	25,790	25,830	25,970	26,015	25,985
Cases Carried Over	57,564	61,814	66,024	70,194	74,224	78,209	82,224
Most Severely Disabled Rehabilitated	10,607	10,400	10,450	10,500	10,550	10,600	10,600
Services for the Visually Impaired:							
Persons who are blind or visually impaired:	35,564	36,000	36,036	36,072	36,098	36,134	36,170
Persons who are blind or visually impaired placed in employment	438	422	426	430	434	438	442

New referrals increase from the projection in last year's budget because of increased awareness of the services available.

Program: Vocational Rehabilitation (continued)

Program Measures: (continued)	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Economic/client earnings information:							
Average weekly earnings for clients closed as competitively employed	$327	$330	$333	$336	$340	$344	$344
Total weekly earnings for clients closed as competitively employed (in thousands)	$3,400	$3,434	$3,478	$3,513	$3,547	$3,582	$3,582
Average taxes paid by competitively employed clients	$4,421	$4,465	$4,510	$4,555	$4,601	$4,647	$4,647
Total taxes paid by competitively employed clients (in thousands)	$45,313	$46,677	$47,827	$49,225	$50,182	$50,684	$50,684

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Transfer to the Vocational Rehabilitation Fund.

$ –1,000 —nonrecurring costs.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Vocational Rehabilitation Services	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000
Entrepreneurial Assistance	931	1,061	1,061	1,061	1,061	1,061	1,061
Transfer to Vocational Rehabilitation Fund	37,083	38,083	37,083	37,083	37,083	37,083	37,083
Supported Employment	1,155	1,155	1,155	1,155	1,155	1,155	1,155
Centers for Independent Living	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Assistive Technology	890	890	890	890	890	890	890
Beacon Lodge Camp	120	117	117	117	117	117	117
TOTAL GENERAL FUND	$ 45,779	$ 46,906	$ 45,906	$ 45,906	$ 45,906	$ 45,906	$ 45,906

LIQUOR CONTROL BOARD

The mission of the Liquor Control Board is to regulate the alcohol beverage industry in a fair and consistent manner; provide the best service to its customers through modern, convenient outlets, superior product selection and competitive prices in a controlled environment; and to provide factual information on alcohol and its effects through a comprehensive alcohol education program.

The Liquor Control Board controls the manufacture, possession, sale, consumption, importation, use, storage, transportation and delivery of liquor, alcohol and malt or brewed beverages in the Commonwealth.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
(F)Pennsylvanians Against Underage Drinking Grant	$ 195	$ 0	$ 0
Subtotal - Federal Funds	195	0	0
OTHER FUNDS:			
STATE STORES FUND:			
General Operations (EA)	$ 299,982	$ 274,788	$ 290,245
Sale of Vehicles and Other Equipment	48	0	0
Comptroller Operations (EA)	7,764	7,764	7,531
Transfer of Profits to General Fund (EA)	155,000	50,000	55,000
STATE STORES FUND TOTAL	**$ 462,794**	**$ 332,552**	**$ 352,776**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 0	$ 0	$ 0
SPECIAL FUNDS	0	0	0
FEDERAL FUNDS	195	0	0
OTHER FUNDS	462,794	332,552	352,776
TOTAL ALL FUNDS	**$ 462,989**	**$ 332,552**	**$ 352,776**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
LIQUOR CONTROL							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	195	0	0	0	0	0	0
OTHER FUNDS	462,794	332,552	352,776	357,776	362,776	367,776	372,776
SUBCATEGORY TOTAL	$ 462,989	$ 332,552	$ 352,776	$ 357,776	$ 362,776	$ 367,776	$ 372,776
ALL PROGRAMS:							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	195	0	0	0	0	0	0
OTHER FUNDS	462,794	332,552	352,776	357,776	362,776	367,776	372,776
DEPARTMENT TOTAL	$ 462,989	$ 332,552	$ 352,776	$ 357,776	$ 362,776	$ 367,776	$ 372,776

PROGRAM OBJECTIVE: To control the manufacture, distribution and sale of alcoholic beverages in Pennsylvania.

Program: Liquor Control

All bottle sales of wines and spirits in Pennsylvania, with the exception of sales by licensed limited wineries, are made through approximately 636 State Liquor Stores operated by the Liquor Control Board. This includes both retail sales to individual consumers and wholesale sales to those private establishments that make retail sales of alcoholic beverages by the drink.

Revenues from the sale of wines and spirits cover the cost of merchandise sold in the stores, all costs of operating the Liquor Control Board, and the cost of operating the Office of the Comptroller for the Board. Additionally, these revenues fund the costs of the PA State Police Bureau of Liquor Control Enforcement and provide funding to the PA Department of Health to support drug and alcohol programs.

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. Recent agency initiatives to increase service include an expanded premium product selection, the opening of Premium Collection stores, an E-Commerce site for purchase of products and the opening of Liquor Control Board operated stores within existing grocery store outlets. Expanded customer service has also resulted from passage of Act 212 of 2002, which amended the Liquor Code to allow for in-store sampling of products and a two-year pilot on Sunday sales in 10% of State stores. Act 212 of 2002, along with Act 1 of 2003, allow for the sale of wine accessories and trade publications, while Act 15 of 2003 provided for the sale of liquor accessories.

The Board licenses private establishments that make retail sales of alcoholic beverages by the drink and regulates the sale of malt and brewed beverages by licensing the distributors, restaurants, hotels and clubs that sell these items. In all, some 86,000 licensing transactions of all types are processed each year. In 2001, Act 141 revised the existing license quota system from municipal-based to county-based to allow for flexibility of licenses in developing areas most needed within the counties.

The Liquor Control Board has established an important Nuisance Bar Program to ensure the safety and security of our citizens. This program supports a task force that utilizes the expertise of representatives of community affairs offices, district attorney offices, local and state police, drug task forces, local communities and the General Assembly. If it is determined that a licensed business has abused its license privilege and, through its conduct or record of violations, demonstrates a pattern of activities that threatens the health and safety of the local community, the Liquor Control Board will refuse to renew its license. Through December of 2003, the Board has objected to the renewal of over 785 licenses.

In 1994, the Liquor Control Board formalized its commitment to providing information about alcohol consumption by establishing the Bureau of Alcohol Education. The bureau's annual budget supports its three-fold mission of delivering a no-alcohol use or "zero tolerance" message to all citizens under the age of 21, encouraging responsibility and moderation for any adult age 21 and over who chooses to drink alcoholic beverages, and promoting responsible alcohol beverage service and practices among licensees and persons that serve beverage alcohol in Pennsylvania. The Bureau of Alcohol Education is currently developing and piloting a highly visible enforcement-driven "under 21" alcohol intervention project.

Act 141 of 2001 expanded the role of the Liquor Control Board through establishing a comprehensive Responsible Alcohol Management Program (RAMP) that offers responsible service training to licensees in Pennsylvania. The Bureau of Alcohol Education is responsible for overseeing this program, including offering owner/manager training to licensees and certifying, monitoring and tracking all server/seller training in Pennsylvania.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Pennsylvania State Liquor Stores	638	636	640	642	644	646	646
Gross Sales (includes taxes) (in thousands)	$1,268,703	$1,319,451	$1,372,229	$1,427,118	$1,484,203	$1,543,571	$1,605,314
Net sales per dollar operating cost-all stores*	$5.90	$6.40	$6.30	$6.30	$6.20	$6.20	$6.20
Net sales per dollar operating cost-premium collection stores*	$6.60	$7.10	$7.00	$7.00	$6.90	$6.90	$6.90
Alcohol education materials distributed*	3,130,969	3,200,000	3,300,000	3,300,000	3,300,000	3,400,000	3,400,000
Licensees receiving RAMP (Responsible Alcohol Management Program) training	7,423	7,500	7,600	7,700	7,800	7,800	7,800

Licensees receiving RAMP training are higher than projected in last year's budget due to a higher participation rate among licensees.

*New program measure.

Program: Liquor Control (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		STATE STORES FUND:
		General Operations
$	15,457	—to continue current program.
		Comptroller Operations
$	–233	—to continue current program.
		Transfer of Profits to General Fund
$	5,000	—increase in the amount available for transfer to General Fund.

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

The Department of Military and Veterans Affairs has two roles in State government. One role of the department is to provide world-class service to Pennsylvania veterans, their spouses, and their dependents by operating a network of veterans' assistance programs, a school for veterans' children, and six veterans homes.

The other role of the department is to provide combat-ready units of the Pennsylvania Army and Air National Guard to protect the lives and property of the people of the Commonwealth and preserve peace, order and public safety. The Pennsylvania National Guard has dual missions. Their Federal mission is to be trained and equipped to join the active military forces in time of war or national emergency; and their State mission is to respond to the orders of the Governor in the event of natural and man-made disasters.

The Department of Military and Veterans Affairs consists of the Adjutant General, the State Armory Board, the State Veterans' Commission, the Soldiers and Sailors Home in Erie, the Veterans Home in Hollidaysburg, the Southeastern Veterans Home in Spring City, the Gino J. Merli Veterans Home in Scranton, the Southwestern Veterans Home in Pittsburgh, the Delaware Valley Veterans Home in Philadelphia and the Scotland School for Veterans Children near Chambersburg.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ 18,519	$ 16,786	$ 17,978
(F)Facilities Maintenance	31,310	41,666	36,486
(F)Federal Construction Grants	25,700	25,700	27,000
(F)DCSI - Drug Enforcement Training (EA)	334	618	630
(A)Rental of Armories and Other Facilities	122	122	122
(A)Pa Emergency Management Agency Reimbursement	2,469	0	0
(A)Housing Fees	63	70	70
(A)Utility Reimbursements	178	225	225
(A)Recreational Reimbursements	41	44	44
(A)Purchasing Card Rebates	11	2	10
(A)Miscellaneous Reimbursements	18	13	13
Burial Detail Honor Guard	38	36	36
American Battle Monuments	6	7	7
Armory Maintenance and Repair	1,399	1,339	1,379
Drug Interdiction	1	18	18
Special State Duty	70	66	66
Subtotal	$ 80,279	$ 86,712	$ 84,084
Subtotal - State Funds	$ 20,033	$ 18,252	$ 19,484
Subtotal - Federal Funds	57,344	67,984	64,116
Subtotal - Augmentations	2,902	476	484
Total - General Government	$ 80,279	$ 86,712	$ 84,084
Institutional:			
Erie Soldiers and Sailors Home	$ 6,186	$ 6,545	$ 6,938
(F)Operations and Maintenance	2,301	2,475	2,525
(F)Medical Reimbursement	75	37	50
(A)Aid and Attendance Payments	389	405	405
(A)Residents Fees	1,922	2,000	2,000
(A)Purchasing Card Rebates	6	0	6
Subtotal	$ 10,879	$ 11,462	$ 11,924
Hollidaysburg Veterans Home	21,423	22,558	23,583
(F)Operations and Maintenance	7,144	7,600	8,000
(F)Medical Reimbursement	250	269	400
(A)Aid and Attendance Payments	2,121	2,248	5,422
(A)Residents Fees	5,214	5,342	2,282
(A)Rental Receipts	0	16	12
(A)Purchasing Card Rebates	8	4	8
Subtotal	$ 36,160	$ 38,037	$ 39,707
Southeastern Veterans Home	12,491	13,980	13,497
(F)Operations and Maintenance	4,171	4,513	4,742
(F)Medical Reimbursements	100	100	100
(A)Aid and Attendance Payments	933	1,136	1,842
(A)Residents Fees	2,398	2,280	1,091
(A)Purchasing Card Rebates	5	0	5
Subtotal	$ 20,098	$ 22,009	$ 21,277
Gino J. Merli Veterans Center	7,951	8,769	9,245
(F)Operations and Maintenance	3,648	3,730	3,908
(F)Medical Reimbursement	67	67	50
(A)Aid and Attendance Payments	1,115	1,048	1,256
(A)Residents Fees	2,337	2,222	2,234
(A)Purchasing Card Rebates	4	0	4
Subtotal	$ 15,122	$ 15,836	$ 16,697
Southwestern Veterans Home	7,950	8,462	9,628
(F)Operations and Maintenance	4,008	4,344	4,448

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
(F)Medical Reimbursement	30	60	100
(A)Aid and Attendance Payments	1,333	1,354	1,395
(A)Residents Fees	2,828	2,476	2,585
(A)Purchasing Card Rebates	3	0	3
Subtotal	$ 16,152	$ 16,696	$ 18,159
Delaware Valley Veterans Home	**4,033**	**12,319**	**12,262**
(F)Operations and Maintenance	119	686	1,581
(F)Medical Reimbursements	5	34	41
(A)Aid and Attendance Payments	52	164	290
(A)Residents Fees	82	198	443
Subtotal	$ 4,291	$ 13,401	$ 14,617
Scotland School for Veterans' Children	**8,167**	**8,000**	**8,193**
(F)ESEA Education Program	187	210	210
(F)School Milk Program	265	270	275
(F)Drug Free Schools	1	1	1
(F)School Reform	6	0	0
(F)Education Enhancement	22	25	20
(A)Institutional Reimbursements	98	120	110
(A)Tuition Recovery	2,118	1,904	2,000
(A)Link to Learn	0	8	8
Subtotal	$ 10,864	$ 10,538	$ 10,817
Subtotal - State Funds	$ 68,201	$ 80,633	$ 83,346
Subtotal - Federal Funds	22,399	24,421	26,451
Subtotal - Augmentations	22,966	22,925	23,401
Total - Institutional	$ 113,566	$ 127,979	$ 133,198
Grants and Subsidies:			
Education of Veterans Children	**$ 100**	**$ 190**	**$ 190**
Education - National Guard	**10,527**	**8,948**	**11,086**
Veterans Assistance	**927**	**1,230**	**1,230**
Blind Veterans Pension	**218**	**235**	**235**
Paralyzed Veterans Pension	**411**	**460**	**460**
National Guard Pension	**0**	**5**	**5**
PA Air National Guard	**25**	**0**	**0**
Civil Air Patrol	**300**	**300**	**0**
Disabled American Veterans Transportation	**250**	**250**	**0**
Subtotal	$ 12,758	$ 11,618	$ 13,206
Total - Grants and Subsidies	$ 12,758	$ 11,618	$ 13,206
STATE FUNDS	$ 100,992	$ 110,503	$ 116,036
FEDERAL FUNDS	79,743	92,405	90,567
AUGMENTATIONS	25,868	23,401	23,885
GENERAL FUND TOTAL	**$ 206,603**	**$ 226,309**	**$ 230,488**

OTHER FUNDS:

PENNSYLVANIA VETERANS MEMORIAL TRUST FUND:			
Veterans Memorial(EA)	$ 35	$ 95	$ 190
STATE TREASURY ARMORY FUND:			
Armory Improvements	$ 204	$ 650	$ 600

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 100,992	$ 110,503	$ 116,036
SPECIAL FUNDS	0	0	0
FEDERAL FUNDS	79,743	92,405	90,567
AUGMENTATIONS	25,868	23,401	23,885
OTHER FUNDS	239	745	790
TOTAL ALL FUNDS	**$ 206,842**	**$ 227,054**	**$ 231,278**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
STATE MILITARY READINESS							
GENERAL FUND	$ 20,033	$ 18,252	$ 19,484	$ 19,484	$ 19,484	$ 19,484	$ 19,484
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	57,344	67,984	64,116	64,116	64,116	64,116	64,116
OTHER FUNDS	3,141	1,221	1,274	1,274	1,274	1,274	1,274
SUBCATEGORY TOTAL	$ 80,518	$ 87,457	$ 84,874	$ 84,874	$ 84,874	$ 84,874	$ 84,874
VETERANS HOMES AND SCHOOL							
GENERAL FUND	$ 68,201	$ 80,633	$ 83,346	$ 83,346	$ 83,346	$ 83,346	$ 83,346
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	22,399	24,421	26,451	26,451	26,451	26,451	26,451
OTHER FUNDS	22,966	22,925	23,401	23,401	23,401	23,401	23,401
SUBCATEGORY TOTAL	$ 113,566	$ 127,979	$ 133,198	$ 133,198	$ 133,198	$ 133,198	$ 133,198
COMPENSATION AND ASSISTANCE							
GENERAL FUND	$ 12,758	$ 11,618	$ 13,206	$ 13,206	$ 13,206	$ 13,206	$ 13,206
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	$ 12,758	$ 11,618	$ 13,206	$ 13,206	$ 13,206	$ 13,206	$ 13,206
ALL PROGRAMS:							
GENERAL FUND	$ 100,992	$ 110,503	$ 116,036	$ 116,036	$ 116,036	$ 116,036	$ 116,036
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	79,743	92,405	90,567	90,567	90,567	90,567	90,567
OTHER FUNDS	26,107	24,146	24,675	24,675	24,675	24,675	24,675
DEPARTMENT TOTAL	$ 206,842	$ 227,054	$ 231,278	$ 231,278	$ 231,278	$ 231,278	$ 231,278

PROGRAM OBJECTIVE: To achieve and maintain a readiness capability in units of the Pennsylvania National Guard for quick and effective response to State or Federal mobilization.

Program: State Military Readiness

This program provides the administrative, logistical and training support necessary for the Pennsylvania National Guard to maintain requisite readiness capability to serve during emergencies. Such emergencies may result in full or partial mobilization of the Pennsylvania National Guard for State service in the Commonwealth or Federal service anywhere in the world. Costs for military equipment, supplies and training, such as monthly training assemblies and 15 days annual training, are funded 100 percent by the Federal Government.

The readiness capability of Pennsylvania National Guard units is evaluated according to established Federal inspection and training standards. Primary efforts are directed toward having the Pennsylvania National Guard in top readiness condition in order to perform its State and Federal missions. The training of personnel is directly dependent upon the adequacy of the operation, maintenance and repair of numerous National Guard armories, support facilities, Air National Guard bases and installations. A Statewide communications network is in operation providing a quicker and more effective response to State or Federal mobilization. During 2002-03, funds were provided for base stations and mobile/portable radio equipment for agency participation in the Statewide Public Safety Radio System.

Included within this program are those activities essential to operate a network of 96 community armories and 6 air bases that serve as training locations for National Guard units. The Commonwealth is responsible for providing for the operation, maintenance and repair of the armories. These armories may also be utilized as mass care centers for disaster victims and to provide meeting and recreational facilities for local civic and youth organizations.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Pennsylvania National Guard personnel ...	20,388	20,625	20,650	20,650	20,650	20,650	20,650
Percentage of authorized strength level...	93%	93%	95%	95%	95%	95%	95%

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

		General Government Operations
$	–443	—Initiative – Operational Efficiency. Savings from the consolidation of administrative functions.
	1,635	—to continue current program.
$	1,192	*Appropriation Increase*
		Armory Maintenance and Repair
$	40	–to continue current program.

All other appropriations are recommended at the current year funding levels.

Program: State Military Readiness (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	18,519	16,786	17,978	17,978	17,978	17,978	17,978
Burial Detail Honor Guard	38	36	36	36	36	36	36
American Battle Monuments	6	7	7	7	7	7	7
Armory Maintenance and Repair	1,399	1,339	1,379	1,379	1,379	1,379	1,379
Drug Interdiction	1	18	18	18	18	18	18
Special State Duty	70	66	66	66	66	66	66
TOTAL GENERAL FUND	$ 20,033	$ 18,252	$ 19,484	$ 19,484	$ 19,484	$ 19,484	$ 19,484

PROGRAM OBJECTIVE: To provide nursing and domiciliary care for veterans and a school to educate veterans' children.

Program: Veterans Homes and School

The Department of Military and Veterans Affairs provides skilled nursing and domiciliary care for veterans who are disabled, indigent or in need of care. There are six veterans homes currently providing such care: the Soldiers and Sailors Home in Erie, the Veterans Home at Hollidaysburg, the Southeastern Pennsylvania Veterans Center in Spring City, the Gino J. Merli (Northeastern) Veterans Center in Scranton, the Southwestern Veterans Center in Pittsburgh and the Delaware Valley Veterans Home which opened in January 2003.

The program receives assistance from the Federal Department of Veterans Affairs at levels of $26.95 per patient day for domiciliary care and $56.24 per patient day for nursing home care.

Residents of State veterans homes receive a daily allowance from the Federal Department of Veterans Affairs. Residents use these funds plus their own funds to help offset the cost of their care.

The Scotland School for Veterans Children, located near Chambersburg, provides a student-centered elementary and secondary curriculum for individual needs including college preparatory classes and vocational offerings.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Veterans Homes:							
Capacity (December)							
Erie	175	175	175	250	250	250	250
Hollidaysburg	514	514	514	514	514	514	514
Southeastern	304	304	304	304	304	304	304
Gino J Merli	200	200	200	200	200	200	200
Southwestern	236	236	236	236	236	236	236
Delaware Valley	0	171	171	171	171	171	171
Population (December)							
Erie	150	153	165	240	240	240	240
Hollidaysburg	473	473	490	490	490	490	490
Southeastern	283	287	287	287	287	287	287
Gino J. Merli	190	195	197	197	197	197	197
Southwestern	233	233	235	235	235	235	235
Delaware Valley	0	51	160	167	167	167	167
Scotland School:							
Capacity	370	370	370	360	360	360	360
Population	315	321	350	350	350	350	350

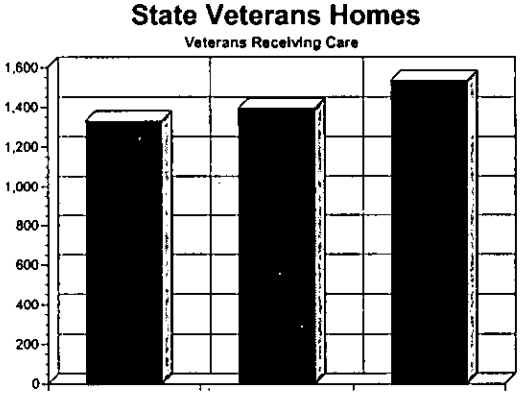
The Gino J. Merli Veterans Center was formerly known as the Northeastern Veterans Center.

The capacity and population of the Erie Soldiers and Sailors Home decreased in 2004-05 from the projections shown in last year's budget reflecting a delay in constructing a 75-bed Alzheimer's Unit.

The difference between capacity and population of the Delaware Valley Veterans Home reflects the continued planned opening of this new facility.

The population of the Scotland School is lower in 2002-03 and in 2003-04 because of the temporary closing of residential cottages for renovations.

State Veterans Homes



Veterans receiving care at State Veterans Homes is projected to increase to 1,534 in 2004-05.

Program: Veterans Homes and School (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget
Erie Soldiers and Sailors Home			
State Funds	$ 6,186	$ 6,545	$ 6,938
Federal Funds	2,376	2,512	2,575
Augmentations	2,317	2,405	2,411
TOTAL	$ 10,879	$ 11,462	$ 11,924
Hollidaysburg Veterans Home			
State Funds	$ 21,423	$ 22,558	$ 23,583
Federal Funds	7,394	7,869	8,400
Augmentations	7,343	7,610	7,724
TOTAL	$ 36,160	$ 38,037	$ 39,707
Southeastern Veterans Home			
State Funds	$ 12,491	$ 13,980	$ 13,497
Federal Funds	4,271	4,613	4,842
Augmentations	3,336	3,416	2,938
TOTAL	$ 20,098	$ 22,009	$ 21,277
Scotland School for Veterans Children			
State Funds	$ 8,167	$ 8,000	$ 8,193
Federal Funds	481	506	506
Augmentations	2,216	2,032	2,118
TOTAL	$ 10,864	$ 10,538	$ 10,817

	2002-03 Actual	2003-04 Available	2004-05 Budget
Gino J. Merli Veterans Center			
State Funds	$ 7,951	$ 8,769	$ 9,245
Federal Funds	3,715	3,797	3,958
Augmentations	3,456	3,270	3,494
TOTAL	$ 15,122	$ 15,836	$ 16,697
Southwestern Veterans Home			
State Funds	$ 7,950	$ 8,462	$ 9,628
Federal Funds	4,038	4,404	4,548
Augmentations	4,164	3,830	3,983
TOTAL	$ 16,152	$ 16,696	$ 18,159
Delaware Valley Veterans Home			
State Funds	$ 4,033	$ 12,319	$ 12,262
Federal Funds	124	720	1,622
Augmentations	134	362	733
TOTAL	$ 4,291	$ 13,401	$ 14,617

The Delaware Valley Veterans Home opened in January 2003.

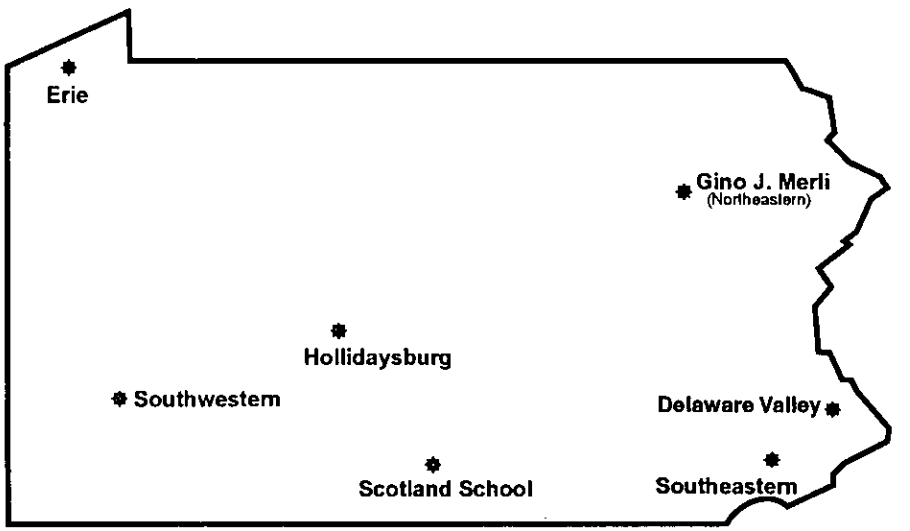
Population and Capacity

Institution	Population Dec 2003	Projected Population Dec 2004	Projected Capacity Dec 2004	Projected Percent of Capacity
Erie Soldiers and Sailors Home	153	165	175	94%
Hollidaysburg Veterans Home	473	490	514	95%
Southeastern Veterans Home	287	287	304	94%
Gino J. Merli Veterans Center	195	197	200	99%
Southwestern Veterans Home	233	235	236	100%
Delaware Valley Veterans Home	51	160	171	94%
Scotland School for Veterans Children	321	350	370	95%
Total	1,713	1,884	1,970	96%

The Delaware Valley Veterans Home opened in January 2003.

Program: Veterans Homes and School (continued)

Veterans Homes and School



Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		Erie Soldiers and Sailors Home
$	393	—to continue current program.
		Hollidaysburg Veterans Home
$	1,025	—to continue current program.
		Southeastern Veterans Home
$	–1,062	—Initiative – Operational Efficiency. Savings from decreased use of contracted nursing support.
	579	—to continue current program.
$	–483	*Appropriation Decrease*

		Gino J. Merli Veterans Center
$	476	—to continue current program.
		Southwestern Veterans Home
$	1,166	—to continue current program.
		Delaware Valley Veterans Home
$	–57	—to continue current program.
		Scotland School for Veterans Children
$	193	–to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Erie Soldiers and Sailors Home	$ 6,186	$ 6,545	$ 6,938	$ 6,938	$ 6,938	$ 6,938	$ 6,938
Hollidaysburg Veterans Home	21,423	22,558	23,583	23,583	23,583	23,583	23,583
Southeastern Veterans Home	12,491	13,980	13,497	13,497	13,497	13,497	13,497
Gino J. Merli Veterans Center	7,951	8,769	9,245	9,245	9,245	9,245	9,245
Southwestern Veterans Home	7,950	8,462	9,628	9,628	9,628	9,628	9,628
Delaware Valley Veterans Home	4,033	12,319	12,262	12,262	12,262	12,262	12,262
Scotland School for Veterans' Children	8,167	8,000	8,193	8,193	8,193	8,193	8,193
TOTAL GENERAL FUND	$ 68,201	$ 80,633	$ 83,346	$ 83,346	$ 83,346	$ 83,346	$ 83,346

PROGRAM OBJECTIVE: To provide advisory and financial assistance to eligible Pennsylvania veterans, National Guardsmen and their dependents.

Program: Compensation and Assistance

The Department of Military and Veterans Affairs administers several activities within this program.

Program Element: Veterans Assistance

Temporary financial assistance is provided for eligible veterans, their spouses and dependent children who are in need of financial assistance. Financial assistance is authorized for food, fuel, shelter and clothing and is limited to a period not exceeding three months.

Program Element: Blind Veterans Pension

Pensions of $150 per month are provided for those Pennsylvania veterans who incurred functional blindness while performing active military service.

Program Element: National Guard Pensions

This program is responsible for the payment of a pension to guardsmen, widows and dependent family members. A National Guardsman who is injured, otherwise disabled or dies as a result of injuries or other disability received or contracted while performing duty in active service of the Commonwealth, or in the performance of other State military duty, is eligible. Current law provides for a monthly pension for dependents up to a maximum of $300 per month for a period of ten years. In the case of children of a deceased member, the pension is paid until the child reaches 18 years of age.

Program Element: Education of Children of Deceased and Disabled Veterans

Educational grants are provided for children of honorably discharged veterans who have been certified as having wartime service-connected disabilities rated as total and permanent or children of veterans who have died of wartime service-connected disabilities. Under current law, $500 per semester is available for eligible students attending post secondary institutions within the Commonwealth.

Program Element: Education — National Guard

Tuition grants are provided for certain members of the Pennsylvania National Guard who enroll in a Pennsylvania institution of higher learning with degree-granting status, as approved by the Department of Education. Act 11 of 2000 enhanced this educational assistance program. Grants are available for full-time students for up to 100 percent of the tuition charged to a Pennsylvania resident at a member institution of the State System of Higher Education. These public service educational grants not only serve as an incentive to the Pennsylvania National Guard's recruiting and retention efforts but also reward those Pennsylvanians who volunteer to serve their nation and the Commonwealth.

Program Element: Paralyzed Veterans Pension

This program provides a pension of $150 per month to those Pennsylvania veterans who have lost the use of two or more extremities while serving on active duty in the armed forces of the United States. Act 109 of 2001 expanded this program by eliminating the residency and wartime service requirement. Thus, former residents of Pennsylvania and those who served in the military during peacetime are now eligible for the pension if all other requirements are met.

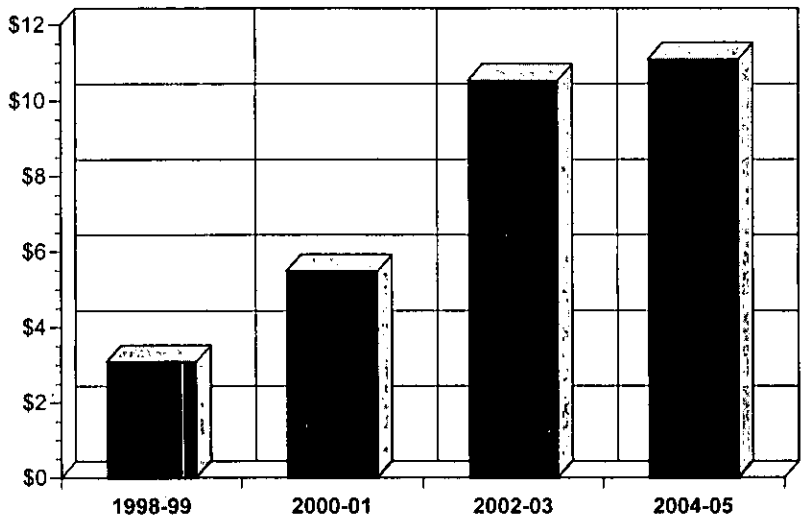
Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Veterans in Pennsylvania	1,210,000	1,180,000	1,150,000	1,120,000	1,090,000	1,059,000	1,029,000
Recipients of veterans emergency assistance	1,507	1,500	1,500	1,500	1,500	1,500	1,500
Recipients of blind veterans pensions	120	120	120	120	120	120	120
Education of children of deceased and disabled veterans	135	135	135	135	135	135	135
National Guard personnel receiving educational financial aid	2,735	3,145	3,617	4,160	4,784	5,502	6,327
Participants in paralyzed veterans programs	218	220	220	220	220	220	220

Recipients of veterans emergency assistance has been revised to reflect only the number of veterans receiving assistance. In previous budgets, the measure also included dependents.

National Guard personnel receiving educational financial aid decreased in 2002-03 and 2003-04 from the projections shown in last year's budget because of the deployment of troops.

Program: Compensation and Assistance (continued)

Educational Financial Aid for National Guard Personnel



Educational financial aid for National Guard personnel has increased from $3.1 million in 1998-99 to nearly $11.1 million in 2004-05 - an increase of nearly $8.0 million.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Education - National Guard

$ 2,138 —for increased reimbursement of educational costs of National Guard personnel.

Civil Air Patrol

$ –300 —nonrecurring grant

Disabled American Veterans Transportation

$ –250 —nonrecurring grant.

The budget recommends continuation of all other programs at sufficient levels to carry current programs forward.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Education of Veterans Children	100	190	190	190	190	190	190
Education - National Guard	10,527	8,948	11,086	11,086	11,086	11,086	11,086
Veterans Assistance	927	1,230	1,230	1,230	1,230	1,230	1,230
Blind Veterans Pension	218	235	235	235	235	235	235
Paralyzed Veterans Pension	411	460	460	460	460	460	460
National Guard Pension	0	5	5	5	5	5	5
PA Air National Guard	25	0	0	0	0	0	0
Civil Air Patrol	300	300	0	0	0	0	0
Disabled American Veterans Transportation	250	250	0	0	0	0	0
TOTAL GENERAL FUND	$ 12,758	$ 11,618	$ 13,206	$ 13,206	$ 13,206	$ 13,206	$ 13,206

MILK MARKETING BOARD

The mission of the Milk Marketing Board is to ensure that Pennsylvania's dairy industry remains vital by providing a regulatory environment that facilitates a safe, adequate supply of wholesome milk while providing security for its dairy farmers and milk dealers, and protection for the public health and welfare of consumers.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
MILK MARKETING FUND:			
General Government:			
General Operations	$ 2,513	$ 2,567	$ 2,794

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
MILK INDUSTRY REGULATION							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	2,513	2,567	2,794	2,794	2,794	2,794	2,794
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 2,513	$ 2,567	$ 2,794	$ 2,794	$ 2,794	$ 2,794	$ 2,794
ALL PROGRAMS:							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	2,513	2,567	2,794	2,794	2,794	2,794	2,794
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	0	0	0	0	0	0	0
DEPARTMENT TOTAL	$ 2,513	$ 2,567	$ 2,794	$ 2,794	$ 2,794	$ 2,794	$ 2,794

PROGRAM OBJECTIVE: To maintain an adequate supply of wholesome fluid milk.

Program: Milk Industry Regulation

The Milk Marketing Board is a special fund agency financed from milk industry license fees, permit fees and fines. The board supervises, inspects and regulates the milk industry of the Commonwealth and establishes reasonable trade control and marketing practices. It formulates policy, holds public hearings and subsequently issues and enforces General Marketing Orders, rules and regulations. The board also handles prosecution and levying of penalties against violators of the Milk Marketing Law, the Milk Producer's Security Act and board regulations.

The board's major function continues to be ensuring an adequate milk supply by setting minimum prices paid to farmers, minimum prices dealers can charge wholesale and retail customers, and minimum prices stores can charge consumers. The regulation process is complicated by the existence of Federal Marketing Orders, which are prices established by the Federal Government that must be paid to producers.

The board has implemented an automated Milk Accounting and Regulatory System (MARS). The system values milk based on component pricing, allowing adaptation to changes in the state and federal regulatory environment. Pricing information collected through the system and from public hearings is used by the board to establish minimum milk prices.

The board had previously considered the ratio of the supply of milk fluid to demand in the regulation process, but other indicators are more relevant to the process and that ratio is no longer calculated. Factors such as the price of milk in neighboring states and the ratio of the cost of production to current or expected prices are more important to price establishment and are widely discussed at the public meetings.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Licenses and permits issued	2,904	2,900	2,900	2,900	2,900	2,900	2,900
Audits of milk dealers for compliance with milk sales' rules and regulations	611	650	650	650	650	650	650

Audits of milk dealers for compliance with milk sales' rules and regulations decrease from the projection shown in last year's budget due to an increased emphasis on financial audits.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

MILK MARKETING FUND
General Operations

$ 227 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
MILK MARKETING FUND:							
General Operations	$ 2,513	$ 2,567	$ 2,794	$ 2,794	$ 2,794	$ 2,794	$ 2,794

BOARD OF PROBATION AND PAROLE

The mission of the Board of Probation and Parole is to protect the safety of the public, address the needs of crime victims, improve county adult probation and parole services, and assist in the fair administration of justice by ensuring the custody, control and treatment of offenders under the jurisdiction of the Board.

The Board of Probation and Parole rehabilitates and supervises persons on probation or parole, helping them to reintegrate within society. The board provides for the reintegration of persons who have served their minimum sentence in a correctional institution as well as identifies those who cannot adjust to the community. State probation services and investigations are also provided upon request from the courts. The Office of Victim Advocate within the Board of Probation and Parole administers the victim service programs of both the board and the Department of Corrections. The Sexual Offenders Assessment Board is responsible for the review of registration of sexual offenders.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	**$ 76,101**	**$ 76,101**	**$ 72,956**
(F)Residential Substance Abuse Treatment	552	502	445
(F)DCSI - Residential Substance Abuse Treatment Aftercare (EA)	70	50	0
(F)DCSI - County SAVE (EA)	438	0	0
(F)DCSI - Case Management (EA)	381	139	0
(F)DCSI - Sexual Offenders Treatment (EA)	585	300	170
(F)DCSI - Re-Entry Court Planning (EA)	0	15	0
(A)Purchasing Card Rebate	7	0	0
(A)State Parole Supervision Fees	0	2,150	2,600
Subtotal	$ 78,134	$ 79,257	$ 76,171
Sexual Offenders Assessment Board	**2,899**	**2,815**	**3,202**
Drug Offenders Work Program	**224**	**244**	**242**
Subtotal - State Funds	$ 79,224	$ 79,160	$ 76,400
Subtotal - Federal Funds	2,026	1,006	615
Subtotal - Augmentations	7	2,150	2,600
Total - General Government	$ 81,257	$ 82,316	$ 79,615
Grants and Subsidies:			
Improvement of Adult Probation Services	**$ 20,145**	**$ 20,805**	**$ 21,244**
(A)County Parole Supervision Fees	11,338	10,797	11,805
Subtotal	$ 31,483	$ 31,602	$ 33,049
Subtotal - State Funds	$ 20,145	$ 20,805	$ 21,244
Subtotal - Augmentations	11,338	10,797	11,805
Total - Grants and Subsidies	$ 31,483	$ 31,602	$ 33,049
STATE FUNDS	$ 99,369	$ 99,965	$ 97,644
FEDERAL FUNDS	2,026	1,006	615
AUGMENTATIONS	11,345	12,947	14,405
GENERAL FUND TOTAL	**$ 112,740**	**$ 113,918**	**$ 112,664**
OTHER FUNDS:			
GENERAL FUND:			
Firearms Education and Training Commission	$ 373	$ 538	$ 620
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 99,369	$ 99,965	$ 97,644
SPECIAL FUNDS	0	0	0
FEDERAL FUNDS	2,026	1,006	615
AUGMENTATIONS	11,345	12,947	14,405
OTHER FUNDS	373	538	620
TOTAL ALL FUNDS	**$ 113,113**	**$ 114,456**	**$ 113,284**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
REINTEGRATION OF THE ADULT OFFENDER							
GENERAL FUND	$ 99,369	$ 99,965	$ 97,644	$ 97,644	$ 97,644	$ 97,644	$ 97,644
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	2,026	1,006	615	445	445	445	445
OTHER FUNDS	11,718	13,485	15,025	13,859	13,976	14,093	14,211
SUBCATEGORY TOTAL	$ 113,113	$ 114,456	$ 113,284	$ 111,948	$ 112,065	$ 112,182	$ 112,300
ALL PROGRAMS:							
GENERAL FUND	$ 99,369	$ 99,965	$ 97,644	$ 97,644	$ 97,644	$ 97,644	$ 97,644
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	2,026	1,006	615	445	445	445	445
OTHER FUNDS	11,718	13,485	15,025	13,859	13,976	14,093	14,211
DEPARTMENT TOTAL	$ 113,113	$ 114,456	$ 113,284	$ 111,948	$ 112,065	$ 112,182	$ 112,300

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 operates in a complex and interdependent criminal justice system in the Commonwealth.

The board's primary goal is to protect the community from crime through a process of supervising offenders who are serving sentences in the community. The primary functions of the board are to grant parole and supervise adult offenders with a maximum sentence of two years or more, revoke the parole of technical parole violators and criminal violators convicted of new crimes, and discharge from parole offenders under supervision who have fulfilled their sentences in compliance with the conditions governing parole. Commonwealth judges parole inmates with maximum sentences under two years. Under the direction of the county courts, cases can be certified to the State under special probation and parole supervision.

The board also has quasi-judicial case decision-making responsibility. Two dominant types of decisions are made from information provided by field and institutional staff: parole release decisions and revocation decisions.

Explicit parole guidelines are used in the decision-making process in order to structure discretion and maintain fairness in the system. The effect of these successful program efforts in decision-making is that justice is administered fairly and decision-making is more accountable to the public.

In addition to operating the State parole program, the board has the responsibility of administering a grant-in-aid program to support county adult probation personnel and services. The grant-in-aid program provides funds to any county which adds probation staff for presentence investigations and for improved probation supervision and programs. Act 134 of 1986, which amended the Probation and Parole Act, provides that counties shall be reimbursed for up to eighty percent of the personnel costs incurred to administer these additional services and programs, provided that sufficient funds are appropriated.

Act 35 of 1991 mandates that a monthly supervision fee be paid by all offenders under State supervision unless a waiver is granted. In addition, Act 35 requires that the sentencing judge of the Court of Common Pleas impose upon county offenders as a condition of supervision, a monthly supervision fee of at least twenty-five dollars unless reduced, waived or deferred.

Act 8 of Special Session One of 1995 created the Office of Victim Advocate 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. Act 18 of 2000 substantially amended Act 24. The board is responsible for conducting assessments of convicted sexual offenders. The assessments are provided to district attorneys to assist in the determination, prior to sentencing, of those offenders who may be found by the court to be sexually violent predators. Prior to parole considerations, the Board of Probation and Parole may request assessments of sexually violent predators and sexual offenders. In addition, Act 18 requires the registration of all sexual offenders and sexually violent predators. Under Act 21 of 2003, certain sexually violent adolescent sex offenders will be subject to an assessment by the board upon reaching age 20. The assessment will be used by the courts to determine the need for involuntary commitment and treatment of these offenders.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Probationers and parolees in caseload:							
County	190,314	198,611	203,952	209,292	214,632	219,973	225,313
State	24,538	26,260	27,259	27,791	28,048	28,206	28,340
Percentage of available parole cases reviewed on a monthly basis*	N/A	N/A	76%	78%	80%	82%	84%
Annual addition to caseload population	11,943	12,001	12,457	12,700	12,818	12,890	12,951
Investigative reports completed	33,653	35,976	37,345	38,074	38,426	38,642	38,826

Investigative reports completed increased from those shown in last year's budget because of growth in the volume of investigations, including increases in the number of inmates eligible for parole consideration.

*New program measure.

Program: Reintegration of the Adult Offender (continued)

Program Measures: (continued)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Annual caseload additions likely to return to prison:							
-within one year of release	2,295	2,508	2,520	2,616	2,667	2,692	2,707
-within three years of release	4,590	5,016	5,040	5,232	5,334	5,384	5,414
As a percentage of annual additions to caseload:							
-within one year of release	21%	21%	21%	21%	21%	21%	21%
-within three years of release	42%	42%	42%	42%	42%	42%	42%
Total State supervision dollars collected annually (in thousands)*	N/A	N/A	$1,400	$1,500	$1,600	$1,700	$1,800
Notifications to crime victims*	N/A	N/A	18,337	18,357	18,377	18,397	19,417

Annual caseload additions likely to return to prison within three years of release, and percentage of annual additions to caseload likely to return to prison within three years of release, increased from the projections shown in last year's budget because the data has been updated based on offenders released from prison to parole during 2000-01 who were tracked for three years.

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations

$ –746	—to continue current program.
–2,399	—operating cost reductions.
$ –3,145	*Appropriation Decrease*

Sexual Offenders Assessment Board

$ 387	—to continue current program.

Drug Offenders Work Program

$ –2	—to continue current program.

Improvement of Adult Probation Services

$ 441	—for grants to counties for professional county personnel salary costs. A charge of $25 per month offsets the costs of administering this program for employed offenders on State county parole supervision. Estimated fee collections for 2004-05 are $11,805,000. This amount will augment State funds of $20,983,000 and provide $32,788,000 or 77 percent reimbursement to the counties.
–2	—training costs.
$ 439	*Appropriation Increase*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 76,101	$ 76,101	$ 72,956	$ 72,956	$ 72,956	$ 72,956	$ 72,956
Sexual Offenders Assessment Board	2,899	2,815	3,202	3,202	3,202	3,202	3,202
Drug Offenders Work Program	224	244	242	242	242	242	242
Improvement of Adult Probation Services	20,145	20,805	21,244	21,244	21,244	21,244	21,244
TOTAL GENERAL FUND	$ 99,369	$ 99,965	$ 97,644	$ 97,644	$ 97,644	$ 97,644	$ 97,644

PUBLIC TELEVISION NETWORK

The mission of the Public Television Network Commission is to be a leader in using various technologies to educate, enlighten and connect citizens of all ages—contributing to the lives of families, the success of schools and colleges, the productivity of businesses and the quality of communities.

The Public Television Network Commission promotes and encourages public television in Pennsylvania. The network facilities provide services to the eight public television stations and one affiliated station including the recording, storage and delivery of programs and the interconnection of the stations for Statewide program production and exchange. The network also administers a grant program to support station operations, instructional television services, program production and program acquisition.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ **3,535**	$ **3,461**	$ **3,646**
(A)Special Production Projects	130	0	0
Subtotal - State Funds	$ 3,535	$ 3,461	$ 3,646
Subtotal - Augmentations	130	0	0
Total - General Government	$ 3,665	$ 3,461	$ 3,646
Grants and Subsidies:			
Public Television Station Grants	$ **8,521**	$ **8,521**	$ **7,771**
STATE FUNDS	$ 12,056	$ 11,982	$ 11,417
AUGMENTATIONS	130	0	0
GENERAL FUND TOTAL	$ **12,186**	$ **11,982**	$ **11,417**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
PUBLIC TELEVISION SERVICES							
GENERAL FUND	$ 12,056	$ 11,982	$ 11,417	$ 11,417	$ 11,417	$ 11,417	$ 11,417
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	130	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 12,186	$ 11,982	$ 11,417	$ 11,417	$ 11,417	$ 11,417	$ 11,417
ALL PROGRAMS:							
GENERAL FUND	$ 12,056	$ 11,982	$ 11,417	$ 11,417	$ 11,417	$ 11,417	$ 11,417
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	130	0	0	0	0	0	0
DEPARTMENT TOTAL	$ 12,186	$ 11,982	$ 11,417	$ 11,417	$ 11,417	$ 11,417	$ 11,417

PROGRAM OBJECTIVE: To provide for the development and support of Pennsylvania's network of noncommercial public television stations.

Program: Public Television Services

The Pennsylvania Public Television Network Commission, established by Act 329 of 1968, links eight independent noncommercial television stations in Pennsylvania to create a system in which stations provide programming to the people of Pennsylvania through independent and group efforts. The stations are located in Bethlehem, Erie, Philadelphia, Pittsburgh, Pittston, University Park and Harrisburg.

Funding for the operations of the noncommercial television stations in Pennsylvania comes from several sources. Private donations from business, industry and foundations; grants from the Commonwealth and Federal Government; and contributions from individuals provide over 60 percent of the revenue needed for operations.

The network, located in Hershey, is directed by a commission, the membership of which includes representatives from the eight stations, the education community, the General Assembly, the Council on the Arts, the Office of Information Technology and the public. The commission provides governance of the network and Statewide coordinating functions through a computerized microwave telecommunications system. Through the network each station has access to programs produced by other Pennsylvania stations and programs acquired from outside sources. Network promotion and audience research services are also provided as well as guidance in producing programs on cultural, educational and public affairs of interest to all Pennsylvanians.

Instructional television is provided by each of the stations in cooperation with school districts and intermediate units, which purchase broadcast rights for some nationally produced programs. Pennsylvania stations produce some educational television series for broadcast on Statewide and national television. These instructional series are curriculum-based and increasingly utilize on-line network services. An increasing number of the stations broadcast 24 hours a day with telecourses, General Education Degree courses and a wide variety of educational programming carried during the early morning hours. During 2002, more than 1,530 hours of local television programming were produced by Pennsylvania PublicTelevision Stations.

Currently, commercial and noncommercial television stations broadcast analog signals. The U.S. Congress has mandated that by May 1, 2003, all noncommercial stations must transmit digital television signals along with analog. In addition, by 2006, all analog transmissions must cease provided that 85 percent of U.S. television households in a station's market can receive a digital signal. The differences in the signals are two-fold. First, a sharper, clearer picture can be received by a digital television set. Second, while only one analog signal can be broadcast in a particular band, digital signals offer at least four separate programming signals that can be sent within the same band. In 1998-99, the Public Television Network, including the member stations, began the conversion process which was completed during 2001-02.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Households watching public television at least once a week	2,288,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
Contributing memberships	221,159	230,000	230,000	230,000	230,000	235,000	235,000

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

		General Government Operations
$	185	—to continue current program.

		Public Television Station Grants
$	-750	—nonrecurring project.

Program: Public Television Services (continued)

Appropriations within this Program

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 3,535	$ 3,461	$ 3,646	$ 3,646	$ 3,646	$ 3,646	$ 3,646
Public Television Station Grants	8,521	8,521	7,771	7,771	7,771	7,771	7,771
TOTAL GENERAL FUND	$ 12,056	$ 11,982	$ 11,417	$ 11,417	$ 11,417	$ 11,417	$ 11,417

PUBLIC UTILITY COMMISSION

The mission of the Public Utility Commission is to provide for regulation of public utilities and includes establishing reasonable rates; providing for safe service; conducting audits; and ensuring compliance with public utility regulations.

The commission is comprised of five members appointed by the Governor with Senate confirmation.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
(R)General Government Operations	$ 42,898	$ 44,256	$ 48,106
(F)Natural Gas Pipeline Safety	350	375	425
(F)Motor Carrier Safety	860	1,125	1,575
(R)First Class City Taxicab Regulation (EA)	1,841	1,807	0
Subtotal - Federal Funds	1,210	1,500	2,000
Subtotal - Restricted Revenues	44,739	46,063	48,106
Total - General Government	$ 45,949	$ 47,563	$ 50,106
FEDERAL FUNDS	1,210	1,500	2,000
RESTRICTED REVENUES	44,739	46,063	48,106
GENERAL FUND TOTAL	**$ 45,949**	**$ 47,563**	**$ 50,106**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 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	1,210	1,500	2,000	2,000	2,000	2,000	2,000
OTHER FUNDS	44,739	46,063	48,106	47,006	44,321	44,321	44,321
SUBCATEGORY TOTAL	$ 45,949	$ 47,563	$ 50,106	$ 49,006	$ 46,321	$ 46,321	$ 46,321
ALL PROGRAMS:							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	1,210	1,500	2,000	2,000	2,000	2,000	2,000
OTHER FUNDS	44,739	46,063	48,106	47,006	44,321	44,321	44,321
DEPARTMENT TOTAL	$ 45,949	$ 47,563	$ 50,106	$ 49,006	$ 46,321	$ 46,321	$ 46,321

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 Public Utility Code requires the Public Utility Commission (PUC), an arm of the General Assembly, to ensure that safe and adequate utility service is available to the public at fair and reasonable rates.

The commission regulates about 8,057 utilities which include electric, gas, steam heat, water, telephone, telegraph, and sewage collection and disposal services; transportation of passengers and property by railroad, aircraft, boat, ferry and motor carrier; and transportation of certain products by pipeline.

The Commission is funded by assessment of public utilities. Subject to budgetary approval, the Commission may assess up to three-tenths of one percent of gross interstate revenues to cover the cost of regulation. Public utility assessments and fees are deposited into a restricted account within the General Fund.

In 2002-03, the Public Utility Commission completed 16 fixed utility rate cases. Rate increases of nearly $25 million were allowed. Rate increases of $2.1 million requested by transportation utilities were also allowed.

Pennsylvania has taken a leadership role in the deregulation of the electric industry. Act 138 of 1996 has become model legislation for other states desiring to deregulate the electric industry with the intended effect of lowering electric utility rates through increased competition. Electric customers are able to choose the company that supplies their electricity.

Federal Law (P.L. 103-305) effective January 1,1995, pre-empts State regulation of trucking rates and routes. The PUC's jurisdiction on motor carrier regulation has now been essentially limited to safety authority, insurance coverage, and transportation of household goods and passengers.

Act 21 of 1999 deregulated the natural gas industry. It allows for retail gas consumers to have the opportunity to choose their natural gas suppliers. The PUC provides educational information to the consumers to help them benefit from the legislative and regulatory changes.

Act 230 of 2002 transferred regulatory authority for the limousine and taxicab services in Philadelphia to the Philadelphia Parking Authority. Regulatory powers and duties including the First Class Taxicab Regulatory Fund will be transferred from the PUC to the Authority no later than July 1, 2004. The Act also provided for a one-time appropriation to improve services provided by Philadelphia taxicabs and limousines. All costs of the transition will be paid from the regulatory fund. On November 7, 2003, the Supreme Court found Act 230 to be inconsistent with Article III Section 3 of the Constitution, but decided to stay the decision for 90 days to afford time for the Legislature to enact similar provisions in a manner consistent with the Constitution. This budget assumes remedial legislation will be enacted that is consistent with the Constitution and Act 230.

In addition to its primary duty of ensuring that adequate service at reasonable rates is available to the public, the commission is required or empowered to:

- prescribe rates for certain types of common carrier by motor vehicle type and to establish accounting and service requirements for them;
- regulate the formation, merger and consolidation of public utilities;
- determine whether a public utility should be permitted to discontinue service to the public other than for non-payment for service rendered;
- regulate the crossing of public highways by the facilities of public utilities;
- inspect the properties, test the equipment and examine the books and other records of utilities;
- prescribe systems of accounting for public utilities;
- determine whether the issuance of utility stocks and long-term debt by public utilities is necessary or proper for the present and probable future capital needs of the utilities;
- inquire into the reasonableness, from the point of view of the public interest, of contracts between public utilities and municipalities, and of contracts for services between public utilities and their affiliates;
- assess all its expenses on utilities in accordance with Act 33 of 1972; and conduct management efficiency investigations and construction cost audits.

Program: Regulation of Public Utilities (continued)

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Utilities regulated:							
Fixed utilities:							
Electric distribution	16	16	16	16	16	16	16
Electric Generation	52	45	47	55	65	65	72
Other	1,266	1,300	1,334	1,368	1,402	1,436	1,436
Transportation	6,699	6,750	6,100	6,150	6,200	6,250	6,300
Rate requests received:							
Fixed utilities	22	24	29	31	26	27	27
Transportation	107	100	100	100	100	100	100
Rate cases completed:							
Fixed utilities	22	24	29	31	26	27	27
Transportation	107	100	100	100	100	100	10
Audits conducted:							
Fixed utilities:							
Financial	38	34	24	24	25	22	23
Energy / fuel	63	66	50	48	46	46	44
Management	11	10	8	7	7	7	8
Enforcement/investigations:							
Fixed utilities	932	930	930	930	930	930	930
Transportation:							
Rail safety	5,125	5,125	5,125	5,125	5,125	5,125	5,125
Motor safety	24,918	23,500	19,500	19,500	19,500	19,500	19,500
Consumer services:							
Fixed utilities:							
Complaints received, investigated and resolved	102,000	112,000	112,000	112,000	112,000	112,000	112,000
Electric Deregulation:							
Homes eligible to participate (thousands)	4,800	4,815	4,830	4,845	4,860	4,875	4,890
Businesses eligible to participate (thousands)	627	640	650	670	685	695	705
Estimated Savings:							
Homes (millions)	$406	$430	$455	$408	$320	$340	$365
Businesses (millions)	$827	$870	$920	$820	$650	$680	$700

Utilities regulated: transportation decreases beginning in 2004-05 because Act 230 of 2002 transferred regulatory authority for limousine and taxicab services in Philadelphia to the Philadelphia Parking Authority effective July 1, 2004.

Electric generation suppliers decrease from the projections shown in last year's budget because of fluctuations in the recent competitive markets.

Rail safety investigations decrease from the projections shown in last year's budget because of a change in the measure definition. Individual railroad cars are no longer counted separately.

Program Recommendations:

This budget recommends the following from restricted accounts:
(Dollar Amounts in Thousands)

General Government Operations

$ 3,850 —Initiative—Integrated Case and Document Management Portal. To improve document management and electronic business through the development of an information technology system.

First Class City Taxicab Regulation (EA)

$ –1,807 —nonrecurring program. Act 230 of 2002 transferred the program to the Philadelphia Parking Authority.

DEPARTMENT OF PUBLIC WELFARE

The mission of the Department of Public Welfare is to promote, improve and sustain the quality of family life, break the cycle of dependency, and protect and serve Pennsylvania's most vulnerable citizens.

This mission is accomplished by promoting the financial independence of clients through a range of services including employment and training, work support, child care, medical assistance and transportation. The mission is also accomplished by providing community living arrangements for those in need of assistance with activities of daily living and, when necessary, through institutional care and treatment in settings that are responsive to human needs.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ **62,885**	$ **59,499**	$ **58,813**
(F)Child Welfare Services - Administration	2,054	2,054	2,054
(F)Child Welfare - Title IV-E - Administration	3,000	3,961	3,576
(F)CCDFBG - Administration	17,315	12,490	13,127
(F)Medical Assistance - Administration	25,819	27,909	29,805
(F)TANFBG - Administration	4,724	6,193	5,016
(F)Food Stamps - Administration	5,000	4,701	5,283
(F)Developmental Disabilities - Basic Support	4,090	4,090	4,090
(F)Refugees and Persons Seeking Asylum - Administration	1,407	1,493	1,568
(F)Disabled Education - Administration	1,264	1,399	1,462
(F)MHSBG - Administration	158	158	160
(F)SSBG - Administration	3,691	3,691	3,691
(F)Training - Lead-Based Paint Abatement	137	137	137
(F)Community Based Family Resource and Support - Administration	689	689	689
(F)Real Choice Systems Change	462	462	462
(F)Medical Assistance Infrastructure	500	825	500
(F)Quality Assurance and Improvement	0	500	1,000
(F)Money Follows Person	0	750	1,500
(F)Locally Organized Systems of Child Care	0	100	100
(A)Training Reimbursement	140	443	447
(A)Child Abuse Reviews	3,495	3,588	3,714
(A)Miscellaneous Reimbursements	76	63	50
Subtotal	$ 136,906	$ 135,195	$ 137,244
Information Systems	**48,598**	**54,904**	**53,614**
(F)Medical Assistance - Information Systems	61,579	78,690	50,966
(F)Child Welfare - Title IV-E - Information Systems	453	4,543	782
(F)TANFBG - Information Systems	5,392	10,467	7,621
(F)Food Stamps - Information Systems	9,754	11,267	10,655
(F)Child Support Enforcement - Information Systems	6,011	6,808	7,513
(A)Intergovernmental Transfer - Technology	1,931	3,595	1,998
Subtotal	$ 133,718	$ 170,274	$ 133,149
County Administration - Statewide	**45,724**	**41,323**	**34,257**
(F)TANFBG - Statewide	4,421	3,996	3,564
(F)Medical Assistance - Statewide	49,681	43,461	41,729
(F)Food Stamps - Statewide	17,758	20,362	21,626
(F)Ryan White - Statewide	1,802	122	136
(F)July 2003 Storm Disaster - Administration	0	29	0
(F)September 2003 Storm Disaster - Administration	0	23	0
(A)Fee for Material from Outside Vendors	16	31	31
(A)Food Stamps - Retained Collections	3,586	2,914	3,300
(A)Intergovernmental Transfer	629	828	1,508
(A)Electronic Benefit Transfer Rebate	0	0	7,075
Subtotal	$ 123,617	$ 113,089	$ 113,226
County Assistance Offices	**250,299**	**252,318**	**249,868**
(F)TANFBG - County Assistance	49,852	51,450	45,404
(F)Medical Assistance - County Assistance	75,040	86,911	79,751
(F)Food Stamps - County Assistance	75,003	79,200	82,096
(F)SSBG - County Assistance	6,262	6,262	6,262
(F)LIHEABG - Administration	7,284	12,330a	12,164
Subtotal	$ 463,740	$ 488,471	$ 475,545
Child Support Enforcement	**12,109**	**11,998**	**10,441**
(F)TANFBG - Child Support Enforcement	0	1,850	1,850
(F)Child Support Enforcement - Title IV - D	118,956	135,657	129,319
(A)Title IV - D Incentive Collections	6,651	8,484	11,711
(A)State Retained Support Collections	2,341	2,341	2,341

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Subtotal	$ 140,057	$ 160,330	$ 155,662
New Directions	**69,650**	**64,252**	**64,190**
(F)TANFBG - New Directions	126,472	167,033	156,494
(F)Medical Assistance - New Directions	4,094	8,447	4,537
(F)Food Stamps - New Directions	11,581	10,896	11,461
(F)Welfare to Work	28,295	12,227	12,227
Subtotal	$ 240,092	$ 262,855	$ 248,909
Subtotal - State Funds	$ 489,265	$ 484,294	$ 471,183
Subtotal - Federal Funds	730,000	823,633	760,377
Subtotal - Augmentations	18,865	22,287	32,175
Total - General Government	$ 1,238,130	$ 1,330,214	$ 1,263,735
Institutional:			
Youth Development Institutions and Forestry Camps	**$ 65,251**	**$ 67,609**	**$ 68,855**
(F)SSBG - Basic Institutional Program	1,056	1,056	1,056
(F)Food Nutrition Services	1,015	1,015	1,015
(F)TANFBG - Youth Development Centers	6,907	7,907	5,500
(F)DFSC - Special Program - Juvenile Aftercare	1,225	1,225	1,225
(A)Cafeteria Reimbursements	3	5	5
(A)Institutional Reimbursements	2	5	5
Subtotal	$ 75,459	$ 78,822	$ 77,661
Mental Health Services	**622,400**	**653,738**b	**666,897**
(F)Medical Assistance - Mental Health	218,914	211,285	201,905
(F)Medicare Services - State Mental Hospitals	11,067	10,178	8,000
(F)Homeless Mentally Ill	1,523	1,563	1,563
(F)MHSBG - Community Mental Health Services	17,142	18,519	16,639
(F)SSBG - Community Mental Health Services	14,808	14,808	14,808
(F)Mental Health Data Infrastructure	92	129	35
(F)Disaster Counseling Preparedness (EA)	39	0	0
(F)Emergency Response Capacity	0	100	100
(F)Co-occurring Behavioral Disorder Treatment	0	1,100	1,100
(A)Institutional Collections	10,327	10,320	9,605
(A)Miscellaneous Institutional Reimbursements	40	36	1,843
(A)Intergovernmental Transfer	17,150	10,800	8,000
(A)Miscellaneous	61	12	20
Subtotal	$ 913,563	$ 932,588	$ 930,515
State Centers for the Mentally Retarded	**112,005**	**104,286**c	**103,639**
(F)Medical Assistance - State Centers	132,945	142,918	142,399
(F)Medicare Services - State Centers	738	608	582
(A)Institutional Collections - State Centers	10,092	9,878	10,119
(A)Institutional Reimbursements	31	40	0
(A)MR Assessment - State Centers	0	0	16,093
Subtotal	$ 255,811	$ 257,730	$ 272,832
Subtotal - State Funds	$ 799,656	$ 825,633	$ 839,391
Subtotal - Federal Funds	407,471	412,411	395,927
Subtotal - Augmentations	37,706	31,096	45,690
Total - Institutional	$ 1,244,833	$ 1,269,140	$ 1,281,008
Grants and Subsidies:			
Cash Grants	**$ 301,753**	**$ 327,981**d	**$ 356,551**
(F)TANFBG - Cash Grants	219,394	227,020e	234,170
(F)CCDFBG - Cash Grants	110,588	137,139	145,008
(F)Other Federal Support - Cash Grants	23,153	23,153	23,011
(F)LIHEABG - Low-Income Families and Individuals	131,608	157,227	152,684
(F)July 2003 Storm Disaster - Individual and Family Assistance	0	563	0
(F)September 2003 Storm Disaster-Individual & Family Assistance	0	450	0

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
(A)Incentive Collections - Cash Grants	0	500	4,000
Subtotal	$ 786,496	$ 874,033	$ 915,424
Supplemental Grants - Aged, Blind and Disabled	**149,608**	**152,336**	**141,774**
(A)Intergovernmental Transfer	26,100	26,985	26,985
Subtotal	$ 175,708	$ 179,321	$ 168,759
Medical Assistance - Outpatient	**516,832**	**632,146**f	**769,617**
(F)Medical Assistance - Outpatient	830,110	1,024,957g	1,136,014
(A)Intergovernmental Transfer	153,242	52,457	52,294
Subtotal	$ 1,500,184	$ 1,709,560	$ 1,957,925
Medical Assistance - Inpatient	**407,104**	**372,670**h	**429,061**
(F)Medical Assistance - Inpatient	494,109	591,691	530,912
Subtotal	$ 901,213	$ 964,361	$ 959,973
Medical Assistance - Capitation	**1,863,772**	**2,026,907**i	**2,268,018**
(F)Medical Assistance - Capitation	2,494,679	2,763,469	3,188,921
(A)Intergovernmental Transfer	150,000	0	100,000
(A)Managed Care Assessment	0	0	318,638
Subtotal	$ 4,508,451	$ 4,790,376	$ 5,875,577
Long-Term Care	**250,568**	**432,530**j	**457,572**
(F)Medical Assistance - Long-Term Care	2,249,501	2,359,728	2,151,978
(A)Intergovernmental Transfer	1,547,846	1,053,066	1,132,265
(R)Nursing Home Assessment	0	252,068	271,888
Subtotal	$ 4,047,915	$ 4,097,392	$ 4,013,703
Trauma Centers	**0**	**12,500**	**12,500**
(F)Medical Assistance - Trauma Centers	0	15,130	13,460
Subtotal	$ 0	$ 27,630	$ 25,960
Medical Assistance - Transportation	**32,380**	**36,174**k	**38,498**
(F)Medical Assistance - Transportation	28,622	32,816	33,820
Subtotal	$ 61,002	$ 68,990	$ 72,318
Expanded Medical Services for Women	**8,686**	**8,686**	**8,686**
(F)TANFBG - Alternatives to Abortion	1,000	1,000	0
(F)SSBG - Alternatives to Abortion	0	0	1,000
Subtotal	$ 9,686	$ 9,686	$ 9,686
AIDS Special Pharmaceutical Services	**9,365**	**10,452**	**11,129**
(F)AIDS - Ryan White	18,786	22,035	21,602
Subtotal	$ 28,151	$ 32,487	$ 32,731
Special Pharmaceutical Services	**5,102**	**5,789**	**5,670**
Behavioral Health Services	**47,209**	**43,119**	**43,119**
(A)Intergovernmental Transfer	17,107	21,197	21,197
Subtotal	$ 64,316	$ 64,316	$ 64,316
Psychiatric Services in Eastern PA	**3,500**	**3,500**	**3,500**
Intermediate Care Facilities - Mentally Retarded	**108,633**	**101,589**l	**111,912**
(F)Medical Assistance - ICF/MR	131,068	142,068m	151,456
(A)MR Assessment - ICF/MR	0	0	16,807
Subtotal	$ 239,701	$ 243,657	$ 280,175
Community Mental Retardation Services	**663,106**	**635,958**n	**687,859**
(F)Medical Assistance - Community MR Services	567,750	643,181	591,227
(F)SSBG - Community MR Services	13,984	13,984	13,984
(A)Intergovernmental Transfer	3,860	4,331	0
Subtotal	$ 1,248,700	$ 1,297,454	$ 1,293,070

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Early Intervention	**66,094**	**73,342o**	**79,107**
(F)SSBG - Early Intervention	2,195	2,195	2,195
(F)Medical Assistance - Early Intervention	15,448	17,984	16,855
(F)Education for Children with Disabilities	12,507	12,758	12,532
Subtotal	$ 96,244	$ 106,279	$ 110,689
Pennhurst Dispersal	**3,093**	**2,890p**	**2,950**
MR Residential Services - Lansdowne	**402**	**382**	**382**
County Child Welfare	**600,639**	**610,213**	**623,998**
(F)Child Welfare Services	12,870	18,270	18,270
(F)Child Welfare - Title IV-E	348,636	433,235	614,502
(F)Medical Assistance - Child Welfare	4,154	4,808	4,584
(F)TANFBG - Child Welfare	296,373	295,940	294,940
(F)SSBG - Child Welfare	12,021	12,021	12,021
(F)Child Welfare Training and Certification	19,615	19,845	19,845
(F)Community Based Family Resource and Support	131	131	134
Subtotal	$ 1,294,439	$ 1,394,463	$ 1,588,294
Community Based Family Centers	**3,248**	**3,086**	**3,086**
(F)Family Preservation - Family Centers	6,336	6,463	6,463
(F)Family Resource & Support - Family Centers	471	480	480
(F)CCDFBG - Family Centers	3,000	4,000	3,066
Subtotal	$ 13,055	$ 14,029	$ 13,095
Child Care Services	**59,683**	**59,683**	**59,683**
(F)CCDFBG - Child Care	154,269	171,123	189,114
(F)CCDFBG - School Age	1,260	1,260	1,260
(F)SSBG - Child Care	30,977	30,977	30,977
(F)Head Start Collaboration Project	300	300	300
(F)TANFBG - Child Care Services	2,600	2,000	2,000
Subtotal	$ 249,089	$ 265,343	$ 283,334
Domestic Violence	**11,912**	**11,316**	**11,316**
(F)Family Violence Prevention Services	3,400	3,400	3,000
(F)SSBG - Domestic Violence	1,205	1,205	5,705
(F)PHHSBG - Domestic Violence	150	150	150
(F)TANFBG - Domestic Violence	4,500	4,500	0
(F)DFSC - Domestic Violence	425	425	425
(A)Marriage Law Fees	733	733	733
Subtotal	$ 22,325	$ 21,729	$ 21,329
Rape Crisis	**6,067**	**5,764**	**5,764**
(F)PHHSBG - Rape Crisis	559	301	301
(F)SSBG - Rape Crisis	634	634	2,721
(F)TANFBG - Rape Crisis	2,087	2,087	0
(F)Rape Prevention and Education	1,806	1,806	1,784
(F)DFSC - Special Programs for Rape Crisis	142	142	142
Subtotal	$ 11,295	$ 10,734	$ 10,712
Breast Cancer Screening	**1,575**	**1,496**	**1,496**
(F)SSBG - Family Planning	3,845	3,845	3,845
Subtotal	$ 5,420	$ 5,341	$ 5,341
Human Services Development Fund	**36,803**	**33,123**	**33,123**
(F)Refugees and Persons Seeking Asylum - Social Services	6,620	6,785	6,785
(A)Intergovernmental Transfer	3,986	7,501	7,501
Subtotal	$ 47,409	$ 47,409	$ 47,409
Legal Services	**2,600**	**2,470**	**2,470**
(F)SSBG - Legal Services	5,049	5,049	5,049
(F)SSBG - Legal Services Systems Improvements	2,000	1,000	0
Subtotal	$ 9,649	$ 8,519	$ 7,519

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Homeless Assistance	**24,212**	**24,001**	**23,001**
(F)SSBG - Homeless Services	2,183	2,183	4,183
(F)Homeless Services - SABG	1,983	1,983	1,983
(F)TANFBG - Homeless Assistance	2,000	2,000	0
Subtotal	$ 30,378	$ 30,167	$ 29,167
Services to Persons with Disabilities	**12,442**	**16,708**q	**33,055**
(F)SSBG - Services to Persons with Disabilities	120	120	120
(F)Medical Assistance - Services to Persons with Disabilities	19,440	33,323r	44,229
(A)Intergovernmental Transfer	6,965	9,256	9,256
Subtotal	$ 38,967	$ 59,407	$ 86,660
Attendant Care	**26,838**	**35,985**s	**39,941**
(F)SSBG - Attendant Care	6,971	6,971	6,971
(F)Medical Assistance - Attendant Care	24,202	32,282t	36,235
(A)Attendant Care Parking Fines	103	103	103
(A)Intergovernmental Transfer	17,198	15,282	15,282
Subtotal	$ 75,312	$ 90,623	$ 98,532
Acute Care Hospitals	**17,600**	**8,300**	**0**
Arsenal Family and Children's Center	**149**	**143**	**0**
Subtotal - State Funds	$ 5,240,975	$ 5,691,239	$ 6,264,838
Subtotal - Federal Funds	8,326,836	9,299,592	9,742,413
Subtotal - Augmentations	1,927,140	1,191,411	1,705,061
Subtotal - Restricted Revenues	0	252,068	271,888
Total - Grants and Subsidies	$ 15,494,951	$ 16,434,310	$ 17,984,200
STATE FUNDS	$ 6,529,896	$ 7,001,166	$ 7,575,412
FEDERAL FUNDS	9,464,307	10,535,636	10,898,717
AUGMENTATIONS	1,983,711	1,244,794	1,782,926
RESTRICTED REVENUES	0	252,068	271,888
GENERAL FUND TOTAL	**$ 17,977,914**	**$ 19,033,664**	**$ 20,528,943**

TOBACCO SETTLEMENT FUND:

Grants and Subsidies:

Medical Care for Workers with Disabilities (EA)	**$ 32,515**	**$ 17,354**	**$ 12,623**
(F)Medical Assistance - Workers with Disabilities (EA)	39,230	39,230	14,844
Subtotal	$ 71,745	$ 56,584	$ 27,467
Uncompensated Care (EA)	**43,353**	**43,165**	**37,536**
(F)Medical Assistance - Uncompensated Care (EA)	52,328	51,824	48,628
Subtotal	$ 95,681	$ 94,989	$ 86,164
Home and Community-Based Services (EA)	**44,209**	**37,915**	**25,946**
(F)Medical Assistance - Community Services (EA)	53,342	45,661	30,544
Subtotal	$ 97,551	$ 83,576	$ 56,490
Long-Term Care Facilities - Tobacco	**198,500**	**0**	**0**
Subtotal - State Funds	$ 318,577	$ 98,434	$ 76,105
Subtotal - Federal Funds	144,900	136,715	94,016
Total - Grants and Subsidies	$ 463,477	$ 235,149	$ 170,121
STATE FUNDS	$ 318,577	$ 98,434	$ 76,105
FEDERAL FUNDS	144,900	136,715	94,016
TOBACCO SETTLEMENT FUND TOTAL	**$ 463,477**	**$ 235,149**	**$ 170,121**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
OTHER FUNDS:			
GENERAL FUND:			
Health Care Provider Retention (R)	$ 0	$ 100,400	$ 104,000
Medical Assistance - Provider Retention (R) (F)	0	125,000	121,400
Annie E. Casey	388	0	0
GENERAL FUND TOTAL	**$ 388**	**$ 225,400**	**$ 225,400**
CHILDREN'S TRUST FUND:			
Children's Trust Fund (EA)	$ 1,850	$ 1,850	$ 1,850
ENERGY CONSERVATION AND ASSISTANCE FUND:			
Low Income Energy Assistance	$ 0	$ 113	$ 0
EMERGENCY MEDICAL SERVICES OPERATING FUND:			
Head Injury Support	$ 503	$ 478	$ 277
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 6,529,896	$ 7,001,166	$ 7,575,412
SPECIAL FUNDS	318,577	98,434	76,105
FEDERAL FUNDS	9,609,207	10,672,351	10,992,733
AUGMENTATIONS	1,983,711	1,244,794	1,782,926
RESTRICTED	0	252,068	271,888
OTHER FUNDS	2,741	227,841	227,527
TOTAL ALL FUNDS	**$ 18,444,132**	**$ 19,496,654**	**$ 20,926,591**

[a] Includes recommended supplemental appropriation of $5,907,000.

[b] Includes recommended supplemental appropriation of $95,000.

[c] Includes recommended supplemental appropriation of $193,000.

[d] Includes recommended supplemental appropriation of $14,488,000.

[e] Includes recommended supplemental appropriation of $22,567,000.

[f] Reflects recommended appropriation reduction of $57,929,000.

[g] Includes recommended supplemental appropriation of $27,820,000.

[h] Reflects recommended appropriation reduction of $38,372,000.

[i] Includes recommended supplemental appropriation of $75,824,000.

[j] Includes recommended supplemental appropriation of $98,432,000.

[k] Includes recommended supplemental appropriation of $3,794,000.

[l] Reflects recommended appropriation reduction of $1,839,000.

[m] Includes recommended supplemental appropriation of $1,669,000.

[n] Reflects recommended appropriation reduction of $5,544,000.

[o] Reflects recommended appropriation reduction of $45,000.

[p] Reflects recommended appropriation reduction of $49,000.

[q] Includes recommended supplemental appropriation of $1,031,000.

[r] Includes recommended supplemental appropriation of $4,334,000.

[s] Includes recommended supplemental appropriation of $4,836,000.

[t] Includes recommended supplemental appropriation of $2,509,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
HUMAN SERVICES SUPPORT							
GENERAL FUND	$ 111,483	$ 114,403	$ 112,427	$ 111,378	$ 109,878	$ 109,878	$ 109,878
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	153,499	183,377	151,757	151,603	151,603	151,603	151,603
OTHER FUNDS	6,030	7,689	6,209	6,209	6,209	6,209	6,209
SUBCATEGORY TOTAL	$ 271,012	$ 305,469	$ 270,393	$ 269,190	$ 267,690	$ 267,690	$ 267,690
MEDICAL ASSISTANCE							
GENERAL FUND	$ 3,111,409	$ 3,546,154	$ 4,000,751	$ 4,296,829	$ 5,014,324	$ 5,586,436	$ 6,164,729
SPECIAL FUNDS	318,577	98,434	76,105	76,868	80,097	83,269	87,580
FEDERAL FUNDS	6,261,707	6,947,541	7,171,723	6,896,181	6,909,150	6,925,827	6,938,535
OTHER FUNDS	1,851,088	1,582,991	2,100,485	1,666,684	1,698,899	1,736,306	1,766,092
SUBCATEGORY TOTAL	$ 11,542,781	$ 12,175,120	$ 13,349,064	$ 12,936,562	$ 13,702,470	$ 14,331,838	$ 14,956,936
INCOME MAINTENANCE							
GENERAL FUND	$ 888,826	$ 909,891	$ 916,764	$ 955,253	$ 980,946	$ 1,008,499	$ 1,037,658
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	1,250,650	1,391,468	1,387,144	1,361,368	1,358,950	1,358,950	1,358,950
OTHER FUNDS	39,826	42,674	57,228	44,746	44,746	44,746	44,746
SUBCATEGORY TOTAL	$ 2,179,302	$ 2,344,033	$ 2,361,136	$ 2,361,367	$ 2,384,642	$ 2,412,195	$ 2,441,354
MENTAL HEALTH							
GENERAL FUND	$ 673,109	$ 700,357	$ 713,516	$ 712,998	$ 708,365	$ 707,493	$ 707,493
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	263,585	257,682	244,150	244,150	244,150	244,150	244,150
OTHER FUNDS	44,685	42,365	40,665	31,575	31,575	31,575	31,575
SUBCATEGORY TOTAL	$ 981,379	$ 1,000,404	$ 998,331	$ 988,723	$ 984,090	$ 983,218	$ 983,218
MENTAL RETARDATION							
GENERAL FUND	$ 953,333	$ 918,447	$ 985,849	$ 993,152	$ 991,883	$ 990,718	$ 989,752
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	876,635	975,696	931,230	941,137	941,987	942,783	943,476
OTHER FUNDS	13,983	14,249	43,019	44,396	46,434	48,321	49,917
SUBCATEGORY TOTAL	$ 1,843,951	$ 1,908,392	$ 1,960,098	$ 1,978,685	$ 1,980,304	$ 1,981,822	$ 1,983,145
HUMAN SERVICES							
GENERAL FUND	$ 791,736	$ 811,914	$ 846,105	$ 875,804	$ 898,381	$ 921,748	$ 945,932
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	803,131	916,587	1,106,729	1,112,244	1,112,244	1,112,244	1,112,244
OTHER FUNDS	30,840	34,735	34,735	27,234	27,234	27,234	27,234
SUBCATEGORY TOTAL	$ 1,625,707	$ 1,763,236	$ 1,987,569	$ 2,015,282	$ 2,037,859	$ 2,061,226	$ 2,085,410

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
ALL PROGRAMS:							
GENERAL FUND	$ 6,529,896	$ 7,001,166	$ 7,575,412	$ 7,945,414	$ 8,703,777	$ 9,324,772	$ 9,955,442
SPECIAL FUNDS	318,577	98,434	76,105	76,868	80,097	83,269	87,580
FEDERAL FUNDS	9,609,207	10,672,351	10,992,733	10,706,683	10,718,084	10,735,557	10,748,958
OTHER FUNDS	1,986,452	1,724,703	2,282,341	1,820,844	1,855,097	1,894,391	1,925,773
DEPARTMENT TOTAL	$ 18,444,132	$ 19,496,654	$ 20,926,591	$ 20,549,809	$ 21,357,055	$ 22,037,989	$ 22,717,753

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.

A key function is the development and operation of information technology systems that assure accurate and timely payments to clients and service providers and provide data for management analysis and program control. Web-based technology under development will allow on-line application for services and will maintain common client and provider databases and case management systems for use across program lines.

Additionally, this program ensures the quality of services for Pennsylvania residents by licensing and regulating child care and selected medical facilities, and provides direction for health programs for Pennsylvania residents who are unable to purchase adequate health care services.

A primary concern is to minimize administrative costs in relation to service costs.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Third-party liability cases referred for recovery*	12,350	12,350	12,350	12,350	12,350	12,350	12,350
Total dollars recovered (in thousands)*	$90,354	$74,500	$75,500	$76,500	$77,500	$78,500	$79,500
Recipient appeal cases receiving final disposition*	29,776	31,563	32,867	34,840	34,840	34,840	34,840
Provider appeal cases receiving final disposition*	1,678	1,577	1,452	1,460	1,460	1,460	1,460

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations

$ –625	—program reduction.
343	—transfer of client advocacy program from the Mental Health appropriation.
–404	—Initiative — Operational Efficiency. Savings from operational and administrative efficiencies.
$ -686	*Appropriation Decrease*

Information Systems

$ –7,999	—nonrecurring development costs for various information technology systems.
3,862	—to continue current program.
–341	—Initiative — Operational Efficiency. Savings from operational efficiencies.
3,188	—Initiative — Operational Efficiency. To develop the capacity for the Commonwealth to issue State Supplemental Security Income supplement checks as an alternative to paying the Federal government to issue the checks.
$ -1,290	*Appropriation Decrease*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 62,885	$ 59,499	$ 58,813	$ 58,861	$ 58,861	$ 58,861	$ 58,861
Information Systems	48,598	54,904	53,614	52,517	51,017	51,017	51,017
TOTAL GENERAL FUND	$ 111,483	$ 114,403	$ 112,427	$ 111,378	$ 109,878	$ 109,878	$ 109,878

PROGRAM OBJECTIVE: To support a health care delivery system that provides comprehensive health care services in appropriate settings for the eligible populations.

Program: Medical Assistance

The Medical Assistance Program insures access to comprehensive health care services for low-income individuals and families or those with medical expenses exceeding available income. Qualified individuals may receive a complete package of benefits, including cash assistance, under the Temporary Assistance for Needy Families (TANF) Block Grant, Supplemental Security Income or General Assistance programs. Medically needy persons are individuals who do not receive cash assistance grants but spend a significant portion of their income for medical expenses. General Assistance-Medically Needy Only benefits restrict participation to families with children who do not otherwise qualify for cash benefits, individuals over the age of 59 and individuals that work at least 100 hours per month. A verifiable medical condition, which precludes work, will also allow participation. Eligibility has been expanded to include women diagnosed with breast or cervical cancer who qualify for treatment within enhanced Federal guidelines.

Disabled workers are able to participate in the Medical Assistance program through a purchase program authorized by Act 77 of 2001, the Tobacco Settlement Act. Workers with incomes under 250 percent of the Federal poverty guidelines pay a premium equal to five percent of their monthly income to participate in the complete package of benefits.

Program Element: Outpatient Services

Outpatient services include the majority of preventive services available to a person who does not need extended acute care in a health care facility. Outpatient services include medical or dental care in a clinic or office setting, outpatient surgery, rehabilitation, drug and alcohol treatment, pharmaceutical products, ambulance transportation, home health care, medical supplies and equipment and prosthetic devices.

Persons qualifying for comprehensive benefits are eligible for the complete array of services provided under the Outpatient Program, while medically needy persons are eligible for all services except pharmaceutical products, dental care, medical supplies and equipment and prosthetic devices. Additional service restrictions, comparable to private insurance, apply to adult general assistance recipients. An exception process is available for unusual circumstances.

In the outpatient component of the Medical Assistance Program, providers of service are primarily reimbursed on a fee-for-service basis according to the Medical Assistance Fee Schedule.

Program Element: Inpatient Services

Inpatient hospital services include care for Medical Assistance patients in acute care, rehabilitation and private psychiatric hospitals.

The Inpatient Medical Assistance Program provides eligible recipients coverage on a 24-hour basis for room, board and professional services. A recipient is only eligible for admission under Medical Assistance upon the recommendation of a physician, dentist or podiatrist. Medical Assistance does not cover hospital care solely for cosmetic procedures, as well as diagnostic or therapeutic procedures solely for experimental, research or educational purposes. Individuals eligible for Medically Needy Only benefits pay an annual deductible of $150.

The department uses a Prospective Payment System (PPS) to reimburse general hospitals. Acute care general hospitals are paid a predetermined amount per discharge based on the patient's diagnosis, the procedures performed and the patient's age, sex and discharge status. The Diagnosis Related Groups (DRG) system is used to classify the various diagnoses based on the amount of resources hospitals customarily use for treatment. The department's payment for compensable inpatient hospital services under the DRG payment system is the product of the hospital specific average cost per case multiplied by the relative value of the DRG assigned to the admission. The DRG system also accounts for certain cases that cannot fall into the predetermined reimbursement schedule. These "outlier" costs are reimbursed on an exceptional cost basis in the prospective payment to the hospital. When professional care is provided to a Medical Assistance recipient, the department separately reimburses the physician, dentist, podiatrist or midwife who provided direct care services to the recipient and is under salary or contract with the hospital. These services are reimbursed in accordance with the fees established under the Medical Assistance Fee Schedule through the Medical Assistance Outpatient appropriation.

Freestanding psychiatric and rehabilitation hospitals and distinct part psychiatric and rehabilitation units of acute care hospitals are reimbursed on a prospective basis through per diem payments.

Act 77 of 2001, the Tobacco Settlement Act, authorized an additional payment to hospitals to partially offset the cost of uncompensated care or extraordinary medical services provided by hospitals to individuals with no, or inadequate, health care insurance.

Program: Medical Assistance (continued)

Program Element: Capitation

Alternative health care delivery systems for Medical Assistance recipients are available through Managed Care Organizations (MCOs). Generally referred to as Health Maintenance Organizations (HMOs), these mechanisms provide services utilizing a fixed rate per recipient enrolled. MCOs emphasize outpatient preventive health services 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.

Mandatory managed care is provided to most eligible clients in five counties in Southeastern Pennsylvania, ten counties in Southwestern Pennsylvania and ten counties in the Lehigh/Capital region of Pennsylvania. Physical health care is provided through contracts with six HMOs while behavioral health is provided through contracts with the participating counties who utilize an independent MCO. Certain Healthy Horizons participants remain in the fee-for-service program. Participation in managed care will remain voluntary for clients in the remainder of the State. The department currently contracts with four HMOs to provide services to recipients in the voluntary program.

HMOs have an incentive to effectively manage the primary care provided to enrolled recipients. If the recipient utilizes more health care than anticipated in the predetermined rate, expenditures increase and the HMO loses money. If service costs are controlled, the provider can make a profit.

Program Element: Long-Term Care

Long-term care is a continuum of services ranging from independent living at home with the support of community services to institutional care. The Department of Aging's Pre-Admission Assessment Program acts as a "gatekeeper" to manage access to this continuum.

Institutional services are provided to eligible persons by nursing facilities certified, in accordance with established standards, to participate in the Medical Assistance Program. Nursing facility care involves daily medical treatment and rehabilitation services prescribed by a licensed physician. The services are provided by or under the supervision of licensed professional, nursing personnel or other professional health personnel.

Nursing facilities are paid for services through a case mix prospective payment system that recognizes net operating and capital costs and is based on the resources required to meet individual care requirements. Residents at each facility are classified based on Resource Utilization Groups, Version III (RUG-III), which reflect both clinical variables and rehabilitation needs. The classifications are then ranked according to the resources utilized to provide care and a case mix factor is developed for each facility that reflects average resource requirements. Nursing facilities are placed into peer groups reflecting facility bed size and Metropolitan Statistical Areas. In each peer group, a median price is developed for the individual cost components. The net operating portion of the per diem rates is broken into resident care, other resident services and administrative cost components. The resident care cost component is adjusted to reflect the individual facility's case mix. Capital costs not related to resident care are added to the net operating rate. Facility capital costs reflect the fair market rental rate based on appraisals of each facility.

Older Pennsylvanians who are in need of nursing home care can receive services in the community through the Federal Medicaid Home and Community-Based Waiver Program. The program provides assistance with activities of daily living as well as nursing services while incorporating the informal supports available through family and friends.

This budget proposes a substantial increase in the utilization of home and community-based care as an alternative to nursing facility care. Home and community-based services promote independence and self-reliance, and maximize opportunities for family and community involvement. The program capacity will be expanded by 3,524 slots by the end of 2004-05.

Program Element: Medical Assistance Transportation Program

The Medical Assistance Transportation Program provides funding to county governments for Medical Assistance recipients who need assistance traveling to and from a health care service provider or a health care facility. Services include urgent care/same day coverage, parent/escort payments, select return trip reimbursement and door-to-door assistance under certain circumstances.

County governments can provide this service directly, contract with an independent transportation agency or pay agencies that provide transportation as part of a whole human services system.

Sixty-six counties have elected to provide transportation directly. The department selected a provider from a competitive bidding process for the remaining county.

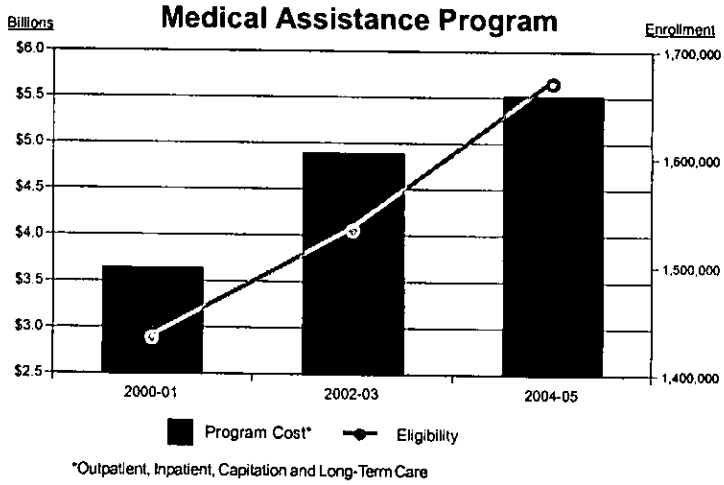
Program Element: Special Pharmaceutical Benefits Program

The Special Pharmaceutical Benefits programs (SPBP) pays for a limited number of drugs for low and moderate-income persons with HIV/AIDS disease and for limited mental health drug therapy for persons residing in the community who suffer from schizophrenia. People with a gross annual income of less than $30,000 for an individual or $30,000 plus $2,480 for each additional family member benefit from this program.

Program: Medical Assistance (continued)

Program Element: Expanded Medical Services for Women

The Expanded Medical Services for Women Program provides a range of medical and counseling services to women. Services include counseling, pregnancy tests, pap smears, contraceptives, family planning, prenatal care referrals, adoption referrals, sexually-transmitted disease tests, laboratory analysis, and services providing alternatives to abortion. Follow-up of positive test results is done to insure that women are notified of needed medical treatment. Services are usually provided in conjunction with breast cancer screening.



Program Measures	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Persons participating in Medical Assistance (monthly average)	1,533,024	1,613,790	1,670,120	1,714,300	1,714,300	1,714,300	1,714,300
Medical Assistance recipients served: (monthly average)							
Fee-for-service delivery	511,585	530,358	541,860	542,300	542,300	542,300	542,300
Capitation programs	1,021,439	1,083,432	1,128,260	1,172,000	1,172,000	1,172,000	1,172,000
Outpatient							
Outpatient services/visits:							
Physicians	2,939,376	3,058,415	3,113,380	3,116,000	3,116,000	3,116,000	3,116,000
Dentists	641,018	664,086	678,960	679,500	679,500	679,500	679,500
Total clinic	2,441,743	2,529,616	2,586,290	2,588,000	2,588,000	2,588,000	2,588,000
Home health	28,210	29,226	29,880	29,900	29,900	29,900	29,900
Prescriptions filled	12,563,122	13,015,241	13,306,810	13,317,000	13,317,000	13,317,000	13,317,000
Inpatient							
General hospitals	85,290	89,783	92,920	98,400	98,400	98,400	98,400
Rehabilitation hospitals	3,521	3,707	3,840	3,940	3,940	3,940	3,940
Private psychiatric hospitals	17,675	18,606	19,250	19,800	19,800	19,800	19,800
Capitation							
Average voluntary enrollment	85,772	94,080	101,530	110,000	110,000	110,000	110,000
Average HealthChoices enrollment	935,667	989,352	1,026,730	1,062,000	1,062,000	1,062,000	1,062,000
Percent of total eligibles enrolled	66.6%	67.1%	67.7%	68.4%	68.4%	68.4%	68.4%
Percent of children from birth to 15 months visiting a physician 3 or more times in the past year*	89.5%	91.7%	92.1%	92.4%	92.8%	93.1%	93.5%
Percent of children age 12 to 24 months visiting a doctor or nurse in the past year*	93.3%	95.5%	95.8%	96.1%	96.4%	96.7%	97.1%
Percent of children 25 months to 6 years visiting a doctor or nurse in the past year*	80.6%	82.8%	83.3%	83.8%	84.3%	84.8%	85.3%
Percent of pregnant women who received over 60% of the recommended prenatal visits*	75.8%	77.6%	78.1%	78.6%	79.1%	79.6%	80.1%
Transportation Program							
One-way trips (in thousands)	5,845	6,294	6,500	6,500	6,500	6,500	6,500
Cost per trip*	$10.50	$12.04	$12.04	$13.08	$14.25	$15.59	$17.11

Program: Medical Assistance (continued)

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Long-Term Care							
Recpients under age 60 receiving institutional care (monthly average)*	5,853	4,358	3,995	3,940	3,940	3,940	3,940
Recipients over age 60 receiving instituional care (monthly average)*	72,653	70,641	67,665	64,660	64,660	64,660	64,660
Percent of long-term care recipients receiving instituional care*	82.4%	80.1%	79.0%	78.3%	77.9%	77.6%	77.0%
Average annual cost of nursing home care*	$30,724	$32,445	$34,261	$36,180	$38,522	$41,036	$43,704
Recipients over age 60 receiving home and community based waiver services	12,317	15,719	20,305	20,320	20,320	20,320	20,320
Percent of long-term care recipients receiving services in the community*	17.0%	23.1%	28.1%	29.0%	29.0%	29.0%	29.0%
Recipients receiving services through the Long-Term Care Capitated Assistance Program	577	727	810	910	1,010	1,210	1,210
Medical Care for Workers with Disabilities							
Recipients enrolled in program	1,884	3,500	5,000	6,500	8,000	9,500	9,500

Transportation Program one-way trips increased from the projection shown in last year's budget because of increased behavioral health utilization.

Recipients receiving services through the Long-Term Care Capitated Assistance Program decreased from the projections shown in last year's budget due to delayed start up of new facilities.

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Medical Assistance—Outpatient

$ 29,978	—change in caseload and utilization.
19,131	—average drug price increase of ten percent.
17,205	—average drug utilization increase of five percent.
13,656	—increase in cost and clients eligible for Medicare Part B premiums.
2,924	—increased fees for obstetrical deliveries.
9,684	—replacement of prior year Federal funds.
46,345	—replacement of one-time enhanced Federal financial participation.
13,027	—revision of Federal financial participation from 54.76% to 53.84%.
–12,901	—to provide for administrative and other cash flow changes.
–907	—to transfer cost of medically fragile people to ICF-MR.
32	—Initiative—Streamlining Eligibility Determination. To provide health care coverage for children as a result of pilot programs to streamline the eligibility determination process.
–703	—Initiative—Work Capacity Evaluations. Savings from transferring General Assistance recipients determined to be disabled as a result of the work capacity evaluations into the Supplemental Security Income Program.
$ 137,471	*Appropriation Increase*

Medical Assistance—Inpatient

$ 38,661	—change in caseload and utilization.
2,032	—increase in costs and clients eligible for Medicare Part A premiums.
3,659	—impact of hospital rate increases.
21,668	—replacement of one-time enhanced Federal financial participation.
6,416	—revision of Federal financial participation from 54.76% to 53.84%.
3,912	—replacement of prior year Federal funds.
9,574	—to provide for administrative and other cash flow changes.
–29,581	—nonrecurring project.
128	—Initiative—Streamlining Eligibility Determination. To provide health care coverage for children as a result of pilot programs to streamline the eligibility determination process.
–78	—Initiative—Work Capacity Evaluations. Savings from transferring General Assistance recipients determined to be disabled as a result of the work capacity evaluations into the Supplemental Security Income Program.
$ 56,391	*Appropriation Increase*

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

Medical Assistance—Capitation

$ 136,076	—to provide for rate increases in the HealthChoices programs.
116,227	—for increased utilization in the HealthChoices Program.
9,916	—to provide for potential mid-year HealthChoices behavioral health rate increases.
9,022	—to provide for rate increases in the voluntary HMO programs.
11,923	—for increased utilization in the voluntary HMO programs.
155,143	—impact of postponing one monthly capitation payment in 2003-04.
139,878	—replacement of one-time enhanced Federal financial participation.
8,900	—replacement of nonrecurring prior year carryover.
31,790	—revision of Federal financial participation from 54.76% to 53.84%.
-76,753	—utilization of prior year Federal funds.
-741	—to provide for administrative and other cash flow impacts.
-1,363	—reduction in operating costs.
-33,724	—nonrecurring payments.
-100,000	—utilization of Intergovernmental Transfer funds.
-163,971	—managed care provider assessment offset.
433	—Initiative—Streamlining Eligibility Determination. To provide health care coverage for children as a result of pilot programs to streamline the eligibility determination process.
-1,645	—Initiative—Work Capacity Evaluations. Savings from transferring General Assistance recipients determined to be disabled as a result of the work capacity evaluations into the Supplemental Security Income Program.
$ 241,111	*Appropriation Increase*

Long-Term Care

$ 67,019	—for projected per diem rate increase.
2,889	—for increased caseload.
83,950	—replacement of one-time enhanced Federal financial participation.
29,358	—revision of Federal financial participation from 54.76% to 53.84%.
-14,617	—nursing facility savings from prior home and community-based care expansions.
-25,916	—to provide for administrative and other cash flow changes.
-100,000	—utilization of Intergovernmental Transfer funding.
9,656	—Initiative—Expanding Home and Community-Based Services. To provide 3,524 additional older Pennsylvanians with home and community-based care as an alternative to nursing facility care.
-27,297	—Initiative—Expanding Home and Community-Based Services. Savings from providing 4,726 older and disabled indiviuals with home and community-based care as an alternative to nursing facility care.
$ 25,042	*Appropriation Increase*

Medical Assistance Transportation

$ 640	—increased utilization.
1,684	—increased cost per trip.
$ 2,324	*Appropriation Increase*

AIDS Special Pharmaceutical Services

$ 677	—to continue current program.

Special Pharmaceutical Services

$ -119	—to continue current program.

Acute Care

$ -8,300	—nonrecurring project.

TOBACCO SETTLEMENT FUND

Medical Care for Workers with Disabilities

$ -4,731	—reduction in Tobacco Settlement Funds available for transfer.

Hospital Uncompensated Care

$ -5,629	—reduction in Tobacco Settlement Funds available for transfer.

Home and Community-Based Services

$ -11,969	—reduction in Tobacco Settlement Funds available for transfer.

All other appropriations are recommended at the current year funding levels.

Program: Medical Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Medical Assistance - Outpatient	$ 516,832	$ 632,146	$ 769,617	$ 785,283	$ 852,816	$ 954,565	$ 1,066,566
Medical Assistance - Inpatient	407,104	372,670	429,061	460,363	474,450	488,950	503,906
Medical Assistance - Capitation	1,863,772	2,026,907	2,268,018	2,384,154	2,726,231	2,984,992	3,233,724
Long-Term Care	250,568	432,530	457,572	590,546	884,344	1,081,446	1,284,050
Trauma Centers	0	12,500	12,500	12,500	12,500	12,500	12,500
Medical Assistance - Transportation	32,380	36,174	38,498	38,498	38,498	38,498	38,498
Expanded Medical Services for Women	8,686	8,686	8,686	8,686	8,686	8,686	8,686
AIDS Special Pharmaceutical Services	9,365	10,452	11,129	11,129	11,129	11,129	11,129
Special Pharmaceutical Services	5,102	5,789	5,670	5,670	5,670	5,670	5,670
Acute Care Hospitals	17,600	8,300	0	0	0	0	0
TOTAL GENERAL FUND	$ 3,111,409	$ 3,546,154	$ 4,000,751	$ 4,296,829	$ 5,014,324	$ 5,586,436	$ 6,164,729
TOBACCO SETTLEMENT FUND:							
Medical Care for Workers with Disabilities (EA)	$ 32,515	$ 17,354	$ 12,623	$ 16,395	$ 20,112	$ 23,832	$ 27,561
Uncompensated Care (EA)	43,353	43,165	37,536	35,756	35,468	35,144	35,488
Home and Community-Based Services (EA)	44,209	37,915	25,946	24,717	24,517	24,293	24,531
Long-Term Care Facilities - Tobacco	198,500	0	0	0	0	0	0
TOTAL TOBACCO SETTLEMENT FUND	$ 318,577	$ 98,434	$ 76,105	$ 76,868	$ 80,097	$ 83,269	$ 87,580

Program Objective: To promote personal and parental responsibility and encourage economic independence and self-sufficiency through temporary cash assistance, job training and child care for families or individuals.

Program: Income Maintenance

The broad purpose of public assistance is to provide temporary support to families in transition from dependency to economic self-sufficiency. Support may include limited education, job training and placement assistance, child care, transportation and other support services and cash.

Program Element: Income Assistance

Cash assistance is provided for a limited time to people who meet income and resource guidelines and who comply with work activity requirements.

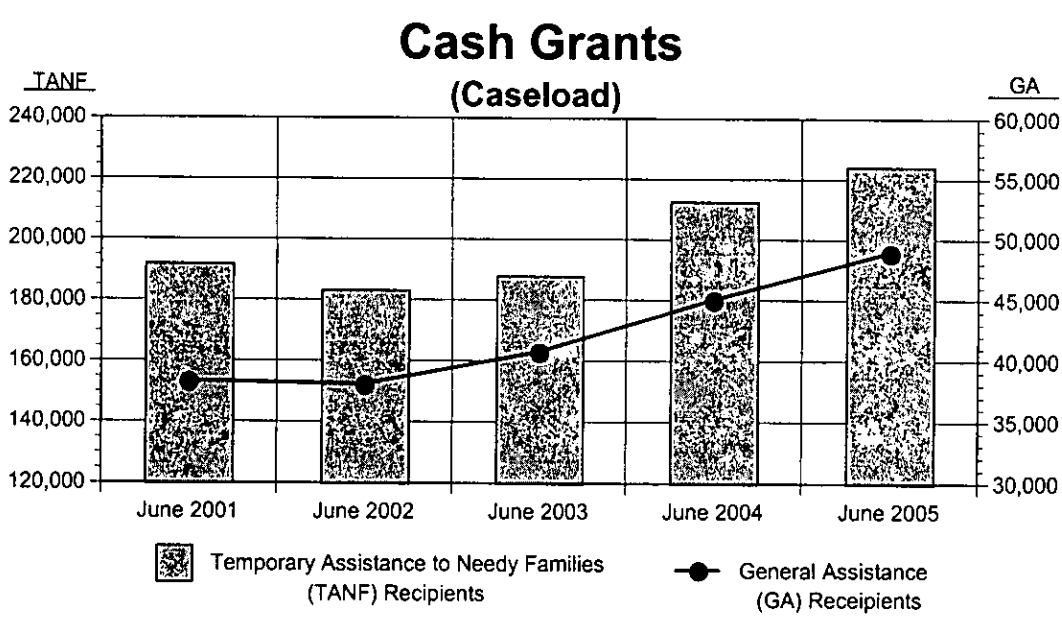
The cornerstone of the program is an Agreement of Mutual Responsibility (AMR) established between the client and the Commonwealth. Caseworkers in the County Assistance Offices (CAO) meet with applicants for cash assistance, medical assistance and food stamps to review financial and nonfinancial criteria to determine eligibility for benefits. As a condition of eligibility for cash assistance, recipients are required to sign and comply with the obligations in the AMR. The AMR outlines the personal and parental obligations that the individual must fulfill to maintain eligibility for benefits. Most adult welfare recipients are required to immediately look for work upon applying for welfare benefits and, within two years, work or participate in a work-related activity for at least twenty hours per week.

Upon application or redetermination for cash, data is entered into the department's client information system and is available for Medical Assistance program determinations as well as cash assistance and food stamps. All final Medical Assistance claims payments and most Cash Grants payments are generated through the central office using automated systems.

Cash assistance is provided to persons determined by the staff in CAOs to be eligible for the Temporary Assistance for Needy Families (TANF), the State General Assistance (GA) and the State Blind Pension (SBP) programs. The TANF block grant provides Federal funds for temporary cash support for families in transition to self-sufficiency. TANF payments are funded by Federal and State dollars. GA and SBP, on the other hand, are entirely State-funded programs. Most GA recipients are individuals or married couples with no dependent children but with disabilities that prevent employment. State Blind Pension recipients are persons who meet age, vision and personal resource requirements specified in the Public Welfare Code.

Federal regulations that place a five-year lifetime limit on cash assistance benefits for most adult recipients allow a hardship exemption for up to twenty percent of the caseload. The five-year limit was reached in March, 2002. The department has implemented regulations that define the hardship exemption and make stringent provisions for extending eligibility.

The Low Income Home Energy Assistance Program (LIHEAP) assists eligible households by offsetting the burden of high energy costs and intervening in energy crisis situations. The eligibility standard, which is subject to annual revision based on the availability of funding, includes



Program: Income Maintenance (continued)

every household member's income. Cash payments are made to energy suppliers for persons responsible for paying heating costs or directly to those households where home heating is included in the rent. Crisis payments may cover heating costs as well as emergency repairs to heating systems.

The Supplemental Security Income (SSI) Program provides aged, blind and disabled persons with a monthly payment based on nationally uniform eligibility standards. Presently, the basic monthly rate for individuals is $591.40 and $889.70 for couples. Pennsylvania will contribute a supplemental grant of $27.40 for an individual and $43.70 for couples to SSI recipients through the Federal Government. A special monthly State supplement is paid to SSI eligible persons in domiciliary care facilities and personal care homes. For SSI residents in personal care homes, the minimum personal care allowance is $60.00 a month. The department administers a Disability Advocacy Program (DAP) to assist mentally and physically disabled individuals in establishing their eligibility for Federal SSI benefits.

Program Element: Employment, Training and Work Supports

The employment and training program known as the Road to Economic Self-Sufficiency through Employment and Training (RESET) assists welfare recipients to enter the workforce and achieve economic independence. Pennsylvania's employment and training for welfare clients emphasizes work first. Training and education programs are designed to prepare individuals unable to secure employment to get and keep available jobs. Job retention, advancement, rapid reemployment 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, various strategies such as rapid attachment, grant diversion and education activities are being implemented. The department will continue the Single Point of Contact Program (SPOC), subsidized employment and other education and training programs in conjunction with the Departments of Community and Economic Development and Labor and Industry that respond to the needs of the local business community. In addition to training for welfare clients, programs to assist noncustodial parents to enter and advance in the workplace are provided to improve family economic viability.

Program Element: Child Care and Supportive Services

Child care and supportive services are provided to facilitate a welfare client's transition to independence. In addition to the cash grant paid to welfare clients, child care is provided to those participating in training or a work activity or who have obtained employment. Child care can continue after the employed client no longer requires TANF assistance as long as the family needs child care and remains income eligible. In addition to child care, the grant can provide other supportive services, such as transportation.

Subsidized child care is also provided for low-income families needing child care to maintain employment. A local Child Care Information Service (CCIS) Agency offers parents a choice of child care services and provides information on how to select good child care. The subsidy encourages families to be self-supporting and self-sufficient. Both State and Federal funds supplement the parent's copayments.

Parents can receive subsidized child care from various child care facilities including licensed centers, group child care homes, registered family child care homes and relatives or neighbors. Relative/neighbor providers are required to undergo the child abuse and criminal history background check mandated for other types of providers. An exemption from the check is available for all providers affirmed by the parent as being the child's grandparent, aunt or uncle by blood or marriage.

All child care facilities must meet health and safety standards developed by the department. Nonlicensed care providers must register with the local Child Care Information Service Agency to participate in the program. A 3-year demonstration program to improve the quality of care provided in regulated child care facilities was undertaken in 2002-03.

Local program administration is designed to allow more licensed/registered providers to participate in the State subsidized system and allow the Commonwealth to purchase services at rates that assure adequate access to care.

Child Care Funding
($ in Thousands)

	2004-05
Low-Income Working Families	
State Funds*	$ 59,683
Federal Funds	223,651
Total	$ 283,334
TANF Recipients / Former TANF Recipients	
State Funds**	$ 66,152
Federal Funds	162,982
Total	$ 229,134
Grand Total	$ 512,468

* Child Care Services appropriation.
** Cash Grants appropriation.

Program: Income Maintenance (continued)

Program Element: Child Support Enforcement

Child Support Enforcement Program services are provided at the local level through Cooperative Agreements between the Department of Public Welfare and the Domestic Relations Section of the County Courts of Common Pleas. The services include the establishment of paternity for children born outside of marriage, the determination, establishment and enforcement of a financial child support obligation paid by a noncustodial parent to meet the ongoing daily needs of the children, the procurement of medical support including health insurance and/or the reimbursement of uninsured medical expenses for the children, and child care support designed to help offset the cost of child care if the custodial parent works or is enrolled in an education/training program to secure employment.

Child support enforcement services are available to children from birth to the age of 18 or until the child graduates from high school or is emancipated. The courts may require child support to be paid for an individual over the age of 18 if extraordinary needs — excluding college tuition — exist. A designated portion of child support paid on behalf of children receiving TANF benefits is passed through to the custodial parent and any residual amount is assigned to the Department of Public Welfare to reimburse cash assistance benefits issued to the child's family.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Persons receiving cash assistance (monthly average)	225,396	248,998	267,450	267,450	267,450	267,450	267,450
Children receiving child care (unduplicated)*	182,102	188,748	194,675	194,675	194,675	194,675	194,675
Children receiving child care monthly average:							
Welfare recipients*	33,939	34,957	36,705	36,705	36,705	36,705	36,705
Former welfare recipients *	20,000	20,600	21,630	21,630	21,630	21,630	21,630
Low-income working families*	45,455	48,820	51,410	51,410	51,410	51,410	51,410
Persons receiving State Supplemental Grants (monthly average)	309,133	316,025	320,425	320,425	320,425	320,425	320,425
Households receiving energy cash payments	372,443	372,440	372,440	372,440	372,440	372,440	372,440
TANF recipients enrolled in an employment and training activity*	41,413	42,241	42,635	42,635	42,635	42,635	42,635
TANF recipients obtaining employment*	17,422	17,694	17,795	17,795	17,795	17,795	17,795
Average hourly wage rate for TANF job placements*	$7.24	$7.46	$7.68	$8.15	$8.39	$8.64	$8.90
Child support orders established*	489,368	490,592	491,815	492,000	495,000	498,000	501,000
Child support collected (in milllions)*	$1,035	$1,050	$1,006	$1,072	$1,093	$1,115	$1,137

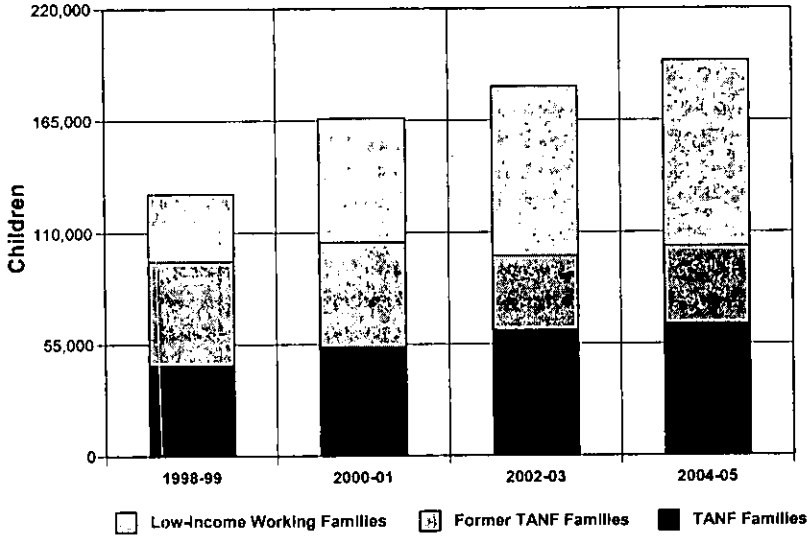
Children receiving child care is revised from the measure shown in last year's budget due to separating welfare and former welfare recipients and including low-income families which were previously shown in the Human Services program.

The average monthly child care system capacity measure shown in last year's budget is replaced by the total number of children receiving child care services.

*New program measure.

Program: Income Maintenance (continued)

Child Care



In 2004-05, the child care system will serve an estimated 58,200 more children of low-income working families than in 1998-99, an increase of 176%.

Program Recommendation: This budget recommends the following changes: (Dollar Amounts in Thousands)

County Administration-Statewide

$ 2,094	—to continue current program.
–653	—nonrecurring projects.
–208	—to reflect change in Federal earnings.
1,936	—Initiative—Operational Efficiency. To develop the capacity for the Commonwealth to issue State Supplemental Security Income supplement checks as an alternative to paying the Federal government to issue the checks.
–10,235	—Initiative—Operational Efficiency. Savings from operational efficiencies.
$ –7,066	*Appropriation Decrease*

County Assistance Offices

$ 7,622	—to continue current program.
–5,093	—nonrecurring projects.
–4,787	—to reflect change in Federal earnings.
45	—Initiative—Operational Efficiency. To develop the capacity for the Commonwealth to issue State Supplemental Security Income supplement checks as an alternative to paying the Federal government to issue the checks.
–237	—Initiative—Operational Efficiency. Savings from operational efficiencies.
$ –2,450	*Appropriation Decrease*

Child Support Enforcement

$ 1,680	—increase in PA Child Support Enforcement System (PACSES) operating costs.
487	—increase in operating costs for the State centralized child support collection and disbursement system.
98	—to continue current program.
–251	—nonrecurring projects.
–3,571	—Initiative —Operational Efficiency. Savings from operational efficiencies.
$ –1,557	*Appropriation Decrease*

New Directions

$ 636	—to continue current program.
–1,198	—nonrecurring projects.
500	—Initiative—Work Capacity Evaluations. To evaluate the psychological capacity of long-term General Assistance recipients to participate in the workforce.
$ –62	*Appropriation Decrease*

Program: Income Maintenance (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

Cash Grants

$ 22,235	—increase in Federal Maintenance of Effort requirement for Temporary Assistance to Needy Families Block Grant.
10,063	—impact of caseload increases.
694	—increase in child support collections.
–834	—nonrecurring projects.
–3,500	—increased augmentations.
–88	—Initiative —Savings from transferring General Assistance recipients to the Supplemental Security Income Program when the work capacity evaluation establishes Federal disability qualification.
$ 28,570	*Appropriation Increase*

Supplemental Grants - Aged, Blind, Disabled

$ 2,812	—for increased caseload and average benefits.
1,062	—to reflect Federal administrative fee increases.
24	—Initiative—Work Capacity Evaluations. To provide benefits to former General Assistance recipients who have been determined disabled as a result of work capacity evaluations.
–14,460	—Initiative—Operational Efficiency. Savings from directly issuing State Supplemental Security Income supplement checks as an alternative to paying the Federal government to issue the checks.
$ –10,562	*Appropriation Decrease*

This budget recommends $23,781,000 in Federal Temporary Assistance for Needy Families Block Grant (TANFBG) funds to redesign employment and training programs for welfare recipients to enable more individuals to attain self-sufficiency.

This budget also recommends $14,100,000 in Federal Temporary Assistance for Needy Families Block Grant (TANFBG) funds and Child Care and Development Fund Block Grant (CCDFBG) funds to provide subsidized child care services to 3,986 additional low-income children, increase reimbursement ceiling rates for targeted services, and expand provider participation in the Keystone Stars quality improvement initiative.

Child Care Services is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
County Administration - Statewide	$ 45,724	$ 41,323	$ 34,257	$ 43,339	$ 43,359	$ 43,377	$ 43,390
County Assistance Offices	250,299	252,318	249,868	249,853	249,853	249,853	249,853
Child Support Enforcement	12,109	11,998	10,441	10,356	10,356	10,356	10,356
New Directions	69,650	64,252	64,190	63,940	63,815	63,815	63,815
Cash Grants	301,753	327,981	356,551	381,489	403,976	428,250	454,155
Supplemental Grants - Aged, Blind and Disabled	149,608	152,336	141,774	146,593	149,904	153,165	156,406
Child Care Services	59,683	59,683	59,683	59,683	59,683	59,683	59,683
TOTAL GENERAL FUND	$ 888,826	$ 909,891	$ 916,764	$ 955,253	$ 980,946	$ 1,008,499	$ 1,037,658

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 mental health system consisting of comprehensive community mental health services and State operated hospitals. Community mental health services are administered under the Pennsylvania Mental Health and Mental Retardation (MH/MR) Act of 1966 and the Mental Health Procedures Act (MHPA) of 1976. There are nine mental hospitals and one restoration (long-term care) center in the State mental hospital system.

Program Element: Community Mental Health Services

The MH/MR Act of 1966 requires county governments to provide an array of community-based mental health services, including unified intake, community consultation and education, support for families caring for members with mental disorders and community residential programs. Community services are targeted to adults with serious mental illness and children/adolescents with or at risk of serious emotional disturbance. A key for all community care is case management designed to assist both families and residents of care facilities to access and manage needed services. Non-residential services include family-based support, outpatient care, partial hospitalization, emergency and crisis intervention and after care. Community residential services consist of housing support, residential treatment, inpatient care, crisis services and community residential rehabilitation (CRR) care. Services are administered by single counties, county joinders or through contracts with private, nonprofit organizations or agencies. Services, with some exceptions, are funded with State funds and county matching funds.

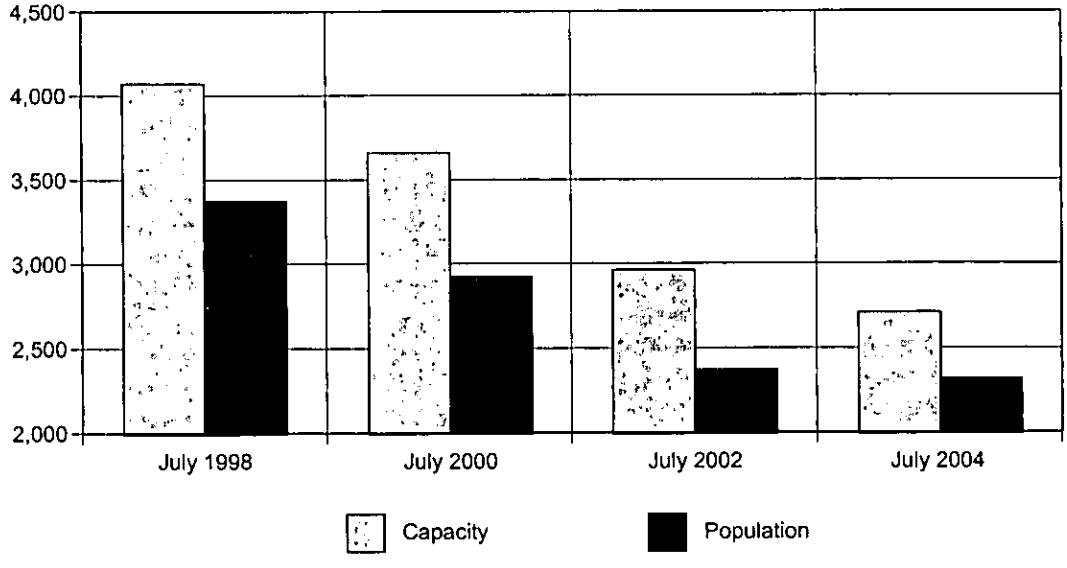
Program Element: State Mental Hospitals

State mental hospitals provide long-term inpatient care for individuals who require intensive inpatient treatment or individuals who have no available alternatives. Additionally, they provide specialized inpatient care for adolescents, criminal offenders and elderly (long-term) populations. Efforts continue to transfer patients to community mental health programs, providing a less restrictive level of care through the Community/Hospital Integration Projects Program (CHIPPs).

Act 21 of 2003 mandates the establishment of a new unit at a State Hospital for treatment of violent sexual predators whose commitment in the Youth Development Center system terminates at age 21.

Mental Hospitals

Population Compared to Capacity



As more people receive mental health services in the community, the population at State mental hospitals has declined by 1,054, or 31%, since July 1998.

Program: Mental Health (continued)

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Persons provided mental health services (unduplicated):							
Adults*	134,196	135,538	136,895	138,260	139,645	141,040	142,450
Children*	68,264	68,946	69,635	70,330	71,035	71,745	72,460
Reduction of State Mental Hospital capacity and redirected to Community Hospital Projects Program	2,203	2,236	2,270	2,270	2,270	2,270	2,270
State mental hospital per diem rate*	$476	$499	$525	$550	$580	$605	$635
Admissions to state mental hospitals*	1,638	1,622	1,605	1,590	1,575	1,560	1,540
Percentage of adults readmitted to State Mental Hospitals within one year of last discharge	12%	11%	10%	9%	8%	7%	6%
Average cost per client receiving community services*	$2,710	$2,737	$2,765	$2,790	$2,820	$2,850	$2,880
Persons served in community residential mental health facilities	7,805	7,883	7,960	7,960	7,960	7,960	7,960
Persons receiving intensive case management	12,205	12,327	12,450	12,450	12,450	12,450	12,450
Persons receiving family based mental health health services	2,216	2,238	2,260	2,260	2,260	2,260	2,260

Persons provided mental health services has been revised to show adults and children separately. The number served increased from the projections in last year's budget due to the restoration of the Behavioral Health Services funding.

Persons receiving intensive case management and family based mental health services decrease from the projections shown in last year's budget because of a change in data collection methodology.

*New program measure.

Hospital and Restoration Center Populations for the Prior, Current and Upcoming Year:

State Mental Hospitals	Population July 2002	Population July 2003	Projected Population July 2004	Projected Bed Capacity July 2004	Projected Percent of Capacity July 2004
Allentown	174	172	167	210	79.5%
Clarks Summit	217	220	213	265	80.4%
Danville	147	142	144	170	84.7%
Harrisburg	277	270	263	300	87.7%
Mayview	372	336	354	398	88.9%
Norristown	421	405	420	454	92.5%
South Mountain	162	145	147	159	92.5%
Torrance	220	224	230	270	85.2%
Warren	205	215	206	250	82.4%
Wernersville	182	180	179	240	74.6%
TOTAL	2,377	2,309	2,323	2,716	85.5%

Program: Mental Health (continued)

Total Proposed Expenditures by Hospital, Restoration Center and Community Programs:

	2002-03 Actual	2003-04 Available	2004-05 Budget
Allentown			
State Funds	$ 26,080	$ 26,643	$ 24,794
Federal Funds	1,816	2,061	2,140
Augmentations	1,849	1,843	1,953
TOTAL	$ 29,745	$ 30,546	$ 28,887
Clarks Summit			
State Funds	$ 28,852	$ 29,474	$ 27,430
Federal Funds	4,446	5,045	5,239
Augmentations	1,857	1,851	1,962
TOTAL	$ 35,155	$ 36,371	$ 34,630
Danville			
State Funds	$ 24,204	$ 24,726	$ 23,011
Federal Funds	2,125	2,412	2,504
Augmentations	1,379	1,374	1,457
TOTAL	$ 27,708	$ 28,512	$ 26,971
Harrisburg			
State Funds	$ 35,029	$ 35,785	$ 33,302
Federal Funds	2,912	3,305	3,431
Augmentations	2,054	2,047	2,170
TOTAL	$ 39,995	$ 41,136	$ 38,903
Mayview			
State Funds	$ 53,738	$ 54,897	$ 51,089
Federal Funds	5,028	5,706	5,924
Augmentations	2,086	2,079	2,204
TOTAL	$ 60,852	$ 62,682	$ 59,217
Norristown			
State Funds	$ 67,130	$ 68,577	$ 63,820
Federal Funds	5,206	5,908	6,134
Augmentations	2,066	2,059	2,182
TOTAL	$ 74,402	$ 76,544	$ 72,137

	2002-03 Actual	2003-04 Available	2004-05 Budget
South Mountain State Restoration Center			
State Funds	$ 11,613	$ 11,863	$ 11,040
Federal Funds	9,991	11,338	11,772
Augmentations	1,705	1,699	1,801
TOTAL	$ 23,309	$ 24,901	$ 24,614
Torrance			
State Funds	$ 32,756	$ 33,463	$ 31,141
Federal Funds	3,309	3,755	3,899
Augmentations	1,848	1,842	1,952
TOTAL	$ 37,913	$ 39,060	$ 36,992
Warren			
State Funds	$ 30,162	$ 30,813	$ 28,675
Federal Funds	3,363	3,816	3,963
Augmentations	1,883	1,877	1,989
TOTAL	$ 35,408	$ 36,506	$ 34,627
Wernersville			
State Funds	$ 27,545	$ 28,139	$ 26,187
Federal Funds	3,409	3,869	4,017
Augmentations	1,702	1,696	1,798
TOTAL	$ 32,656	$ 33,704	$ 32,002
Administrative Cost			
State Funds	$ 3,460	$ 3,721	$ 3,912
Federal Funds	369	0	0
Augmentations	0	124	0
TOTAL	$ 3,829	$ 3,845	$ 3,912
Community Programs			
State Funds	$ 281,101	$ 305,309	$ 340,441
Federal Funds	221,611	210,467	195,127
Augmentations	9,149	2,676	0
TOTAL	$ 511,861	$ 518,452	$ 535,568
Maintenance and security costs for closed facilities			
State Funds	$ 730	$ 328	$ 2,055

Program: Mental Health (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Mental Health Services

$ 3,485	—replacement of one-time enhanced Federal financial participation.
1,281	—to annualize prior year community placements and diversion costs.
4,249	—to establish a treatment unit for sexual predators as required by Act 21 of 2003.
–342	—transfer of client advocacy program to the General Government Operations appropriation.
1,840	—security and maintenance costs for the State-owned facility formerly occupied by Eastern Pennsylvania Psychiatric Institute.
236	—revision of Federal financial participation from 54.76% to 53.84%.
8,923	—to continue current program for State mental hospitals.
8,872	—to replace nonrecurring funds due to a Federal regulatory change.
–6,797	—Initiative — Operational Efficiency. Savings from State mental hospital operational and administrative efficiencies.
1,320	—Initiative — Expanded Community Mental Health Services. To provide home and community-based services for 33 persons currently residing in State hospitals.
–9,908	—Initiative—Operational Efficiency. Savings from claiming Federal reimbursement for allowable administrative case management costs.
$ 13,159	*Appropriation Increase*

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Mental Health Services	$ 622,400	$ 653,738	$ 666,897	$ 666,379	$ 661,746	$ 660,874	$ 660,874
Behavioral Health Services	47,209	43,119	43,119	43,119	43,119	43,119	43,119
Psychiatric Services in Eastern PA	3,500	3,500	3,500	3,500	3,500	3,500	3,500
TOTAL GENERAL FUND	$ 673,109	$ 700,357	$ 713,516	$ 712,998	$ 711,365	$ 707,493	$ 707,493

PROGRAM OBJECTIVE: To maximize each individual's capacity for more independent living and participation in community life by providing needed training and support services.

Program: Mental Retardation

The Department of Public Welfare supports a comprehensive array of services for people with mental retardation including community residential and non-residential programs, which are either administered or operated by the counties, and institutional programs operated by the State and private providers. In addition to State and Federal funding, local funding is provided for community programs as required by the Mental Health and Mental Retardation Act of 1966.

The mental retardation program is evolving from a predominately facility-based system, comprised of large congregate residential facilities, to a flexible and dynamic system of community supports and services tailored to the needs of persons living in the community. The trend is toward using formalized services to enhance the natural supports that exist in the family and the community.

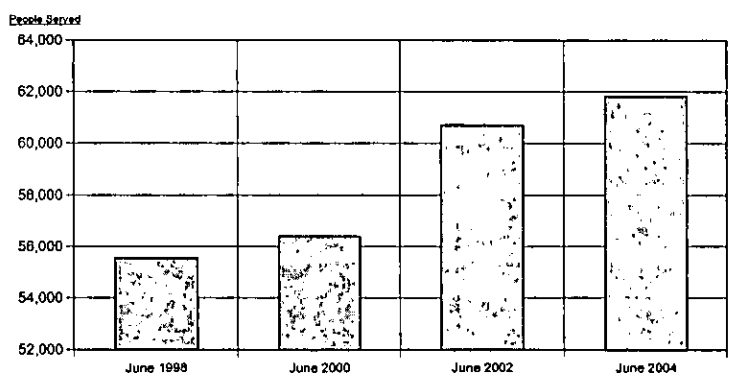
Program Element: Institutional Services

The Department of Public Welfare operates or provides funding for privately operated institutional care for people with mental retardation. The Commonwealth provides services through six State centers. The primary goal is to develop each resident's ability to function more independently thus preparing them to live in less restrictive environments. All facilities are currently certified for Medical Assistance under standards established by the Federal Center for Medicare and Medicaid Services. Private ICF/MR facilities also provide intensive habilitative services to persons with mental retardation. Large facilities are single or multiple buildings on campus-like sites accommodating more than eight persons while small facilities may be located in the community and serve eight persons or less.

Program Element: Community Mental Retardation Services

The Mental Health and Mental Retardation Act of 1966 provides the statutory basis for the development of community-based services for people with mental retardation. Community residential facilities include group homes, single apartments with a roommate, or a family living setting with family or friends. Day services such as supported employment, training and recreation are provided to residential and non-residential clients living in the community. A wide array of services is also available to support families caring for a child or sibling with mental retardation. Services include case management, mobility training, employment training and opportunities and adult day care. Some services are eligible for Federal funds under the Medicaid Home and Community-Based Waiver Program.

Community Mental Retardation Services



Expansion of the community care program has reduced the waiting list and increased the number of people served by 6,272 since 1998. Over the same period, the State Centers popluation will have decreased by 41%.

Program Element: Early Intervention

The Department of Public Welfare administers the Early Intervention Program for children from birth through age two. Services include health care, skill development and social services. These services are intended to minimize developmental delay and the need for special education, to enhance potential for independent living, and to assist families in meeting their children's special needs.

Program: Mental Retardation (continued)

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Persons receiving MR services during fiscal year:	85,000	87,500	88,030	88,030	88,030	88,030	88,030
Persons receiving community non-residential services:							
Early Intervention	21,418	23,430	25,200	25,200	25,200	25,200	25,200
Adult day services	28,200	28,300	28,505	28,505	28,505	28,505	28,505
Family support services	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Persons receiving residential services (at end of year):							
Community residential facilities (CRF)	18,600	18,700	19,025	19,025	19,025	19,025	19,025
Private ICF/MRs	2,628	2,574	2,586	2,585	2,585	2,585	2,585
State Centers	1,545	1,505	1,465	1,425	1,385	1,345	1,345
Residents transferred to more independent settings during fiscal year from:							
Community residential facilities	240	240	240	240	240	240	240
State Centers	145	10	10	10	10	10	10
Average cost of individuals served in the community:*							
Residential services*	$57,635	$58,572	$58,700	$58,700	$58,700	$58,700	$58,700
Day programs or other supports*	$13,429	$12,988	$12,990	$12,990	$12,990	$12,990	$12,990
Early Intervention*	$4,159	$4,110	$4,105	$4,105	$4,105	$4,105	$4,105

Persons receiving MR services during fiscal year, adult day services, family support services and residential services in community residential facilities are estimates as data is transitioned from one data system to another system.

*New program measure.

State Centers Population for the Prior, Current and Upcoming Year:

State Centers	Population July 2002	Population July 2003	Projected Population July 2004	Projected Bed Capacity July 2004	Projected Percent Capacity July 2004
Altoona	101	92	92	148	62.2%
Ebensburg	300	291	290	402	72.1%
Hamburg	177	161	160	237	67.5%
Polk	423	393	393	557	70.6%
Selinsgrove	414	395	394	584	67.5%
White Haven	223	213	211	275	76.7%
TOTAL STATE CENTERS	1,638	1,545	1,540	2,203	69.9%

Program: Mental Retardation (continued)

Proposed Expenditures by Center:

	2002-03 Actual	2003-04 Available	2004-05 Budget
Altoona			
State funds	$ 4,865	$ 4,557	$ 4,554
Federal funds	6,189	6,645	6,619
Augmentations	550	539	1,424
TOTAL	$ 11,604	$ 11,741	$ 12,597
Ebensburg			
State funds	$ 19,983	$ 18,719	$ 18,704
Federal funds	24,643	26,457	26,357
Augmentations	1,886	1,848	4,884
TOTAL	$ 46,512	$ 47,024	$ 49,944
Hamburg			
State funds	$ 12,473	$ 11,684	$ 11,674
Federal funds	15,227	16,348	16,286
Augmentations	932	913	2,413
TOTAL	$ 28,632	$ 28,945	$ 30,374
Polk			
State funds	$ 27,963	$ 26,194	$ 26,173
Federal funds	34,598	37,146	37,004
Augmentations	2,734	2,679	7,079
TOTAL	$ 65,295	$ 66,019	$ 70,256
Selinsgrove			
State funds	$ 27,995	$ 26,224	$ 26,202
Federal funds	34,552	37,096	36,956
Augmentations	2,715	2,660	7,030
TOTAL	$ 65,262	$ 65,980	$ 70,188
White Haven			
State funds	$ 14,972	$ 14,025	$ 14,013
Federal funds	18,474	19,834	19,759
Augmentations	1,306	1,280	3,382
TOTAL	$ 34,752	$ 35,139	$ 37,154
Maintenance and security costs for closed facilities			
State funds	$ 3,754	$ 2,883	$ 2,319

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

State Centers for the Mentally Retarded

$ 1,033	—to continue current program.
1,732	—revision of Federal financial participation from 54.76% to 53.84%
7,430	—replacement of one-time enhanced Federal financial participation.
–8,066	—mental retardation facility assessment.
–2,776	—Initiative — Operational Efficiency. Savings from State mental retardation center operational and administrative efficiencies.
$ -647	*Appropriation Decrease*

Intermediate Care Facilities—Mentally Retarded

$ 2,119	—to provide a two percent per diem increase as mandated by Federal regulations.
4,459	—to annualize facility per diem rates including prior year rate waivers.
1,779	—revision of Federal financial participation from 54.76% to 53.84%
7,301	—replacement of one-time enhanced Federal financial participation.
1,860	—transfer of medically fragile people into more secure residential facilities.
1,389	—to continue current program.
–8,584	—mental retardation facility assessment.
$ 10,323	*Appropriation Increase*

Program: Mental Retardation (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

Community Mental Retardation Services

$ 3,009	—to continue current program.
6,972	—revision of Federal financial participation from 54.76% to 53.84%
32,708	—replacement of one-time enhanced Federal financial participation.
638	—to annualize previous program revisions providing enhanced community services.
8,574	—Initiative— Expanded Community Mental Retardation Services. To provide home and community-based services for 531 additional persons with mental retardation.
$ 51,901	*Appropriation Increase*

Early Intervention

$ 191	—revision of Federal financial participation from 54.76% to 53.84%
958	—replacement of one-time enhanced Federal financial participation.
–1,053	—non-recurring projects.
2,421	—to annualize children added in 2003-04.
3,248	—to provide services to 1,150 additional children.
$ 5,765	*Appropriation Increase*

Pennhurst Dispersal

$ 11	—revision of Federal financial participation from 54.76% to 53.84%
49	—replacement of one-time enhanced Federal financial participation.
$ 60	*Appropriation Increase*

MR Residential Services-Lansdowne is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
State Centers for the Mentally Retarded ..	$ 112,005	$ 104,286	$ 103,639	$ 102,500	$ 101,582	$ 100,770	$ 100,161
Intermediate Care Facilities - Mentally Retarded	108,633	101,589	111,912	111,653	111,302	110,949	110,592
Community Mental Retardation Services ..	663,106	635,958	687,859	696,560	696,560	696,560	696,560
Early Intervention	66,094	73,342	79,107	79,107	79,107	79,107	79,107
Pennhurst Dispersal	3,093	2,890	2,950	2,950	2,950	2,950	2,950
MR Residential Services - Lansdowne	402	382	382	382	382	382	382
TOTAL GENERAL FUND	$ 953,333	918,447	985,849	993,152	991,883	990,718	989,752

PROGRAM OBJECTIVE: To enhance the social and economic well being of families and individuals through the provision of an array of services and support programs.

Program: Human Services

The department operates a variety of programs designed to provide supportive services to people while they overcome an adverse behavior or circumstance that has affected their lives.

Program Element: Family Support Service

Providing services to children who are in need of care and protection is the joint responsibility of the Department of Public Welfare and county government. Each county is responsible for developing and administering a program of services designed to treat and prevent child abuse, neglect and exploitation and to provide services that reduce dependency and delinquency. The County Children and Youth Program includes services to parents and children to enable children to remain in their own homes and communities. However, the safety of children is a paramount concern of this program. Policies and procedures have been instituted to protect children from harm and to minimize time in foster homes and institutions. Court oversight for children who have been abused and neglected has been increased and new emphasis has been placed on parental responsibility for children.

Counties provide services including temporary placement for children who cannot live with their own family, assistance to provide a permanent legal family for any child who cannot be returned to his own family, 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 services for all eligible children through a Statewide adoption network. Facilitated by the Adoptions and Safe Families Act, this includes services to children who are in foster placement and cannot be returned to their natural parents. Community Based Family Centers also provide coordinated services to children and their families in a neighborhood setting.

The courts may order any service or care for children who have been adjudicated dependent or delinquent. This may include youth adjudicated delinquent but remanded to private residential treatment programs. Treatment is reviewed on a periodic basis.

Program Element: Youth Development Service

Pennsylvania's juvenile justice system is designed to minimize institutionalization while recognizing that confinement in a treatment environment is necessary for certain juveniles who pose a threat to themselves or others. The court may sentence youth to either the Youth Development Center and Youth Forestry Camp (YDC/YFC) System or a private facility. Both systems can provide residential programs for the treatment of Pennsylvania's serious juvenile offenders and those with special problems in a secure setting. The purpose of the system is to bring about positive changes in the juveniles by developing skills and attitudes that will enable them to become responsible, productive members of society.

Administrative Complex	July 2002 Population	July 2003 Population	Projected July 2004 Population	Projected July 2004 Capacity	Projected July 2004 % of Capacity
YFC – Hickory Run	41	37	46	49	93.9%
YFC – Trough Creek	50	54	51	50	102.0%
New Castle	349	348	354	364	97.3%
Loysville	314	229	290	318	91.2%
Total Current Programs	754	668	741	781	94.9%

The YDCs/YFCs have a total capacity of 781 youth. Included in the system are specialized treatment services for sex offenders, arsonists, drug and alcohol abusers, and emotionally disturbed and mentally retarded youth.

The Master Case Planning System guides treatment of youth within the YDCs/YFCs. This system requires comprehensive diagnosis and assessment of each youth in care, development of an individualized treatment plan, implementation strategies, periodic reviews and revisions of each plan, and identification of aftercare needs. Individual and group counseling forms the core of the treatment process.

The YDCs/YFCs emphasize programs and activities designed to promote youth competency, victim awareness, social and financial restitution and public safety and protection. Each program provides training and education in daily living skills. Many YDCs/YFCs also provide actual job training and work experience opportunities where youth may be paid. Youth are required to use a portion of their earnings for restitution.

Education is a major component of the YDC/YFC system. Each program includes both academic and vocational curricula. Educational diagnostic testing precedes all academic placements and is utilized in the development of Individual Education Plans (IEPs) for each youth.

Program Element: Family Planning and Breast Cancer Screening

Family planning clinics provide educational, medical and social services to persons over age 16 to address contraceptive or infertility issues. Grants are provided to 200 clinics in the State.

Breast cancer screening for low-income women is directed toward those at high risk of developing breast cancer.

Program: Human Services (continued)

The target group is all new family planning clients, all women 35 years of age and older and women with a family history of breast cancer.

Program Element: Services to the Disabled

A variety of services are provided which enable people with severe physical or cognitive impairments to attain their highest functioning level and live in the community. People served through these programs do not qualify for services from other programs provided by the department.

The attendant care program serves adults ages 18-59 through a variety of program models. Personal assistance services such as dressing and grooming are provided enabling recipients to remain in or return to their own homes and maintain an independent lifestyle. Persons age 60 and over receive attendant care through funding provided by the Department of Aging.

People with physical disabilities such as cerebral palsy and other impairments (not including mental illness) are served both in nursing homes and community residential settings. Persons who are developmentally disabled have limitations in the areas of self-care, understanding and/or use of language, learning, mobility, self-direction and capacity for independent living. The services assist consumers to function as independently as possible. Many of the people served had been in nursing homes but were able to live in the community with support. Others are able to avoid institutionalization through supports offered by the program.

Similar services are provided to individuals with cognitive disabilities such as, but not limited to traumatic brain injury or autism, who do not have other related disabilities. These services are provided to enable the consumers to function in the community as independently as possible after they have progressed beyond initial acute rehabilitation. This population requires a special mix of services to address short-term memory issues through functional rather than medical supports.

This budget proposes a substantial increase in the utilization of home and community based care as an alternative to nursing facility care. Home and community-based services promote independence and self-reliance, and maximize opportunities for family and community involvement.

Program Element: Legal Services

The department contracts with the Pennsylvania Legal Services Center, a private, nonprofit corporation, to provide civil legal assistance for low-income persons with family, consumer, employment and other problems. The emphasis of the service delivery is to provide emergency legal services in situations that threaten the basic needs of individuals. These services do not include political activities, services to organizations, or services in criminal matters.

Program Element: Domestic Violence and Rape Crisis

Domestic violence services are provided through a contract with a Statewide coalition which, in turn, subcontracts for services at the local level. The services to victims of domestic violence include: crisis intervention, counseling, victim advocacy, information and referral and temporary shelter for victims and their dependent children. Prevention and education programs are provided by local groups to lessen the risk of domestic violence in the community at large.

Rape crisis services are provided through a contract with a Statewide coalition which, in turn, subcontracts for services at the local level. Rape crisis programs provide crisis intervention services, counseling, victim advocacy, information and referral and accompaniment through police, medical and judicial systems. Prevention and educational programs are also provided to lessen the risk of sexual assault for adults and children in the community at large.

Program Element: Homeless Assistance

The Homeless Assistance Program operates through counties to provide temporary shelter to homeless individuals and rental assistance to those in immediate danger of becoming homeless. Shelter may be provided in large mass shelters or in hotels and motels through a voucher system.

Housing assistance can include a cash payment to an individual or family to prevent or end homelessness or intervention to prevent homelessness where an eviction is imminent. In addition to preventing homelessness, housing assistance is available to move people out of temporary shelters into permanent housing.

Case management services are utilized to assure ongoing coordination with the client and to assist the client with activities needed for self-sufficient living.

Program: Human Services (continued)

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Youth Development Centers							
YDC — youth served	1,874	1,880	1,880	1,880	1,880	1,880	1,880
YDC — occupancy rates	89%	90%	95%	95%	95%	95%	95%
YDC — youth in work experience	507	445	445	445	445	445	445
Family Support Services							
Children receiving child welfare services at home	175,297	186,107	264,351	280,200	297,000	314,800	333,700
Out of home placement in:							
Community residential programs	18,199	21,400	31,317	30,700	30,000	29,300	28,700
Institutional care programs	3,427	3,258	3,035	2,860	2,700	2,500	2,300
Percent of children reunited with the family within twelve months of placement *	45.0%	45.5%	46.1%	46.7%	47.2%	47.8%	48.3%
Finalized adoptions	1,931	2,031	2,155	2,280	2,400	2,530	2,650
Children waiting for adoption	3,988	3,846	3,595	3,310	3,020	2,730	2,450
Percent of child abuse reports substantiated	20.7%	19.5%	18.6%	17.8%	16.9%	16.1%	15.3%
Homeless Assistance							
Total persons receiving homeless services	104,260	95,000	95,000	95,000	95,000	95,000	95,000
Other Human Services							
Domestic violence victims served	48,417	48,000	48,000	48,000	48,000	48,000	48,000
Rape crisis/sexual assault persons served	19,806	17,800	17,800	17,800	17,800	17,800	17,800
Breast cancer screening clients	115,908	110,105	110,100	110,100	110,100	110,100	110,100
Legal service clients	30,771	23,000	23,000	23,000	23,000	23,000	23,000
Attendant care persons served	4,877	5,083	5,476	5,476	5,476	5,476	5,476
Persons with developmental disabilities served in nursing facilities	649	612	610	610	610	610	610
Persons with developmental disabilities served in the community	1,030	1,262	2,290	2,290	2,290	2,290	2,290

YDC youth in work experience increased in 2002-03 from the projection shown in last year's budget because additional work opportunities became available.

The children receiving child welfare services at home and out of home placements in community residential programs have been revised from last year's budget to show the actual unduplicated number of children at the end of the calendar year rather than an estimate of the annual unduplicated children served.

Out of home placement in institutional care programs decreased from the projections shown in last year's budget because of increased efforts to maintain children in their own homes.

Legal service clients increased in 2002-03 from the projection shown in last year's budget because additional services were provided through the utilization of program efficiencies.

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Youth Development Institutions and Forestry Camps

$ 2,796	—to continue current program.
1,000	—to reflect redirection of Federal TANF funds.
–639	—nonrecurring projects.
–1,911	—Initiative—Operational Efficiency. Savings from operational and administrative efficiencies.
$ 1,246	*Appropriation Increase*

County Child Welfare

$ 67,174	—for county needs-based budgets as mandated by Act 30 of 1991.
–55,086	—enhanced Federal earnings.
1,697	—to continue current program.
$ 13,785	*Appropriation Increase*

Program: Human Services (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

Homeless Assistance

$ –1,000	—nonrecurring project.

Services to Persons with Disabilities

$ 4,349	—to continue current program.
2,176	—to provide service to 211 additional persons with disabilities.
1,399	—replacement of one time enhanced Federal participation.
439	—revision of Federal financial participation from 54.76% to 53.84%.
7,984	—Initiative—Expanding Home and Community-Based Services. To provide 668 additional disabled individuals with home and community-based care as an alternative to nursing facility care.
$ 16,347	*Appropriation increase*

Attendant Care

$ 1,796	—to continue current program.
2,544	—to provide service to 432 additional persons with disabilities.
–5,737	—nonrecurring projects.
1,430	—replacement of one time enhanced Federal participation.
389	—revision of Federal financial participation from 54.76% to 53.84%.
3,534	—Initiative—Expanding Home and Community-Based Services. To provide 534 additional disabled individuals with home and community-based care as an alternative to nursing facility care.
$ 3,956	*Appropriation Increase*

Arsenal Family and Children's Center

$ –143	—nonrecurring project.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Youth Development Institutions and Forestry Camps	$ 65,251	$ 67,609	$ 68,855	$ 68,855	$ 68,855	$ 68,855	$ 68,855
County Child Welfare	600,639	610,213	623,998	645,811	668,388	691,755	715,939
Community Based Family Centers	3,248	3,086	3,086	3,086	3,086	3,086	3,086
Domestic Violence	11,912	11,316	11,316	11,316	11,316	11,316	11,316
Rape Crisis	6,067	5,764	5,764	5,764	5,764	5,764	5,764
Breast Cancer Screening	1,575	1,496	1,496	1,496	1,496	1,496	1,496
Human Services Development Fund	36,803	33,123	33,123	33,123	33,123	33,123	33,123
Legal Services	2,600	2,470	2,470	2,470	2,470	2,470	2,470
Homeless Assistance	24,212	24,001	23,001	23,001	23,001	23,001	23,001
Services to Persons with Disabilities	12,442	16,708	33,055	35,712	35,712	35,712	35,712
Attendant Care	26,838	35,985	39,941	45,170	45,170	45,170	45,170
Arsenal Family and Children's Center	149	143	0	0	0	0	0
TOTAL GENERAL FUND	$ 791,736	$ 811,914	$ 846,105	$ 875,804	$ 898,381	$ 921,748	$ 945,932

DEPARTMENT OF REVENUE

The mission of the Department of Revenue is to administer the tax laws of the Commonwealth in a fair and equitable manner. The Department of Revenue also administers the State lottery which generates funds for programs that benefit older Pennsylvanians.

The Department of Revenue collects all tax levies as well as various fees, fines and other monies due the Commonwealth. The department also supervises the administration and collection of monies for the first and second class county sales tax and various special funds.

The department prepares the official estimates of the tax yield due the Commonwealth and analyzes the effect on revenues of proposed changes in either the laws or the tax structure of the Commonwealth.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ 136,815	$ 133,564	$ 136,436
(A)Cigarette Fines and Penalties	10	15	15
(A)Cigarette Tax Enforcement	486	500	540
(A)Services to Special Funds	8,073	8,141	8,752
(A)EDP and Staff Support	4,357	6,454	6,266
(A)Tax Information	84	177	90
(A)Private Letter Valuation Charges	1	1	1
(A)Local Sales Tax	4,562	2,948	3,825
(A)Small Games of Chance	232	213	235
General Operations - Lottery Administration	41,918	28,744	28,149
(A)License Fees	20	120	75
(A)Winning Number	48	64	0
(A)Annuity Assignment Fees	99	25	25
Revenue Enforcement	0	2,000	2,000
Commissions - Inheritance & Realty Transfer Taxes (EA)	6,140	6,664	6,572
Subtotal - State Funds	$ 184,873	$ 170,972	$ 173,157
Subtotal - Augmentations	17,972	18,658	19,824
Total - General Government	$ 202,845	$ 189,630	$ 192,981
Grants and Subsidies:			
Distribution of Public Utility Realty Tax	$ 25,615	$ 41,750	$ 32,920
STATE FUNDS	$ 210,488	$ 212,722	$ 206,077
AUGMENTATIONS	17,972	18,658	19,824
GENERAL FUND TOTAL	$ 228,460	$ 231,380	$ 225,901
MOTOR LICENSE FUND:			
General Government:			
Collections - Liquid Fuels Tax	$ 12,282	$ 13,237	$ 13,215
(F)Fuel Tax Enforcement	21	25	0
Subtotal - State Funds	$ 12,282	$ 13,237	$ 13,215
Subtotal - Federal Funds	21	25	0
Total - General Government	$ 12,303	$ 13,262	$ 13,215
Refunds:			
Refunding Liquid Fuels Tax (EA)	$ 7,200	$ 9,200	$ 9,000
STATE FUNDS	$ 19,482	$ 22,437	$ 22,215
FEDERAL FUNDS	21	25	0
MOTOR LICENSE FUND TOTAL	$ 19,503	$ 22,462	$ 22,215
LOTTERY FUND:			
General Government:			
Lottery Advertising (EA)	$ 14,235	$ 30,000	$ 30,000
Player Activated Terminal Costs (EA)	0	207	3,000
Expanded Sales (EA)	0	10,493	14,600
On-Line Vendor Commissions (EA)	45,340	48,270	50,911
Instant Vendor Commissions (EA)	18,007	17,856	21,301
Auditor General's Audit Costs (EA)	86	86	86
Payment of Prize Money (EA)	216,173	227,765	252,834
Total - General Government	$ 293,841	$ 334,677	$ 372,732

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Grants and Subsidies:			
Property Tax & Rent Assistance for Older Pennsylvanians (EA)	**$ 121,880**	**$ 123,875**	**$ 123,400**
LOTTERY FUND TOTAL	**$ 415,721**	**$ 458,552**	**$ 496,132**
RACING FUND:			
General Government:			
Collections - State Racing (EA)	**$ 231**	**$ 233**	**$ 235**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 210,488	$ 212,722	$ 206,077
SPECIAL FUNDS	435,434	481,222	518,582
FEDERAL FUNDS	21	25	0
AUGMENTATIONS	17,972	18,658	19,824
TOTAL ALL FUNDS	**$ 663,915**	**$ 712,627**	**$ 744,483**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
REVENUE COLLECTION AND ADMINISTRATION							
GENERAL FUND	$ 184,873	$ 170,972	$ 173,157	$ 172,294	$ 172,294	$ 172,294	$ 172,294
SPECIAL FUNDS	313,554	357,347	395,182	400,649	405,731	409,804	412,050
FEDERAL FUNDS	21	25	0	0	0	0	0
OTHER FUNDS	17,972	18,658	19,824	19,824	19,824	19,824	19,824
SUBCATEGORY TOTAL	$ 516,420	$ 547,002	$ 588,163	$ 592,767	$ 597,849	$ 601,922	$ 604,168
COMMUNITY DEVELOPMENT AND PRESERVATION							
GENERAL FUND	$ 25,615	$ 41,750	$ 32,920	$ 33,316	$ 33,717	$ 34,123	$ 34,534
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	$ 25,615	$ 41,750	$ 32,920	$ 33,316	$ 33,717	$ 34,123	$ 34,534
HOMEOWNERS AND RENTERS ASSISTANCE							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	121,880	123,875	123,400	123,400	123,400	123,400	123,400
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 121,880	$ 123,875	$ 123,400	$ 123,400	$ 123,400	$ 123,400	$ 123,400
ALL PROGRAMS:							
GENERAL FUND	$ 210,488	$ 212,722	$ 206,077	$ 205,610	$ 206,011	$ 206,417	$ 206,828
SPECIAL FUNDS	435,434	481,222	518,582	524,049	529,131	533,204	535,450
FEDERAL FUNDS	21	25	0	0	0	0	0
OTHER FUNDS	17,972	18,658	19,824	19,824	19,824	19,824	19,824
DEPARTMENT TOTAL	$ 663,915	$ 712,627	$ 744,483	$ 749,483	$ 754,966	$ 759,445	$ 762,102

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 and Racing Funds.

The department continues to expand the use of automated procedures thereby permitting quick deposit of funds and review of a tax return's accuracy. It has added automated processes that assist taxpayers in filing accurately and more efficiently. These include the Electronic Tax and Data Exchange System (E-TIDES), an Internet system for filing business taxes such as sales tax, employer withholding tax, liquid fuels tax, fuel tax, corporation tax extensions and estimates. There are also three electronic systems for filing and payment of personal income tax: by Internet (PA Direct File); by Federal / State e-file which allows for the simultaneous filing of Federal and State returns; and by telephone (Telefile). Revenue collection efforts are being enhanced to improve violation enforcement and improve business practices. This has permitted the department to keep the cost of collection under $0.90 for every $100 collected.

To ensure fairness in tax administration, the department audits and verifies tax returns to detect fraud and non-filers. In addition, there is extensive delinquent tax collection effort that involves automation as well as traditional tax collection methods.

This program is responsible for the administration of the State Lottery. Through a network of private retailers, the Commonwealth sells lottery tickets, the proceeds of which support programs for older Pennsylvanians. Recent expansions include participation in the multi-state Powerball Game, midday drawings, and Player Activated Terminal installations.

The Governor's 2004-05 Executive Budget, including the presentation for the Department of Revenue, does not include any assumptions regarding the Governor's gaming proposals. Revenue estimates have not been modified to incorporate any elements of that proposal and will be revised accordingly as the program is implemented.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Collections from delinquent accounts (in millions)	$595	$590	$585	$575	$593	$611	$631
Amounts due as a result of audit assessments (in millions)	$324	$180	$184	$187	$191	$195	$200
Personal Income Tax:							
Returns Processed	5,862,231	5,900,000	5,900,000	5,900,000	5,900,000	5,900,000	5,900,000
Corporation Taxes Settlement Time:							
Tax Liabilities Less Than $50,000							
Settled in 9 months or less	77,199	97,500	105,000	112,500	120,000	127,500	135,000
Settled in 10 months or longer	164,298	150,800	150,700	150,600	150,500	150,400	150,300
Tax Liabilities Greater than $50,000							
Settled in 9 months or less	223	200	200	200	200	200	200
Settled in 10 to 13 months	4,769	5,000	5,100	5,200	5,300	5,400	5,500
Returns requiring manual processing	6,196	6,500	6,500	6,500	6,500	6,500	6,500
Total Settled Accounts	252,685	260,000	267,500	275,000	282,500	290,000	297,500
Total Active Accounts	261,621	265,000	270,000	275,000	280,000	285,000	290,000
Delinquent taxes collected per dollar spent *	N/A	N/A	$12.30	$12.10	$12.40	$12.80	$13.20
Percent electronically filed and processed:*							
Individual taxes	N/A	N/A	35%	37%	38%	40%	42%
Business taxes	N/A	N/A	5%	7%	8%	9%	10%
Lottery operating costs as a percent of ticket sales	5.22%	4.84%	4.77%	4.74%	4.71%	4.68%	4.66%

Amounts due as a result of audit assessments have been updated from last year's budget projections based on actual data.

The various Corporation Taxes Settlement time measures have been updated from last year's budget based on actual data and the latest evaluation of future year estimates.

*New program measure.

Program: Revenue Collection and Administration (continued)

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND:

General Government Operations

$ -3,637	—Initiative—Operational Efficiency: Field Office Restructuring. Savings from the restructuring of local field offices.
-1,165	—Initiative—Operational Efficiency: Electronic Filing of Business Taxes. Savings from increased filing of business taxes.
-401	—Initiative—Administrative Efficiencies. Savings from administrative efficiencies.
-80	—Initiative—Operational Efficiency: Corporation Tax Report Settlements. Savings from the automatic settlement of Corporate Tax Reports.
-53	—Initiative—Operational Efficiency: Cigarette Tax Stamp Re-Stocking Fee. Savings from the processing of replacement cigarette tax stamps by establishing a re-stocking fee.
1,000	—Initiative—Restoration of Auditors. To provide additional administrative support for auditing functions.
1,864	—technology costs.
5,344	—to continue current program.
$ 2,872	*Appropriation Increase*

General Operations - Lottery Administration

$ -452	—nonrecurring projects.
-147	—Initiative—Operational Efficiency: Field Office Restructuring. Savings from the restructuring of local field offices.
-54	—Initiative—Administrative Efficiencies. Savings from administrative efficiencies.
58	—to continue current program.
-595	*Appropriation Decrease*

Commissions - Inheritance & Realty Transfer Taxes (EA)

$ -92	—based on current revenue estimates.

MOTOR LICENSE FUND:

Collections - Liquid Fuels Tax

$ -22	—decreased costs.

Refunding Liquid Fuels Tax (EA)

$ -200	—based on current estimates.

LOTTERY FUND:

Player Activated Terminal Costs (EA)

$ 2,793	—to widen player accessibility through self-service vending machines where players can purchase on-line products such as the Daily Number, Big Four, Cash Five, Super Six Lotto, and Powerball.

Expanded Sales (EA)

$ 4,107	—to increase player participation through expanded markets.

On-Line Vendor Commissions (EA)

$ 2,641	—based on the latest projection of program requirements.

Instant Vendor Commissions (EA)

$ 3,445	—based on the latest projection of program requirements.

Payment of Prize Money (EA)

$ 25,069	—based on the latest projection of program requirements.

RACING FUND:

Collections - Racing (EA)

$ 2	—to continue current program.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 136,815	$ 133,564	$ 136,436	$ 135,573	$ 135,573	$ 135,573	$ 135,573
General Operations - Lottery Administration	41,918	28,744	28,149	28,149	28,149	28,149	28,149
Revenue Enforcement	0	2,000	2,000	2,000	2,000	2,000	2,000
Commissions - Inheritance & Realty Transfer Taxes (EA)	6,140	6,664	6,572	6,572	6,572	6,572	6,572
TOTAL GENERAL FUND	$ 184,873	$ 170,972	$ 173,157	$ 172,294	$ 172,294	$ 172,294	$ 172,294
MOTOR LICENSE FUND:							
Collections - Liquid Fuels Tax	$ 12,282	$ 13,237	$ 13,215	$ 13,215	$ 13,215	$ 13,215	$ 13,215
Refunding Liquid Fuels Tax (EA)	7,200	9,200	9,000	9,200	9,200	9,200	9,200
TOTAL MOTOR LICENSE FUND	$ 19,482	$ 22,437	$ 22,215	$ 22,415	$ 22,415	$ 22,415	$ 22,415

Program: Revenue Collection and Administration (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
LOTTERY FUND:							
Lottery Advertising (EA)	$ 14,235	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000
Player Activated Terminal Costs (EA)	0	207	3,000	3,000	3,000	3,000	3,000
Expanded Sales (EA)	0	10,493	14,600	14,800	15,010	15,230	15,462
On-Line Vendor Commissions (EA)	45,340	48,270	50,911	51,761	52,544	53,103	53,418
Instant Vendor Commissions (EA)	18,007	17,856	21,301	22,225	23,070	23,590	24,008
Auditor General's Audit Costs (EA)	86	86	86	86	86	86	86
Payment of Prize Money (EA)	216,173	227,765	252,834	256,127	259,371	262,145	263,426
TOTAL LOTTERY FUND	$ 293,841	$ 334,677	$ 372,732	$ 377,999	$ 383,081	$ 387,154	$ 389,400
RACING FUND:							
Collections – State Racing (EA)	$ 231	$ 233	$ 235	$ 235	$ 235	$ 235	$ 235

PROGRAM OBJECTIVE: To equitably distribute the Public Utility Realty Tax to all reporting local taxing authorities.

Program: Community Development and Preservation

A 1968 amendment to the State Constitution exempted public utilities from locally administered property taxes and authorized the collection of a similar Statewide tax known as the Public Utility Realty Tax. The proceeds of the tax are distributed to each local taxing authority thereby providing local revenue while insuring fair treatment for utilities. Act 4 of 1999 revised the definition of public utility property and specifically removed, after December 31, 1999, electricity generation facilities from the definition. This was done in conjunction with electric de-regulation which opened market competition and moved away from previous public utility definitions for power generation.

The distribution is based on the ratio between the total tax receipts of a local taxing authority and the total tax receipts of all reporting tax authorities. This ratio is then applied to the total amount of taxes that reporting authorities could have collected had they been able to directly tax public utility realty.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Taxing authorities receiving funds	3,017	3,013	3,017	3,017	3,017	3,017	3,017

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

$ -8,830	**Distribution of Public Utility Realty Tax** —reflects normal fluctuations in tax assessments.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Distribution of Public Utility Realty Tax.....	$ 25,615	$ 41,750	$ 32,920	$ 33,316	$ 33,717	$ 34,123	$ 34,534

PROGRAM OBJECTIVE: To increase economic stability by assisting eligible Pennsylvania citizens to maintain their homes.

Program: Homeowners and Renters Assistance

This program allows older Pennsylvanians, surviving spouses over 50 and permanently disabled citizens to lead fuller lives by restoring a portion of their income through property tax and rent rebate assistance.

Act 53 of 1985 set the income ceiling for program eligibility at $15,000 per household. The assistance declines from a maximum benefit of 100 percent of the tax or $500 whichever is less. Act 30 of 1999 excludes 50 percent of Social Security Income and Railroad Retirement Benefits from the income eligibility calculation. In 2002-03, the average tax assistance payment was $361.46 and the average rent rebate was $388.03.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Households provided property tax or rent assistance	326,353	325,000	325,000	325,000	325,000	325,000	325,000

The projections increase from last year's budget based on current trends.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

$ –475	**Property Tax & Rent Assistance for Older Pennsylvanians (EA)** —in spite of increases in eligibility the erosion in the base of recipients is higher than anticipated.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
LOTTERY FUND:							
Property Tax & Rent Assistance for Older Pennsylvanians (EA)	$ 121,880	$ 123,875	$ 123,400	$ 123,400	$ 123,400	$ 123,400	$ 123,400

SECURITIES COMMISSION

The mission of the Securities Commission is to protect Pennsylvania investors from fraudulent and abusive practices in the offer and sale of securities in the Commonwealth, and to foster legitimate capital formation activities to grow Pennsylvania businesses.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ 2,133	$ 2,110	$ 2,395
(A)Consumer Protection	6,542	5,219	5,250
Subtotal - State Funds	$ 2,133	$ 2,110	$ 2,395
Subtotal - Augmentations	6,542	5,219	5,250
Total - General Government	$ 8,675	$ 7,329	$ 7,645
STATE FUNDS	$ 2,133	$ 2,110	$ 2,395
AUGMENTATIONS	6,542	5,219	5,250
GENERAL FUND TOTAL	**$ 8,675**	**$ 7,329**	**$ 7,645**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
SECURITIES INDUSTRY REGULATION							
GENERAL FUND	$ 2,133	$ 2,110	$ 2,395	$ 2,395	$ 2,395	$ 2,395	$ 2,395
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	6,542	5,219	5,250	5,250	5,250	5,250	5,250
SUBCATEGORY TOTAL	$ 8,675	$ 7,329	$ 7,645	$ 7,645	$ 7,645	$ 7,645	$ 7,645
ALL PROGRAMS:							
GENERAL FUND	$ 2,133	$ 2,110	$ 2,395	$ 2,395	$ 2,395	$ 2,395	$ 2,395
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	6,542	5,219	5,250	5,250	5,250	5,250	5,250
DEPARTMENT TOTAL	$ 8,675	$ 7,329	$ 7,645	$ 7,645	$ 7,645	$ 7,645	$ 7,645

PROGRAM OBJECTIVE: To reduce fraud and to protect public investors involved in securities transactions as well as to facilitate legitimate capital formation in the State.

Program: Securities Industry Regulation

The primary function of the Pennsylvania Securities Commission is to encourage the financing of legitimate business and industry in the Commonwealth while protecting the investing public from fraudulent and unfair practices in the securities industry.

The commission protects the investing public through the registration and regulation of salespersons and companies dealing in securities. It also issues cease and desist orders to persons and corporations attempting to sell securities without approval, as well as pursuing prosecution of violators of the Pennsylvania Securities Act.

The commission works with other State, Federal and independent regulatory agencies and the various stock exchanges to develop uniform filing requirements to eliminate duplicative State and Federal examination and registration requirements. The commission is increasing the use of information technology to monitor the offering and sale of securities via electronic means. Fees collected from the securities industry support compliance and enforcement activities, as well as a portion of ongoing operations of the commission.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Securities filings received	4,283	4,600	4,600	4,600	4,600	4,600	4,600
Securities filings cleared	4,008	4,500	4,500	4,500	4,500	4,500	4,500
Dollar amounts of securities cleared for sale (millions):	$ 240,476	$ 240,000	$ 240,000	$ 240,000	$ 240,000	$ 240,000	$ 240,000
Broker-dealers registered	2,560	2,730	2,800	2,840	2,900	2,950	3,010
Agents registered	140,348	144,560	148,900	153,350	157,950	162,690	167,570
Investment advisers registered	1,603	1,730	1,860	2,010	2,170	2,340	2,525
Investment adviser representatives registered	4,541	4,680	4,820	4,960	5,100	5,250	5,410
Formal investigations conducted	433	450	500	525	550	575	600
Compliance examinations conducted*	N/A	N/A	135	140	145	150	155
Enforcement/compliance actions*	N/A	N/A	180	185	190	195	200

Securities filings received and cleared decrease from the projections shown in last year's budget due to market trends.

Dollar amounts of securities cleared for sale are higher than the projections shown in last year's budget based on actual activity.

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations

$ 285 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 2,133	$ 2,110	$ 2,395	$ 2,395	$ 2,395	$ 2,395	$ 2,395

DEPARTMENT OF STATE

The mission of the Department of State is to monitor and enforce the standards of ethics and competence in a variety of areas, including professional licensure, corporate law, charitable solicitation, the electoral process and professional boxing and wrestling.

The Department of State is administered by the Secretary of the Commonwealth and includes the Bureau of Charitable Organizations, the Bureau of Commissions, Elections and Legislation, the Corporation Bureau, the State Athletic Commission, the Bureau of Enforcement and Investigation, and the Bureau of Professional and Occupational Affairs, which provides support to 27 professional and occupational licensing boards.

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ 3,992	$ 4,073	$ 3,973
(F)Federal Election Reform	10,000	90,000	94,625
(A)Departmental Services	0 a	0 a	0 a
(R)Professional and Occupational Affairs	19,421 b	21,183 b	22,902 b
(R)State Board of Medicine	6,747 b	8,210 b	8,778 b
(R)State Board of Osteopathic Medicine	1,172 b	1,391 b	1,496 b
(R)State Board of Podiatry	262 b	269 b	317 b
(R)State Athletic Commission	364 b	381 b	393 b
(R)Athletic Commission-Transfer to General Fund (EA)	300 c	0	0
(R)Corporation Bureau (EA)	5,252 c	3,698 c	4,107 c
Subtotal	$ 47,510	$ 129,205	$ 136,591
Voter Registration	1,383	3,015	572
(F)Elections Assistance - Grants to Counties	0	522	0
Subtotal	$ 0	$ 522	$ 0
Publishing Constitutional Amendments (EA)	742	1,253	525
Electoral College	0	0	10
Subtotal - State Funds	$ 6,117	$ 8,341	$ 5,080
Subtotal - Federal Funds	10,000	90,522	94,625
Subtotal - Restricted Revenues	33,518	35,132	37,993
Total - General Government	$ 49,635	$ 133,995	$ 137,698
Grants and Subsidies:			
Voting of Citizens in Military Service	$ 8	$ 8	$ 20
County Election Expenses (EA)	498	0	400
Total - Grants and Subsidies	$ 506	$ 8	$ 420
STATE FUNDS	$ 6,623	$ 8,349	$ 5,500
FEDERAL FUNDS	10,000	90,522	94,625
RESTRICTED REVENUES	33,518	35,132	37,993
GENERAL FUND TOTAL	$ 50,141	$ 134,003	$ 138,118
OTHER FUNDS:			
PATIENT SAFETY TRUST FUND:			
General Operations (EA)	$ 5,000	$ 5,000	$ 5,000
REAL ESTATE RECOVERY FUND:			
Real Estate Recovery Payments (EA)	$ 100	$ 100	$ 100
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 6,623	$ 8,349	$ 5,500
SPECIAL FUNDS	0	0	0
FEDERAL FUNDS	10,000	90,522	94,625
RESTRICTED	33,518	35,132	37,993
OTHER FUNDS	5,100	5,100	5,100
TOTAL ALL FUNDS	$ 55,241	$ 139,103	$ 143,218

[a] Not added to the total to avoid double counting: 2002-03 Actual is $3,374,000, 2003-04 Available is $3,527,000, and 2003-04 Budget is $3,629,000.

[b] Appropriated from a restricted revenue account.

[c] Executive Authorization from a restricted revenue account.

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
CONSUMER PROTECTION							
GENERAL FUND	$ 6,623	$ 8,349	$ 5,500	$ 5,478	$ 5,478	$ 5,478	$ 5,500
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	10,000	90,522	94,625	94,625	94,625	94,625	94,625
OTHER FUNDS	38,618	40,232	43,093	42,893	42,893	42,893	42,893
SUBCATEGORY TOTAL	$ 55,241	$ 139,103	$ 143,218	$ 142,996	$ 142,996	$ 142,996	$ 143,018
ALL PROGRAMS:							
GENERAL FUND	$ 6,623	$ 8,349	$ 5,500	$ 5,478	$ 5,478	$ 5,478	$ 5,500
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	10,000	90,522	94,625	94,625	94,625	94,625	94,625
OTHER FUNDS	38,618	40,232	43,093	42,893	42,893	42,893	42,893
DEPARTMENT TOTAL	$ 55,241	$ 139,103	$ 143,218	$ 142,996	$ 142,996	$ 142,996	$ 143,018

PROGRAM OBJECTIVE: To protect the consumer from fraudulent solicitation and unqualified professional and occupational practitioners and establishments.

Program: Consumer Protection

The Department of State administers several program elements within the Consumer Protection Program.

Program Element: Protection of the Electoral Process

This program element is directed towards insuring efficiency, honesty and uniformity in the administration of the Election Code. Act 25 of 1995, the Pennsylvania Voter Registration Act, integrated voter registration into driver's license applications and made other voter registration changes to comply with the National Voter Registration Act. Nomination petitions for Statewide and legislative offices are reviewed for compliance with statutory standards and are processed for inclusion on the ballot. Campaign expense reports are filed and reviewed as required by the Election Code. The public is provided the opportunity to review the reports. The department tabulates, publishes and disseminates statistics for both voter registration and all elections; it also serves as the repository of the maps and descriptions of the Commonwealth's 9,424 election precincts.

Act 61 of 2001 amended the Pennsylvania Voter Registration Act and requires the department to develop a Statewide Uniform Registry of Electors (SURE) – an integrated voter registration database containing all electors in the Commonwealth. The act also created an advisory board to establish the requirements of a SURE system.

Other functions in this program include commissioning gubernatorial appointees to boards and commissions and preparing commissions for judges, justices of the peace and notaries public as well as enforcement of the Notary Public Law. In addition, a record of all legislation passed by the General Assembly is maintained by docketing the bills and assigning act numbers.

Program Element: Protection of Professional Licensing

The focus of this program element is on assuring acceptable professional and technical services to the Commonwealth's residents. To accomplish this, twenty-seven boards of the Bureau of Professional and Occupational Affairs (BPOA) utilize licensing, enforcement and administrative authority to regulate and service the various professions.

The department investigates complaints against licensees for legal or ethical violations that may result in disciplinary action by the boards.

Mechanisms utilized in controlling the quality of practitioners include regulating education, experience and degree of technical expertise demonstrated through applications and subsequent written examination and/or demonstrated practical ability. Requirements for continuing education also serve as a means of meeting the constantly changing developments in the various professions and occupations.

Act 124 of 1978 created a restricted Professional Licensure Augmentation Account (PLAA) enabling this program to be funded from fees and fines collected by the Bureau of Professional and Occupational Affairs. Thus, the bureau operates entirely out of restricted funds, considered for budgetary purposes as Other Funds, rather than from a General Fund appropriation.

Act 13 of 2002, the Medical Care Availability and Reduction of Error (Mcare) Act further provides for medical malpractice liability insurance, tort reform, mandatory reporting by and to State licensing boards and continuing medical education. The Act established the Patient Safety Authority to review and recommend improvements in patient safety.

Fees are revised according to the specific enabling legislation for each board.

Program Element: Regulation of Consumer Products and Promotion of Fair Business Practices

This program element encompasses the activities of the Corporation Bureau, the Bureau on Charitable Organizations and the State Athletic Commission.

The Corporation Bureau is responsible for both profit and nonprofit businesses incorporation filings and submission of Uniform Commercial Code (UCC) filings. There are approximately 2 million corporate entities in the database and the bureau processes approximately 36,000 new corporations annually. It also registers approximately 25,000 trademarks and fictitious names as well as 122,000 UCC filings annually. The primary goals of the Corporation Bureau are to make the registration process as efficient as possible and to enhance public access in order to promote a more favorable business climate within the Commonwealth.

Act 198 of 1990 established a restricted account with funding levels to be executively authorized by the Governor to fund the Corporation Bureau.

The Bureau on Charitable Organizations is responsible for the registration of charitable organizations, professional fundraisers and solicitors, as well as regulation of the actual solicitation and distribution of collected funds. The major objective of the bureau is to increase the awareness and understanding of the Charitable Solicitations Act among Pennsylvania consumers and charitable organizations.

Act 55 of 1997 increased the number of charities required to register with the Department of State and established a system of mandatory arbitration to resolve complaints of unfair competition filed by small businesses against charities.

Program: Consumer Protection (continued)

The State Athletic Commission monitors and regulates all professional and amateur boxing and kickboxing, amateur wrestling contests, and the licensing of all persons who participate in these events. There are eleven categories of licenses issued by the Athletic Commission. These categories include announcer, boxer, judge, manager, matchmaker, physician, promoter (including those promoting professional wrestling), referee, timekeeper and trainer.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Voter registration transactions	741,699	900,000	1,000,000	800,000	800,000	800,000	1,000,000
Campaign finance reports filed via the Internet*	NA	NA	1,000	1,000	1,000	1,000	1,000
Professional licenses and renewals issued	418,000	375,000	418,000	375,000	418,000	375,000	418,000
Disciplinary actions by boards	2,207	2,250	2,475	2,575	2,600	2,650	2,700
Case files opened (BPOA)	9,195	17,000	17,000	18,000	19,000	20,000	21,000
Case files closed (BPOA)	7,267	13,000	13,000	14,000	15,000	16,000	17,000
Medical facilities filing patient safety data*	NA	NA	400	400	400	400	400
Uniform Commercial Code financing statement filings and information requests fulfilled	122,152	123,000	123,000	123,000	123,000	123,000	123,000
Charity registrations	7,480	7,500	7,500	7,500	7,500	7,500	7,500
Open charities investigations	227	250	250	250	250	250	250
Closed charities investigations	184	200	200	200	200	200	200
Reviews of fictitious names, business corporations, corporations and trademark applications	106,200	110,000	110,000	110,000	110,000	110,000	110,000
Corporation information requests processed	215,696	220,000	220,000	220,000	220,000	220,000	220,000

Disciplinary actions by boards and case files opened and closed decrease from the projections shown in last year's budget based on actual data.

Uniform Commercial Code financing statements and Information requests fulfilled decrease from the projections shown in last year's budget because of fluctuations in the economy and changes in filing practices.

Open and closed charity investigations decreased in 2002-03 from the projections shown in last year's budget due to an increase in large cases involving a higher percentage of resources.

Corporation information requests processed decrease from the projections shown in last year's budget because more information is available online.

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations

$ −134	—nonrecurring costs.
34	—to continue current program.
$ −100	*Appropriation Decrease*

Voter Registration

$ −2,064	—nonrecurring costs.
−426	—information technology costs.
47	—to continue current program.
$ −2,443	*Appropriation Decrease*

Publishing Constitutional Amendments (EA)

$ −728	—nonrecurring costs.

Electoral College

$ 10	—to continue current program.

Voting of Citizens in Military Service

$ 12	—to continue current program.

County Election Expenses (EA)

$ 400	—to continue current program.

In addition, the SURE Circuits Initiative provides $25,000 in Federal funds for recurring circuit line connection costs for the Statewide Uniform Registry of Electorate program.

Program: Consumer Protection (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

This budget also recommends the following changes in appropriations and an executive authorization from restricted accounts:

Professional and Occupational Affairs

$ 1,569	—to continue current program.
150	— *Initiative* — Communications Enhancement. To upgrade the telephone system for the Boards of cosmetology, nursing, medicine and real estate.
$ 1,719	*Appropriation Increase*

State Board of Medicine

$ 518	—to continue current program.
50	— *Initiative* — Communications Enhancement. To upgrade the telephone system for the Boards of cosmetology, nursing, medicine and real estate.
$ 568	*Appropriation Increase*

State Board of Osteopathic Medicine

$ 105	—to continue current program.

State Board of Podiatry

$ 48	—to continue current program.

State Athletic Commission

$ 12	—to continue current program.

Corporation Bureau (EA)

$ 409	—to continue current program.

Recommendations assume that fees for all boards will be sufficient to fund the recommended expenditure level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 3,992	$ 4,073	$ 3,973	$ 3,973	$ 3,973	$ 3,973	$ 3,973
Voter Registration	1,383	3,015	572	572	572	572	572
Publishing Constitutional Amendments (EA)	742	1,253	525	525	525	525	525
Electoral College	0	0	10	0	0	0	10
Voting of Citizens in Military Service	8	8	20	8	8	8	20
County Election Expenses (EA)	498	0	400	400	400	400	400
TOTAL GENERAL FUND	$ 6,623	$ 8,349	$ 5,500	$ 5,478	$ 5,478	$ 5,478	$ 5,500

STATE EMPLOYEES' RETIREMENT SYSTEM

The mission of the State Employees' Retirement System is to administer the retirement benefits plan for State employees and elected officials in accordance with Pennsylvania statutes; provide effective services to all active and retired members; to accumulate, manage and disburse the retirement fund assets in accordance with fiduciary standards and at a reasonable cost to Commonwealth taxpayers; and to maximize investment return while exercising a "prudent person" investment policy.

The State Employees' Retirement System is responsible for administering the State Employees' Retirement Fund and the supplemental retirement allowances and cost-of-living increases for annuitants. The system also administers the Commonwealth Deferred Compensation Program.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
Grants and Subsidies:			
National Guard - Employer Contribution	**$ 0**	**$ 2**	**$ 4**
OTHER FUNDS:			
STATE EMPLOYEES' RETIREMENT FUND:			
State Employees' Retirement Administration	$ 20,869	$ 22,162	$ 23,018
Directed Commissions	1,000	1,000	1,000
STATE EMPLOYEES' RETIREMENT FUND TOTAL	**$ 21,869**	**$ 23,162**	**$ 24,018**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 0	$ 2	$ 4
SPECIAL FUNDS	0	0	0
OTHER FUNDS	21,869	23,162	24,018
TOTAL ALL FUNDS	**$ 21,869**	**$ 23,164**	**$ 24,022**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
STATE EMPLOYEES' RETIREMENT							
GENERAL FUND	$ 0	$ 2	$ 4	$ 4	$ 4	$ 4	$ 4
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	21,869	23,162	24,018	24,018	24,018	24,018	24,018
SUBCATEGORY TOTAL	$ 21,869	$ 23,164	$ 24,022	$ 24,022	$ 24,022	$ 24,022	$ 24,022
ALL PROGRAMS:							
GENERAL FUND	$ 0	$ 2	$ 4	$ 4	$ 4	$ 4	$ 4
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	21,869	23,162	24,018	24,018	24,018	24,018	24,018
DEPARTMENT TOTAL	$ 21,869	$ 23,164	$ 24,022	$ 24,022	$ 24,022	$ 24,022	$ 24,022

PROGRAM OBJECTIVE: To provide an effective administrative system for the operation of the retirement system for State employees.

Program: State Employees' Retirement

The State Employees' Retirement System was established to administer the pension system created in 1924. Contributions by the employees and the employing agencies are made to the State Employees' Retirement Fund that uses those moneys and interest earnings for payment of annuities and disability benefits and for administration of the system. The State Employees' Retirement Fund is shown in the Special Funds Appendix.

The net assets available for benefits are in excess of $22 billion dollars. The system is funded in accordance with generally accepted actuarial standards; the funding is reviewed annually by a contracted actuarial firm and an experience review is completed every five years.

The three major sources of current income to the system are earnings from investments, and employer and member contributions. The employer contribution rate is established annually by the board upon the recommendation of the actuary. Employer contribution rates differ in accordance with the class of employees for which they are contributing. There is additional cost for employees in safety positions, the Legislature and the Judiciary. As a result of Act 9 of 2001, effective January 2002, most system members contribute six and one-quarter percent of pay to the system, depending upon individual employee election of membership. Normal retirement from the system is at age 60, age 50 for safety employees and members of the Legislature, or at any age with 35 years of service. Retirement before those times is possible after five years of service but is actuarially reduced to the equivalent of the annuity which would have been payable at superannuation retirement. Act 40 of 2003 changed the funding period for most of system's actuarial liabilities from ten years to thirty years, effectively spreading out the payment of its costs and liabilities. Act 40 is expected to reduce employer contributions over a ten-year period by approximately $5 billion.

The State Employees' Retirement Board is responsible for the administration of the Commonwealth Deferred Compensation Program that allows Commonwealth employees to defer a portion of their salaries to a retirement savings account. The Deferred Compensation Fund is shown in the Special Funds Appendix.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Benefit payments processed	7,900	8,000	8,000	8,000	8,000	8,000	8,000
Return on investment (in millions)	$48	$1,878	$1,932	$2,004	$2,098	$2,213	$2,346

The average processing time for benefit payments is 12 days.

Return on investment in 2002-03 is lower than the projection shown in last year's budget. The expected returns for 2003-04 and beyond are based upon current estimates.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND
National Guard - Employer Contribution

$ 2 —to continue current program.

STATE EMPLOYEES' RETIREMENT FUND
State Employees' Retirement Administration

$ 856 —to continue current program.

In addition to this appropriation, $1,000,000 in Directed Commission expenditures are anticipated for the budget year.

Program: State Employees' Retirement (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
National Guard - Employer Contribution ...	$ 0	$ 2	$ 4	$ 4	$ 4	$ 4	$ 4
STATE EMPLOYEES' RETIREMENT FUND:							
State Employees' Retirement Administration	20,869	22,162	23,018	23,018	23,018	23,018	23,018
Directed Commissions	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL STATE EMPLOYEES' RETIREMENT FUND	$ 21,869	$ 23,162	$ 24,018	$ 24,018	$ 24,018	$ 24,018	$ 24,018

STATE POLICE

The mission of the State Police is to promote traffic safety, effectively investigate crime and reduce criminal activity and to provide investigative assistance and support services to all law enforcement agencies within the Commonwealth. In addition, the State Police maintains and provides to criminal justice agencies, up-to-date law enforcement information, continually evaluates the competence level of law enforcement within the Commonwealth and provides prompt, competent service in emergency situations. The State Police ensures personal protection and security for the Governor and other persons designated by proper authority and enforces all other State statutes as directed by proper authority.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ 139,561	$ 148,219	$ 153,956
(F)Drug Enforcement	260	400	400
(F)Bulletproof Vests	1,473	1,473	1,473
(F)Identification System Integration	43	0	0
(F)Marijuana Eradication	100	100	100
(F)DCSI - MARIS System(EA)	0	226	226
(F)DCSI - Minority Recruitment(EA)	212	30	0
(F)Program Management(EA)	20	20	0
(F)Motor Carrier Safety(EA)	2,145	2,799	2,575
(F)DUI Enforcement(EA)	600	600	600
(F)Safety Education(EA)	25	50	50
(F)Interstate Highway Enforcement(EA)	375	375	375
(F)Sobriety Test Training(EA)	24	24	20
(F)Construction Zone Patrolling(EA)	5,000	7,500	10,000
(F)Corridor Safety(EA)	150	75	75
(F)Occupant Protection(EA)	920	870	450
(F)In-Car Video Cameras	250	500	300
(F)Hazardous Materials Suits	250	0	0
(F)Improvements for Lab Systems	173	250	250
(F)Computer Crime Prevention	488	400	750
(F)DCSI-Local Computer Crime Prevention(EA)	380	0	0
(F)DCSI - Digital Wiretap Equip	529	0	0
(F)Criminal History Information	232	0	0
(F)Uniform Crime Report Redesign	400	200	0
(F)DNA Analysis Outsourcing	343	0	0
(F)Central Repository	213	0	0
(F)Crime Lab Enhancements	628	0	0
(F)Combat Underage Drinking	360	360	450
(F)Staff and Command Training	173	173	0
(F)Crash Reduction(EA)	150	150	150
(F)President's Day Snowstorm(EA)	0	31	0
(F)Fugitive Apprehension	0	80	0
(F)Operation Triggerlock	0	72	0
(F)Operation Triggerlock (EA)	72	0	0
(F)Area Computer Crime	0	957	0
(F)DCSI-Triggerlock (EA)	0	180	260
(F)Bar Coding System	0	90	0
(F)Radiation Emergency Response Fund	0	10	10
(F)Domestic Terrorism Equipment	0	300	300
(F)Homeland Security Equipment (EA)	0	2,700	0
(F)DCSI-PA Criminal Intelligence Center(EA)	0	454	605
(F)Forensic Lab Improvement	0	139	139
(F)Megan's Law Improvements	0	105	105
(F)DNA Backlog Reduction	0	171	268
(F)Innovative Occupant Protection	0	0	300
(F)Racial Profiling Analysis	0	0	166
(F)Child Passenger Fitting Station	0	0	570
(F)COPS Homeland Security OT Program (EA)	0	3,000	3,000
(A)Turnpike Commission	23,165	25,000	25,800
(A)Sale of Automobiles	106	120	100
(A)Criminal History Record Checks	8,456	7,800	8,700
(A)Training Fees	40	57	55
(A)Reimbursement for Services	1,000	861	1,055
(A)Criminal History Fees - DPW	144	80	150
(A)Act 154-1994 Police Pursuits	16	0	0
(A)Bank Alarm Fees	0	40	20
(A)Fingerprint Record Checks	206	487	470
(A)Registry of Protection	131	130	140
(A)Purchasing Card Rebates	59	35	50
(A)State Match - Outside Sources	0	151	214
(A)Transfer from Motor License Fund	0a	0a	0a

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Subtotal	$ 188,872	$ 207,844	$ 214,677
CLEAN System	**19,733**	**15,000**	**14,400**
(A)Transfer from Motor License Fund	0a	0a	0a
Municipal Police Training	**4,866**	**4,243**	**3,509**
(A)Transfer from Motor License Fund	0a	0a	0a
Patrol Vehicles	**2,349**	**2,768**	**1,965**
(A)Automobile Sales	1,573	1,675	1,675
(A)Transfer from Motor License Fund	0a	0a	0a
Subtotal	$ 3,922	$ 4,443	$ 3,640
Automated Fingerprint Identification System	**1,121**	**2,247**	**975**
(F)Latent Print Transmission	250	500	0
(F)Fingerprint Card Archiving	397	397	0
(F)Fingerprint Card Scanner	160	160	0
Subtotal	$ 1,928	$ 3,304	$ 975
Gun Checks	**2,200**	**2,156**	**2,221**
(R)Firearm Records Check	1,013	2,370	2,682
(F)Equipment Upgrades	22	22	0
Subtotal	$ 3,235	$ 4,548	$ 4,903
Subtotal - State Funds	$ 169,830	$ 174,633	$ 177,026
Subtotal - Federal Funds	16,817	25,943	23,967
Subtotal - Augmentations	34,896	36,436	38,429
Subtotal - Restricted Revenues	1,013	2,370	2,682
Total - General Government	$ 222,556	$ 239,382	$ 242,104
STATE FUNDS	$ 169,830	$ 174,633	$ 177,026
FEDERAL FUNDS	16,817	25,943	23,967
AUGMENTATIONS	34,896	36,436	38,429
RESTRICTED REVENUES	1,013	2,370	2,682
GENERAL FUND TOTAL	**$ 222,556**	**$ 239,382**	**$ 242,104**

MOTOR LICENSE FUND:

General Government:			
General Government Operations	**$ 310,144**	**$ 314,965**	**$ 327,642**
CLEAN System	**49,419**	**30,000**	**30,600**
Municipal Police Training	**5,731**	**4,243**	**3,509**
Patrol Vehicles	**6,481**	**5,882**	**4,176**
Automated Fingerprint Identification System	**0**	**0**	**1,846**
Subtotal	$ 371,775	$ 355,090	$ 367,773
Total - General Government	$ 371,775	$ 355,090	$ 367,773
MOTOR LICENSE FUND TOTAL	**$ 371,775**	**$ 355,090**	**$ 367,773**

OTHER FUNDS:

GENERAL FUND:			
Seized/Forfeited Property - Federal	$ 300	$ 300	$ 300
State Drug Act Forfeiture Funds	260	400	400
State Criminal Enforcement Forfeiture Funds	10	50	50
Crime Lab User Fees	200	300	300
Auto Theft and Arson Fund	1,420	1,483	1,500
Insurance Fraud Prevention	250	250	250

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND TOTAL	$ 2,440	$ 2,783	$ 2,800
DNA DETECTION FUND:			
DNA Detection of Offenders(EA)	$ 155	$ 226	$ 218
STATE STORES FUND:			
Liquor Control Enforcement	$ 18,738	$ 19,113	$ 19,884
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 169,830	$ 174,633	$ 177,026
SPECIAL FUNDS	371,775	355,090	367,773
FEDERAL FUNDS	16,817	25,943	23,967
AUGMENTATIONS	34,896	36,436	38,429
RESTRICTED	1,013	2,370	2,682
OTHER FUNDS	21,333	22,122	22,902
TOTAL ALL FUNDS	$ 615,664	$ 616,594	$ 632,779

[a] Not added to total to avoid double counting. See Motor License Fund section of this summary for dollar amounts.

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
PUBLIC PROTECTION AND LAW ENFORCEMENT							
GENERAL FUND	$ 169,830	$ 174,633	$ 177,026	$ 176,698	$ 176,698	$ 176,698	$ 176,698
SPECIAL FUNDS	371,775	355,090	367,773	365,927	365,927	365,927	365,927
FEDERAL FUNDS	16,817	25,943	23,967	23,967	23,967	23,967	23,967
OTHER FUNDS	57,242	60,928	64,013	64,013	64,013	64,013	64,013
SUBCATEGORY TOTAL	$ 615,664	$ 616,594	$ 632,779	$ 630,605	$ 630,605	$ 630,605	$ 630,605
ALL PROGRAMS:							
GENERAL FUND	$ 169,830	$ 174,633	$ 177,026	$ 176,698	$ 176,698	$ 176,698	$ 176,698
SPECIAL FUNDS	371,775	355,090	367,773	365,927	365,927	365,927	365,927
FEDERAL FUNDS	16,817	25,943	23,967	23,967	23,967	23,967	23,967
OTHER FUNDS	57,242	60,928	64,013	64,013	64,013	64,013	64,013
DEPARTMENT TOTAL	$ 615,664	$ 616,594	$ 632,779	$ 630,605	$ 630,605	$ 630,605	$ 630,605

PROGRAM OBJECTIVE: The State Police enforce the law and preserve the peace through detection of crime and apprehension of criminals, patrol of highways, and enforcement of the vehicle and liquor codes.

Program: Public Protection and Law Enforcement

Program Element: Management

This program element provides direction and coordination for all line and staff activities of the State Police, including administrative and overhead systems for the operation of various law enforcement programs. Protection for the Governor and visiting dignitaries, security of the executive residence, and background investigations on state job applicants are components of this program.

State-of-the-art technology is automating a full range of State Police functions. The Incident Information Management System (IIMS) is currently being implemented. Data terminals have been installed in patrol vehicles, and bar-coding capabilities are being developed to process evidence. Dispatching services will be improved through the use of global positioning systems and mapping programs to identify and assign the nearest available patrol unit to any incident, significantly reducing response times. When fully implemented, the IIMS will enhance the effectiveness and efficiency of troopers patrolling the highways by supplying critical crime and traffic information directly to their vehicles thus reducing the time they spend on paperwork.

In 2003, the Pennsylvania Criminal Intelligence Center (PaCIC) was implemented. The PaCIC provides analytical assistance to Pennsylvania law enforcement agencies. Trained, professional Intelligence Analysts supply law enforcement agencies with various intelligence/information products needed for tactical and strategic planning. Intelligence Analysts also offer access to archived public information, investigative information, and intelligence information from a multitude of statewide and national databases.

Program Element: Vehicle Standards Control

The vehicle inspection program within the Commonwealth is conducted jointly by the Department of Transportation and the State Police. This program was established to provide vehicle safety through periodic inspection of motor vehicles and removal of unsafe vehicles from the Commonwealth's highways. The administrative supervision of motor vehicle safety inspection stations, emissions inspection stations and motor vehicle dealers was transferred to the Department of Transportation on January 1, 1998. State Police continue to administer the school bus and mass transit vehicle inspection function; investigate complaints of improper practices by official inspection stations and motor vehicle dealers.

Program Element: Traffic Supervision

Enforcing the Commonwealth's traffic laws is a major responsibility of the State Police. The department emphasizes reducing traffic crashes and bringing the motoring public into voluntary compliance with all traffic laws through patrol and enforcement activities. Traffic patrol and enforcement is provided by the State Police in those municipalities where there are no full-time police departments and on all interstate highways. Traffic assistance is also provided, upon request, to municipalities with full-time police departments.

The State Police utilize various patrol and enforcement techniques; however, the very presence of visible police patrols continues to have the greatest impact on reducing traffic crashes. In this regard, the State Police attempt to allocate patrol activities to those areas and locations with high traffic and accident volume. Supplemental patrolling is provided in construction zones for the safety of motorists and construction workers. Aircraft piloted by State Police troopers routinely monitor the speeds of vehicles on interstate and secondary highways. This method of speed enforcement is especially effective against commercial vehicles and other vehicles equipped with citizen band radios and radar detecting devices.

Emphasis continues on two special traffic enforcement programs. Operation Centipede targets speeding violators by positioning multiple radar equipped patrol vehicles within a short distance of one another. The Ticket the Aggressive Driver (TAG-D) program focuses on crash reduction through enforcement that concentrates on drivers who display aggressive and dangerous driving behavior.

The department continues the use of DUI Sobriety Checkpoints to combat drunk driving. Operation Nighthawk was initiated as a statewide training and enforcement program providing legal updates, development strategies and operational tactics combined with saturation DUI enforcement teams.

The Commonwealth Commercial Vehicle Enforcement Program is a combined effort of the Pennsylvania State Police and the Pennsylvania Department of Transportation. One permanent facility along Interstate 80 and 26 mobile weight teams throughout the state enforce the Commonwealth's vehicle weight and size limitations. The State Police also participate in the Federal Motor Carrier Safety Assistance Program (MCSAP). MCSAP consists of 253 active inspectors throughout the State enforcing Federal Motor Carrier Safety Regulations. These regulations pertain to drivers, equipment, documents, loads and hazardous materials transportation. Federal regulations are applicable to both interstate and intrastate motor carrier vehicles. In

Program: Public Protection and Law Enforcement (continued)

addition, the State Police aggressively conduct a program to reduce the number of truck crashes occurring in Pennsylvania through the Troop Truck Crash Prevention Initiative (TTCPI). TTCPI concentrates on the detection and enforcement of moving traffic violations committed by commercial motor vehicle drivers. The operations are directed toward reducing crashes on specific highways and areas that have been identified as having a high number of commercial vehicle crashes.

In a program sponsored by the National Highway Traffic Safety Administration, 215 Pennsylvania State Troopers are currently certified as child passenger safety technicians. The State Police maintain permanent child safety fitting stations. Each station conducts inspections on a designated date at posted times at least once a month.

Program Element: Crime Prevention

Combating crime is not the responsibility of police alone. It requires the active, organized involvement of the public if any significant results are to be realized. The State Police crime prevention mission is to reduce the incidence of crime through citizen involvement and educational crime prevention techniques. This includes programs such as neighborhood crime watch groups, block parents, and crime stoppers.

The State Police provides assistance to municipalities in suppression of violent crime through the Operation Triggerlock Program. Under this program, the State Police works hand-in-hand with Federal and local law enforcement officials to purge violent crime from urban neighborhoods. Community involvement, intelligence gathering, and saturation patrols are essential components of this operation.

The Citizens' Police Academy Program offers a 10-12 week seminar providing members of the public with an opportunity to learn about various law enforcement issues and resources. Speakers from the Pennsylvania State Police, Federal and local agencies discuss a wide range of law enforcement topics.

Program Element: Criminal Law Enforcement

The majority of State Police efforts in criminal law enforcement is 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.

On February 20, 2002, the Pennsylvania State Police instituted a non-family child abduction alert notification system called the Pennsylvania Amber Alert Plan. This utilizes the Emergency Alert System to inform the public of an abduction of a child under the age of 16 or under the age of 18 with a proven mental or physical disability; and in certain instances, which the police believe the child is in danger of serious bodily harm or death.

A Computer Crime Unit provides investigative assistance to all local, State, and Federal law enforcement agencies in cases where a computer has been utilized for a criminal purpose. The unit is equipped with the newest technology and is comprised of several full-time and part-time computer crime investigators assigned at strategic locations throughout the state. The Computer Crime Unit also provides educational information for local law enforcement agencies and prosecutors.

Program Element: Emergency Assistance

The State Police are normally called upon whenever any emergency situation occurs within the Commonwealth. The department has primary police jurisdiction in large areas of the Commonwealth and also provides assistance to a variety of local and state agencies, particularly law enforcement agencies. The Department classifies emergency assistance into two separate categories: civil disorder and emergency management.

Civil disorders are incidents that may become criminal in nature in such categories as prison disturbances, labor disorders, strikes, campus-school disorders, youth group disorders, terrorism and hostage situations. Emergency management deals with prevention, mitigation and response to natural and/or man-made hazards to prevent loss of life or property, economic loss and disruption of normal living conditions.

The Office of Domestic Security (ODS) was formed in October, 2002 to administer and coordinate numerous homeland and domestic security responsibilities. ODS has four primary missions: emergency planning and preparedness, liaison to the Governor's Office of Homeland Security, facility security for department installations, and risk and vulnerability assessments for facilities and critical infrastructures.

The Special Emergency Response Team (SERT) is comprised of carefully selected, uniquely trained, and specially equipped troopers responsible for an incident-specific approach to high-risk and special emergency situations. Specially trained K-9 Dog Teams provide drug, arson, and explosive detection during emergency incidents. The department's fleet of eight helicopters and seven airplanes are frequently called upon to provide assistance during emergencies.

Program Element: Liquor Control 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

Program: Public Protection and Law Enforcement (continued)

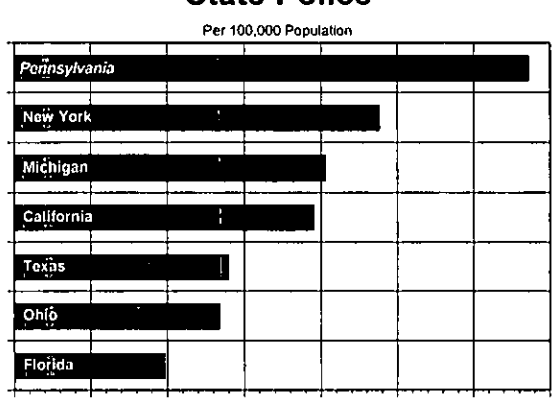
Crimes Code. Operations include covert and overt investigations, assisting municipal police agencies, conducting routine license investigations, and performing establishment audits and border patrols. The State Police have implemented a high school and middle school education program to deter minors from using alcoholic beverages. Called "Choices", the program involves a liquor control enforcement officer speaking to school students. The State Police conduct the Enforcing the Underage Drinking Laws Program to effect a change in the culture of college students to reduce binge drinking and deglamorize underage drinking. The project consists of establishing partnerships with college administrators, college students, the alcohol industry and community members to determine and implement effective measures to reduce the harmful consequences caused by underage and binge drinking.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Vehicle Standards Control							
School bus and mass transit vehicle inspections	25,690	25,870	26,051	26,233	26,415	26,597	26,778
Traffic Supervision							
Crashes per 1,000 miles of highway in Pennsylvania	1,382	1,430	1,434	1,438	1,442	1,446	1,450
Crashes per 1,000 miles of highway patrolled by State Police	647	700	702	704	706	708	710
Traffic citations issued	484,602	445,000	455,000	465,000	475,000	480,000	485,000
Crime Prevention							
Crimes per 100,000 population in State Police jurisdiction areas:							
Against persons	124	125	126	127	128	129	130
Against property	1,176	1,178	1,180	1,182	1,184	1,186	1,188
Criminal Law Enforcement							
Crimes against persons:							
Persons arrested	2,753	2,760	2,770	2,780	2,790	2,800	2,810
Clearance rate	68%	68%	68%	68%	68%	68%	69%
Percent of those arrested who are convicted	58%	56%	56%	56%	56%	56%	57%
Crimes against property:							
Persons arrested	9,369	9,420	9,470	9,520	9,570	9,620	9,670
Clearance rate	25%	24%	24%	24%	24%	24%	25%
Percent of those arrested who are convicted	79%	80%	80%	80%	80%	80%	81%
No-suspect DNA positive identifications*	N/A	N/A	70	80	100	140	200
Liquor Control Enforcement							
Enforcement investigations	34,258	36,000	36,000	36,000	36,000	36,000	36,000
Operations							
Total number of incidents responded to per Trooper*	N/A	N/A	200	201	202	203	204

Crimes against persons - persons arrested decreased from the projection shown in last year's budget due to increased patrolling and crime watch groups.

*New program measure.

State Police



Full-time law enforcement officers as of October 2002.

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

$ 1,278	—Initiative – Crime Lab Enhancements. To provide new equipment and enhanced testing capability for the State Police crime labs.
17,136	—to continue current program.
$ 18,414	*Appropriation Increase*

Municipal Police Training

$ –1,000	—Initiative – Program Reduction. Savings resulting from a decrease in anticipated training needs of municipal police departments.
–468	—program reduction.
$ –1,468	*Appropriation Decrease*

Patrol Vehicles

$ –4,165	—Initiative – Operational Efficiencies. Savings resulting from increasing mileage turn-in for patrol vehicles from 70,000 to 80,000 miles.
1,656	—to continue current program.
$ –2,509	*Appropriation Decrease*

Automated Fingerprint Identification System

$ 1,846	—Initiative – Livescan Expansion. To provide additional livescan devices to comply with requirements of the Federal Patriot Act.
–1,272	—program reduction.
$ 574	*Appropriation Increase*

Gun Checks

$ 65	—to continue current program.

STATE STORES FUND:

Liquor Control Enforcement

$ 771	—to continue current program.

Clean System is recommended at the current year funding level.

Appropriations within this Program:

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 139,561	$ 148,219	$ 153,956	$ 153,628	$ 153,628	$ 153,628	$ 153,628
CLEAN System	19,733	15,000	14,400	14,400	14,400	14,400	14,400
Municipal Police Training	4,866	4,243	3,509	3,509	3,509	3,509	3,509
Patrol Vehicles	2,349	2,768	1,965	1,965	1,965	1,965	1,965
Automated Fingerprint Identification System	1,121	2,247	975	975	975	975	975
Gun Checks	2,200	2,156	2,221	2,221	2,221	2,221	2,221
TOTAL GENERAL FUND	$ 169,830	$ 174,633	$ 177,026	$ 176,698	$ 176,698	$ 176,698	$ 176,698
MOTOR LICENSE FUND:							
General Government Operations	$ 310,144	$ 314,965	$ 327,642	$ 327,642	$ 327,642	$ 327,642	$ 327,642
CLEAN System	49,419	30,000	30,600	30,600	30,600	30,600	30,600
Municipal Police Training	5,731	4,243	3,509	3,509	3,509	3,509	3,509
Patrol Vehicles	6,481	5,882	4,176	4,176	4,176	4,176	4,176
Automated Fingerprint Identification System	0	0	1,846	0	0	0	0
TOTAL MOTOR LICENSE FUND	$ 371,775	$ 355,090	$ 367,773	$ 365,927	$ 365,927	$ 365,927	$ 365,927
STATE STORES FUND:							
Liquor Control Enforcement	$ 18,738	$ 19,113	$ 19,884	$ 19,884	$ 19,884	$ 19,884	$ 19,884

TAX EQUALIZATION BOARD

The mission of the State Tax Equalization Board is to provide an effective administrative system to assess taxable real property value which is the basis for an equitable distribution of tax funds to support education services.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	$ 1,292	$ 1,335	$ 1,330

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
EDUCATION SUPPORT SERVICES							
GENERAL FUND	$ 1,292	$ 1,335	$ 1,330	$ 1,330	$ 1,330	$ 1,330	$ 1,330
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	$ 1,292	$ 1,335	$ 1,330	$ 1,330	$ 1,330	$ 1,330	$ 1,330
ALL PROGRAMS:							
GENERAL FUND	$ 1,292	$ 1,335	$ 1,330	$ 1,330	$ 1,330	$ 1,330	$ 1,330
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	$ 1,292	$ 1,335	$ 1,330	$ 1,330	$ 1,330	$ 1,330	$ 1,330

PROGRAM OBJECTIVE: To provide an effective administrative system to assess taxable real property value which is the basis for an equitable distribution of tax funds to support education services.

Program: Education Support Services

The Tax Equalization Board is an independent administrative board created to ensure equitable distribution of tax funds among the State's school districts. The board, in accordance with Act 147 of 1947, determines annually the aggregate market value of taxable real property in each of the more than 2,500 municipalities and 501 school districts in the Commonwealth and certifies the market value to the Secretary of Education. The results are used in determining distribution of State subsidies to school districts and local libraries, limitations on real estate taxes in school districts lying in more than one county, tax limitations in financing community colleges, and overall tax limitations for political subdivisions and school districts. The program includes holding hearings and analyzing real estate values and transactions. Act 267 of 1982 requires the board to establish annually a common level ratio of assessed value to market value in each county for the prior calendar year.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations

$ –5 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
General Government Operations	$ 1,292	$ 1,335	$ 1,330	$ 1,330	$ 1,330	$ 1,330	$ 1,330

DEPARTMENT OF TRANSPORTATION

The mission of the Department of Transportation is to provide, through the active involvement of customers, employes and partners, an intermodal transportation system and services that exceed the expectation of those who use them.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
Transit and Rail Freight Operations	$ 1,941	$ 1,907	$ 1,830
(F)FTA - Technical Studies Grants	3,115	3,129	3,231
(F)Capital Assistance	146	155	143
(F)Surface Transportation Assistance	565	940	920
(F)FTA - Capital Improvement Grants	4,240	4,300	4,300
(F)Title IV Rail Assistance	1	36	36
(F)Maglev	0	5,000	5,000
(R)Project Management Oversight - PTAF (EA)	434	1,000	1,000
(A)PTAF - Oversight	0a	0a	0a
Rail Safety Inspection	446	434	434
Vehicle Sales Tax Collections	1,907	1,829	1,829
Welcome Centers	2,127	2,370	0
Voter Registration	974	938	901
Organ Donor Operations	100	99	99
Comprehensive Rail Freight Study	83	0	0
Subtotal - State Funds	$ 7,578	$ 7,577	$ 5,093
Subtotal - Federal Funds	8,067	13,560	13,630
Subtotal - Restricted Revenues	434	1,000	1,000
Total - General Government	$ 16,079	$ 22,137	$ 19,723
Grants and Subsidies:			
Mass Transportation Assistance	$ 270,019	$ 270,019	$ 279,315
Regional Mass Transit Planning & Assistance	2,000	0	0
Rural Transportation Assistance	998	1,000	1,000
(F)TANFBG - Access to Jobs	11,043	10,000	7,000
(F)TEA 21 - Access to Jobs	0	2,000	2,000
Fixed Route Transit	24,286	26,394	25,000
Intercity Transportation	6,413	7,013	7,413
(F)Surface Transportation - Operating	8,976	12,000	13,000
(F)Surface Transportation Assistance Capital	1,984	4,000	4,000
(F)FTA - Capital Improvements	27,000	25,000	25,000
(F)FTA - Intelligent Vehicles - Public Transit	1,419	3,890	4,500
(F)FTA - Intelligent Transit System Deployment	0	20,000	13,800
(R)Technical Assistance - PTAF (EA)	2,527	5,575	1,495
(R)Community Transportation Equipment Grants - PTAF (EA)	2,980	3,205	2,300
(R)Mass Transit Grants (EA)	69,000	69,666	69,666
(R)Rural Transit Grants (EA)	4,800	4,135	4,134
(R)Community Transportation (EA)	1,671	1,877	1,200
Rail Freight Assistance	4,089	4,250	8,500
(A)Reimbursement - Rail Freight Assistance	201	10	0
Subtotal - State Funds	$ 307,805	$ 308,676	$ 321,228
Subtotal - Federal Funds	50,422	76,890	69,300
Subtotal - Augmentations	201	10	0
Subtotal - Restricted Revenues	80,978	84,458	78,795
Total - Grants and Subsidies	$ 439,406	$ 470,034	$ 469,323
STATE FUNDS	$ 315,383	$ 316,253	$ 326,321
FEDERAL FUNDS	58,489	90,450	82,930
AUGMENTATIONS	201	10	0
RESTRICTED REVENUES	81,412	85,458	79,795
GENERAL FUND TOTAL	$ 455,485	$ 492,171	$ 489,046
MOTOR LICENSE FUND:			
General Government:			
General Government Operations	$ 47,020	$ 48,657	$ 47,022

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Welcome Centers	**0**	**0**	**2,616**
Highway Systems Technology	**17,100**	**17,100**	**17,100**
Refunding Collected Monies (EA)	**4,729**	**4,250**	**4,750**
(F)Federal Aid - Intelligent Transportation System	29	475	525
(A)Reimbursement - Other Agencies	117	80	80
(A)Mass Transportation	171	135	135
(A)Duplicating Services	61	114	114
(A)Aviation Restricted Revenue	99	161	161
(A)Administrative Hearings	40	40	40
(A)Reimbursement - Signs	2	0	0
(A)Litter Fine Receipts	9	9	9
(A)Reimb Drug & Alcohol Testing	30	0	30
Subtotal	$ 69,407	$ 71,021	$ 72,582
Highway and Safety Improvements	**188,000**	**150,000**	**150,000**
Security Wall Pilot Program	**10,000**	**10,000**	**5,000**
Highway Capital Projects (EA)	**210,776**	**222,050**	**220,218**
(F)Highway Research, Planning and Construction	908,699	1,136,073	1,000,000
(F)Highway Safety Program	7	100	0
(F)Highway Safety Program (EA)	0	0	100
(A)Transfer from Highway Capital Projects (EA)	0 b	0 b	0 b
(A)Transfer from Highway Capital Projects - Excise Tax (EA)	0 c	0 c	0 c
(A)Transfer from Security Walls Pilot Project Appropriation	0 d	0 d	0 d
(A)Highway Construction Contributions	13,912	7,700	10,000
(A)Joint Use Leases	122	0	0
(A)Intern Program - PHEAA Reimbursement	141	0	0
(A)Reimbursement - Other Agencies	144	0	0
(A)Proceeds from sale of R/W	255	0	0
(A)Licensing Fees- Engineering software	36	0	0
(A)Reimb-Accident Damage Claims	10	0	0
(R)Highway Capital Projects - Excise Tax (EA)	56,407	57,175	62,914
(R)Highway Bridge Projects (EA)	53,170	80,000	95,000
(R)Bridges - Excise Tax (EA)	43,135	50,222	48,110
(F)Federal Aid - Highway Bridge Projects	171,720	180,000	170,000
(F)Federal Disaster Reimbursement - FHWA	2,587	0	0
(A)Bridge Construction Contributions	1,318	1,800	1,800
(A)Bridge Reimbursement from Local Governments	56	200	200
Subtotal	$ 1,660,495	$ 1,895,320	$ 1,763,342
Highway Maintenance	**666,000**	**.651,000**	**694,000**
Secondary Road - Maintenance and Resurfacing (EA)	**64,562**	**65,230**	**65,230**
Highway Maintenance Safety Projects	**15,000**	**0**	**0**
Smoother Roads	**0**	**50,000**	**50,000**
Reinvestment - Facilities	**9,461**	**9,540**	**9,540**
(F)Highway Research, Planning and Construction	176,160	240,000	260,000
(F)State and Community Highway Safety	2,529	4,000	0
(F)Federal/Safety Program (EA)	0	0	4,000
(R)Highway Maintenance - Excise Tax (EA)	139,358	141,256	155,434
(R)Highway Maintenance Enhancement (EA)	203,988	207,148	227,992
(A)Highway Maintenance Contributions	7,234	11,000	11,000
(F)Disaster Recovery - FEMA	2,569	0	0
(A)Sale of Automobiles	0	400	400
(A)Sale of Gas, Oil and Antifreeze	10	90	90
(A)Sale of Right-of-Way - Hwy Maint	3	0	10
(A)Sale of Equipment	2,887	5,000	5,000
(A)Heavy Hauling - Bonded Roads	393	500	500
(A)Sale of Signs	139	300	300
(A)Accident Damage Claims	3,313	5,000	5,000
(A)Transfer from Highway Maintenance Supplemental EA's	0 e	0 e	0 e
(A)Recovered Permit Compliance Cost	6	10	10
(A)Intern Program - PHEAA Reimbursement	213	300	300
Subtotal	$ 1,293,825	$ 1,390,774	$ 1,488,806
Safety Administration and Licensing	**118,299**	**130,529**	**126,787**

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
(F)State and Community Highway Safety	112	600	600
(F)Highway Safety Program (EA)	0	0	300
(F)Reimbursement - Drivers License Suspension/Denial	0	100	100
(F)Reimbursement - Advertising Emmission Inspection	0	750	750
(F)Reimbursement - Child Support Enforcement Costs	0	300	300
(F)Congestion Mitigation Air Quality	0	700	700
(A)Administrative Support	248	252	300
(A)Computer Support	94	300	300
(A)Photo ID Program	14,137	14,000	14,300
(A)Vehicle Sales Tax Collections	0f	0f	0f
(A)Emission Mechanic Training Courses	216	50	200
(A)Reimbursement - Special Plates Administrative Costs	0	175	175
(A)Reimbursement - Data Line Charges	451	350	400
(A)IM Public Information Program	9	0	0
(A)Reimbursement - Organ Donor Program	0g	0g	0g
(A)Reimbursement - Flight Services	0h	0h	0h
Subtotal	$ 133,566	$ 148,106	$ 145,212
(R)Aviation Operations	4,268	5,799	4,966
(F)Aviation Planning	749	13	0
(F)Aviation Planning (EA)	0	0	13
(F)Reimbursement - Statewide Program	0	457	485
(F)Airport Inspections	24	12	0
(F)Airport Inspections (EA)	0	0	12
(F)Federal Aid - Other State Airports	27	0	0
(A)Reimbursement - Flight Operations	591	884	840
(A)Airport Inspections and Licensing	13	6	7
(A)Reimbursement - Statewide Program	38	60	60
Subtotal	$ 5,710	$ 7,231	$ 6,383
Subtotal - State Funds	$ 1,350,947	$ 1,358,356	$ 1,392,263
Subtotal - Federal Funds	1,265,212	1,563,580	1,437,885
Subtotal - Augmentations	46,518	48,916	51,761
Subtotal - Restricted Revenues	500,326	541,600	594,416
Total - General Government	$ 3,163,003	$ 3,512,452	$ 3,476,325
Grants and Subsidies:			
Local Road Maintenance and Construction Payments	**$ 184,879**	**$ 189,239**	**$ 189,764**
Supplemental Local Road Maintenance and Construction Payment	**5,000**	**5,000**	**5,000**
Payment to Turnpike Commission (EA)	**28,000**	**28,000**	**28,000**
(R)Local Road Payments - Excise Tax (EA)	39,817	40,357	44,455
(R)Payments to Municipalities (EA)	27,872	28,248	31,120
(R)Local Grants for Bridge Projects (EA)	9,644	25,000	25,000
(R)County Bridges - Excise Tax (EA)	2,666	7,535	8,488
(F)Federal Aid - Local Grants for Bridge Projects	975	1,000	1,000
(F)Federal Aid - County Bridges	95	200	200
(A)Local Governments	44	200	200
(R)Toll Roads - Excise Tax (EA)	46,288	47,062	51,551
(R)Annual Maintenance Payments - Highway Transfer (EA)	11,235	11,895	12,230
(R)Restoration Projects - Highway Transfer (EA)	2,085	9,405	14,394
(R)Airport Development	9,000	17,000	8,000
(F)Federal Reimbursement - Airport Development	15,224	18,000	0
(F)Federal Reimbursement Airport Development (EA)	0	0	18,000
(R)Real Estate Tax Rebate	250	250	250
Subtotal	$ 383,074	$ 428,391	$ 437,652
Subtotal - State Funds	$ 217,879	$ 222,239	$ 222,764
Subtotal - Federal Funds	16,294	19,200	19,200
Subtotal - Augmentations	44	200	200
Subtotal - Restricted Revenues	148,857	186,752	195,488
Total - Grants and Subsidies	$ 383,074	$ 428,391	$ 437,652

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
STATE FUNDS	$ 1,568,826	$ 1,580,595	$ 1,615,027
FEDERAL FUNDS	1,281,506	1,582,780	1,457,085
AUGMENTATIONS	46,562	49,116	51,961
RESTRICTED REVENUES	649,183	728,352	789,904
MOTOR LICENSE FUND TOTAL	**$ 3,546,077**	**$ 3,940,843**	**$ 3,913,977**
LOTTERY FUND:			
Grants and Subsidies:			
Older Pennsylvanians Shared Rides (EA)	**$ 66,089**	**$ 75,122**	**$ 73,153**
Older Pennsylvanians Free Transit (EA)	**58,002**	**62,000**	**63,000**
Total - Grants and Subsidies	$ 124,091	$ 137,122	$ 136,153
LOTTERY FUND TOTAL	**$ 124,091**	**$ 137,122**	**$ 136,153**
OTHER FUNDS:			
GENERAL FUND:			
Federal Grants - Railroad Freight Rehabilitation	$ 2,772	$ 1,000	$ 1,000
Child Passenger Restraint Fund	115	50	50
GENERAL FUND TOTAL	**$ 2,887**	**$ 1,050**	**$ 1,050**
MOTOR LICENSE FUND:			
Federal Reimbursements - Highway Safety Program	$ 9,001	$ 6,600	$ 6,600
Reimbursements to Municipalities - Vehicle Code Fines	12,037	16,000	16,000
Federal Reimbursements - Flood Related Costs	2,569	2,000	2,000
Reimbursements to Other States-Apportioned Registration Plan	31,872	35,000	35,000
Federal Reimbursements - Bridge Projects	32,253	40,000	40,000
Federal Reimbursement - Delisting HIA	6	0	0
Motorcycle Safety Education	2,693	2,000	3,000
Equipment Rental Security Deposits	0	1,000	1,000
Payments to Blind/Visually Handicapped	1,283	1,600	1,600
Federal Reimbursements - Political Subdivisions	65,328	60,000	60,000
License and Registration Pickups	0	15	15
Engineering Software Maintenance	0	200	200
Federal Reimbursement - Backup Withholding	1	0	0
MOTOR LICENSE FUND TOTAL	**$ 157,043**	**$ 164,415**	**$ 165,415**
HIGHWAY BEAUTIFICATION FUND:			
Control of Junkyards (EA)	$ 5	$ 15	$ 15
Control of Outdoor Advertising (EA)	342	700	700
Control of Outdoor Advertising	37	0	0
HIGHWAY BEAUTIFICATION FUND TOTAL	**$ 384**	**$ 715**	**$ 715**
INFRASTRUCTURE BANK FUND:			
Infrastructure Bank Loans (EA)	$ 2,817	$ 10,118	$ 10,118
LIQUID FUELS TAX FUND:			
Payments to Counties	$ 32,677	$ 31,000	$ 31,000
Auditor General's Audit Costs (EA)	161	500	500
LIQUID FUELS TAX FUND TOTAL	**$ 32,838**	**$ 31,500**	**$ 31,500**
MOTOR VEHICLE TRANSACTION RECOVERY FUND:			
Reimbursement to Transportation	$ 15	$ 150	$ 150

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
PUBLIC TRANSPORTATION ASSISTANCE FUND:			
Transfer to General Fund (EA)	$ 0[i]	$ 0[i]	$ 0[i]
Mass Transit Grants (EA)	171,165	186,056	188,480
Rural Transit Grants (EA)	4,847	4,455	4,525
PUBLIC TRANSPORTATION ASSISTANCE FUND TOTAL	**$ 176,012**	**$ 190,511**	**$ 193,005**
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND	$ 315,383	$ 316,253	$ 326,321
SPECIAL FUNDS	1,692,917	1,717,717	1,751,180
FEDERAL FUNDS	1,339,995	1,673,230	1,540,015
AUGMENTATIONS	46,763	49,126	51,961
RESTRICTED	730,595	813,810	869,699
OTHER FUNDS	371,996	398,459	401,953
TOTAL ALL FUNDS	**$ 4,497,649**	**$ 4,968,595**	**$ 4,941,129**

[a] Not added to the total to avoid double counting: 2002-03 Actual is $10,000, 2003-04 Available is $10,000, and 2004-05 Budget is $10,000.

[b] Not added to the total to avoid double counting: 2002-03 Actual is $210,776,000, 2003-04 Available is $222,050,000, and 2004-05 Budget is $0.

[c] Not added to the total to avoid double counting: 2002-03 Actual is $56,407,000, 2003-04 Available is $57,175,000, and 2004-05 Budget is $0.

[d] Not added to the total to avoid double counting: 2002-03 Actual is $10,000,000, 2003-04 Available is $10,000,000, and 2004-05 Budget is $0.

[e] Not added to the total to avoid double counting: 2002-03 Actual is $407,909,000, 2003-04 Available is $413,643,000, and 2004-05 Budget is $448,656,000.

[f] Not added to the total to avoid double counting: 2002-03 Actual is $1,907,000, 2003-04 Available is $1,829,000, and 2004-05 Budget is $1,829,000.

[g] Not added to the total to avoid double counting: 2002-03 Actual is $100,000, 2003-04 Available is $99,000, and 2004-05 Budget is $99,000.

[h] Not added to the total to avoid double counting: 2002-03 Actual is $0, 2003-04 Available is $0, and 2004-05 Budget is $600,000.

[i] Not added to the total to avoid double counting: 2002-03 Actual is $4,752,000, 2003-04 Available is $4,789,000, and 2004-05 Budget is $4,795,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
TRANSPORTATION SUPPORT SERVICES							
GENERAL FUND	$ 2,024	$ 1,907	$ 1,830	$ 1,830	$ 1,830	$ 1,830	$ 1,830
SPECIAL FUNDS	68,849	70,007	68,872	68,872	68,872	68,872	68,872
FEDERAL FUNDS	8,096	9,035	9,155	9,155	9,155	9,155	9,155
OTHER FUNDS	1,079	1,589	1,619	1,619	1,619	1,619	1,619
SUBCATEGORY TOTAL	$ 80,048	$ 82,538	$ 81,476	$ 81,476	$ 81,476	$ 81,476	$ 81,476
STATE HIGHWAY AND BRIDGE CONSTRUCTION/RECONSTRUCTION							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	436,776	410,050	403,218	404,577	405,939	407,312	408,695
FEDERAL FUNDS	1,083,013	1,316,173	1,170,100	1,170,100	1,170,100	1,170,100	1,170,100
OTHER FUNDS	184,061	211,570	239,098	224,098	199,098	199,098	204,098
SUBCATEGORY TOTAL	$ 1,703,850	$ 1,937,793	$ 1,812,416	$ 1,798,775	$ 1,775,137	$ 1,776,510	$ 1,782,893
STATE HIGHWAY AND BRIDGE MAINTENANCE							
GENERAL FUND	$ 2,127	$ 2,370	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	755,023	775,770	821,386	824,497	847,497	869,497	890,497
FEDERAL FUNDS	181,258	244,000	264,000	264,000	264,000	264,000	264,000
OTHER FUNDS	404,531	425,826	458,746	458,746	458,746	458,746	458,746
SUBCATEGORY TOTAL	$ 1,342,939	$ 1,447,966	$ 1,544,132	$ 1,547,243	$ 1,570,243	$ 1,592,243	$ 1,613,243
LOCAL HIGHWAY AND BRIDGE ASSISTANCE							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	189,879	194,239	194,764	191,141	197,855	200,880	203,954
FEDERAL FUNDS	1,070	1,200	1,200	1,200	1,200	1,200	1,200
OTHER FUNDS	235,819	270,140	283,387	273,387	273,387	273,387	276,387
SUBCATEGORY TOTAL	$ 426,768	$ 465,579	$ 479,351	$ 465,728	$ 472,442	$ 475,467	$ 481,541
MASS TRANSPORTATION							
GENERAL FUND	$ 273,463	$ 271,453	$ 280,749	$ 280,749	$ 280,749	$ 280,749	$ 280,749
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	11,043	12,000	9,000	9,000	9,000	9,000	9,000
OTHER FUNDS	245,012	260,177	262,671	262,671	262,671	262,671	262,671
SUBCATEGORY TOTAL	$ 529,518	$ 543,630	$ 552,420	$ 552,420	$ 552,420	$ 552,420	$ 552,420
INTERCITY TRANSPORTATION							
GENERAL FUND	$ 10,502	$ 11,263	$ 15,913	$ 15,913	$ 15,913	$ 15,913	$ 15,913
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	39,379	64,890	60,300	60,300	60,300	60,300	60,300
OTHER FUNDS	10,300	10,720	6,629	6,629	6,629	6,629	6,629
SUBCATEGORY TOTAL	$ 60,181	$ 86,873	$ 82,842	$ 82,842	$ 82,842	$ 82,842	$ 82,842

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
AIR TRANSPORTATION							
GENERAL FUND	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	16,024	18,482	18,510	18,510	18,510	18,510	18,510
OTHER FUNDS	14,166	23,999	14,123	14,123	14,123	14,123	14,123
SUBCATEGORY TOTAL	$ 30,190	$ 42,481	$ 32,633	$ 32,633	$ 32,633	$ 32,633	$ 32,633
SAFETY ADMINISTRATION AND LICENSING							
GENERAL FUND	$ 2,981	$ 2,866	$ 2,829	$ 2,829	$ 2,829	$ 2,829	$ 2,829
SPECIAL FUNDS	118,299	130,529	126,787	126,787	126,787	126,787	126,787
FEDERAL FUNDS	112	2,450	2,750	2,750	2,750	2,750	2,750
OTHER FUNDS	49,735	52,292	53,840	53,840	53,840	53,840	53,840
SUBCATEGORY TOTAL	$ 171,127	$ 188,137	$ 186,206	$ 186,206	$ 186,206	$ 186,206	$ 186,206
OLDER PENNSYLVANIANS TRANSIT							
GENERAL FUND	$ 24,286	$ 26,394	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000
SPECIAL FUNDS	124,091	137,122	136,153	136,153	136,153	136,153	136,153
FEDERAL FUNDS	0	5,000	5,000	5,000	5,000	5,000	5,000
OTHER FUNDS	4,651	5,082	3,500	3,500	3,500	3,500	3,500
SUBCATEGORY TOTAL	$ 153,028	$ 173,598	$ 169,653	$ 169,653	$ 169,653	$ 169,653	$ 169,653
ALL PROGRAMS:							
GENERAL FUND	$ 315,383	$ 316,253	$ 326,321	$ 326,321	$ 326,321	$ 326,321	$ 326,321
SPECIAL FUNDS	1,692,917	1,717,717	1,751,180	1,752,027	1,783,103	1,809,501	1,834,958
FEDERAL FUNDS	1,339,995	1,673,230	1,540,015	1,540,015	1,540,015	1,540,015	1,540,015
OTHER FUNDS	1,149,354	1,261,395	1,323,613	1,298,613	1,273,613	1,273,613	1,281,613
DEPARTMENT TOTAL	$ 4,497,649	$ 4,968,595	$ 4,941,129	$ 4,916,976	$ 4,923,052	$ 4,949,450	$ 4,982,907

PROGRAM OBJECTIVE: To provide an effective administrative system supporting both non-highway and highway transportation programs.

Program: Transportation Support Services

This program provides for administrative and overhead services that support the operation of programs necessary for the achievement of Commonwealth and department objectives.

The non-highway related activities include providing administrative coordination, planning and support for all urban, rural and intercity mass transit and rail freight transportation. Another part of the non-highway related activity is the oversight of the Public Transportation Assistance Fund created by Act 26 of 1991 and additional funds provided by Act 3 of 1997. To promote efficient and effective urban mass transit, the program conducts analysis of local transit operations and procedures, coordination and funding of urban planning and study projects, and review of local operating subsidy and capital grant projects. Activities that continue and improve rail and bus service between Pennsylvania's urbanized areas and bus service in rural areas include preparing and coordinating needs studies, analyzing existing and proposed service levels, and evaluating the overall effectiveness of the program.

The highway related activities develop basic guidelines for the highway program. This part of the program directs and coordinates specific construction, maintenance, safety and licensing activities and highway technology projects. Support is also provided in legal, budgetary, accounting, policy, personnel, procurement, information systems and public relations matters including tourist promotional television spots and films. The department supports its portion of the work of the Inspector General's Office along with the activities of the State Transportation Commission and the Transportation Advisory Committee through this program.

Funded within this program are various initiatives to pilot and test new technologies, material, and equipment to achieve a broad range of goals including improved traffic congestion and safety, longer life cycles for pavements and road markings, and improved efficiency in winter maintenance operations.

Also included is the Agility Program, which forges new innovative ways for the department to interact with municipal governments in order to accomplish road improvements.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Overhead costs as a percentage of department budget*	1.11%	1.04%	1.01%	1.04%	1.05%	1.05%	1.04%

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Transit and Rail Freight Operations

$ –22	– Initiative – Operational Efficiency. Savings from operational efficiencies.
–55	—to continue current program.
$ –77	*Appropriation Decrease*

MOTOR LICENSE FUND

General Government Operations

$ –1,454	– Initiative – Operational Efficiency. Savings from operational efficiencies.
–181	—to continue current program.
$ –1,635	*Appropriation Decrease*

Refunding Collected Monies (EA)

$ 500	—based on projection of program requirements.

The Highway Systems Technology appropriation is recommended at the current year funding level.

Program: Transportation Support Services (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Transit and Rail Freight Operations	$ 1,941	$ 1,907	$ 1,830	$ 1,830	$ 1,830	$ 1,830	$ 1,830
Comprehensive Rail Freight Study	83	0	0	0	0	0	0
TOTAL GENERAL FUND	$ 2,024	$ 1,907	$ 1,830	$ 1,830	$ 1,830	$ 1,830	$ 1,830
MOTOR LICENSE FUND:							
General Government Operations	$ 47,020	$ 48,657	$ 47,022	$ 47,022	$ 47,022	$ 47,022	$ 47,022
Highway Systems Technology	17,100	17,100	17,100	17,100	17,100	17,100	17,100
Refunding Collected Monies (EA)	4,729	4,250	4,750	4,750	4,750	4,750	4,750
TOTAL MOTOR LICENSE FUND	$ 68,849	$ 70,007	$ 68,872	$ 68,872	$ 68,872	$ 68,872	$ 68,872

PROGRAM OBJECTIVE: To provide a highway and bridge system capable of meeting the economic and recreational needs of the Commonwealth.

Program: State Highway and Bridge Construction/Reconstruction

This program involves major construction or reconstruction work on the Commonwealth's Interstate Highway System, on other priority State highways and on State bridges that contribute to the economic growth of the Commonwealth and the mobility of the State's citizens.

This program includes Interstate and major primary roads, as well as those State roads that are not part of the Federal aid system. Within the funding available from Federal aid, local construction contributions and current 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 highway system including projects to enhance safety and mobility.

Included in this program are improvements to State-owned bridges listed in Act 235 of 1982, the Highway, Railroad and Highway Bridge Capital Act and later amendments. Funding for these bridge improvements comes from annual registration fees for Commonwealth-registered vehicles having a gross weight in excess of 26,000 pounds and a 55 mill Oil Company Franchise Tax based on the average wholesale price of motor fuel used by motor carriers in the operation of their commercial vehicles on highways within the Commonwealth.

Act 26 of 1991 provides additional State highway and bridge construction/reconstruction funds through a 55 mill Oil Company Franchise Tax of which 17 percent is specifically dedicated to highway capital projects and 13 percent to bridges.

Act 3 of 1997 provides additional State highway construction/reconstruction funds through vehicle registration fees, with $28 million earmarked for the Turnpike Commission.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Miles of new highway construction	44	40	40	40	40	40	40
Miles of Interstate reconstruction	79	75	75	75	75	75	75
Miles of non-Interstate reconstruction	53	51	50	50	50	50	50
Interstate highway system in poor condition*	N/A	N/A	6%	5%	4%	4%	3%
Intersections improved to increase safety and capacity	183	185	185	185	185	185	185
Bridges maintained (larger than 8 feet)	26,165	26,159	26,162	26,165	26,168	26,171	26,174
Bridges replaced/repaired	254	231	245	245	235	235	235
Variance of final cost of construction versus original contract amount*	N/A	N/A	4%	4%	3%	3%	3%

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Highway and Safety Improvement
—This funding is in combination with Act 26 of 1991 revenues for 2004-05 of $62.914 million (17 percent of 55 mills) and Highway Capital Projects authorized in Act 3 of 1997. New highway construction focuses on projects that will spur economic development. Key projects expected to be under construction in 2004-05 include relocation and reconstruction of US 22/322 (Lewistown Narrows) in Mifflin County; a four-lane relocation of US 222 in Lehigh County; restoration of PA 309 in Montgomery County; reconstruction of US 22 in Westmoreland County; adding lanes to US 222 in Berks County; reconstruction and widening of US 119 in Indiana County; reconstruction of the US 202 / US 422 interchange in Montgomery County; widening of US 30 in Bedford County; construction of a new interchange on US 22 near Settlers Cabin in Allegheny County; realignment of US 22 in Cambria County and construction of a new diamond interchange for improved access from I-80 to the DuBois-Jefferson County Airport in Jefferson County.

Another priority is the preservation of the Interstate Highway System. During 2004-05 key projects in this area will include the reconstruction of 22 miles of I-81 in Lebanon County; the reconstruction of I-83 between Exits 14 and 15 in York County; restoration of 13 miles of I-79 in Allegheny County, reconstruction of 3.7 miles of I-78 in Berks County.

New construction will continue on approximately 27 miles of I-99 in Centre County.

Program: State Highway and Bridge Construction/Reconstruction (continued)

Program Recommendation: (continued)

Highway Capital Projects (EA)

$ –1,832 —to continue current program.

Bridge Restricted Revenue

—Major bridge projects to be started or continued during 2004-05 include I-90 Bridges in Erie County; I-80 East and West Bridges in Clearfield County; Market Street Bridge in Lycoming County; US 6 Bridge at PA 347 in Lackawanna County; Slatington Bridge in Lehigh County; Old Betzwood Bridge in Montgomery County; Otter Creek Bridge II in York County; Seventh Street Bridge in Blair County; Main Street Bridge in Butler County; Etna Bridges in Allegheny County and Yough Dam Bridge in Westmoreland County.

Security Wall Pilot Program

$ –5,000 —program reduction.

Payment to the Turnpike Commission is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
MOTOR LICENSE FUND:							
Highway and Safety Improvements	188,000	150,000	150,000	150,000	150,000	150,000	150,000
Security Wall Pilot Program	10,000	10,000	5,000	5,000	5,000	5,000	5,000
Highway Capital Projects (EA)	210,776	222,050	220,218	221,577	222,939	224,312	225,695
Payment to Turnpike Commission (EA)...	28,000	28,000	28,000	28,000	28,000	28,000	28,000
TOTAL MOTOR LICENSE FUND ...	$ 436,776	$ 410,050	$ 403,218	$ 404,577	$ 405,939	$ 407,312	$ 408,695

PROGRAM OBJECTIVE: To provide general routine maintenance, betterments and resurfacing necessary to preserve the quality of existing State-administered roads and bridges and to provide prompt winter services to enable safe passage of vehicles.

Program: State Highway and Bridge Maintenance

Pennsylvania, with the fourth largest state maintained highway system in the nation and subject to severe winter weather, is faced with significant highway and bridge maintenance challenges.

Work carried out by the department or by contract includes patching, surface treatment, resurfacing, stabilization and minor betterment projects, and repair of bridges, tunnels and minor storm damage. The department places a heavy emphasis on durable resurfacing of high-volume primary highways, the majority of which serve interstate and regional commerce, intermodal transportation facilities and major population centers. Snow and ice control services are performed on all State-administered highways. Other routine maintenance and betterment work includes safety improvements such as skid resistant pavement applications, left turn lanes, intersection sight improvements, shoulder improvements, guiderail updates and curve banking adjustments. This program also has the responsibility of completing maintenance activities that are not directly involved with the roadway surface itself such as pipe replacement, ditch cleaning and various safety measures such as repairing traffic signals and guiderails.

The department issues special permits to truck operators for the use of certain highways and bridges with weight or special operating restrictions. By issuing these permits, the department is able to facilitate the movement of goods over Pennsylvania's roadways without adversely affecting the structural integrity of the highways and bridges or the safe and convenient passage of traffic.

The Motor Carrier Safety Enforcement Program is credited with reducing maintenance costs for highways and bridges and increasing the public safety by minimizing the number of dangerously overloaded trucks. The department continues to provide state-of-the-art training and equipment technology to maximize enforcement efficiency. At the same time, delays to motor carriers have been minimized through the use of weigh-in-motion technology.

The accident analysis program uses computer programs to identify those highway locations that have experienced statistically more accidents than similar roads with similar traffic volumes. Another program identifies locations that have had an inordinate number of accidents in which vehicles ran off the road or hit fixed objects. These programs allow for the ranking of high-accident locations and provide a systematic means of selecting the highest priority sites for maintenance and reconstruction.

Under the Home Town Streets Program, towns and cities around the Commonwealth that have State roads as their main streets and commercial corridors can seek State support in revitalizing these arteries. PennDOT will allocate $200 million from its capital plan toward this program over the next four years.

Act 26 of 1991 provides additional State highway and bridge maintenance funds through a 55 mill Oil Company Franchise Tax of which 42 percent is specifically dedicated for highway maintenance.

Act 3 of 1997 dedicated 88 percent of a 38.5 mill Oil Franchise Tax to highway maintenance, restoration and improvements.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Miles of State maintained highways	39,906	39,907	39,739	39,675	39,612	39,549	39,484
Miles of State maintained highways improved:							
Structural restoration	265	271	290	290	250	250	250
Maintenance resurfacing	2,618	2,465	2,600	2,750	2,600	2,600	2,600
Surface repairs	3,402	3,614	3,500	3,520	3,600	3,600	3,600
Total	6,285	6,350	6,390	6,560	6,450	6,450	6,450
Truck weight and safety enforcement:							
Trucks weighed	228,359	300,000	450,000	450,000	450,000	450,000	450,000
Weight violations	2,350	2,700	3,500	3,500	3,500	3,500	3,500
Trucks inspected	25,273	25,750	25,750	25,750	25,750	25,750	25,750
Safety violations	68,195	70,000	70,000	70,000	70,000	70,000	70,000

Trucks weighed and weight violations decreased in 2002-03 from the projection shown in last year's budget due to equipment problems at a major weigh station. Repairs are to be completed in July, 2004.

Program: State Highway and Bridge Maintenance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		MOTOR LICENSE FUND
		Highway Maintenance
$	43,000	—to continue current program.
		Welcome Centers
$	193	—initiative – Welcome Center Enhancement. To provide administrative and operational support for a new Welcome Center in Monroe County and renovations to the Franklin County Welcome Center.
	53	—to continue current program.
$	246	*Appropriation Increase*

Smoother Roads, Reinvestment Facilities and Secondary Roads - Maintenance and Resurfacing are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts In Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Welcome Centers	$ 2,127	$ 2,370	$ 0	$ 0	$ 0	$ 0	$ 0
MOTOR LICENSE FUND:							
Welcome Centers	$ 0	$ 0	$ 2,616	$ 2,727	$ 2,727	$ 2,727	$ 2,727
Highway Maintenance	666,000	651,000	694,000	747,000	770,000	792,000	813,000
Secondary Road - Maintenance and Resurfacing (EA)	64,562	65,230	65,230	65,230	65,230	65,230	65,230
Highway Maintenance Safety Projects	15,000	0	0	0	0	0	0
Smoother Roads	0	50,000	50,000	0	0	0	0
Reinvestment - Facilities	9,461	9,540	9,540	9,540	9,540	9,540	9,540
TOTAL MOTOR LICENSE FUND	$ 755,023	775,770	821,386	824,497	847,497	869,497	890,497

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 municipalities in the maintenance and construction of their highway and bridge systems.

Legislatively mandated programs earmark a portion of Pennsylvania's liquid fuels tax and oil franchise tax for local governments to use on their roads. These include:

Liquid Fuels Tax

—The first one-half cent of the twelve-cent per gallon liquid fuels tax is deposited directly into the Liquid Fuels Tax Fund and apportioned to the 67 counties.

—Of the remaining eleven and one-half cents fuels tax, 20 percent is distributed from the Motor License Fund to 2,566 municipalities.

Oil Franchise Tax

—In addition to the distribution of 20 percent of the remaining eleven and one-half cent liquid fuels tax, the 2,566 municipalities also receive:

- 20 percent of the first 35 mills of the 60 mill oil franchise tax.
- 12 percent of an additional 55 mill portion of the oil franchise tax as provided for in Act 26 of 1991.
- Another 12 percent of an additional 38.5 mill oil franchise tax created by Act 3 of 1997.

Motor License Fund

—In 1980, the General Assembly established an annual appropriation of $5 million to be returned to local governments for further highway improvements.

Act 32 of 1983 established a local highway turnback program by authorizing the establishment of a separate restricted revenue account within the Motor License Fund. Funding for this program currently consists of three mills of the oil franchise tax. Funds deposited into this account are used for restoration work to upgrade State designated roads that function as local roads to acceptable standards and to provide annual maintenance payments in the amount of $2,500 per mile. Since inception of the program in 1983, more than 4,750 miles of these roads have been returned to the Commonwealth's municipalities.

The General Assembly authorized improvements to local bridges through the Highway Bridge Capital Act of 1982 and subsequent amendments. Currently, there are over 6,300 local bridges larger than 20 feet maintained in the Commonwealth. As with the State bridges contained in these capital budget acts, the improvements are funded through annual registration fees for Commonwealth-registered vehicles having a gross weight in excess of 26,000 pounds and a 55 mill oil company franchise tax. Act 26 of 1991 also provides additional local bridge assistance funds through one percent of the 55 mill oil company franchise tax.

A local bridge inspection program, funded from the Highway Maintenance appropriation included in the State Highway and Bridge Maintenance Subcategory, is being administered by the department to assist local governments in meeting the requirements of National Bridge Inspection Standards as mandated by Federal law. This action prevents the potential loss of Federal aid for noncompliance of standards as well as minimizing future tort liability in this area. Because of the benefits of this program to local governments, the General Assembly has authorized that the cost of the inspections be deducted from the municipalities' liquid fuels tax allocation.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Miles of highway locally administered:							
Total	76,664	76,933	77,379	77,720	78,063	78,063	78,416
Percent of all highways in the Commonwealth	65.8%	65.8%	66.1%	66.2%	66.3%	66.5%	66.6%
Miles of local highways improved	1,687	1,725	1,725	1,725	1,725	1,725	1,725
Local bridges							
Total (greater than 20 feet)	6,365	6,368	6,371	6,374	6,377	6,380	6,383
Brought up to standard through State Bridge Program	57	55	55	50	50	50	50

Program: Local Highway and Bridge Assistance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		Local Road Maintenance and Construction Payments
$	525	—to continue program based on current year estimated revenue collections.

Supplemental Local Road Maintenance and Construction Payment is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
MOTOR LICENSE FUND:							
Local Road Maintenance and Construction Payments	184,879	189,239	189,764	186,141	192,855	195,880	198,954
Supplemental Local Road Maintenance and Construction Payment	5,000	5,000	5,000	5,000	5,000	5,000	5,000
TOTAL MOTOR LICENSE FUND	$ 189,879	$ 194,239	$ 194,764	$ 191,141	$ 197,855	$ 200,880	$ 203,954

PROGRAM OBJECTIVE: To provide frequent, fast, inexpensive transit services between residential neighborhoods and employment centers at a level sufficient to alleviate prevailing pressures on urban road systems caused by congestion and lack of parking facilities and to provide transit service that will increase the mobility of rural Pennsylvanians.

Program: Mass Transportation

Act 26 of 1991 made numerous revisions to the Pennsylvania Mass Transportation Law including the establishment of the Public Transportation Assistance Fund (PTAF). This fund provides a dedicated source of revenue to the Commonwealth's transit providers that can be used for capital replacement and asset maintenance. This source of transit revenue is in addition to the mass transit assistance program funded by the General Fund. The General Fund program is based on fixed percentages of the total amount appropriated annually by the General Assembly. These percentages take into consideration historical funding, fare box revenues and vehicle miles. Under this formula three classes of urban transit entities have been established based on the number of vehicles operated during peak hours. A local or private funding commitment is required in an amount not less than one-third of the total State grant. Each system, on an annual basis, is required to adopt a specific series of service standards and performance evaluation measures. The Commonwealth, along with Federal and local governments, annually provide grants to the State's twenty-one urban transit systems.

Act 26 of 1991 provides for a fourth class of transit entity to include rural and small urban transit entities once mass transportation assistance has reached a "trigger" amount. Since 1995-96, rural and small urban entities are funded from the Mass Transportation Assistance appropriation since the trigger amount has been exceeded.

Act 3 of 1997 provides additional State funding for urban, rural and community transportation systems by dedicating 1.22 percent of sales and use tax collections up to a maximum of $75 million per year. Most of these funds can be used for operating assistance as well as for capital replacement.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Passengers carried by State-assisted operators (millions annually)	301.9	300.4	304.3	307.1	308.9	310.1	311.6
Passengers per vehicle hour	26.3	25.3	25.0	25.0	25.0	25.0	25.0
Percentage share of average income of mass transit trips:							
From passenger	44.7	45.7	45.3	45.3	45.3	45.3	45.3
From Commonwealth	45.3	44.1	44.6	44.6	44.6	44.6	44.6
From Federal Government	1.1	1.3	1.2	1.2	1.2	1.2	1.2
From local government	8.9	8.9	8.9	8.9	8.9	8.9	8.9

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Mass Transportation Assistance

$ 9,296 – Initiative – Funding Restoration. To provide additional funding for mass transportation services.

The Rail Safety Inspection, Regional Mass Transit Planning and Assistance, and Rural Transportation Assistance are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Rail Safety Inspection	$ 446	$ 434	$ 434	$ 434	$ 434	$ 434	$ 434
Mass Transportation Assistance	270,019	270,019	279,315	279,315	279,315	279,315	279,315
Regional Mass Transit Planning & Assistance	2,000	0	0	0	0	0	0
Rural Transportation Assistance	998	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL GENERAL FUND	$ 273,463	271,453	280,749	280,749	280,749	280,749	280,749

PROGRAM OBJECTIVE: To facilitate the development of improved rail, cargo service and intercity bus service between major urban areas of the Commonwealth, thereby providing relief for over utilized intercity highway and air systems.

Program: Intercity Transportation

Commonwealth activities involve four separate intercity transportation programs: intercity bus service such as that operated by Greyhound and Trailways, Commonwealth flight services, intercity rail passenger service operated by Amtrak, and rail freight service of importance to local shippers on the State's Rail Branchline System.

The Commonwealth's intercity bus program supports systems where, without operating assistance, essential service would be terminated. It is estimated that about 411,000 passengers will utilize Commonwealth subsidized intercity bus services in 2003-04. As private operators propose termination of such services, the Department of Transportation will continue to evaluate the economic and social impacts of service termination and the merits of public subsidy. Federal funds are also used to support intercity bus operations and supplement the existing State-sponsored program.

Intercity rail passenger service in Pennsylvania, as distinguished from local or regional commuter service, is presently provided by the National Railroad Passenger Corporation (Amtrak). The majority of the service is operated as part of Amtrak's national system without financial assistance from the Commonwealth. The department has contracted with Amtrak to provide additional service to supplement Amtrak's national system schedule. This subsidized service, the Keystone Rail Service, is provided on the Philadelphia/Harrisburg corridor and consists of 44 one-way trains per week.

The Commonwealth's rail freight network provides a competitive cost advantage for business and industry that depend upon cost effective transportation of bulk commodities.

The Commonwealth's rail freight program provides assistance for accelerated maintenance and capital projects on non-State-owned lines. The Accelerated Maintenance Program was established in 1982 in response to a substantial, expedited abandonment program undertaken by Conrail in accordance with provisions of the Northeast Rail Service Act (NERSA) of 1981. NERSA allowed Conrail to rid itself of unprofitable lines in a procedure not subject to appeal, as one of a number of ways for the Conrail system to achieve profitability. Under this Commonwealth program, funding is provided for basic track rehabilitation and other infrastructure improvements.

The State share for the larger capital projects comes from bond funds and generally represents 50 percent of the total project cost for construction projects and 75 percent of the total project cost for maintenance projects. Smaller maintenance and construction projects are funded from current revenues through the Rail Freight Assistance appropriation. The Department of Transportation generally provides 75 percent of the funding for accelerated maintenance projects not to exceed $250,000 and 50 percent of the funding for construction projects not to exceed $100,000.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Intercity Bus:							
Passengers handled	375,625	411,000	411,000	411,000	411,000	411,000	411,000
Subsidy per bus mile	$0.55	$0.59	$0.59	$0.59	$0.59	$0.59	$0.59
Rail Freight:							
Miles of rail lines:							
State owned	34	9	1.2	1.2	1.2	1.2	1.2
Jobs created by State-supported rail freight improvements*	1,173	1,173	1,390	1,390	1,390	1,390	1,390
Intercity Rail:							
Passengers handled	217,100	222,000	222,000	224,000	224,000	224,000	224,000
Subsidy per passenger mile	$0.35	$0.38	$0.39	$0.39	$0.39	$0.39	$0.39

* New Program Measure.

Program: Intercity Transportation (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

$ 400	**Intercity Transportation** – Initiative – Program Enhancement. To provide additional funding for the Keystone Corridor.
$ 4,250	**Rail Freight Assistance** – Initiative – Program Expansion. To provide additional maintenance and capital support for non-State owned rail lines.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Intercity Transportation	$ 6,413	$ 7,013	$ 7,413	$ 7,413	$ 7,413	$ 7,413	$ 7,413
Rail Freight Assistance	4,089	4,250	8,500	8,500	8,500	8,500	8,500
TOTAL GENERAL FUND	$ 10,502	$ 11,263	$ 15,913	$ 15,913	$ 15,913	$ 15,913	$ 15,913

PROGRAM OBJECTIVE: To promote the development of a system of airport facilities adequate to meet the passenger and cargo needs of the Commonwealth's citizens.

Program: Air Transportation

Aviation plays a major role in the movement of passengers and cargo throughout the Commonwealth. With nearly 800 landing areas, Pennsylvania is fifth nationally in both the number of airports and in landing facilities per square mile. In addition to facilitating the movement of people and goods, air transportation facilities bring substantial economic benefits to the State directly through air transportation or related jobs and indirectly through additional incentives to industry to locate and conduct business in Pennsylvania. 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 also administers grant programs that are funded from the Aviation Restricted Revenue Account. These programs include:

— An airport development grant program for public use airports based on the site and economic viability of the project. Grants provide a maximum of five percent of the total project cost for Federally funded projects and a maximum of seventy-five percent of the total project costs for nonfederal projects.

— A real estate tax rebate program for public airports that is funded exclusively from the Statewide aviation fuel tax.

In addition, the Commonwealth is one of only nine states chosen as a Federal block grant state. The Commonwealth, through the Department of Transportation, is receiving approximately $17 million each year from the Federal Aviation Administration (FAA) to be distributed to qualifying airports throughout the Commonwealth. To qualify, an airport must be a public use airport as identified in the National Plan of Integrated Airport Systems. The funds may be used for runways, taxiways, terminals and other related projects.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Airports receiving State grants:							
Airport development grants	61	65	65	68	68	68	68
Percentage of public use airports:							
with runways in need of improvement* ..	22%	19%	17%	15%	13%	11%	9%

*New program measure.

Program Recommendations:

The budget recommends the Airport Development Grants Program at the $8 million level. It is funded from the Aviation Restricted Revenue Account.

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 such as the issuance of vehicle registrations and driver's licenses. The department is responsible for processing applications and collecting fees for all vehicle registrations, titles and operator licenses. Last year, over 10.6 million vehicles were registered under Pennsylvania's annual renewal cycle. This total included over 187,000 heavy trucks greater than 17,000 pounds and more than 128,000 trailers greater than 10,000 pounds. The number of licensed drivers has remained consistent over the past few years at 8.3 million, including 390,000 commercial drivers. The four-year driver's license expiration cycle is staggered so that about two million renewals are processed each year.

The testing, inspection and revocation aspects of operator and vehicular licensing activities fall within the Safety Administration and Licensing Program. The driver's testing program is designed to screen out applicants with insufficient driving knowledge or skills as well as identify applicants with mental or physical disabilities. The department also operates the Driver's License Examination Program. More than 810,000 driving knowledge and skills tests were conducted in fiscal year 2002-03 so those applicants can be certified to operate passenger and commercial vehicles and motorcycles. A Statewide network of facilities is utilized to conduct written, oral and skills tests. In compliance with the Federal Commercial Motor Vehicle Safety Act of 1986, commercial and bus operators receive a specialized written and driving test.

The safety inspection program for the Commonwealth's more than 10 million motor vehicles is intended to minimize traffic accidents due to mechanical failure. The Commonwealth's current emission inspection program inspects 3.6 million vehicles annually with the intended purpose of improving air quality. Beginning in December 2003, an Onboard Diagnostic (OBD) program for 1996 and newer vehicles will be implemented in the existing program areas, as well as the counties of: Berks, Cumberland, Dauphin, Lancaster, Lebanon, Lehigh, Northampton and York. Approximately 2 million vehicles will be impacted by this expansion. Beginning in January 2004, a visual anti-tampering check and a gas-cap test will be implemented in the eight northern counties of Blair, Cambria, Centre, Erie, Lackawanna, Luzerne, Lycoming and Mercer for most 1975 and newer model-year vehicles. Approximately 1 million vehicles will be impacted by this expansion. From January through June, the existing counties in the Philadelphia and Pittsburgh Regions will begin transitioning to OBD, which will replace the existing tailpipe test for 1996 and newer vehicles. Also, in the remaining 42 counties that do not participate in the emissions inspection program, an enhanced safety inspection program will begin in December 2003, which will incorporate a visual anti-tampering check for the presence of emission control components that were installed on the vehicle by the manufacture. Approximately 2.2 million vehicles will be impacted by this change. The department licenses inspection stations, trains vehicle inspectors and monitors the work of mechanics to assure compliance with approved safety standards.

Pennsylvania enforcement officials are responsible for the issuance of citations for vehicle code violations. Over one-half of the one million citations issued annually result in the department having to take some action against a driver or vehicle record. In addition to assigning points for driver infractions, the department suspends or revokes licenses for an accumulation of points. Commercial drivers may be sanctioned by having their commercial driving privilege revoked for certain offenses if committed in a commercial motor vehicle. The department, however, is authorized to issue an Occupational Limited License (OLL) to certain suspended drivers if mandated criteria for eligibility is met. The license is limited to specific hours and destinations as described by the applicant and approved by the department. Act 143 of 1994 redefines the criteria used to classify habitual offenders — people whose driving privileges have been revoked for five years or longer due to an accumulation of three or more convictions for certain serious offenses. This legislation also established a "Probationary License," which is not restricted to work-related use. Successful applicants must meet strict criteria.

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 program combined with the authority granted enforcement officials to cite motorists detected as not having insurance can result in a revocation or suspension of vehicle registration.

The Department of Transportation currently has 99 offices Statewide that offer driver examination and/or photo licensing services and is working with private business to further decentralize its driver and vehicle services to improve

Program: Safety Administration and Licensing (continued)

access. The computerized on-line messenger program, which connects the private business with the Department of Transportation, has been the cornerstone in this effort. Currently there are 199 messenger sites on-line, with further expansion planned through 2004. 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. In addition, the department has instituted a mobile driver and services unit and has implemented a program that enables driver education teachers at schools to administer the skills test to their students.

On May 16, 2001, PENNDOT successfully implemented its Internet renewal system for use by the general public. This program gives customers the ability to renew their non-commercial driver's license, photo identification card or vehicle registration via the Internet. As of July 2003, over 1.8 million customers (driver license and vehicle registration) have used the Internet renewal services. Over 10.5% of those eligible for on-line driver license and vehicle registration renewals chose the Internet in July 2003. Driver history requests for individuals and businesses were implemented in May 2002. As of August 2003, over 21,000 individual driver histories have been provided on-line and 444 business accounts have been issued. Nearly 29,000 business requests for driver histories have been conducted on-line. An Internet change of address service was implemented in August 2002. To date, 70,000 vehicle registration and driver license address changes have been completed through the on-line services. Exam scheduling was implemented in November 2002. Over 87,000 driver license skill tests have been scheduled by customers via the Internet. An on-line survey is used to measure our customer's satisfaction with these Internet services. Over 304,000 surveys have been completed, and 99.73% of the respondents indicate that they would use these services again in the future. The survey provides customers the opportunity to rate Internet services; the site is being rated at over 4.7 (on a scale of 1 to 5) for both ease-of-use and overall performance. Survey results are used to determine improvements to the Internet service.

Program Measures:	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Vehicles inspected:							
Safety inspections	10,317,210	10,479,000	10,688,000	10,902,000	11,120,000	11,343,000	11,570,000
Emission inspections	3,299,893	4,500,000	6,100,000	6,222,000	6,346,480	6,473,369	6,602,836
Registrations:							
New	1,644,000	1,666,000	1,677,000	1,694,000	1,711,000	1,728,000	1,745,000
Renewed	8,455,000	8,540,000	8,625,000	8,711,000	8,798,000	8,886,000	8,975,000
Licensed drivers:							
New	259,300	254,000	249,000	249,000	249,000	249,000	249,000
Renewed	2,042,800	2,032,600	2,022,600	2,022,600	2,022,600	2,022,600	2,022,600
New commercial drivers licensed	15,291	15,200	15,200	15,200	15,200	15,200	15,200
Photo identification cards issued (non-driver photo)	258,900	261,500	264,100	264,100	264,100	264,100	264,100
Service Center customers served within 30 minutes*	92%	90%	99%	99%	99%	99%	99%
Access rate of driver and vehicle services call center*	96%	94%	94%	94%	94%	94%	94%

Emission inspections decreased in 2002-03 from the projection shown in last year's budget due to the delay of the emission inspection program expansion.

Photo identification cards issued increase from those shown in last year's budget due to security requirements.

*New program measure.

Program: Safety Administration and Licensing (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Voter Registration

$ –28	– Initiative – Operational Efficiency. Savings from operational efficiencies.
–9	—to continue current program.
$ –37	*Appropriation Decrease*

MOTOR LICENSE FUND

Safety Administration and Licensing

$ 162	—to continue current program.
–3,904	– Initiative – Operational Efficiency. Savings from administrative and operational efficiencies.
$ –3,742	*Appropriation Decrease*

Vehicle Sales Tax Collection and Organ Donor Operations are recommended at current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Vehicle Sales Tax Collections	$ 1,907	$ 1,829	$ 1,829	$ 1,829	$ 1,829	$ 1,829	$ 1,829
Voter Registration	974	938	901	901	901	901	901
Organ Donor Operations	100	99	99	99	99	99	99
TOTAL GENERAL FUND	$ 2,981	$ 2,866	$ 2,829	$ 2,829	$ 2,829	$ 2,829	$ 2,829
MOTOR LICENSE FUND:							
Safety Administration and Licensing	$ 118,299	$ 130,529	$ 126,787	$ 126,787	$ 126,787	$ 126,787	$ 126,787

PROGRAM OBJECTIVE: To provide transportation services to older Pennsylvanians thereby increasing their ability to more fully participate in community life.

Program: Older Pennsylvanians Transit

The Commonwealth's older citizens have benefited from greater mobility since the implementation of the Free Transit Program in 1973. The program is funded by State Lottery proceeds and the Fixed Route Transit appropriation in the General Fund. Under this program, Pennsylvanians 65 years of age or older are eligible for free rides on participating local fixed route operations during off-peak hours on weekdays and all day on weekends and holidays. In July 1980, the free service was extended to commuter rail lines.

The Shared Ride Program for older Pennsylvanians, authorized by Act 101 of 1980 and amended by Act 36 of 1991, permits citizens 65 years of age or older to ride on shared-ride, demand responsive transportation services operating on a non-fixed route basis, and pay 15 percent of the fare. The State Lottery Fund 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 facilities. They further recognize that many retired persons must live within a fixed and limited income and cannot afford to use public transit as often as needed.

The 2003-04 budget expanded the availability of transportation services for persons with disabilities living in rural communities who are not eligible for other publicly-funded transportation services. As a result of this expansion, approximately 67,500 additional rides will be provided to persons with disabilities, thereby increasing accessibility and promoting independence.

Program Measures:

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Free transit trips	39,638,522	40,851,282	42,076,821	42,918,360	43,776,723	44,652,256	45,545,303
Trips on State assisted shared ride vehicles	5,694,205	5,821,966	5,909,000	5,998,000	6,088,000	6,179,000	6,272,000
Cost to the Commonwealth per trip:							
Free Transit	$1.84	$1.80	$1.96	$1.96	$1.96	$1.96	$1.96
State assisted shared ride vehicles	$10.85	$11.69	$12.29	$12.90	$13.55	$14.23	$14.94

The cost to the Commonwealth per trip for free transit is higher than in last year's budget due to fare increases.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND

Fixed Route Transit

$ –1,394 —to continue current program.

LOTTERY FUND

Older Pennsylvanians Shared Rides

$ –1,969 —to continue current program.

Older Pennsylvanians Free Transit

$ 1,000 —to continue current program.

Program: Older Pennsylvanians Transit (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Fixed Route Transit	$ 24,286	$ 26,394	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000
LOTTERY FUND:							
Older Pennsylvanians Shared Rides (EA)	66,089	75,122	73,153	73,153	73,153	73,153	73,153
Older Pennsylvanians Free Transit (EA)	58,002	62,000	63,000	63,000	63,000	63,000	63,000
TOTAL LOTTERY FUND	$ 124,091	$ 137,122	$ 136,153	$ 136,153	$ 136,153	$ 136,153	$ 136,153

LEGISLATURE

The General Assembly of Pennsylvania formulates and enacts the public policy of the Commonwealth. Through legislation and resolution, it defines the functions of the State Government, provides for revenue for the Commonwealth and appropriates money for the operation of State agencies and other purposes.

The General Assembly is composed of two bodies—the Senate and the House of Representatives. Its sessions begin on the first Tuesday of each year unless otherwise convened by proclamation of the Governor.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
Senate:			
Fifty Senators	$ 4,560	$ 4,560	$ 4,560
Senate President - Personnel Expenses	290	290	290
Employes of Chief Clerk	4,800	5,800	5,800
Salaried Officers and Employes	7,236	8,236	8,236
Incidental Expenses	1,400	2,700	2,700
Postage - Chief Clerk and Legislative Journal	1,400	1,400	1,400
President	5	5	5
President Pro Tempore	20	20	20
Floor Leader (R)	7	7	7
Floor Leader (D)	7	7	7
Whip (R)	6	6	6
Whip (D)	6	6	6
Chairman of the Caucus (R)	3	3	3
Chairman of the Caucus (D)	3	3	3
Secretary of the Caucus (R)	3	3	3
Secretary of the Caucus (D)	3	3	3
Chairman of the Appropriations Committee (R)	6	6	6
Chairman of the Appropriations Committee (D)	6	6	6
Chairman of the Policy Committee (R)	2	2	2
Chairman of the Policy Committee (D)	2	2	2
Caucus Administrator (R)	2	2	2
Caucus Administrator (D)	2	2	2
Expenses - Senators	1,449	1,149	1,149
Legislative Printing and Expenses	7,077	11,077	11,077
Computer Services (R)	3,532	4,532	4,532
Computer Services (D)	4,532	4,532	4,532
Committee on Appropriations (R)	1,400	0	0
Committee on Appropriations (D)	3,400	0	0
Committee on Appropriations (R) and (D)	0	7,800	7,800
Special Leadership Account (R)	13,170	0	0
Special Leadership Account (D)	10,170	0	0
Special Leadership Account (R) and (D)	0	19,840	19,840
Legislative Management Committee (R)	4,678	0	0
Legislative Management Committee (D)	5,678	0	0
Legislative Management Committee (R) and (D)	0	12,856	12,856
Senate Flag Purchase	24	24	24
Subtotal	$ 74,879	$ 84,879	$ 84,879
House of Representatives:			
Members' Salaries, Speaker's Extra Compensation	$ 19,222	$ 19,222	$ 19,222
House Employes (R)	11,251	12,625	12,625
House Employes (D)	11,251	12,625	12,625
Speaker's Office	897	897	897
Bi-Partisan Committee, Chief Clerk, Comptroller	7,959	11,159	11,159
Mileage - Representatives, Officers and Employes	200	200	200
Chief Clerk and Legislative Journal	1,500	1,500	1,500
Speaker	20	20	20
Chief Clerk	643	643	643
Floor Leader (R)	7	7	7
Floor Leader (D)	7	7	7
Whip (R)	6	6	6
Whip (D)	6	6	6
Chairman - Caucus (R)	3	3	3
Chairman - Caucus (D)	3	3	3
Secretary - Caucus (R)	3	3	3
Secretary - Caucus (D)	3	3	3
Chairman - Appropriations Committee (R)	6	6	6

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Chairman - Appropriations Committee (D)	6	6	6
Chairman - Policy Committee (R)	2	2	2
Chairman - Policy Committee (D)	2	2	2
Caucus Administrator (R)	2	2	2
Caucus Administrator (D)	2	2	2
Administrator for Staff (R)	20	20	20
Administrator for Staff (D)	20	20	20
Legislative Office for Research Liaison	622	622	622
Incidental Expenses	6,845	6,845	6,845
Expenses - Representatives	3,100	5,133	5,133
Legislative Printing and Expenses	14,000	14,000	14,000
Members' Home Office Expenses	2,033	0	0
National Legislative Conference - Expenses	194	194	194
Committee on Appropriations (R)	1,945	2,670	2,670
Committee on Appropriations (D)	1,945	2,670	2,670
Special Leadership Account (R)	12,329	13,329	13,329
Special Leadership Account (D)	12,329	13,329	13,329
Legislative Management Committee (R)	14,057	14,057	14,057
Legislative Management Committee (D)	14,057	14,057	14,057
Commonwealth Emergency Medical System	35	35	35
House Flag Purchase	24	24	24
Information Technology	14,000	16,000	16,000
School for New Members	15	15	15
Subtotal	$ 150,571	$ 161,969	$ 161,969
Legislative Reference Bureau:			
Legislative Reference Bureau - Salaries & Expenses	$ 6,783	$ 6,783	$ 7,598
Contingent Expenses	20	20	20
Printing of PA Bulletin and PA Code	595	595	795
Subtotal	$ 7,398	$ 7,398	$ 8,413
Legislative Budget and Finance Committee	$ 2,250	$ 2,250	$ 2,250
Commonwealth Mail Processing Center	400	900	900
Legislative Miscellaneous and Commissions:			
Legislative Data Processing Center	$ 3,751	$ 3,751	$ 3,751
Joint State Government Commission	1,764	1,764	1,795
Local Government Commission	979	979	1,159
Local Government Codes	28	28	28
Joint Legislative Air and Water Pollution Control Committee	483	483	498
Legislative Audit Advisory Commission	154	168	168
Independent Regulatory Review Commission	1,850	1,850	1,850
Capitol Preservation Committee	730	730	967
Capitol Restoration	4,150	4,150	4,150
Flag Conservation	60	60	60
Colonial History	197	197	197
Capitol Centennial	100	100	150
Rare Books Conservation	400	400	400
Commission on Sentencing	992	992	992
(F)DCSI - Web Expansion and JNET Interface (EA)	395	76	19
(F)DCSI - Policy Research (EA)	147	0	0
(F)DCSI - JNET Information Technology (EA)	125	126	126
(F)DCSI - Community Corrections (EA)	136	0	0
(F)DCSI - Restitution Collections (EA)	100	100	100
(F)DCSI - RIP Evaluation (EA)	69	138	138
Center For Rural Pennsylvania	1,050	1,050	1,050
Council of State Governments - Annual Meeting	200	0	0
Health Care Cost Containment Council	3,953	3,755	4,019
State Ethics Commission	1,761	1,761	1,805

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Subtotal	$ 23,574	$ 22,658	$ 23,422
Subtotal - State Funds	$ 258,100	$ 279,614	$ 281,450
Subtotal - Federal Funds	972	440	383
Total - General Government	$ 259,072	$ 280,054	$ 281,833
STATE FUNDS	$ 258,100	$ 279,614	$ 281,450
FEDERAL FUNDS	972	440	383
GENERAL FUND TOTAL	**$ 259,072**	**$ 280,054**	**$ 281,833**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
LEGISLATURE							
GENERAL FUND	$ 258,100	$ 279,614	$ 281,450	$ 281,450	$ 281,450	$ 281,450	$ 281,450
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	972	440	383	383	383	383	383
OTHER FUNDS	0	0	0	0	0	0	0
SUBCATEGORY TOTAL	$ 259,072	$ 280,054	$ 281,833	$ 281,833	$ 281,833	$ 281,833	$ 281,833
ALL PROGRAMS:							
GENERAL FUND	$ 258,100	$ 279,614	$ 281,450	$ 281,450	$ 281,450	$ 281,450	$ 281,450
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	972	440	383	383	383	383	383
OTHER FUNDS	0	0	0	0	0	0	0
DEPARTMENT TOTAL	$ 259,072	$ 280,054	$ 281,833	$ 281,833	$ 281,833	$ 281,833	$ 281,833

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

$ 1,836 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
TOTAL GENERAL FUND	$ 258,100	$ 279,614	$ 281,450	$ 281,450	$ 281,450	$ 281,450	$ 281,450

JUDICIARY

The objective of the judicial system of the Commonwealth is to provide citizens with prompt and equitable justice under the law.

The court system includes the Supreme Court, Superior Court, Commonwealth Court, Courts of Common Pleas and Community Courts including District Justices, Philadelphia Municipal Court, Philadelphia Traffic Court and the Pittsburgh Magistrate Court.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
GENERAL FUND:			
General Government:			
Supreme Court:			
Supreme Court	$ 12,226	$ 12,696	$ 13,151
(A)Filing Fees	352	346	346
Justices Expenses	180	180	180
Judicial Council	179	183	153
District Court Administrators	13,621	14,487	14,817
Court Management Education	150	157	157
(A)Court Management Program	9	0	9
Civil Procedural Rules Committee	403	423	390
Appellate/Orphans Rules Committee	175	180	165
Rules of Evidence Committee	163	169	163
Minor Court Rules Committee	171	178	173
Criminal Procedural Rules Committee	409	418	427
Domestic Relations Committee	167	196	203
(A)Miscellaneous revenue	25	0	0
Juvenile Court Rules Committee	167	198	180
Committee on Racial and Gender Bias	199	0	0
Court Administrator	7,482	7,960	8,736
(A)Miscellaneous	6	4	5
Integrated Criminal Justice System	3,140	1,999	2,095
(R)Judicial Computer System	44,798	44,863	42,065
Subtotal	$ 84,022	$ 84,637	$ 83,415
Superior Court:			
Superior Court	$ 24,493	$ 25,733	$ 26,679
(A)Filing Fees	245	265	265
Judges Expenses	237	237	237
Subtotal	$ 24,975	$ 26,235	$ 27,181
Commonwealth Court:			
Commonwealth Court	$ 15,219	$ 16,019	$ 16,060
(A)Filing Fees	218	200	200
Judges Expenses	143	143	143
Subtotal	$ 15,580	$ 16,362	$ 16,403
Courts of Common Pleas:			
Courts of Common Pleas	$ 59,542	$ 63,655	$ 68,436
Senior Judges	3,798	3,879	3,996
Judicial Education	727	727	727
Ethics Committee	40	40	40
Subtotal	$ 64,107	$ 68,301	$ 73,199
District Justices:			
District Justices	$ 49,131	$ 52,364	$ 55,282
District Justice Education	576	605	605
(A)Registration Fees	32	27	32
Subtotal	$ 49,739	$ 52,996	$ 55,919
Philadelphia Courts:			
Traffic Court	$ 679	$ 747	$ 840
Municipal Court	4,655	4,855	5,061
Law Clerks	39	39	39
Domestic Violence Services	204	204	204
Subtotal	$ 5,577	$ 5,845	$ 6,144

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands) 2002-03 ACTUAL	2003-04 AVAILABLE	2004-05 BUDGET
Judicial Conduct Board	$ **1,046**	$ **1,094**	$ **1,127**
Court of Judicial Discipline	**426**	**433**	**451**
Subtotal - State Funds	$ 199,787	$ 210,198	$ 220,917
Subtotal - Augmentations	887	842	857
Subtotal - Restricted Revenues	44,798	44,863	42,065
Total - General Government	$ 245,472	$ 255,903	$ 263,839
Grants and Subsidies:			
Reimbursement of County Costs:			
Jurors	$ **1,369**	$ **1,369**	$ **1,369**
County Courts	**31,356**	**32,196**	**32,126**
Senior Judge Reimbursement	**2,500**	**2,500**	**2,000**
Subtotal	$ 35,225	$ 36,065	$ 35,495
Total - Grants and Subsidies	$ 35,225	$ 36,065	$ 35,495
STATE FUNDS	$ 235,012	$ 246,263	$ 256,412
AUGMENTATIONS	887	842	857
RESTRICTED REVENUES	44,798	44,863	42,065
GENERAL FUND TOTAL	$ **280,697**	$ **291,968**	$ **299,334**

Program Funding Summary

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
STATE JUDICIAL SYSTEM							
GENERAL FUND	$ 235,012	$ 246,263	$ 256,412	$ 256,412	$ 256,412	$ 256,412	$ 256,412
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	45,685	45,705	42,922	42,922	42,922	42,922	42,922
SUBCATEGORY TOTAL	$ 280,697	$ 291,968	$ 299,334	$ 299,334	$ 299,334	$ 299,334	$ 299,334
ALL PROGRAMS:							
GENERAL FUND	$ 235,012	$ 246,263	$ 256,412	$ 256,412	$ 256,412	$ 256,412	$ 256,412
SPECIAL FUNDS	0	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0	0
OTHER FUNDS	45,685	45,705	42,922	42,922	42,922	42,922	42,922
DEPARTMENT TOTAL	$ 280,697	$ 291,968	$ 299,334	$ 299,334	$ 299,334	$ 299,334	$ 299,334

PROGRAM OBJECTIVE: To provide the citizens of the Commonwealth with prompt and equitable justice.

Program: State Judicial System

The judicial power of the Commonwealth is vested in a court system consisting of the Supreme Court, Superior Court, Commonwealth Court, Courts of Common Pleas, Philadelphia Municipal Court, Pittsburgh Magistrates Court, Traffic Court of Philadelphia and District Justices.

At the first level in the court system are the special courts. In counties other than Philadelphia, these courts are presided over by district justices who have jurisdiction over summary criminal cases, landlord-tenant matters and other civil actions where the amount claimed does not exceed $8,000. They also have jurisdiction to issue warrants, hold arraignments and preliminary hearings in all criminal cases, and to accept guilty pleas under certain circumstances.

Although district justices need not be lawyers, they must complete an educational course and pass a qualifying examination administered by the Minor Judiciary Education Board in order to be certified. They must also participate in one week of continuing education each year.

In Philadelphia, the special courts are the Municipal Court and the Traffic Court. Municipal Court is a court of record whose 25 judges must be lawyers. Its limited jurisdiction is analogous to that of the district justices. The Philadelphia Traffic Court, composed of seven judges, has jurisdiction over all summary offenses under the Motor Vehicle Code and related city ordinances.

The City of Pittsburgh has six magistrates in addition to the district justices who may issue arrest warrants and preside at arraignments and preliminary hearings for all criminal offenses occurring within the city. A study has begun to determine the viability of maintaining both an appointed magistrates court and elected district justices within the City.

The Courts of Common Pleas are the courts of general trial jurisdiction. They have original jurisdiction over all cases that are not exclusively assigned to another court. Appellate jurisdiction extends to appeals from final orders of the lower courts and appeals from certain State and most local government agencies.

There are two levels of appellate courts in Pennsylvania. The lower level consists of the Superior Court with fifteen judges and the Commonwealth Court with nine judges. At the higher level, Pennsylvania's court of last resort is the Supreme Court with seven justices.

In general, appeals from the Courts of Common Pleas are taken to one of the two intermediate appellate courts. Commonwealth Court basically has jurisdiction over appeals involving government agencies and officials, as well as many matters involving not-for-profit corporations. It also has original jurisdiction over Election Code matters and cases involving State officials. Superior Court has jurisdiction over all direct appeals that are not within the specific statutory jurisdiction of another appellate court.

As defined by the State Constitution, statute and court rule, the Administrative Office of Pennsylvania Courts (AOPC) is the administrative arm of the Supreme Court, assisting that Court in its oversight responsibility of the Commonwealth's Unified Judicial System. The AOPC provides services for approximately 2,000 members of the Judiciary and staff, including budgeting, accounting, benefits and retirement counseling, legal representation, policy guidance, technical advice, education, research, legislative affairs, communications, administration and development of the judicial computer project and data processing.

The Judicial Computer System has the ultimate goal of computerization of the entire judiciary. Projects completed by December 2003 include: 1) the District Justice System which has computerized all of the 550 district justice offices throughout Pennsylvania, providing district justices with the electronic tools needed to effectively manage cases and improve the accounting and reporting of the status of fees and fines; 2) the Administrative Services Application Program which serves the court's administrative needs, including accounting, budgeting, payroll and human resources functions; 3) the Pennsylvania Appellate Courts Case Management System, which is an integrated and automated case management system that serves the three appellate courts; 4) enhancements to the District Justice System to facilitate the flow of criminal information to the Integrated Criminal Justice Network (commonly known as J-NET); and 5) the pilot program of the Common Pleas Project. In 2004-05, the Common Pleas Project will reach the point where the Statewide automation of the Common Pleas criminal courts will begin. Later phases will extend automation to the civil courts.

The role of the Judicial Conduct Board is to investigate complaints regarding judicial conduct. Hearings are conducted by the Court of Judicial Discipline to determine whether a sanction should be imposed upon a member of the judiciary.

Program: State Judicial System (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

Supreme Court
$ 455 —to continue current program.

District Court Administrators
$ 330 —to continue current program.

Court Administrator
$ 776 —to continue current program.

Integrated Criminal Justice System
$ 96 —to continue current program.

Superior Court
$ 946 —to continue current program.

Commonwealth Court
$ 41 —to continue current program.

Courts of Common Pleas
$ 1,062 —for thirteen new judges effective January 2004.
3,719 —to continue current program.
$ 4,781 *Appropriation Increase*

District Justices
$ 2,918 —to continue current program.

This budget recommends all other appropriations either at levels based on estimated revenues or at levels to carry current programs forward. Recommendations include funding for salary increases for all judicial positions as specified in Act 51 of 1995.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND:							
Supreme Court	12,226	12,696	13,151	13,151	13,151	13,151	13,151
Justices Expenses	180	180	180	180	180	180	180
Judicial Council	179	183	153	153	153	153	153
District Court Administrators	13,621	14,487	14,817	14,817	14,817	14,817	14,817
Court Management Education	150	157	157	157	157	157	157
Civil Procedural Rules Committee	403	423	390	390	390	390	390
Appellate/Orphans Rules Committee	175	180	165	165	165	165	165
Rules of Evidence Committee	163	169	163	163	163	163	163
Minor Court Rules Committee	171	178	173	173	173	173	173
Criminal Procedural Rules Committee	409	418	427	427	427	427	427
Domestic Relations Committee	167	196	203	203	203	203	203
Juvenile Court Rules Committee	167	198	180	180	180	180	180
Committee on Racial and Gender Bias	199	0	0	0	0	0	0
Court Administrator	7,482	7,960	8,736	8,736	8,736	8,736	8,736
Integrated Criminal Justice System	3,140	1,999	2,095	2,095	2,095	2,095	2,095
Superior Court	24,493	25,733	26,679	26,679	26,679	26,679	26,679
Judges Expenses	237	237	237	237	237	237	237
Commonwealth Court	15,219	16,019	16,060	16,060	16,060	16,060	16,060
Judges Expenses	143	143	143	143	143	143	143
Courts of Common Pleas	59,542	63,655	68,436	68,436	68,436	68,436	68,436
Senior Judges	3,798	3,879	3,996	3,996	3,996	3,996	3,996
Judicial Education	727	727	727	727	727	727	727
Ethics Committee	40	40	40	40	40	40	40
District Justices	49,131	52,364	55,282	55,282	55,282	55,282	55,282
District Justice Education	576	605	605	605	605	605	605
Traffic Court	679	747	840	840	840	840	840
Municipal Court	4,655	4,855	5,061	5,061	5,061	5,061	5,061
Law Clerks	39	39	39	39	39	39	39

Program: State Judicial System (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL FUND (continued):							
Domestic Violence Services	204	204	204	204	204	204	204
Judicial Conduct Board	1,046	1,094	1,127	1,127	1,127	1,127	1,127
Court of Judicial Discipline	426	433	451	451	451	451	451
Jurors	1,369	1,369	1,369	1,369	1,369	1,369	1,369
County Courts	31,356	32,196	32,126	32,126	32,126	32,126	32,126
Senior Judge Reimbursement	2,500	2,500	2,000	2,000	2,000	2,000	2,000
TOTAL GENERAL FUND	$ 235,012	$ 246,263	256,412	256,412	256,412	256,412	256,412

Governor's Executive Budget

CAPITAL BUDGET

CAPITAL BUDGET
Program Summary

This section contains the 2004-05 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 is 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.

2004-05 New Project Authorizations — This section itemizes and describes the new capital projects recommended for authorization in 2004-05 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 2005-06 through 2008-09. 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 2004-05 and projects which will be authorized in the future (2005-09).

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)

	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
GENERAL OBLIGATION BOND FUNDING					
Revenues					
Capital Facilities Bonds:					
Public Improvement Projects - Buildings and Structures...	$ 335,000	$ 437,000	$ 355,000	$ 400,000	$ 480,000
Public Improvement Projects - Furniture and Equipment..	0	0	0	0	3,000
Redevelopment Assistance Projects	270,000	250,000	210,000	205,000	130,000
Flood Control Projects	1,000	5,000	10,000	9,000	5,000
Transportation Assistance Projects	150,000	150,000	150,000	150,000	150,000
Less: Costs of Issue	-11,340	-12,630	-10,875	-11,460	-7,680
Miscellaneous Revenue	22,939	7,873	8,443	8,812	8,543
Change in Available Cash	12,831	1,437	3,004	2,229	5,650
Total	$ 780,430	$ 838,680	$ 725,572	$ 763,581	$ 774,513
Expenditures					
Capital Facilities Fund:					
Public Improvement Projects - Buildings and Structures...	$ 337,883	$ 407,638	$ 343,425	$ 395,926	$ 483,428
Public Improvement Projects - Furniture and Equipment..	18,386	26,474	10,537	3,081	2,460
Redevelopment Assistance Projects	273,257	249,515	211,135	205,620	133,333
Flood Control Projects	904	5,053	10,475	8,954	5,292
Transportation Assistance Projects	150,000	150,000	150,000	150,000	150,000
Total - General Obligation Bonds	$ 780,430	$ 838,680	$ 725,572	$ 763,581	$ 774,513
FROM CURRENT REVENUES					
Public Improvement Projects - Fish and Boat Fund	$ 750	$ 2,910	$ 3,405	$ 3,755	$ 3,420
Public Improvement Projects - Game Fund	0	2,000	1,000	1,000	1,000
Acquisition, Improvement and Restoration Projects - Keystone Recreation, Park and Conservation Fund	12,481	13,208	14,166	14,889	15,410
Acquisition, Rehabilitation and Development Projects Environmental Stewardship Fund	11,351	14,167	14,663	15,176	15,707
Public Improvement Projects - State Stores Fund	0	0	0	0	0
Highway Projects - Motor License Fund	389,919	373,512	359,040	361,383	363,754
Total Current Revenues	$ 414,501	$ 405,797	$ 392,273	$ 396,203	$ 399,291
TOTAL - ALL FUNDS	$ 1,194,931	$ 1,244,477	$ 1,117,845	$ 1,159,783	$ 1,173,804

Totals may not add due to rounding.

FORECAST OF NEW PROJECT AUTHORIZATIONS
State Funds

This table provides a summary of the budget recommendations and potential future authorizations by department.

(Dollar Amounts in Thousands)

	2004-05	2005-06	2006-07	2007-08	2008-09	Total
Agriculture	$ 19,010	$ 1,107	$ 1,107	$ 1,107	$ 1,107	$ 23,438
Conservation and Natural Resources	107,396	109,074	110,074	111,074	112,074	549,692
Corrections	15,814	77,727	77,727	77,727	77,727	326,722
Education	310,108	98,211	98,211	98,211	98,211	702,952
Emergency Management Agency	10,500	0	0	0	0	10,500
Environmental Protection	64,620	20,282	17,522	12,842	18,608	133,874
Executive Offices	0	0	0	0	0	0
Fish and Boat Commission	0	2,000	1,500	1,000	1,000	5,500
Game Commission	0	2,000	1,000	1,000	1,000	5,000
General Services	59,785	0	0	0	0	59,785
Historical and Museum Commission	1,620	24,639	24,639	24,639	24,639	100,176
Liquor Control Board	0	0	0	0	0	0
Military and Veterans Affairs	44,822	9,538	9,538	9,538	9,538	82,974
Public Welfare	13,692	25,493	25,493	25,493	25,493	115,664
State Police	114,809	26,139	26,139	26,139	26,139	219,365
Transportation	1,134,987	350,000	350,000	350,000	350,000	2,534,987
TOTAL	$ 1,897,163	$ 746,210	$ 742,950	$ 738,770	$ 745,536	$ 4,870,629

RECOMMENDED 2004-05 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	$ 19,010	$ 0	$ 0	$ 0
Conservation and Natural Resources	12,742	0	0	0
Corrections	15,814	0	0	0
Education	305,408	4,700	0	0
Emergency Management	10,500	0	0	0
Environmental Protection	60,810	0	0	3,810
Executive Offices	0	0	0	0
Fish and Boat Commission	0	0	0	0
Game Commission	0	0	0	0
General Services	59,785	0	0	0
Historical and Museum Commission	0	1,620	0	0
Liquor Control Board	0	0	0	0
Military and Veterans Affairs	44,822	0	0	0
Public Welfare	12,900	792	0	0
State Police	114,809	0	0	0
Transportation	49,358	0	313,316	0
TOTAL	$ 705,958	$ 7,112	$ 313,316	$ 3,810

	Current Revenues		All Funds
	Highway Projects	Public Improvement Projects	
Agriculture	$ 0	$ 0	$ 19,010
Conservation and Natural Resources	0	94,654	107,396
Corrections	0	0	15,814
Education	0	0	310,108
Emergency Management	0	0	10,500
Environmental Protection	0	0	64,620
Executive Offices	0	0	0
Fish and Boat Commission	0	0	0
Game Commission	0	0	0
General Services	0	0	59,785
Historical and Museum Commission	0	0	1,620
Liquor Control Board	0	0	0
Military and Veterans Affairs	0	0	44,822
Public Welfare	0	0	13,692
State Police	0	0	114,809
Transportation	772,314	0	1,134,987
TOTAL	$ 772,314	$ 94,654	$ 1,897,163

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
2004-05 PUBLIC IMPROVEMENT PROJECTS				
Protection and Development of Agricultural Industries....	$ 16,433	$ 125	$ 2,452	$ 19,010
TOTAL PROJECTS.....	$ 16,433	$ 125	$ 2,452	$ 19,010
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	$ 16,433	$ 125	$ 2,452	$ 19,010
Capital Facilities Fund - Furniture and Equipment.....	0	0	0	0
TOTAL.....	$ 16,433	$ 125	$ 2,452	$ 19,010

Department of Agriculture 2004-05 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: Protection and Development of Agricultural Industries				
Department of Agriculture Headquarters ELECTRICAL AND HVAC SYSTEMS RENOVATIONS: This project will provide for the upgrades to the electrical and HVAC systems originally installed in the Agriculture Headquarters Building in 1963. When completed, this project is not expected to change operating costs.	$ 2,700	$ 0	$ 300	$ 3,000
Department of Agriculture Headquarters UPGRADE TO ELEVATORS: This project will involve the replacement of the existing elevator system installed in the Agriculture Headquarters Building in 1963. When completed, this project is not expected to change operating costs.	450	0	50	500
Department of Agriculture Produce Distribution Center CONSTRUCTION OF PA PRODUCE CO-OP DISTRIBUTION CENTER: This project will provide for the construction of a co-op distribution center for produce grown in Pennsylvania. The facility will act as a shipping point for farmers. When completed, this project is not expected to increase operating costs.	4,283	125	1,102	5,510
Department of Agriculture Laboratory CONSTRUCTION OF A NEW PLANT INDUSTRY LABORATORY: This project will provide for the construction of a new plant industry laboratory. When completed, this project is not expected to increase operating costs.	9,000	0	1,000	10,000
PROGRAM TOTAL.....	$ 16,433	$ 125	$ 2,452	$ 19,010

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
2004-05 PUBLIC IMPROVEMENT PROJECTS				
Parks and Forest Management	$ 106,122	$ 0	$ 1,274	$ 107,396
TOTAL PROJECTS	$ 106,122	$ 0	$ 1,274	$ 107,396
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures	$ 11,468	$ 0	$ 1,274	$ 12,742
Capital Facilities Fund - Furniture and Equipment	0	0	0	0
Subtotal General Obligation Bond Issues	$ 11,468	$ 0	$ 1,274	$ 12,742
Current Revenues				
Keystone Recreation, Park and Conservation Fund - Improvements and Rehabilitation	$ 17,187	$ 0	$ 0	$ 17,187
Environmental Stewardship Fund - Acquisition, Improvements and Rehabilitation	53,040	0	0	53,040
State Parks Operations - Improvements and Rehabilitation	24,427	0	0	24,427
Subtotal Current Revenues	$ 94,654	$ 0	$ 0	$ 94,654
TOTAL	$ 106,122	$ 0	$ 1,274	$ 107,396

Department of Conservation and Natural Resources 2004-05 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: Parks and Forest Management				
Benjamin Rush State Park, Philadelphia County DEVELOP PARK: This project will provide for the development and land usage of the park. When completed, this project is not expected to change operating costs.	$ 1,953	$ 0	$ 217	$ 2,170
Blue Knob State Park, Bedford County REHABILITATION OF FACILITIES: This project will provide for the rehabilitation of the facilities within the park to conform to modern codes. When completed, this project is not expected to change operating costs.	907	0	101	1,008
Cook Forest State Park, Clarion County DEVELOP COOK FOREST STATE PARK: This project will provide for the development of a park within the confines of Cook Forest. When completed, this project is not expected to change operating costs.	1,028	0	114	1,142
Delaware Canal State Park, Bucks County CANAL DREDGING: This project will provide for the removal of canal silt. When completed, this project is not expected to change operating costs.	1,800	0	200	2,000
Forest District #10, Clinton County HYNER VIEW ROAD PHASE 1 AND 2: This project will refurbish Hyner View road within forest district #10. When completed, this project is not expected to change operating costs.	1,800	0	200	2,000
Lehigh Gorge State Park, Carbon County CONSTRUCT TRAIL AND INTERPRETIVE FACILITIES: This project will provide for the construction of trails throughout the park and necessary interpretive facilities. When completed, this project is not expected to change operating costs.	3,150	0	350	3,500
Poe Valley/Paddy State Park, Centre County CAMPGROUND REHABILITATION: This project will provide for the rehabilitation of the campground along with the concession stand within the park. When completed, this project is not expected to change operating costs.	830	0	92	922
PROGRAM TOTAL	$ 11,468	$ 0	$ 1,274	$ 12,742

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Caledonia State Park, Franklin County REPLACE COMFORT STATION: This project will replace day use area comfort station with modern facilities. When completed, this project is not expected to change operating costs.	$ 240	$ 0	$ 0	$ 240
Cook Forest State Park, Clarion County RENOVATIONS AND IMPROVEMENTS: This project will provide improvements and renovations within the confines of the park. When completed, this project is not expected to change operating costs.	1,142	0	0	1,142
Cook Forest State Park, Forest County REHABILITATE WATER SYSTEM: This project will provide improvements and repairs to the water system within the confines of the park. When completed, this project is not expected to change operating costs.	700	0	0	700
Evansburg State Park, Montgomery County INSTALL SEWER/LIFT STATION: This project will provide infrastructure improvements to the sewer system. When completed, this project is not expected to change operating costs.	300	0	0	300
Evansburg State Park, Montgomery County REPLACE DAM: This project will replace existing dam with a modern dam within the park. When completed, this project is not expected to change operating costs.	300	0	0	300
Forest District #2, Franklin County REHABILITATE BEAR VALLEY HEADQUARTERS: This project will rehabilitate Bear Valley Foreman Headquarters with new modern facilities. When completed, this project is not expected to change operating costs.	510	0	0	510
Forest District #5, Huntingdon County REHABILITATE STONE CREEK ROAD: This project will upgrade and repair Stone Creek Road to ensure safety. When completed, this project is not expected to change operating costs.	500	0	0	500

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Forest District #8, Clarion County DISTRICT OFFICE ADDITION: This project provides for an addition to the district office building. When completed, this project is not expected to change operating costs.	$ 850	$ 0	$ 0	$ 850
Forest District #19, Monroe County REPLACE EGYPT MEADOWS DAM: This project will replace existing dam and levees with a new dam. When completed, this project is not expected to change operating costs.	350	0	0	350
Frances Slocum State Park, Luzerne County REHABILITATE SEWAGE TREATMENT PLANT: This project will upgrade the sewage treatment plant for the park. When completed, this project is not expected to change operating costs.	300	0	0	300
Greenwood Furnace State Park, Huntingdon County REHABILITATE SEWAGE TREATMENT PLANT: This project will upgrade the sewage treatment plant for the park. When completed, this project is not expected to change operating costs.	400	0	0	400
Hickory Run State Park, Carbon County REPAIR BRIDGE: This project will repair and refurbish bridge within the confines of the park. When completed, this project is not expected to change operating costs.	300	0	0	300
Kettle Creek State Park, Clinton County RENOVATE RESTROOMS: This project will renovate existing restrooms to a flush system within the park. When completed, this project is not expected to change operating costs.	750	0	0	750
Laurel Hill State Park, Somerset County REHABILITATE BATH HOUSES: This project will upgrade the bath houses and other associated areas for the park. When completed, this project is not expected to change operating costs.	400	0	0	400
Laurel Hill State Park, Somerset County REHABILITATE SEWAGE TREATMENT PLANT AND LIFT STATIONS: This project will upgrade the sewage treatment plant for the park. When completed, this project is not expected to change operating costs.	600	0	0	600

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Little Pine State Park, Lycoming County CONSTRUCT ROAD AND REMOVE DEBRIS: This project will construct a roadway onto the dam face for better access for debris removal. When completed, this project is not expected to change operating costs.	$ 500	$ 0	$ 0	$ 500
Marsh Creek State Park, Chester County REHABILITATE POOL FILTER: This project provides for the rehabilitation of the swimming pool filter within the state park. When completed, this project is not expected to change operating costs.	250	0	0	250
Maurice K. Goddard State Park, Mercer County REHABILITATE MARINA BUILDING: This project will rehabilitate existing Marina building for necessary repairs and improvements to meet current code requirements. When completed, this project is not expected to change operating costs.	500	0	0	500
Neshaminy State Park, Bucks County WATERWAY DREDGING AND JETTY: This project will dredge waterways and repair jetty. When completed, this project is not expected to change operating costs.	300	0	0	300
Ohiopyle State Park, Fayette County REHABILITATE JONNATHAN RUN CULVERT: This project provides for improvements to Jonnathan Run in public areas in the park. When completed, this project is not expected to change operating costs.	375	0	0	375
Ohiopyle State Park, Fayette County REPAIR FERNCLIFF HIGH BRIDGE: This project will repair the Ferncliff High Bridge. When completed, this project is not expected to change operating costs.	600	0	0	600
Oil Creek State Park, Venango County CONSTRUCT TRAIN STATION RESTROOM PARKING: This project provides for the construction of an ADA accessible parking area at the train station. When completed, this project is not expected to change operating costs.	500	0	0	500

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Parker Dam State Park, Clearfield County REPLACE CAMPGROUND RESTROOM: This project will replace existing restrooms with modern facilities at the campgrounds. When completed, this project is not expected to change operating costs.	$ 450	$ 0	$ 0	$ 450
Presque Isle State Park, Erie County REHABILITATE PARK OFFICE: This project will rehabilitate park office with modern facilities. When completed, this project is not expected to change operating costs.	500	0	0	500
Promise Land State Park, Pike County REHABILITATE BOAT RENTAL AREA: This project will rehabilitate the boat rental area within the park. When completed, this project is not expected to change operating costs.	500	0	0	500
Promise Land State Park, Pike County REHABILITATE LOWER LAKE DAM: This project will rehabilitate the the lower lake dam from years of exposure to the elements. When completed, this project is not expected to change operating costs.	400	0	0	400
Raccoon Creek State Park, Beaver County GROUP CAMP REPAIRS: This project will repair the common areas of the group campground. When completed, this project is not expected to change operating costs.	1,000	0	0	1,000
Raccoon Creek State Park, Beaver County GROUP CAMP DAM REPAIRS: This project will repair the dam within the confines of the park. When completed, this project is not expected to change operating costs.	350	0	0	350
Ravensburg State Park, Clinton County REPLACE TWO (2) CHEMICAL TOILETS: This project will replace two existing toilets with modern facilities. When completed, this project is not expected to change operating costs.	350	0	0	350
Reeds Gap State Park, Mifflin County RESIDENCE ADDITION: This project will add an addition to the park residence structure. When completed, this project is not expected to change operating costs.	320	0	0	320

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Shawnee State Park, Bedford County REHABILITATE PARK BUILDINGS: This project will rehabilitate current buildings within the park. When completed, this project is not expected to change operating costs.	$ 1,700	$ 0	$ 0	$ 1,700
Shikellamy State Park, Northumberland County REPLACE BOAT DOCKS: This project will replace existing boat docks within the park. When completed, this project is not expected to change operating costs.	500	0	0	500
Susquehannock State Park, Lancaster County RENOVATE RESTROOMS: This project will renovate existing restrooms to modern facilities within the park. When completed, this project is not expected to change operating costs.	450	0	0	450
PROGRAM TOTAL.....	$ 17,187	$ 0	$ 0	$ 17,187

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ENVIRONMENTAL STEWARDSHIP FUND CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Bendigo State Park, Elk County REPLACE BATH HOUSE WITH COMFORT STATION: This project will replace the bath house with modern facilities. When completed, this project is not expected to change operating costs.	$ 1,000	$ 0	$ 0	$ 1,000
Chapman State Park, Warren County REPLACE BEACH HOUSE AND CAMPGROUND RESTROOMS: This project will replace beach house and campground restrooms with modern facilities. When completed, this project is not expected to change operating costs.	1,500	0	0	1,500
Clear Creek State Park, Jefferson County RENOVATE RESTROOMS: This project will renovate existing restrooms to modern facilities within the park. When completed, this project is not expected to change operating costs.	2,000	0	0	2,000
Codorus State Park, Monroe County REHABILITATE PARK OFFICE: This project will rehabilitate park office and visitor's center. When completed, this project is not expected to change operating costs.	850	0	0	850
Cook Forest State Park, Forest County REPAIR PARK ROADWAYS: This project will rehabilitate and repair park roadways. When completed, this project is not expected to change operating costs.	1,500	0	0	1,500
Cook Forest State Park, Forest County REHABILITATE PARK OFFICE: This project will rehabilitate park office and visitor's center. When completed, this project is not expected to change operating costs.	2,000	0	0	2,000
Cook Forest State Park, Clarion County REHABILITATE RESTROOM AND ROADWAYS: This project will rehabilitate existing restrooms and park roadways. When completed, this project is not expected to change operating costs.	2,000	0	0	2,000

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ENVIRONMENTAL STEWARDSHIP FUND CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Forest District #2, Bedford County REHABILITATE BEAR VALLEY MAINTENANCE BUILDING: This project will rehabilitate maintenance building. When completed, this project is not expected to change operating costs.	$ 500	$ 0	$ 0	$ 500
Forest District #3, Mifflin County REHABILITATE FOREST HEADQUARTERS: This project will upgrade the forest headquarters at East Licking Creek. When completed, this project is not expected to change operating costs.	750	0	0	750
Forest District #11, Lackawanna County CONSTRUCT NEW DISTRICT OFFICE: This project will provide for the construction of a new district office within the park. When completed, this project is not expected to change operating costs.	2,000	0	0	2,000
Forest District #19, Pike County CONSTRUCT FOREST HEADQUARTERS: This project will construct a new forest headquarters at Owego. When completed, this project is not expected to change operating costs.	750	0	0	750
Forest District #20, Northumberland County IMPROVEMENTS TO BRUSH VALLEY TRACT: This project will upgrade Brush Valley Forest. When completed, this project is not expected to change operating costs.	1,000	0	0	1,000
Hickory Run State Park, Carbon County REPLACE OFFICE AND VISITOR'S CENTER: This project will replace existing office and visitor center with modern facilities. When completed, this project is not expected to change operating costs.	1,500	0	0	1,500
Hickory Run State Park, Carbon County REHABILITATE COMFORT STATIONS: This project will provide improvements to current restroom facilities. When completed, this project is not expected to change operating costs.	2,300	0	0	2,300

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ENVIRONMENTAL STEWARDSHIP FUND CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Keystone State Park, Westmoreland County REHABILITATE PARK OFFICE AND ROADWAYS: This project will upgrade park office and relocate entrance roadway to the park. When completed, this project is not expected to change operating costs.	$ 1,750	$ 0	$ 0	$ 1,750
Keystone State Park, Westmoreland County INFRASTRUCTURE REHABILITATION: This project will provide infrastructure improvements to various areas of the park. When completed, this project is not expected to change operating costs.	1,800	0	0	1,800
Kooser State Park, Somerset County REHABILITATE ROADS AND BRIDGES: This project will repair and rehabilitate existing roads and bridges within the park. When completed, this project is not expected to change operating costs.	1,000	0	0	1,000
Laurel Hill State Park, Somerset County REHABILITATE BEACH BATH HOUSES: This project will upgrade the beach bath houses. When completed, this project is not expected to change operating costs.	1,500	0	0	1,500
Leonard Harrison State Park, Tioga County REHABILITATE COMFORT STATION: This project will provide improvements including renovations to the comfort station within the park. When completed, this project is not expected to change operating costs.	1,500	0	0	1,500
Lyman Run State Park, Potter County REPLACE WASH HOUSE: This project provides for replacement of the current wash houses within the park. When completed, this project is not expected to change operating costs.	1,000	0	0	1,000
Lyman Run State Park, Potter County REPLACE DAGGOT CAMPGROUND WASH HOUSE: This project provides for replacement of the current wash house at Daggot campground within the park. When completed, this project is not expected to change operating costs.	1,000	0	0	1,000

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

FROM ENVIRONMENTAL STEWARDSHIP FUND CURRENT REVENUES	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Moraine State Park, Butler County REHABILITATE SEWAGE TREATMENT PLANT: This project will upgrade the sewage treatment plant for the park. When completed, this project is not expected to change operating costs.	$ 1,500	$ 0	$ 0	$ 1,500
Pine Grove Furnace State Park, Cumberland County REHABILITATE BATHHOUSE AND COMFORT STATION: This project will provide improvements including renovations to the bath house and comfort station within the park. When completed, this project is not expected to change operating costs.	1,990	0	0	1,990
Poe Valley State Park, Centre County REHABILITATE SEWAGE TREATMENT PLANT: This project will upgrade the sewage treatment plant for the park. When completed, this project is not expected to change operating costs.	500	0	0	500
Poe Valley State Park, Centre County REHABILITATE COMFORT STATION: This project will provide improvements including renovations to the comfort station within the park. When completed, this project is not expected to change operating costs.	1,500	0	0	1,500
Presque Isle State Park, Erie County REHABILITATE ROADWAYS: This project will provide improvements to current roadways throughout the park. When completed, this project is not expected to change operating costs.	3,300	0	0	3,300
Prince Gallitzin State Park, Cambria County REPLACE VISITOR'S CENTER: This project will replace current visitor's center with modern facilities. When completed, this project is not expected to change operating costs.	400	0	0	400
Promise Land State Park, Pike County REHABILITATE PICK POINT/DEER: This project will provide improvements to Pick Point. When completed, this project is not expected to change operating costs.	2,600	0	0	2,600

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ENVIRONMENTAL STEWARDSHIP FUND CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Pymatuning State Park, Mercer/Crawford Counties REHABILITATE ROADWAYS: This project will continue to resurface existing roadways within the park (ph.2). When completed, this project is not expected to change operating costs.	$ 1,850	$ 0	$ 0	$ 1,850
Pymatuning State Park, Mercer/Crawford Counties REHABILITATE WATER AND SEWAGE PLANT: This project will upgrade the water and sewage plant for the westside of the park. When completed, this project is not expected to change operating costs.	2,200	0	0	2,200
Pymatuning State Park, Mercer/Crawford Counties REHABILITATE ROADWAYS: This project will continue to resurface existing roadways within the park(ph.3). When completed, this project is not expected to change operating costs.	1,500	0	0	1,500
Raccoon Creek State Park, Beaver County REHABILITATE CABIN AND GROUP CAMP ROADS: This project will provide improvements to cabin and group roadways. When completed, this project is not expected to change operating costs.	1,000	0	0	1,000
Reeds Gap State Park, Mifflin County REPLACE CAMPGROUND SHOWER HOUSE: This project will replace existing campground shower house with a modern facility. When completed, this project is not expected to change operating costs.	500	0	0	500
Ricketts Glen State Park, Luzerne County REHABILITATE PARK: This project will provide various improvements within the park. When completed, this project is not expected to change operating costs.	2,500	0	0	2,500
Sinnemahoning State Park, Cameron/Potter Counties REPAIR CONCRETE SPILLWAY: This project will provide for repairs to the concrete spillway within the confines of the park. When completed, this project is not expected to change operating costs.	1,000	0	0	1,000

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ENVIRONMENTAL STEWARDSHIP FUND CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Sizerville State Park, Cameron/Potter Counties REHABILITATE BATHHOUSE AND COMFORT STATION: This project will provide improvements including renovations to the bath house and comfort station within the park. When completed, this project is not expected to change operating costs.	$ 1,500	$ 0	$ 0	$ 1,500
PROGRAM TOTAL.....	$ 53,040	$ 0	$ 0	$ 53,040

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Cowans Gap State Park, Fulton County REPLACE BRIDGE: This project will replace existing bridge with an improved version. When completed, this project is not expected to change operating costs.	$ 190	$ 0	$ 0	$ 190
Delaware Canal State Park, Bucks County REPLACE BRIDGE: This project will replace existing bridge (50-1469) with an improved version. When completed, this project is not expected to change operating costs.	225	0	0	225
Delaware Canal State Park, Bucks County REPLACE BRIDGE: This project will replace existing bridge (50-1668) with an improved version. When completed, this project is not expected to change operating costs.	250	0	0	250
Delaware Canal State Park, Bucks County REPLACE BRIDGE: This project will replace existing bridge (50-2470) with an improved version. When completed, this project is not expected to change operating costs.	300	0	0	300
Forest District #1, Franklin County REPLACE BRIDGE: This project will replace existing bridge (01-9000) with an improved version. When completed, this project is not expected to change operating costs.	120	0	0	120
Forest District #1, Cumberland County REPLACE BRIDGE: This project will replace existing bridge (01-0006) with an improved version. When completed, this project is not expected to change operating costs.	150	0	0	150
Forest District #1, Adams County REPLACE BRIDGE: This project will replace existing bridge (01-0005) with an improved version. When completed, this project is not expected to change operating costs.	250	0	0	250
Forest District #1, Cumberland County REPLACE BRIDGE: This project will replace existing bridge (01-0023) with an improved version. When completed, this project is not expected to change operating costs.	138	0	0	138

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Forest District #1, Franklin County REPLACE BRIDGE: This project will replace existing bridge (01-0020) with an improved version. When completed, this project is not expected to change operating costs.	$ 300	$ 0	$ 0	$ 300
Forest District #1, Cumberland County REPLACE BRIDGE: This project will replace existing bridge (01-0013) with an improved version. When completed, this project is not expected to change operating costs.	120	0	0	120
Forest District #3, Perry County REPLACE BRIDGE: This project will replace existing bridge (03-0020) with an improved version. When completed, this project is not expected to change operating costs.	100	0	0	100
Forest District #3, Perry County REPLACE BRIDGE: This project will replace existing bridge (03-0004) with an improved version. When completed, this project is not expected to change operating costs.	300	0	0	300
Forest District #3, Perry County REPLACE BRIDGE: This project will replace existing bridge (03-0014) with an improved version. When completed, this project is not expected to change operating costs.	100	0	0	100
Forest District #3, Franklin County REPLACE BRIDGE: This project will replace existing bridge (03-0001) with an improved version. When completed, this project is not expected to change operating costs.	300	0	0	300
Forest District #4, Somerset County REPLACE BRIDGE: This project will replace existing bridge (04-0006) with an improved version. When completed, this project is not expected to change operating costs.	140	0	0	140
Forest District #5, Huntingdon County REPLACE BRIDGE: This project will replace existing bridge (05-0027) with an improved version. When completed, this project is not expected to change operating costs.	100	0	0	100

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Forest District #5, Centre County REPLACE BRIDGE: This project will replace existing bridge (05-0004) with an improved version. When completed, this project is not expected to change operating costs.	$ 100	$ 0	$ 0	$ 100
Forest District #5, Centre County REPLACE BRIDGE: This project will replace existing bridge (05-0003) with an improved version. When completed, this project is not expected to change operating costs.	100	0	0	100
Forest District #5, Centre County REPLACE BRIDGE: This project will replace existing bridge (05-0005) with an improved version. When completed, this project is not expected to change operating costs.	150	0	0	150
Forest District #7, Union County REPLACE BRIDGE: This project will replace existing bridge (07-0020) with an improved version. When completed, this project is not expected to change operating costs.	175	0	0	175
Forest District #7, Union County REPLACE BRIDGE: This project will replace existing bridge (07-0041) with an improved version. When completed, this project is not expected to change operating costs.	107	0	0	107
Forest District #7, Union County REPLACE BRIDGE: This project will replace existing bridge (07-0028) with an improved version. When completed, this project is not expected to change operating costs.	102	0	0	102
Forest District #7, Union County REPLACE BRIDGE: This project will replace existing bridge (07-0040) with an improved version. When completed, this project is not expected to change operating costs.	165	0	0	165
Forest District #7, Union County REPLACE BRIDGE: This project will replace existing bridge (07-0029) with an improved version. When completed, this project is not expected to change operating costs.	240	0	0	240

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Forest District #7, Union County REPLACE BRIDGE: This project will replace existing bridge (07-0046) with an improved version. When completed, this project is not expected to change operating costs.	$ 212	$ 0	$ 0	$ 212
Forest District #7, Mifflin County REPLACE BRIDGE: This project will replace existing bridge (07-0044) with an improved version. When completed, this project is not expected to change operating costs.	300	0	0	300
Forest District #7, Mifflin County REPLACE BRIDGE: This project will replace existing bridge (07-0003) with an improved version. When completed, this project is not expected to change operating costs.	125	0	0	125
Forest District #7, Centre County REPLACE BRIDGE: This project will replace existing bridge (07-0008) with an improved version. When completed, this project is not expected to change operating costs.	200	0	0	200
Forest District #9, Clearfield County REPLACE BRIDGE: This project will replace existing bridge (09-0020) with an improved version. When completed, this project is not expected to change operating costs.	165	0	0	165
Forest District #9, Clearfield County REPLACE BRIDGE: This project will replace existing bridge (09-0015) with an improved version. When completed, this project is not expected to change operating costs.	100	0	0	100
Forest District #10, Clinton County REPLACE BRIDGE: This project will replace existing bridge (10-0050) with an improved version. When completed, this project is not expected to change operating costs.	150	0	0	150
Forest District #10, Clinton County REPLACE BRIDGE: This project will replace existing bridge (10-0019) with an improved version. When completed, this project is not expected to change operating costs.	209	0	0	209

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Forest District #10, Clinton County REPLACE BRIDGE: This project will replace existing bridge (10-9002) with an improved version. When completed, this project is not expected to change operating costs.	$ 300	$ 0	$ 0	$ 300
Forest District #10, Clinton County REPLACE BRIDGE: This project will replace existing bridge (10-9001) with an improved version. When completed, this project is not expected to change operating costs.	150	0	0	150
Forest District #10, Clinton County REPLACE BRIDGE: This project will replace existing bridge (10-0051) with an improved version. When completed, this project is not expected to change operating costs.	168	0	0	168
Forest District #10, Clinton County REPLACE CULVERT: This project will replace existing culvert (10-0046) with an improved version. When completed, this project is not expected to change operating costs.	150	0	0	150
Forest District #12, Tioga County REPLACE BRIDGE: This project will replace existing bridge (12-0048) with an improved version. When completed, this project is not expected to change operating costs.	300	0	0	300
Forest District #12, Tioga County REPLACE BRIDGE: This project will replace existing bridge (12-0049) with an improved version. When completed, this project is not expected to change operating costs.	150	0	0	150
Forest District #12, Tioga County REPLACE CULVERT: This project will replace existing culvert (12-9016) with an improved version. When completed, this project is not expected to change operating costs.	150	0	0	150
Forest District #12, Tioga County REPLACE CULVERT: This project will replace existing culvert (12-9003) with an improved version. When completed, this project is not expected to change operating costs.	150	0	0	150

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Forest District #12, Lycoming County REPLACE BRIDGE: This project will replace existing bridge (12-0013) with an improved version. When completed, this project is not expected to change operating costs.	$ 150	$ 0	$ 0	$ 150
Forest District #12, Lycoming County REPLACE BRIDGE: This project will replace existing bridge (12-0029) with an improved version. When completed, this project is not expected to change operating costs.	300	0	0	300
Forest District #12, Lycoming County REPLACE BRIDGE: This project will replace existing bridge (12-0023) with an improved version. When completed, this project is not expected to change operating costs.	120	0	0	120
Forest District #12, Lycoming County REPLACE CULVERT: This project will replace existing culvert (12-9018) with an improved version. When completed, this project is not expected to change operating costs.	150	0	0	150
Forest District #12, Lycoming County REPLACE CULVERT: This project will replace existing culvert (12-9023) with an improved version. When completed, this project is not expected to change operating costs.	150	0	0	150
Forest District #12, Lycoming County REPLACE CULVERT: This project will replace existing culvert (12-9021) with an improved version. When completed, this project is not expected to change operating costs.	110	0	0	110
Forest District #12, Lycoming County REPLACE CULVERT: This project will replace existing culvert (12-9020) with an improved version. When completed, this project is not expected to change operating costs.	170	0	0	170
Forest District #12, Potter County REPLACE CULVERT: This project will replace existing culvert (12-9022) with an improved version. When completed, this project is not expected to change operating costs.	125	0	0	125

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Forest District #12, Potter County REPLACE CULVERT: This project will replace existing culvert (12-9004) with an improved version. When completed, this project is not expected to change operating costs.	$ 150	$ 0	$ 0	$ 150
Forest District #13, Elk County REPLACE BRIDGE: This project will replace existing bridge (13-0032) with an improved version. When completed, this project is not expected to change operating costs.	110	0	0	110
Forest District #13, Cameron County REPLACE BRIDGE: This project will replace existing bridge (13-0014) with an improved version. When completed, this project is not expected to change operating costs.	300	0	0	300
Forest District #13, Cameron County REPLACE BRIDGE: This project will replace existing bridge (13-9024) with an improved version. When completed, this project is not expected to change operating costs.	150	0	0	150
Forest District #15, Potter County REPLACE BRIDGE: This project will replace existing bridge (15-0014) with an improved version. When completed, this project is not expected to change operating costs.	192	0	0	192
Forest District #15, Potter County REPLACE BRIDGE: This project will replace existing bridge (15-0025) with an improved version. When completed, this project is not expected to change operating costs.	138	0	0	138
Forest District #16, Tioga County REPLACE BRIDGE: This project will replace existing bridge (16-0019) with an improved version. When completed, this project is not expected to change operating costs.	300	0	0	300
Forest District #16, Tioga County REPLACE BRIDGE: This project will replace existing bridge (16-0018) with an improved version. When completed, this project is not expected to change operating costs.	150	0	0	150

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Forest District #18, Dauphin County REPLACE BRIDGE: This project will replace existing bridge (18-9004) with an improved version. When completed, this project is not expected to change operating costs.	$ 100	$ 0	$ 0	$ 100
Forest District #18, Dauphin County REPLACE BRIDGE: This project will replace existing bridge (18-0002) with an improved version. When completed, this project is not expected to change operating costs.	300	0	0	300
Forest District #19, Pike County REPLACE BRIDGE: This project will replace existing bridge (19-0002) with an improved version. When completed, this project is not expected to change operating costs.	115	0	0	115
Forest District #20, Sullivan County REPLACE BRIDGE: This project will replace existing bridge (20-9009) with an improved version. When completed, this project is not expected to change operating costs.	140	0	0	140
Forest District #20, Sullivan County REPLACE BRIDGE: This project will replace existing bridge (20-9001) with an improved version. When completed, this project is not expected to change operating costs.	100	0	0	100
Forest District #20, Sullivan County REPLACE BRIDGE: This project will replace existing bridge (20-0011) with an improved version. When completed, this project is not expected to change operating costs.	110	0	0	110
Hickory Run State Park, Carbon County REPLACE BRIDGE: This project will replace existing bridge (09-0503) with an improved version. When completed, this project is not expected to change operating costs.	130	0	0	130

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Hyner Run State Park, Clinton County REPLACE BRIDGE: This project will replace existing bridge (10-0600) with an improved version. When completed, this project is not expected to change operating costs.	$ 240	$ 0	$ 0	$ 240
Hyner Run State Park, Clinton County REPLACE BRIDGE: This project will replace existing bridge (10-0601) with an improved version. When completed, this project is not expected to change operating costs.	140	0	0	140
Norristown Farm State Park, Montgomery County REPLACE BRIDGE: This project will replace existing bridge (52-1504) with an improved version. When completed, this project is not expected to change operating costs.	1,500	0	0	1,500
Norristown Farm State Park, Montgomery County REPLACE BRIDGE: This project will replace existing bridge (52-1502) with an improved version. When completed, this project is not expected to change operating costs.	700	0	0	700
Norristown Farm State Park, Montgomery County REPLACE BRIDGE: This project will replace existing bridge (52-1500) with an improved version. When completed, this project is not expected to change operating costs.	625	0	0	625
Norristown Farm State Park, Montgomery County REPLACE BRIDGE: This project will replace existing bridge (52-1503) with an improved version. When completed, this project is not expected to change operating costs.	125	0	0	125
Norristown Farm State Park, Montgomery County REPLACE BRIDGE: This project will replace existing bridge (52-1501) with an improved version. When completed, this project is not expected to change operating costs.	500	0	0	500

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Ohiopyle State Park, Fayette County REPLACE BRIDGE: This project will replace Ferncliff High Bridge with an improved version. When completed, this project is not expected to change operating costs.	$ 224	$ 0	$ 0	$ 224
Presque Isle State Park, Erie County REPLACE BRIDGE: This project will replace existing bridge (20-1101) with an improved version. When completed, this project is not expected to change operating costs.	1,500	0	0	1,500
Presque Isle State Park, Erie County REPLACE BRIDGE: This project will replace existing bridge (20-1000) with an improved version. When completed, this project is not expected to change operating costs.	1,500	0	0	1,500
Presque Isle State Park, Erie County REHABILITATE ROADWAYS: This project will repair existing roadways and parking lots. When completed, this project is not expected to change operating costs.	3,300	0	0	3,300
Promised Land State Park, Pike County REPLACE BRIDGE: This project will replace existing bridge (14-0802) with an improved version. When completed, this project is not expected to change operating costs.	1,000	0	0	1,000
Pymatuning State Park, Crawford County REHABILITATE SPILLWAY: This project will repair existing spillway. When completed, this project is not expected to change operating costs.	1,500	0	0	1,500
Raccoon Creek State Park, Beaver County REPLACE BRIDGE: This project will replace existing bridge (13-1200) with an improved version. When completed, this project is not expected to change operating costs.	100	0	0	100

Department of Conservation and Natural Resources 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: Parks and Forest Management				
Raccoon Creek State Park, Beaver County REPLACE BRIDGE: This project will replace existing bridge (13-1201) with an improved version. When completed, this project is not expected to change operating costs.	$ 250	$ 0	$ 0	$ 250
Raccoon Creek State Park, Beaver County REPLACE BRIDGE: This project will replace existing bridge (13-1203) with an improved version. When completed, this project is not expected to change operating costs.	122	0	0	122
Ridley Creek State Park, Delaware County REPLACE BRIDGE: This project will replace existing bridge (27-1100) with an improved version. When completed, this project is not expected to change operating costs.	140	0	0	140
PROGRAM TOTAL.....	$ 24,427	$ 0	$ 0	$ 24,427

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
2004-05 PUBLIC IMPROVEMENT PROJECTS				
Institutionalization of Offenders	$ 19,799	$ 0	$ 2,335	$ 22,134
TOTAL PROJECTS	$ 19,799	$ 0	$ 2,335	$ 22,134
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures	$ 13,479	$ 0	$ 2,335	$ 15,814
Capital Facilities Fund - Furniture and Equipment	0	0	0	0
Subtotal General Obligation Bond Issues	13,479	0	2,335	15,814
Federal Funds	6,320	0	0	6,320
TOTAL	$ 19,799	$ 0	$ 2,335	$ 22,134

Department of Corrections 2004-05 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 Laurel Highlands	State	$ 632	$ 0	$ 70	$ 702
NEW RESTRICTED HOUSING UNIT: This project will construct a new restricted housing unit. The building shall include all necessary security controls and electronic equipment to monitor all close custody security cells.	Fed.	6,320	0	0	6,320
State Correctional Institution at Rockview	State	434	0	48	482
DAM RENOVATIONS: This project will upgrade reservoir to meet current state and federal dam safety regulations. When completed, this project is not expected to increase operating costs.	Fed.	0	0	0	0
INSTITUTION ELECTRICAL UPGRADES: This project will replace the existing electric service with new generators, new cables, switch gear and transformers. When completed, this project is not expected to increase operating costs.	State	6,032	0	1,508	7,540
	Fed.	0	0	0	0
State Correctional Institution at Camp Hill	State	5,292	0	588	5,880
RENOVATE KITCHEN AND STAFF DINING AREA: This project will renovate and modernize existing facilities in the kitchen and staff dining area to meet current needs. When completed, this project is not expected to change operating costs.	Fed.	0	0	0	0
State Correctional Institution at Chester	State	1,089	0	121	1,210
RENOVATE CONTROL CENTER: This project will replace and modernize the control center for this facility. When completed, this project is not expected to increase operating costs.	Fed.	0	0	0	0
Total State		$ 13,479	$ 0	$ 2,335	$ 15,814
Total Federal		6,320	0	0	6,320
PROGRAM TOTAL		$ 19,799	$ 0	$ 2,335	$ 22,134

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
2004-05 PUBLIC IMPROVEMENT PROJECTS				
State Owned Schools	$ 12,699	$ 0	$ 2,961	$ 15,660
Community Colleges	212,180	0	23,220	235,400
Higher Education - State-Related Universities	41,325	0	6,923	48,248
Higher Education - State System of Higher Education	9,200	0	1,600	10,800
TOTAL PROJECTS	$ 275,404	$ 0	$ 34,704	$ 310,108
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures	$ 270,704	$ 0	$ 34,704	$ 305,408
Capital Facilities Fund - Furniture and Equipment	4,700	0	0	4,700
TOTAL	$ 275,404	$ 0	$ 34,704	$ 310,108

Department of Education 2004-05 Projects

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.

FROM CAPITAL FACILITIES BOND FUNDS

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
PUBLIC IMPROVEMENT PROJECTS				
Program: State Owned Schools				
Scranton School for the Deaf CABLING INFRASTRUCTURE IMPROVEMENT: This project will update and improve campus-wide telecommunications and technology infrastructure. When completed, this project is not expected to change operating costs.	$ 123	$ 0	$ 14	$ 137
Scranton School for the Deaf CAMPUS SAFETY IMPROVEMENTS: This project will continue to upgrade safety and health standards within campus dormitories and other buildings. The project will include fire sprinkler improvements, fire/smoke/security doors, improvements to HVAC systems, and general building improvements. When completed, this project is not expected to change operating costs.	4,250	0	850	5,100
Thaddeus Stevens College of Technology ASBESTOS REMOVAL: This project will remove and abate asbestos from the buildings. When completed, this project is not expected to change operating costs.	651	0	72	723
Thaddeus Stevens College of Technology EXPAND DINING HALL AND KITCHEN: This project will renovate Jones Dining Hall and remodel Hartzell Kitchen to accommodate current needs and standards. When completed, this project is not expected to change operating costs.	5,000		750	5,750
Thaddeus Stevens College of Technology CONSTRUCT 2ND FLOOR HARTZELL BUILDING: This project will construct a second floor to the Hartzell building to accommodate current needs and standards. When completed, this project is not expected to change operating costs.	2,000		1,200	3,200
Thaddeus Stevens College of Technology EXPAND VOCATIONAL EDUCATION BUILDING: This project will expand vocational education building to accommodate current needs and standards. When completed, this project is not expected to change operating costs.	675		75	750
PROGRAM TOTAL	$ 12,699	$ 0	$ 2,961	$ 15,660

Department of Education 2004-05 Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Higher Education - Community Colleges				
Butler County Community College CAPITAL IMPROVEMENTS: This project will provide for capital improvements including a public safety training center. When completed, this project is not expected to change operating costs.	$ 1,800	$ 0	$ 200	$ 2,000
Cambria County Area Community College ACQUISITION AND REHABILITATION OF FACILITIES: This project will provide for the acquisition and rehabilitation of facilities to benefit Cambria County Area Community College. When completed, this project is not expected to change operating costs.	5,400	0	600	6,000
Community College of Philadelphia PARKING EXPANSION: This project will provide for the expansion of parking facilities including construction of a parking deck. When completed, this project is not expected to change operating costs.	1,980	0	220	2,200
Community College of Philadelphia LABORATORY UPGRADES - MAIN CAMPUS: This project will include design and renovations to the biology, allied health and chemistry laboratories. When completed, this project is not expected to change operating costs.	1,980	0	220	2,200
Community College of Philadelphia WINNET/GYMNASIUM COMPLEX - MAIN CAMPUS: This project will include design and renovations to the Winnet/Gymnasium Complex. When completed, this project is not expected to change operating costs.	900	0	100	1,000
Community College of Philadelphia MINT BUILDING - MAIN CAMPUS: This project will include design and renovations to the ground floor of the Mint Building. When completed, this project is not expected to change operating costs.	1,260	0	140	1,400
Community College of Philadelphia INFRASTRUCTURE UPGRADES: This project will include upgrades to various mechanical, plumbing, electrical and fire safety systems. When completed, this project is not expected to change operating costs.	1,530	0	170	1,700
Community College of Philadelphia NEW BUILDING - 1809 SPRING GARDEN: This project will include the demolition of the existing structure at 1809 Spring Garden Street and construction of a new facility. When completed, this project is not expected to change operating costs.	2,160	0	240	2,400

Department of Education 2004-05 Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Higher Education - Community Colleges (continued)				
Community College of Philadelphia BONNELL BUILDING: This project will include renovations to the Bonnell Building in order to comply with the American's With Disabilities Act. When completed, this project is not expected to change operating costs.	$ 4,320	$ 0	$ 480	$ 4,800
Community College of Philadelphia NORTHWEST REGIONAL CENTER: This project will include construction and renovation to develop the third floor of Building B. When completed, this project is not expected to change operating costs.	2,250	0	250	2,500
Community College of Philadelphia WINNET BUILDING: This project will include the design and expansion of the Winnet Building. When completed, this project is not expected to change operating costs.	8,190	0	910	9,100
Community College of Philadelphia STUDENT DINING FACILITY: This project will include the design and construction of a new student dining facility. When completed, this project is not expected to change operating costs.	5,670	0	630	6,300
Community College of Philadelphia NEW BUILDING - NORTHWEST REGIONAL CENTER: This project will include the design and construction of a new 60,000 square foot facility. When completed, this project is not expected to change operating costs.	11,880	0	1,320	13,200
Community College of Philadelphia PARKING RENOVATIONS: This project will include the renovation and reconstruction of a 600 car parking garage. When completed, this project is not expected to change operating costs.	1,080	0	120	1,200
Community College of Philadelphia TECHNOLOGY SYSTEM UPGRADES: This project will include the renovation and upgrade of campus technology infrastructure. When completed, this project is not expected to change operating costs.	6,480	0	720	7,200
Northampton Community College EAST ANNEX BUILDING - BETHLEHEM WORKS: This project will include the acquisition and rehabilitation of the East Annex Building for classrooms, laboratories and studios. When completed, this project is not expected to change operating costs.	9,000	0	1,000	10,000

Department of Education 2004-05 Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Higher Education - Community Colleges (continued)				
Northampton Community College STUDENT ACTIVITY CENTER: This project will include the construction of a student activity center. When completed, this project is not expected to change operating costs.	$ 10,710	$ 0	$ 1,190	$ 11,900
Reading Area Community College ADVANCE TECHNOLOGY POLICE CENTER: This project will include the design and construction of a state-of-the-art advance technology and police center. When completed, this project is not expected to change operating costs.	21,240	0	2,360	23,600
Community College of Allegheny County SCIENCE FACILITY UPGRADES: This project will include the design and construction of a new science building on the main campus as well as upgrades to the existing science facility. When completed, this project is not expected to change operating costs.	14,130	0	1,570	15,700
Community College of Allegheny County SIEMANS ACQUISITION: This project will include the acquisition and renovation of the Siemans property. When completed, this project is not expected to change operating costs.	4,770	0	530	5,300
Harrisburg Area Community College TECHNOLOGY UPGRADES: This project will include the renovation and upgrades of technology and telecommunications infrastructure as well as upgrades to mechanical systems. When completed, this project is not expected to change operating costs.	9,900	0	1,100	11,000
Harrisburg Area Community College CAMPUS EXPANSION - LANCASTER: This project will include Phase II of the expansion of the Lancaster campus including acquisitions, renovations of existing facilties and construction of new facilities. When completed, this project is not expected to change operating costs.	21,960	0	2,440	24,400
Harrisburg Area Community College ORIGINAL FURNITURE AND EQUIPMENT CAMPUS EXPANSION - LANCASTER: This project will provide for the purchase of moveable furniture and equipment to allow the construction project to become operational. When completed, this project is not expected to change operating costs.	3,200	0	0	3,200

Department of Education 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Higher Education - Community Colleges (continued)				
Bucks County Community College CAMPUS IMPROVEMENTS - BRISTOL: This project will include the acquisition, rehabilitation and construction of facilities at the Bristol, Lower Bucks site. When completed, this project is not expected to change operating costs.	$ 6,480	$ 0	$ 720	$ 7,200
Montgomery County Community College ADVANCE TECHNOLOGY AND SCIENCE CENTER: This project will include the renovation of the Advance Technology and Science Center. When completed, this project is not expected to change operating costs.	12,780	0	1,420	14,200
Montgomery County Community College POTTSTOWN-WEST CAMPUS IMPROVEMENTS: This project will include the acquisition, rehabilitation and construction of facilities at the Pottstown campus. When completed, this project is not expected to change operating costs.	18,630	0	2,070	20,700
Delaware County Community College CAMPUS IMPROVEMENTS: This project will include the acquisition, rehabilitation and construction of facilities and infrastructure. When completed, this project is not expected to change operating costs.	4,500	0	500	5,000
Community College of Beaver County CAMPUS IMPROVEMENTS: This project will include the acquisition, rehabilitation and construction of facilities and infrastructure. When completed, this project is not expected to change operating costs.	4,500	0	500	5,000
Lehigh-Carbon County Community College CAMPUS IMPROVEMENTS: This project will include the acquisition, rehabilitation and construction of facilities and infrastructure. When completed, this project is not expected to change operating costs.	4,500	0	500	5,000
Luzerne County Community College CAMPUS IMPROVEMENTS: This project will include the acquisition, rehabilitation and construction of facilities and infrastructure. When completed, this project is not expected to change operating costs.	4,500	0	500	5,000
Westmoreland County Community College CAMPUS IMPROVEMENTS: This project will include the acquisition, rehabilitation and construction of facilities and infrastructure. When completed, this project is not expected to change operating costs.	4,500	0	500	5,000
PROGRAM TOTAL.....	$ 212,180	$ 0	$ 23,220	$ 235,400

Department of Education 2004-05 Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Higher Education - State-Related Universities				
Lincoln University INTERNATIONAL CULTURAL CENTER: This project will construct a new 2,000 seat auditorium along with classrooms, multipurpose rooms, conference facilities and support facilities. When completed, this project is not expected to change operating costs.	$ 16,667	$ 0	$ 3,333	$ 20,000
University of Pittsburgh CHEVRON SCIENCE CENTER: This project will replace the building's existing laboratory fume hoods with new exhaust hoods along with replacement laboratory appurtenances affected by the fume hoods installation or replacement. When completed, this project is not expected to change operating costs.	10,320	0	2,580	12,900
University of Pittsburgh ORIGINAL FURNITURE AND EQUIPMENT RENOVATION OF LIBRARY - JOHNSTOWN CAMPUS: This project will provide for the purchase of moveable furniture and equipment to allow the construction project, DGS 1103-68, to become operational. When completed, this project is not expected to change operating costs.	300	0	0	300
Pennsylvania State University COMMUNICATIONS INFRASTRUCTURE: This project will provide telecommunications and data infrastructure upgrades throughout the University Park campus. When completed, this project is not expected to change operating costs.	10,000	0	0	10,000
Temple University FIRE SAFETY PROJECT - PHASE III: This project will provide for the installation of sprinklers in three residence halls (Temple Towers, Johnson-Hardwick, and Ambler-East). When completed, this project is not expected to change operating costs.	4,038	0	1,010	5,048
PROGRAM TOTAL.....	$ 41,325	$ 0	$ 6,923	$ 48,248

Department of Education 2004-05 Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Higher Education - State System of Higher Education				
Lock Haven University CONSTRUCT NEW EDUCATION BUILDING, CLEARFIELD CAMPUS: This project will provide for the construction of a new educational facility to accomodate increasing enrollment. When completed, this project is not expected to change operating costs.	$ 8,000	$ 0	$ 1,600	$ 9,600
Lock Haven University ORIGINAL FURNITURE AND EQUIPMENT CONSTRUCTION OF NEW EDUCATION BUILDING, CLEARFIELD CAMPUS: This project will provide for the purchase of moveable furniture and equipment to allow construction project to become operational. When completed, this project is not expected to change operating costs.	1,200	0	0	1,200
PROGRAM TOTAL.....	$ 9,200	$ 0	$ 1,600	$ 10,800

EMERGENCY MANAGEMENT AGENCY

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
2004-05 PUBLIC IMPROVEMENT PROJECTS				
Fire Prevention and Safety	$ 10,500	$ 0	$ 0	$ 10,500
TOTAL PROJECTS	$ 10,500	$ 0	$ 0	$ 10,500
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures	$ 10,500	$ 0	$ 0	$ 10,500
Capital Facilities Fund - Furniture and Equipment	0	0	0	0
TOTAL	$ 10,500	$ 0	$ 0	$ 10,500

Emergency Management Agency 2004-05 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: Fire Prevention and Safety				
PEMA Headquarters Building PURCHASE AND RENOVATION OF HEADQUARTERS BUILDING: This project will provide for the purchase and renovation of the currently leased headquarters building for PEMA in Harrisburg.	$ 10,500	$ 0	$ 0	$ 10,500
PROGRAM TOTAL.....	$ 10,500	$ 0	$ 0	$ 10,500

DEPARTMENT OF ENVIRONMENTAL PROTECTION

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2004-05 PUBLIC IMPROVEMENT PROJECTS				
Environmental Protection and Management	$ 54,729	$ 0	$ 6,081	$ 60,810
FLOOD CONTROL PROJECTS				
Environmental Protection and Management	3,810	0	0	3,810
TOTAL PROJECTS	$ 58,539	$ 0	$ 6,081	$ 64,620
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures	$ 54,729	$ 0	$ 6,081	$ 60,810
Capital Facilities Fund - Flood Control	3,810	0	0	3,810
TOTAL	$ 58,539	$ 0	$ 6,081	$ 64,620

Department of Environmental Protection 2004-05 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

	Base Project Cost	Land Cost	Design & Contingencies	Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: Environmental Protection and Management				
City of Philadelphia, Philadelphia County MANAYUNK CANAL WALL: This project will rehabilitate Flat Rock Dam along the Schuylkill River. Since the locality will be responsible for maintenance, there will be no change in State operating costs.	$ 810	$ 0	$ 90	$ 900
Heidelberg Township, Berks County HEIDELBERG TOWNSHIP FLOOD PROTECTION PROJECT: This project will construct flood protection consisting of a floodwall through the township. Since the locality will be responsible for maintenance, there will be no change in State operating costs.	1,404	0	156	1,560
Borough of Monroe, Bradford County BOROUGH OF MONROE FLOOD PROTECTION: This project will provide flood protection to Monroe Township project to current standards. Since the locality will be responsible for maintenance, there will be no change in State operating costs.	4,320	0	480	4,800
Borough of Northern Cambria, Cambria County BOROUGH OF NORTHERN CAMBRIA FLOOD PROTECTION: This project will upgrade the existing Northern Cambria Flood Protection project to current standards. Since the locality will be responsible for maintenance, there will be no change in State operating costs.	2,700	0	300	3,000
Borough of Patton, Cambria County REHABILITATION OF FLOOD CONTROL PROJECT: This project will upgrade the existing Patton Borough Flood Protection project to current standards. Since the locality will be responsible for maintenance, there will be no change in State operating costs.	4,536	0	504	5,040
Borough of Wilmore, Cambria County BOROUGH OF WILMORE FLOOD PROTECTION: This project will provide flood protection to the Borough of Wilmore to current standards. Since the locality will be responsible for maintenance, there will be no change in State operating costs.	756	0	84	840
Borough of Weisport, Carbon County BOROUGH OF WEISPORT FLOOD PROTECTION: This project will upgrade the existing Weisport flood control project to current standards. Since the locality will be responsible for maintenance, there will be no change in State operating costs.	756	0	84	840

Department of Environmental Protection 2004-05 Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS	Base Project Cost	Land Cost	Design & Contingencies	Project Cost
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Environmental Protection and Management (continued)				
Borough of Ridgeway, Elk County RIDGEWAY FLOOD PROTECTION PROJECT: This project will upgrade the existing Ridgeway flood protection to current standards. Since the locality will be responsible for maintenance, there will be no change in State operating costs.	$ 9,180	$ 0	$ 1,020	$ 10,200
City of Scranton, Lacawanna County REHABILITATION OF FLOOD CONTROL PROJECT: This project will upgrade the existing City of Scranton flood protection to current standards. Since the locality will be responsible for maintenance, there will be no change in State operating costs.	4,320	0	480	4,800
Borough of Coudersport, Potter County BOROUGH OF COUDERSPORT FLOOD PROTECTION: This project will rehabilitate the Borough of Coudersport flood protection to current standards. Since the locality will be responsible for maintenance, there will be no change in State operating costs.	1,080	0	120	1,200
Borough of New Baltimore, Somerset County FLOOD PROTECTION PROJECT, BOROUGH OF NEW BALTIMORE: This project will add flood protection to the Borough of New Baltimore to current standards. Since the locality will be responsible for maintenance, there will be no change in State operating costs.	1,890	0	210	2,100
Borough of Elkland, Tioga County BOROUGH OF ELKLAND FLOOD PROTECTION: This project will upgrade the the Borough of Elkland flood protection to current standards. Since the locality will be responsible for maintenance, there will be no change in State operating costs.	7,290	0	810	8,100
Township of Middlebury, Tioga County MIDDLEBURY FLOOD PROTECTION: This project will upgrade the Middlebury flood protection to current standards. Since the locality will be responsible for maintenance, there will be no change in State operating costs.	675	0	75	750
Borough of Sheffield, Warren County BOROUGH OF SHEFFIELD FLOOD PROTECTION: This project will upgrade the Sheffield flood protection to current standards. Since the locality will be responsible for maintenance, there will be no change in State operating costs.	5,832	0	648	6,480

Department of Environmental Protection 2004-05 Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS	Project Cost	Land Cost	Design & Contingencies	Project Cost
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Environmental Protection and Management (continued)				
Borough of Downingtown, Chester County BOROUGH OF DOWNINGTOWN AND EAST CALN TOWNSHIP FLOOD PROTECTION: This project will upgrade the the Downingtown flood protection along with East Caln Township to current standards. Since the locality will be responsible for maintenance, there will be no change in State operating costs.	$ 4,320	$ 0	$ 480	$ 4,800
Township East Caln, Chester County BOROUGH OF DOWNINGTOWN AND EAST CALN TOWNSHIP FLOOD PROTECTION DIVERSION: This project will upgrade the the East Caln flood protection along with Downingtown Borough to current standards. Since the locality will be responsible for maintenance, there will be no change in State operating costs.	4,860	0	540	5,400
PROGRAM TOTAL.....	$ 54,729	$ 0	$ 6,081	$ 60,810

Department of Environmental Protection 2004-05 Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS	Project Cost	Land Cost	Design & Contingencies	Project Cost
FLOOD CONTROL PROJECTS				
Program: Environmental Protection and Management				
GLADE RUN FLOOD PROTECTION PROJECT: This project will rehabilitate the Glade Run flood protection. There will be no change in State operating costs.	$ 3,000	$ 0	$ 0	$ 3,000
WILMORE FLOOD PROTECTION PROJECT: This project will provide for the construction of flood protection along the Little Conemaugh River and the North Branch of the Little Conemaugh River. There will be no change in State operating costs.	810	0	0	810
PROGRAM TOTAL.....	$ 3,810	$ 0	$ 0	$ 3,810

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
2004-05 PUBLIC IMPROVEMENT PROJECTS				
Facility, Property and Commodity Management.....	$ 53,806	$ 0	$ 5,979	$ 59,785
TOTAL PROJECTS.....	$ 53,806	$ 0	$ 5,979	$ 59,785
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	$ 53,806	$ 0	$ 5,979	$ 59,785
TOTAL.....	$ 53,806	$ 0	$ 5,979	$ 59,785

Department of General Services 2004-05 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: Facility, Property and Commodity Management				
Forum Building, Dauphin County FIRE SAFETY UPGRADES: This project will provide for fire and safety upgrades to meet modern codes. When completed, this project is not expected to increase operating costs.	$ 12,356	$ 0	$ 1,373	$ 13,729
Finance Building, Dauphin County FIRE SAFETY UPGRADES: This project will provide for fire and safety upgrades to meet modern codes. When completed, this project is not expected to increase operating costs.	19,062	0	2,118	21,180
North Office Building, Dauphin County FIRE SAFETY UPGRADES: This project will provide for fire and safety upgrades to meet modern codes. When completed, this project is not expected to increase operating costs.	11,194	0	1,244	12,438
Speaker Leroy Irvis Office Building, Dauphin County FIRE SAFETY UPGRADES: This project will provide for fire and safety upgrades to meet modern codes. When completed, this project is not expected to increase operating costs.	11,194	0	1,244	12,438
PROGRAM TOTAL.....	$ 53,806	$ 0	$ 5,979	$ 59,785

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
2004-05 PUBLIC IMPROVEMENT PROJECTS				
State Historic Preservation	$ 1,620	$ 0	$ 0	$ 1,620
TOTAL PROJECTS	$ 1,620	$ 0	$ 0	$ 1,620
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures	$ 0	$ 0	$ 0	$ 0
Capital Facilities Fund - Furniture and Equipment	1,620	0	0	1,620
TOTAL	$ 1,620	$ 0	$ 0	$ 1,620

Historical and Museum Commission 2004-05 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: State Historic Preservation				
Daniel Boone Homestead, Berks County ORIGINAL FURNITURE AND EQUIPMENT FOR EXPANSION OF VISITORS CENTER: This project will provide for the original movable furniture and equipment so that construction project can become operational.	$ 280	$ 0	$ 0	$ 280
Drake Well Museum, Venango County ORIGINAL FURNITURE AND EQUIPMENT FOR RENOVATION OF MUSEUM: This project will provide for the original movable furniture and equipment so that construction project can become operational.	250	0	0	250
Railroad Museum of Pennsylvania, Lancaster County ORIGINAL FURNITURE AND EQUIPMENT FOR RENOVATION AND EXPANSION OF MUSEUM: This project will provide for the original movable furniture and equipment so that construction project can become operational.	550	0	0	550
Brandywine Battlefield, Delaware County ORIGINAL FURNITURE AND EQUIPMENT FOR EXPANSION OF VISITORS CENTER: This project will provide for the original movable furniture and equipment so that construction project can become operational.	540	0	0	540
PROGRAM TOTAL.....	$ 1,620	$ 0	$ 0	$ 1,620

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
2004-05 PUBLIC IMPROVEMENT PROJECTS				
State Military Readiness	$105,886	$ 1,739	$ 3,272	$110,897
Veterans Homes and School	19,666	0	1,034	20,700
TOTAL PROJECTS	$125,552	$ 1,739	$ 4,306	$131,597
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures	$ 38,777	$ 1,739	$ 4,306	$ 44,822
Capital Facilities Fund - Furniture and Equipment	0	0	0	0
Federal Funds	86,775	0	0	86,775
TOTAL	$125,552	$ 1,739	$ 4,306	$131,597

Department of Military and Veterans Affairs 2004-05 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS					
PUBLIC IMPROVEMENT PROJECTS					
Program: State Military Readiness					
Combined Readiness Center, York County CONSTRUCTION OF READINESS CENTER: This project will construct a National Guard Readiness Center to include assembly hall, dining facility, classrooms, administration offices, storage space, rest rooms, locker rooms, and mechanical room. When completed, this project is not expected to increase operating costs.	State Fed.	$ 2,610 5,220	$ 0 0	$ 290 0	$ 2,900 5,220
Combined Readiness Center - Greene County CONSTRUCTION OF READINESS CENTER: This project will construct a National Guard Readiness Center to include assembly hall, dining facility, classrooms, administration offices, storage space, rest rooms, locker rooms, and mechanical room to house the State Area Command. When completed, this project is not expected to increase operating costs.	State Fed.	2,509 5,309	0 0	279 0	2,788 5,309
Construction of Readiness Center- McKean County CONSTRUCTION OF READINESS CENTER: This project will construct a National Guard Readiness Center to include assembly hall, dining facility, classrooms, administration offices, storage space, rest rooms, locker rooms, and mechanical room to replace the existing Bradford, Ridgway and Kane Armories. When completed, this project is not expected to increase operating costs.	State Fed.	0 0	1,739 0	0 0	1,739 0
Joint Headquarters Readiness Center - Lebanon County CONSTRUCTION OF READINESS CENTER JOINT HEADQUARTERS: This project will construct a facility to include assembly hall, dining facility, administrative offices, storage, rest rooms, dormitory space, vehicle storage, and mechanical room to the Fort Indiantown Gap Complex. When completed, this project is not expected to increase operating costs.	State Fed.	6,064 20,215	0 0	674 0	6,738 20,215

Department of Military and Veterans Affairs 2004-05 Projects

(Dollar Amounts in Thousands)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS					
PUBLIC IMPROVEMENT PROJECTS (continued)					
Program: State Military Readiness (continued)					
Construction of Readiness Center-Bedford County	State	$ 2,083	$ 0	$ 231	$ 2,314
CONSTRUCTION OF READINESS CENTER: This project will construct a National Guard Readiness Center to include assembly hall, dining facility, classrooms, administration offices, storage space, rest rooms, locker rooms, and mechanical room in Everett, Bedford County. When completed, this project is not expected to increase operating costs.	Fed.	3,846	0	0	3,846
Construction of Readiness Center-Schuylkill County	State	3,040	0	338	3,378
CONSTRUCTION OF READINESS CENTER: This project will construct a National Guard Readiness Center to include assembly hall, dining facility, classrooms, administration offices, storage space, rest rooms, locker rooms, and mechanical room to replace the existing Pine Grove, Pottsville, Hamburg and Hometown Armories. When completed, this project is not expected to increase operating costs.	Fed.	7,927	0	0	7,927
Construction of Readiness Center-Chester County	State	2,397	0	266	2,663
CONSTRUCTION OF READINESS CENTER: This project will construct a National Guard Readiness Center to include assembly hall, dining facility, classrooms, administration offices, storage space, rest rooms, locker rooms, and mechanical room to replace the existing Spring City and Phoenixville Armories. When completed, this project is not expected to increase operating costs.	Fed.	7,987	0	0	7,987
Addition/Alteration of Readiness Center-Bucks	State	919	0	102	1,021
ADDITION/ALTERATION OF READINESS CENTER: This project will include the addition to and alteration of the existing Sellersville Armory. When completed, this project is not expected to increase operating costs.	Fed.	3,218	0	0	3,218
Construction of Readiness Center-Lawrence County	State	2,852	0	317	3,169
CONSTRUCTION OF READINESS CENTER-NEW CASTLE, PA: This project will construct a National Guard Readiness Center to include assembly hall, dining facility, classrooms, administration offices, storage space, rest rooms, locker rooms, and mechanical room. When completed, this project is not expected to increase operating costs.	Fed.	7,001	0	0	7,001

Department of Military and Veterans Affairs 2004-05 Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
PUBLIC IMPROVEMENT PROJECTS (continued)					
Program: State Military Readiness (continued)					
Construction of Readiness Center-Luzerne County	State	$ 2,737	$ 0	$ 304	$ 3,041
CONSTRUCTION OF READINESS CENTER: This project will construct a National Guard Readiness Center to include assembly hall, dining facility, classrooms, administration offices, storage space, rest rooms, locker rooms, and mechanical room to replace the existing West Pittston, Plymouth and Nanticoke Armories. When completed, this project is not expected to increase operating costs.	Fed.	6,618	0	0	6,618
Construction of Readiness Center-Lycoming County	State	2,339	0	260	2,599
CONSTRUCTION OF READINESS CENTER: This project will construct a National Guard Readiness Center to include assembly hall, dining facility, classrooms, administration offices, storage space, rest rooms, locker rooms, and mechanical room. When completed, this project is not expected to increase operating costs.	Fed.	5,292	0	0	5,292
Construction of Readiness Center-Columbia County	State	1,894	0	211	2,105
CONSTRUCTION OF READINESS CENTER: This project will construct a National Guard Readiness Center to include assembly hall, dining facility, classrooms, administration offices, storage space, rest rooms, locker rooms, and mechanical room to replace Berwick Armory. When completed, this project is not expected to increase operating costs.	Fed.	3,809	0	0	3,809
Total State		$ 29,444	$ 1,739	$ 3,272	$ 34,455
Total Federal		76,442	0	0	76,442
PROGRAM TOTAL		$105,886	$ 1,739	$ 3,272	$110,897

Department of Military and Veterans Affairs 2004-05 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: Veterans Homes and School					
Scotland School for Veterans Children - Franklin County PACKAGE FOUR - REPLACEMENT OF STEAM AND HOT WATER SUPPLY LINES IN COTTAGE AREA: This project will replace the direct bury steam condensate and hot water supply lines in the cottage area. When completed, this project is not expected to increase operating costs.	State Fed.	$ 2,422 0	$ 0 0	$ 269 0	$ 2,691 0
Hollidaysburg Veterans Home, Blair County REPLACE AND UPGRADE SEWER LINE: This project will replace and upgrade 2,500 feet of 8 inch sewer line. When completed, this project will not increase operating costs.	State Fed.	907 1,872	0 0	101 0	1,008 1,872
Hollidaysburg Veterans Home, Blair County ERECT STEEL STORAGE BUILDING: This project will erect a steel storage building. When completed, this project will not increase operating costs.	State Fed.	189 390	0 0	21 0	210 390
Hollidaysburg Veterans Home, Blair County UPGRADES AT OLD ADMINISTRATION BUILDING: This project will replace all windows, plumbing, heating, ventilation, air conditioning, roofing and electrical systems in the Old Administration Building. When completed, this project is not expected to increase operating costs.	State Fed.	567 1,170	0 0	63 0	630 1,170
Hollidaysburg Veterans Home, Blair County UPGRADES TO MAINTENANCE BUILDING: This project will replace roofing, heating, ventilation and air conditioning in the maintenance building. When completed, this project is not expected to increase operating costs.	State Fed.	170 351	0 0	19 0	189 351
Hollidaysburg Veterans Home, Blair County PAINT WATER TANK: This project will paint an existing water tank. When completed, this project is not expected to increase operating costs.	State Fed.	95 0	0 0	10 0	105 0
Hollidaysburg Veterans Home, Blair County UPGRADES TO GROUNDSKEEPING BUILDING: This project will upgrade the electrical systems and replace the windows in the groundskeeping building. When completed, this project is not expected to increase operating costs.	State Fed.	135 0	0 0	15 0	150 0

Department of Military and Veterans Affairs 2004-05 Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
PUBLIC IMPROVEMENT PROJECTS (continued)					
Program: Veterans Homes and School (continued)					
Hollidaysburg Veterans Home, Blair County PHARMACY DESIGN AND RELOCATION: This project will redesign current storage facility into pharmacy area in order to meet fire, safety and licensure standards. When completed, this project will not increase operating costs.	State	$ 216	$ 0	$ 24	$ 240
	Fed.	0	0	0	0
Pennsylvania Soldiers and Sailors Home, Erie County DESIGN AND MODERNIZATION OF FOOD PRODUCTION AND STORAGE AREA: This project will replace old freezers, coolers, ovens, steam kettles, dishwashing machines and other equipment. This project will level uneven floor. When completed, this project will not increase operating costs.	State	220	0	25	245
	Fed.	455	0	0	455
Pennsylvania Soldiers and Sailors Home, Erie County REPLACEMENT OF PERIMETER FENCE: This project will replace existing perimeter fencing to enhance security at the facility. When completed, this project will not increase operating costs.	State	315	0	35	350
	Fed.	0	0	0	0
Southwestern Veterans Center, Allegheny County MODIFICATION TO ALZHEIMER'S UNIT AND DINING ROOM: This project will provide for modification to the Alzheimer's Unit and Dining Room. When completed, this project will not increase operating costs.	State	129	0	14	143
	Fed.	0	0	0	0
Southwestern Veterans Center, Allegheny County SITE WORK AND PERIMETER FENCING: This project will provide for the site work and installation of perimeter fencing to enhance security at the facility. When completed, this project will not increase operating costs.	State	139	0	15	154
	Fed.	286	0	0	286
Southwestern Veterans Center, Allegheny County DRIVEWAY/PARKING LOT REPAIRS: This project will provide for the repairs and improvements to the deteriorating driveway and parking lot surfaces on the facility grounds. When completed, this project will not increase operating costs.	State	138	0	15	153
	Fed.	284	0	0	284
Southwestern Veterans Center, Allegheny County REPLACE FLOORING: This project will provide for the replacement of existing flooring that has deteriorated with age. When completed, this project will not increase operating costs.	State	259	0	29	288
	Fed.	0	0	0	0

Department of Military and Veterans Affairs 2004-05 Projects

(Dollar Amounts in Thousands)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS					
PUBLIC IMPROVEMENT PROJECTS (continued)					
Program: Veterans Homes and School (continued)					
Southwestern Veterans Center, Allegheny County FINISH STORAGE AREA: This project will provide for the completion of a storage area. When completed, this project will not increase operating costs.	State	$ 112	$ 0	$ 12	$ 124
	Fed.	0	0	0	0
Southeastern Veterans Center, Chester County RENOVATIONS OF COMMANDANT'S QUARTERS: This project will provide for the renovation and modernization of the Commandant's quarters on the facility grounds. When completed, this project will not increase operating costs.	State	225	0	25	250
	Fed.	0	0	0	0
Southeastern Veterans Center, Chester County DECOMMISSION OLD POWER PLANTS: This project will provide for the decommissioning of power plants that are old, inadequate and not cost effective to repair. When completed, this project will not increase operating costs.	State	180	0	20	200
	Fed.	0	0	0	0
Southeastern Veterans Center, Chester County CONSTRUCTION OF DOM/PCU BUILDING: This project will provide for the second phase of construction of a domiciliary/personal care unit building. When completed, this project will not increase operating costs.	State	2,678	0	297	2,975
	Fed.	5,525	0	0	5,525
Southeastern Veterans Center, Chester County SECURITY CAMERA SYSTEM: This project will provide for the installation of a security camera system to enhance the security at the facility. When completed, this project will not increase operating costs.	State	237	0	25	262
	Fed.	0	0	0	0
Total State		$ 9,333	$ 0	$ 1,034	$ 10,367
Total Federal		10,333	0	0	10,333
PROGRAM TOTAL		$ 19,666	$ 0	$ 1,034	$ 20,700

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
2004-05 PUBLIC IMPROVEMENT PROJECTS				
Human Services	$ 12,402	$ 0	$ 1,290	$ 13,692
TOTAL PROJECTS	$ 12,402	$ 0	$ 1,290	$ 13,692
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures	$ 11,610	$ 0	$ 1,290	$ 12,900
Capital Facilities Fund - Furniture and Equipment	792	0	0	792
TOTAL	$ 12,402	$ 0	$ 1,290	$ 13,692

Department of Public Welfare 2004-05 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				
Loysville Complex, Perry County CONSTRUCTION OF A NEW 80 UNIT JUVENILE FACILITY - LOYSVILLE COMPLEX: This project will provide for the building of a new 80-bed juvenile facility to replace existing hospital buildings. When completed, this project is not expected to change operating costs.	$ 11,610	$ 0	$ 1,290	$ 12,900
Loysville Complex, Perry County ORIGINAL FURNITURE AND EQUIPMENT FOR NEW 80 UNIT JUVENILE FACILITY - LOYSVILLE COMPLEX: This project will provide for the original movable furniture and equipment so that construction project can become operational.	792	0	0	792
PROGRAM TOTAL.....	$ 12,402	$ 0	$ 1,290	$ 13,692

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
2004-05 PUBLIC IMPROVEMENT PROJECTS				
Public Protection and Law Enforcement	$ 103,328	$ 0	$ 11,481	$ 114,809
TOTAL PROJECTS	$ 103,328	$ 0	$ 11,481	$ 114,809
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures	$ 103,328	$ 0	$ 11,481	$ 114,809
Capital Facilities Fund - Furniture and Equipment	0	0	0	0
TOTAL	$ 103,328	$ 0	$ 11,481	$ 114,809

State Police 2004-05 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: Public Protection and Law Enforcement				
Butler Headquarters, Butler County CONSTRUCT NEW BUTLER HEADQUARTERS BUILDING: This project provides for the construction of a new headquarters facility. When completed, this project is not expected to change operating costs.	$ 3,610	$ 0	$ 401	$ 4,011
Department Headquarters - Dauphin County CONSTRUCT NEW CRIME LABORATORY FACILITY: This project provides for the construction of a new crime laboratory facility. When completed, this project is not expected to change operating costs.	34,344	0	3,816	38,160
Police Academy - Dauphin County ACADEMY PHASE IV RENOVATIONS: This project provides for the renovation and building of a permanent facility. When completed, this project is not expected to change operating costs.	4,320	0	480	4,800
Department Headquarters, Dauphin County CONSTRUCT NEW ANNEX TO DEPARTMENT HEADQUARTERS: This project provides for the construction of a new annex to department headquarters facility. When completed, this project is not expected to change operating costs.	29,700	0	3,300	33,000
Department Headquarters, Dauphin County RENOVATE DEPARTMENT HEADQUARTERS BUILDING: This project provides for the renovation of the department headquarters facility. When completed, this project is not expected to change operating costs.	7,490	0	832	8,322
Lima Laboratory, Delaware County CONSTRUCT NEW CRIME LABORATORY BUILDING: This project provides for the construction of a new crime laboratory facility. When completed, this project is not expected to change operating costs.	6,084	0	676	6,760
Wyoming Headquarters, Luzerne County CONSTRUCT NEW HEADQUARTERS BUILDING: This project provides for the construction of a new headquarters facility for the region. When completed, this project is not expected to change operating costs.	5,208	0	579	5,787

State Police 2004-05 Projects

FROM CAPITAL FACILITIES BOND FUNDS	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
	(Dollar Amounts in Thousands)			
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Public Protection and Law Enforcement (continued)				
Wyoming Laboratory, Luzerne County CONSTRUCT NEW CRIME LABORATORY BUILDING: This project provides for the construction of a new forensic crime laboratory facility. When completed, this project is not expected to change operating costs.	$ 5,184	$ 0	$ 576	$ 5,760
Philadelphia Headquarters, Philadelphia County RENOVATE PHILADELPHIA HEADQUARTERS BUILDING: This project provides for the construction of an addition to the existing facility. When completed, this project is not expected to change operating costs.	7,388	0	821	8,209
PROGRAM TOTAL.....	$ 103,328	$ 0	$ 11,481	$ 114,809

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
2004-05 PUBLIC IMPROVEMENT PROJECTS				
State Highway and Bridge Maintenance	$ 37,560	$ 0	$ 0	$ 37,560
Highway Safety	11,798	0	0	11,798
Subtotal	49,358	0	0	49,358
TRANSPORTATION ASSISTANCE PROJECTS				
Air Transportation	$ 5,372	$ 0	$ 1,343	$ 6,715
Urban Mass Transportation	587,823	0	25,334	613,157
Rural and Intercity Rail	75,265	0	8,359	83,624
Subtotal	$ 668,460	$ 0	$ 35,036	$ 703,496
HIGHWAY PROJECTS				
State Highway and Bridge Construction/Reconstruction	$ 0	$ 0	$ 0	$ 0
TOTAL PROJECTS	$ 717,818	$ 0	$ 35,036	$ 752,854
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Transportation Assistance	$ 282,249	$ 0	$ 31,067	$ 313,316
Capital Facilities Fund - Public Improvement Projects	49,358	0	0	49,358
Current Revenues				
Motor License Fund	$ 610,849	$ 78,875	$ 82,590	$ 772,314
Federal Funds	2,884,838	253,134	285,333	3,423,305
Local Funds	45,041	8,052	11,860	64,953
TOTAL	$3,872,335	$ 340,061	$ 410,850	$4,623,246

Department of Transportation 2004-05 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: State Highway and Bridge Maintenance				
Bradford County Maintenance Office/Garage CONSTRUCT A NEW COUNTY MAINTENANCE GARAGE: This project will provide for the construction of a new maintenance and office facility. When completed, this project is not expected to increase operating costs.	$ 10,000	$ 0	$ 0	$ 10,000
Bucks County Maintenance Office CONSTRUCT NEW COUNTY OFFICE: This project will provide for the construction of a new county office for maintenance functions. When completed, this project is not expected to increase operating costs.	3,400	0	0	3,400
Engineering District 2-0, Clearfield County CONSTRUCT DISTRICT ENGINEERING OFFICE: This project will provide for the construction of a new District 2 Engineering Office. When completed, this project is not expected to increase operating costs.	10,000	0	0	10,000
Engineering District 5-0, Lehigh County CONSTRUCT DISTRICT ENGINEERING OFFICE: This project will provide for the construction of a new District 5 Engineering Office. When completed, this project is not expected to increase operating costs.	8,700	0	0	8,700
Fort Pitt Maintenance Garage, Allegheny County CONSTRUCT A NEW COUNTY MAINTENANCE GARAGE: This project will provide for the construction of a new maintenance and office facility. When completed, this project is not expected to increase operating costs.	1,800	0	0	1,800
Lawrence County Regional Storage Facility CONSTRUCT NEW SALT STORAGE FACILITY: This project will provide for the construction of a new salt distribution/storage facility. When completed, this project is not expected to increase operating costs.	380	0	0	380
Schuylkill County Regional Storage Facility CONSTRUCT NEW SALT STORAGE FACILITY: This project will provide for the construction of a new salt distribution/storage facility. When completed, this project is not expected to increase operating costs.	380	0	0	380
Washington County Maintenance Office CONSTRUCT NEW COUNTY OFFICE: This project will provide for the construction of a new county office for maintenance functions. When completed, this project is not expected to increase operating costs.	2,900	0	0	2,900
PROGRAM TOTAL.....	$ 37,560	$ 0	$ 0	$ 37,560

Department of Transportation 2004-05 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Highway Safety				
Adams County Welcome Center NEW CONSTRUCTION: This project will provide for the construction of a new Welcome Center along Route 15 which is a major gateway into the Commonwealth. When completed, this project is not expected to increase operating costs.	$ 5,000	$ 0	$ 0	$ 5,000
Safety Rest Area Site 54 I-81 South Bound RENOVATE: This project will provide for the renovation of Safety Rest Area 54 in Luzerne County on I-81 south bound to include ramp and parking area expansion. When completed this project is not expected to increase operating costs.	1,100	0	0	1,100
Safety Rest Area Site 53 I-81 North Bound RENOVATE: This project will provide for the renovation of Safety Rest Area 53 in Luzerne County on I-81 north bound to include ramp and parking area expansion. When completed this project is not expected to increase operating costs.	1,100	0	0	1,100
Safety Rest Area Site P I-95 South Bound RENOVATE: This project will provide for the renovation of Safety Rest Area "P" in Bucks County on I-95 south bound to include ramp and parking area expansion. When completed, this project is not expected to increase operating costs.	518	0	0	518
Safety Rest Area Site 48 I-81 South Bound RENOVATE: This project will provide for the renovation of Safety Rest Area 48 in Dauphin County on I-81 south bound to include ramp and parking area expansion. When completed this project is not expected to increase operating costs.	1,780	0	0	1,780
Safety Rest Area Site 55 I-81 North Bound RENOVATE: This project will provide for the renovation of Safety Rest Area 55 in Lackawanna County on I-81 north bound to include ramp and parking area expansion. When completed this project is not expected to increase operating costs.	1,300	0	0	1,300
Safety Rest Area Site 47 I-81 South Bound RENOVATE: This project will provide for the renovation of Safety Rest Area 47 in Dauphin County on I-81 south bound to include ramp and parking area expansion. When completed this project is not expected to increase operating costs.	1,000	0	0	1,000
PROGRAM TOTAL.....	$ 11,798	$ 0	$ 0	$ 11,798

(Dollar Amounts in Thousands)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS					
TRANSPORTATION ASSISTANCE PROJECTS					
Program: Air Transportation					
Bradford County Airport	State	$ 200	$ 0	$ 50	$ 250
CONSTRUCT CORPORATE HANGARS: This project will provide for the construction of 6,500 square feet of storage for corporate aircraft.	Fed.	0	0	0	0
	Local	200	0	50	250
Bradford County Airport	State	120	0	30	150
CONSTRUCTION OF T-HANGARS: This project will provide for the construction of 12,800 square feet of T-Hangars for the storage of aircraft.	Fed.	0	0	0	0
	Local	120	0	30	150
Grove City Airport	State	140	0	35	175
CONSTRUCTION OF T-HANGARS: This project will provide for the construction of 16,000 square foot 10-unit T-Hangar for the storage of aircraft.	Fed.	0	0	0	0
	Local	140	0	35	175
Queen City Airport	State	920	0	230	1,150
REHABILITATE TERMINAL: This project will update and expand the existing terminal building, including restrooms, meeting areas and storage areas.	Fed.	0	0	0	0
	Local	920	0	230	1,150
Washington County Airport	State	1,000	0	250	1,250
CONSTRUCT TERMINAL BUILDING: This project will construct a new terminal building. The terminal is currently located within the Taxiway B Object Free Area and has exceeded its capacity.	Fed.	0	0	0	0
	Local	1,000	0	250	1,250
Zelienople Airport	State	86	0	22	108
CONSTRUCTION OF T-HANGARS: This project will provide for the construction of 9,600 square foot 6-unit T-Hangars for the storage of aircraft.	Fed.	0	0	0	0
	Local	86	0	21	107
Zelienople Airport	State	220	0	55	275
CONSTRUCT AIRPORT ACCESS ROAD: This project will provide for 1700 x 24 feet of ground access and parking to potential hangars.	Fed.	0	0	0	0
	Local	220	0	55	275
TOTAL STATE FUNDS		$ 2,686	$ 0	$ 672	$ 3,358
TOTAL FEDERAL FUNDS		0	0	0	0
TOTAL LOCAL FUNDS		2,686	0	671	3,357
PROGRAM TOTAL		$ 5,372	$ 0	$ 1,343	$ 6,715

Department of Transportation 2004-05 Projects

(Dollar Amounts in Thousands)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS					
TRANSPORTATION ASSISTANCE PROJECTS (continued)					
Program: Urban Mass Transportation					
All of the following projects are grants to local transportation authorities. Consequently, no staffing or operating cost impacts are provided since these will be borne by local budgets.					
Berks and Reading Transit Authority TRANSPORTATION COMPLEX: This project will provide for the engineering and design of BARTA's Transportation Complex, the Franklin Street Station.	State	$ 90	$ 0	$ 10	$ 100
	Fed.	480	0	0	480
	Local	20	0	0	20
Berks and Reading Transit Authority PURCHASE OF 13 TRANSIT BUSES: This project will replace 13 transit buses and related equipment. Five of the new buses will be alternative fueled.	State	750	0	83	833
	Fed.	4,000	0	0	4,000
	Local	167	0	0	167
Berks and Reading Transit Authority VEHICLE REPLACEMENT: This project will provide for the replacement of four paratransit vehicles and related equipment.	State	150	0	17	167
	Fed.	800	0	0	800
	Local	33	0	0	33
Beaver County Transit Authority BUS REPLACEMENT AND PARK-N-RIDE EXPANSION: This project will provide for replacement of two buses and the expansion of the Park-N-Ride lot in Rochester.	State	157	0	18	175
	Fed.	840	0	0	840
	Local	35	0	0	35
Butler Township PULLMAN TRANSFER CENTER: This project will provide for Butler Township's Pullman Center Multi-modal Transfer Center.	State	1,020	0	113	1,133
	Fed.	5,440	0	0	5,440
	Local	227	0	0	227
Centre Area Transit Authority CONSTRUCTION OF PASS SALES OFFICE: This project will provide for the construction of a new downtown pass sales office, in conjunction with construction of new library.	State	150	0	17	167
	Fed.	800	0	0	800
	Local	33	0	0	33
Cambria County Transit Authority TRANSIT CENTER REHABILITATION AND INCLINED PLANE CABLE REPLACEMENT: This project will provide for CCTA's transit center rehabilitation and inclined plane cable replacement.	State	231	0	26	257
	Fed.	1,232	0	0	1,232
	Local	51	0	0	51
Fayette County INTERMODAL TRANSIT CENTER AND ADMINISTRATIVE MAINTENANCE BUILDING: This project will provide for Fayette County's Intermodal Transit Center and Administrative Maintenance Building.	State	144	0	16	160
	Fed.	768	0	0	768
	Local	32	0	0	32

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS

TRANSPORTATION ASSISTANCE PROJECTS (continued)

Program: Urban Mass Transportation (continued)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Fayette County FUELING STATION, COMPUTER HARDWARE, OFFICE AND FACILITY EQUIPMENT: This project will provide for the purchase of computer hardware, office furniture and equipment, facility/maintenance equipment, and a fueling station.	State	$ 168	$ 0	$ 19	$ 187
	Fed.	898	0	0	898
	Local	37	0	0	37
Hazelton Public Transit CONSTRUCTION OF INTERMODAL FACILITY AND BUS REPLACEMENT: This project will provide for the construction of an intermodal facility, related equipment, and bus replacement.	State	562	0	63	625
	Fed.	3,000	0	0	3,000
	Local	125	0	0	125
Lehigh and Northampton Transportation Authority PURCHASE BUSES: This project will provide for the purchase of twelve heavy duty transit buses to replace vehicles purchased in 1989.	State	518	0	58	576
	Fed.	2,764	0	0	2,764
	Local	115	0	0	115
Lehigh and Northampton Transportation Authority EASTERN GARAGE EXPANSION: This project will provide for the expansion of the Eastern Garage to facilitate twenty-four buses and accommodate operator and maintenance needs.	State	150	0	17	167
	Fed.	800	0	0	800
	Local	33	0	0	33
Lehigh and Northampton Transportation Authority PURCHASE MINI BUSES: This project will provide for the purchase of twenty mini buses (replacement of fifteen mini buses and the addition of five mini buses for expansion) for F.Y. 2004-2005 and F.Y. 2005-2006.	State	324	0	36	360
	Fed.	1,728	0	0	1,728
	Local	72	0	0	72
Mid Mon Valley Transit Authority ACQUISITION OF MAINTENANCE FACILITY: This project will provide for the acquisition of a maintenance facility.	State	562	0	63	625
	Fed.	3,000	0	0	3,000
	Local	125	0	0	125
Mid Mon Valley Transit Authority REPLACE TRANSIT VEHICLES: This project will provide for replacement of seven transit vehicles used on the authority's local routes.	State	210	0	23	233
	Fed.	1,120	0	0	1,120
	Local	47	0	0	47
Port Authority of Allegheny County NORTH SHORE CONNECTOR: This project will provide for the North Shore connector which includes an expansion of the LRT to the Northside with a station near each of the new stadiums and an extension to the Convention Center. The project also includes an intermodal transportation center.	State	39,240	0	4,360	43,600
	Fed.	78,480	0	0	78,480
	Local	8,720	0	0	8,720
Port Authority of Allegheny County F.F.Y. 2004 BUS PROCUREMENT: This project provides for the F.F.Y. 2004 bus procurement, which provides an average of 75 replacement buses annually to provide safe and reliable service.	State	9,000	0	1,000	10,000
	Fed.	48,000	0	0	48,000
	Local	2,000	0	0	2,000

(Dollar Amounts in Thousands)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS					
TRANSPORTATION ASSISTANCE PROJECTS (continued)					
Program: Urban Mass Transportation (continued)					
Red Rose Transit Authority CONSTRUCT PARADISE RAIL STATION: This project will provide for the construction of the Paradise Rail Station on AMTRAK's Harrisburg to Philadelphia Line at Paradise.	State	$ 412	$ 0	$ 46	$ 458
	Fed.	220	0	0	220
	Local	92	0	0	92
Red Rose Transit Authority BUS REPLACEMENT: This project will provide for the purchase of fifteen new buses to replace fifteen old buses.	State	6,675	0	75	6,750
	Fed.	3,600	0	0	3,600
	Local	150	0	0	150
Red Rose Transit Authority OPERATIONS CENTER RENOVATIONS AND EXPANSION: This project will provide for renovations and expansion to the Operations Center at 45 Erick Road.	State	225	0	25	250
	Fed.	1,200	0	0	1,200
	Local	50	0	0	50
Southeastern Pennsylvania Transportation Authority F.F.Y. 2004 SAFETY AND SECURITY PROGRAM: This project will provide for F.F.Y. 2004 Safety and Security improvements at SEPTA's garages, rail shops and passenger stations.	State	3,750	0	417	4,167
	Fed.	20,000	0	0	20,000
	Local	833	0	0	833
Southeastern Pennsylvania Transportation Authority F.F.Y. 2005 FEDERAL PROGRAM: This project will provide for the F.F.Y. 2005 Federal Program funding the acquisition of 300 accessible forty foot low-floor buses with an option for 20 additional buses, and 32 accessible forty foot alternative fuel hybrid buses.	State	27,300	0	3,033	30,333
	Fed.	145,600	0	0	145,600
	Local	6,067	0	0	6,067
Southeastern Pennsylvania Transportation Authority F.Y. 2003-2004 VEHICLE OVERHAUL PROGRAM: This project will provide for F.Y. 2003-2004 Vehicle Overhaul Program which provides for the major overhaul of SEPTA's rolling stock.	State	40,500	0	4,500	45,000
	Fed.	0	0	0	0
	Local	0	0	0	0
Southeastern Pennsylvania Transportation Authority F.Y. 2003-2004 INFRASTRUCTURE SAFETY RENEWAL PROGRAM: This project provides for the F.Y. 2003-2004 Infrastructure Safety Renewal Program which includes improvements to stations, signals, track, power, and buildings.	State	29,700	0	3,300	33,000
	Fed.	0	0	0	0
	Local	0	0	0	0
Southeastern Pennsylvania Transportation Authority F.Y. 2004-2005 VEHICLE OVERHAUL PROGRAM: This project will provide for F.Y. 2004-2005 Vehicle Overhaul Program which provides for the major overhaul of SEPTA's rolling stock.	State	40,500	0	4,500	45,000
	Fed.	0	0	0	0
	Local	0	0	0	0

Department of Transportation 2004-05 Projects

(Dollar Amounts in Thousands)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS					
TRANSPORTATION ASSISTANCE PROJECTS (continued)					
Program: Urban Mass Transportation (continued)					
Southeastern Pennsylvania Transportation Authority F.Y. 2004-2005 INFRASTRUCTURE SAFETY RENEWAL PROGRAM: This project will provide for the F.Y. 2004-2005 Infrastructure Safety Renewal Program which includes improvements to stations, signals, track, power, and buildings.	State	$ 29,700	$ 0	$ 3,300	$ 33,000
	Fed.	0	0	0	0
	Local	0	0	0	0
Southeastern Pennsylvania Transportation Authority F.F.Y. 2004 FEDERAL HIGHWAY FLEX PROJECTS: This project project will provide for F.F.Y. 2004 Federal Highway Flex Projects, which includes support of the planned U.S. Rt. 202, Section 300 reconstruction in Chester County with transit mitigation alternatives and candidate projects for the DVRPC Competitive CMAQ Program.	State	750	0	83	833
	Fed.	4,000	0	0	4,000
	Local	167	0	0	167
Schuylkill Transit System SITE ACQUISITION AND CONSTRUCTION OF UNION STATION TERMINAL FACILITY: This project will provide for site acquisition and construction of the Union Station Trade and Transit Intermodal Terminal Facility.	State	750	0	83	833
	Fed.	4,000	0	0	4,000
	Local	167	0	0	167
Williamsport Bureau of Transit BUS REPLACEMENT: This project will provide for the replacement of six old heavy duty buses with six new heavy duty transit buses.	State	300	0	33	333
	Fed.	1,600	0	0	1,600
	Local	67	0	0	67
TOTAL STATE FUNDS		$ 233,988	$ 0	$ 25,334	$ 259,322
TOTAL FEDERAL FUNDS		334,370	0	0	334,370
TOTAL LOCAL FUNDS		19,465	0	0	19,465
PROGRAM TOTAL		$ 587,823	$ 0	$ 25,334	$ 613,157

Department of Transportation 2004-05 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: Rural and Intercity Rail					
Allegheny Valley Railroad Company ALLEGHENY BRANCH RAIL REHABILITATION: This project will provide for rehabilitation of a portion of the Allegheny Valley Railroad Company's Allegheny Branch, including crossings, turnouts, track repair and other rail-related improvements which will enhance safety of both rail and highway operations and will ensure continuity of rail service.	State	$ 1,203	$ 0	$ 133	$ 1,336
	Fed.	0	0	0	0
	Local	401	0	45	446
Allegheny Valley Railroad Company ALLEGHENY, BRILLIANT & RIVER REHABILITATION: This project will provide for rehabilitation of a portion of the Allegheny Valley Railroad Company's Allegheny, Brilliant, and River Branches, including bridge repair, crossings, turnouts, track repair and other rail-related improvements which will enhance safety of rail and highway operations and will ensure continuity of rail service.	State	929	0	103	1,032
	Fed.	0	0	0	0
	Local	310	0	34	344
Buffalo & Pittsburgh Railroad, Inc. ALLEGHENY RIVER BRIDGE PROJECT: This project will provide for the complete rail rehabilitation of the Allegheny River Bridge, including rails, ties, bridge deck repairs, and surfacing which will enhance the safety of rail operations and ensure continuity of service.	State	1,193	0	132	1,325
	Fed.	0	0	0	0
	Local	398	0	44	442
Buffalo & Pittsburgh Railroad, Inc. BEAVER COUNTY RAIL REHABILITATION PROJECT: This project will provide for the complete rehabilitation from Eidenau to New Castle, including rails, ties, bridge deck repairs, surfacing, road crossing improvements, and switch improvements which will enhance safety of both rail and highway operations and ensure continuity of rail service.	State	2,700	0	300	3,000
	Fed.	0	0	0	0
	Local	900	0	100	1,000
Buffalo & Pittsburgh Railroad, Inc. NORTHERN SUBDIVISION RAIL REHABILITATION PROJECT: This project will provide for the complete rail rehabilitation of Northern Subdivision, including rails, ties, bridge deck repairs, surfacing and road crossing improvements, and switch improvements which will enhance safety of rail and highway operations and will ensure continuity of rail service.	State	2,700	0	300	3,000
	Fed.	0	0	0	0
	Local	900	0	100	1,000

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS

TRANSPORTATION ASSISTANCE PROJECTS (continued)

Program: Rural and Intercity Rail (continued)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
CSX Transportation, Inc. COAL YARD REHABILITATION: This project will provide for the rehabilitation of the Coal Yard within Greenwich Yard, including a connection to Delaware Avenue which will improve reliability of service to existing rail customers and help attract additional rail shippers.	State	$ 5,468	$ 0	$ 607	$ 6,075
	Fed.	0	0	0	0
	Local	1,822	0	203	2,025
CSX Transportation, Inc. ENGLESIDE CONNECTION: This project will provide for construction of a connection between CSX's Trenton Line and Conrail's Delair Branch in Philadelphia, thus improving reliability of service and efficiency of train movements in Philadelphia.	State	2,250	0	250	2,500
	Fed.	0	0	0	0
	Local	2,250	0	250	2,500
CSX Transportation, Inc. FAIRLESS BRANCH RAIL REHABILITATION PROJECT: This project will provide for the rehabilitation of the Fairless Branch between Trenton Line and the Morrisville Yard, including upgrading jointed rail track structure and warning devices, and drainage improvement which will enhance safety of both rail and highway operations and will ensure continuity of rail service.	State	2,025	0	225	2,250
	Fed.	0	0	0	0
	Local	675	0	75	750
CSX Transportation, Inc. SOUTH BROAD STREET: This project will provide for the rehabilitation of Running Tracks #4 and #1, including increasing vertical clearance to 20'-8" under the South Broad Street OH Bridge which will enhance rail operations by allowing the transport of double stack loads to and from Greenwich Yard.	State	1,013	0	112	1,125
	Fed.	0	0	0	0
	Local	0	0	0	0
CSX Transportation, Inc. TRENTON LINE CLEARANCE PROJECT: This project will provide for the rehabilitation of the Trenton Line between Philadelphia and the New Jersey state line by increasing vertical clearance to 20'-8" which will enhance rail operations by allowing the transport of double stack loads on CSX's Trenton Line.	State	9,000	0	1,000	10,000
	Fed.	9,000	0	1,000	10,000
	Local	6,642	0	738	7,380
CSX Transportation, Inc. 25TH STREET VIADUCT: This project will provide for the rehabilitation of the viaduct carrying CSX's main route, over 25th Street, to Greenwich Yard which will enhance safety of both rail and highway operations and will ensure continuity of rail service.	State	6,750	0	750	7,500
	Fed.	0	0	0	0
	Local	2,250	0	250	2,500

Department of Transportation 2004-05 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: Rural and Intercity Rail (continued)					
Delaware & Hudson Railway Company, Inc. RAIL REHABILITATION PROJECT: This project will provide for the rehabilitation of portions of the rail line between Susquehanna County and Northumberland County including replacement of rails, ties, anchors, other track material, and other rail-related improvements which will enhance safety of operations and will ensure continuity of rail service.	State	$ 4,725	$ 0	$ 525	$ 5,250
	Fed.	0	0	0	0
	Local	1,575	0	175	1,750
Lackawanna County Railroad Authority SCRANTON TO MT. POCONO RAIL REHABILITATION: This project will provide for the rehabilitation of portions of the Delaware-Lackawanna R.R., Inc. Scranton, Lackawanna County to Mt. Pocono, Monroe County rail line, including raising, lining, and surfacing (including ballast), ties, continuous welded rail, and bridge timers which will enhance safety of rail and highway operations and ensure continuity of rail service.	State	607	0	68	675
	Fed.	0	0	0	0
	Local	203	0	22	225
Monroe County Railroad Authority TRACK & SIGNAL REHABILITATION PROJECT: This project will provide for the rehabilitation of portions of track and Automatic grade crossing signal protection on the Delaware-Lackawanna R.R., Inc. in East Stroudsburg including ties and surfacing (including ballast), track realignment, lights, gates, bells, flashers, and concrete grade crossing surface which will enhance safety of rail and highway operations.	State	321	0	35	356
	Fed.	0	0	0	0
	Local	107	0	12	119
Pittsburgh & Shawmut Railroad, Inc. ARMSTRONG COUNTY RAIL REHABILITATION PROJECT: This project will provide for the rehabilitation of railroad in Armstrong County from Freeport to Redco and the Mosgrove Industrial including replacement of ties, rail, ballast, switches and other rail-related infrastructure which will enhance safety of rail operations and will ensure continuity of rail service.	State	360	0	40	400
	Fed.	0	0	0	0
	Local	120	0	13	133
Pittsburgh & Shawmut Railroad, Inc. RAIL REHABILITATION PROJECT: This project will provide for the rail rehabilitation from Falls Creek to Driftwood, including Brockway Yard, including replacement of rails, ties, bridge deck repairs, surfacing, road crossing improvements and switch improvements which will enhance safety of rail and highway operations and will ensure continuity of service.	State	540	0	60	600
	Fed.	0	0	0	0
	Local	180	0	20	200

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS

TRANSPORTATION ASSISTANCE PROJECTS (continued)

Program: Rural and Intercity Rail (continued)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Reading, Blue Mountain & Northern Railroad Company CNJ BRIDGE PROJECT: This project will provide for construction and rehabilitation of approaches into the former CNJ Bridge located near Nesquehoning including alteration of bridge pier, installation of Wye for progressive movement and construction of the connections into the main lines required on each side which will enhance safety of rail operations and ensure continuity of rail service.	State	$ 507	$ 0	$ 56	$ 563
	Fed.	0	0	0	0
	Local	508	0	56	564
Redevelopment Authority of Luzerne County RAIL & BRIDGE MAINTENANCE: This project will provide for the rehabilitation of Susquehanna River Bridge (main service from Coxton Yard to West Side Connector), rehabilitation of track from Pittston to West Pittston, including rail, cross ties, bridge timbers, structural members, and other rail-related infrastructure improvements which will enhance safety of rail operations and ensure continuity of rail service.	State	464	0	52	516
	Fed.	0	0	0	0
	Local	155	0	17	172
Western New York & Pennsylvania Railroad, LLC STATE LINE TO MEADVILLE RAIL REHABILITATION PROJECT: This project will provide for rehabilitation of rail from the New York state line including cropping and welding of stick rail which will enhance safety of rail operations and ensure continuity of service.	State	1,740	0	193	1,933
	Fed.	0	0	0	0
	Local	574	0	64	638
Western New York & Pennsylvania Railroad, LLC TRACK CONNECTIONS PROJECT: This project will provide for the installation of track connections at Lovell (3 miles west of Corry) and at milepost SA 74 (west of Union City) including rehabilitation or replacement of rail, ties and turnouts, construction of track and turnouts, and signaling and communications improvements which will enhance safety of rail operations and ensure continuity of rail service.	State	1,080	0	120	1,200
	Fed.	0	0	0	0
	Local	720	0	80	800
TOTAL STATE FUNDS		$ 45,575	$ 0	$ 5,061	$ 50,636
TOTAL FEDERAL FUNDS		9,000	0	1,000	10,000
TOTAL LOCAL FUNDS		20,690	0	2,298	22,988
PROGRAM TOTAL		$ 75,265	$ 0	$ 8,359	$ 83,624

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES (Dollar Amounts in Thousands)

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Adams County, SR 30	State	$ 500	$ 40	$ 60	$ 600
4th St to West St; US 15: Lincoln Ave to Wash St	Fed	2,000	160	240	2,400
Middle St to Confederate Ave.	Other	0	0	0	0
Gettysburg Borough	Total	2,500	200	300	3,000
Coordinate and interconnect traffic signals					
Adams County, SR 94	State	600	70	111	781
PA-94 from Adams/York county line to Apple Rd (SR 1015)	Fed	2,400	80	444	2,924
Conewago, Berwick, & New Oxford Townships.	Other	0	0	0	0
Widen, reconstruct and add center turn lane	Total	3,000	150	555	3,705
Allegheny County, SR 22	State	4,000	200	400	4,600
SR 22/30 and SR 60 interchange	Fed	16,000	800	1,600	18,400
North Fayette and Robinson Townships	Other	0	0	0	0
Highway restoration and interchange reconstruction	Total	20,000	1,000	2,000	23,000
Allegheny County, SR 22	State	840	100	132	1,072
McDonald and Noblestown interchange on TR 22	Fed	3,360	400	528	4,288
North Fayette Township	Other	0	0	0	0
Reconstruction of ramps	Total	4,200	500	660	5,360
Allegheny County, SR 22	State	1,160	100	132	1,392
Imperial and Hanky Farms interchange	Fed	4,640	400	528	5,568
North Fayette Township	Other	0	0	0	0
Reconstruction of interchange ramps	Total	5,800	500	660	6,960
Allegheny County, SR 28	State	3,000	0	200	3,200
Route 28 widening	Fed	12,000	0	800	12,800
Frazer Township	Other	0	0	0	0
Widening/construction of new interchange	Total	15,000	0	1,000	16,000
Allegheny County, SR 88	State	980	200	187	1,367
SR 3037 to Grove Road	Fed	3,920	800	0	4,720
Castle Shannon Borough	Other	0	0	0	0
Widening	Total	4,900	1,000	187	6,087
Allegheny County, SR 88	State	380	270	170	820
3037 School Street - Castle Shannon Blvd.	Fed	1,520	1,080	0	2,600
Bethel Park & Castle Shannon Boroughs	Other	0	0	0	0
Restoration	Total	1,900	1,350	170	3,420
Allegheny County, SR 88	State	654	209	260	1,123
McKeilly Road to 6th Street	Fed	2,616	1,236	0	3,852
City of Pittsburgh and Castle Shannon Borough	Other	0	0	0	0
Reconstruction	Total	3,270	1,445	260	4,975
Allegheny County, SR 837	State	2,115	126	296	2,537
Rankin Bridge to Ravine Street	Fed	8,460	204	1,184	9,848
Munhall and Whitaker Boroughs	Other	0	0	0	0
Reconstruction	Total	10,575	330	1,480	12,385
Allegheny County, SR 28	State	400	0	50	450
Heinz Wall repair	Fed	1,600	0	200	1,800
TR 28/Chestnut Street overpass in the City of Pittsburgh	Other	0	0	0	0
Rehabilitation MSE wall	Total	2,000	0	250	2,250
Allegheny County, SR 28	State	120	80	120	320
TR 28 Noise Barrier	Fed	480	320	480	1,280
Highland Park & Delafield Ave in Aspinwall Boro	Other	0	0	0	0
Noise barriers	Total	600	400	600	1,600

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Allegheny County, SR 2031	State	$ 2,200	$ 600	$ 320	$ 3,120
Lincoln Way Widening	Fed	8,800	2,400	1,280	12,480
White Oak Boro - Lincoln Way business district	Other	500	200	0	700
Widening to include shoulders, drainage and signal upgrades	Total	11,500	3,200	1,600	16,300
Armstrong County, SR 28	State	6,000	0	50	6,050
Slatelick North	Fed	0	0	0	0
S. Buffalo, N. Buffalo, E. Franklin & Rayburn Townships	Other	0	0	0	0
Preventive maintenance	Total	6,000	0	50	6,050
Armstrong County, SR 28	State	9,000	0	50	9,050
Slatelick South	Fed	0	0	0	0
South Buffalo and Buffalo Townships	Other	0	0	0	0
Preventive maintenance	Total	9,000	0	50	9,050
Armstrong County, SR 85	State	3,000	0	50	3,050
Rural Valley Concrete	Fed	0	0	0	0
Cowanshannock Township & Rural Valley Borough	Other	0	0	0	0
Preventive maintenance	Total	3,000	0	50	3,050
Beaver County, PA 51	State	1,200	220	516	1,936
TR 51 and Franklin Ave interchange	Fed	4,800	880	2,064	7,744
City of Aliquippa	Other	0	0	0	0
Reconstruction	Total	6,000	1,100	2,580	9,680
Beaver County, PA 3016	State	552	0	0	552
West of Raccoon Creek bridge to east to the interchange SR 3013	Fed	2,208	0	0	2,208
Hopewell Township	Other	0	0	0	0
New alignment	Total	2,760	0	0	2,760
Beaver County, PA 18	State	300	0	0	300
SR 18 Westgate Business Park	Fed	1,200	0	0	1,200
SR 18 at the intersection of Edgewood Rd in Big Beaver Borough	Other	0	0	0	0
Construct left turn lanes, includes new signals	Total	1,500	0	0	1,500
Beaver County, PA SR 2004	State	8,000	800	600	9,400
Freedom Road Upgrade	Fed	32,000	3,200	2,400	37,600
New Sewickley Twp. & Conway/Freedom boros	Other	0	0	0	0
SR 2004 to Crows Run realignment	Total	40,000	4,000	3,000	47,000
Bedford County, SR 56	State	500	50	27	577
SR 56 AND SR 4032 AND T-559	Fed	2,000	200	109	2,309
East Saint Clair Township	Other	0	0	0	0
Safety improvements	Total	2,500	250	136	2,886
Bedford County, SR 56	State	880	62	128	1,070
Vicinity of Chestnut Ridge School	Fed	3,520	298	514	4,332
East Saint Clair Township	Other	0	0	0	0
Addition of a lane	Total	4,400	360	642	5,402
Bedford County, SR 56	State	426	74	92	592
At SR 4028, T-541, and SR 4015	Fed	3,575	296	368	4,239
East Saint Clair Township	Other	0	0	0	0
Addition of a lane	Total	4,001	370	460	4,831
Bedford County, SR 56	State	6,000	0	200	6,200
East of Somerset Co. line to east of Pleasantville Mountain Curve	Fed	24,000	0	800	24,800
West Saint Clair Township	Other	0	0	0	0
Reconstruction/relocation	Total	30,000	0	1,000	31,000

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES (Dollar Amounts in Thousands)

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Bedford County, SR 30	State	$ 910	$ 30	$ 90	$ 1,030
Everett bypass resurfacing	Fed	3,640	120	360	4,120
From SR 1004 to SR 1044 in West Providence Twp.	Other	0	0	0	0
Concrete pavement restoration and bituminous overlay	Total	4,550	150	450	5,150
Bedford County, SR 4009	State	300	60	60	420
Business Park II access	Fed	1,200	240	240	1,680
Bedford Township	Other	0	0	0	0
Highway reconstruction	Total	1,500	300	300	2,100
Bedford County, SR 220	State	5,000	400	600	6,000
Relocation of US 220 South of Bedford	Fed	20,000	1,600	2,400	24,000
Bedford County	Other	0	0	0	0
Roadway relocation	Total	25,000	2,000	3,000	30,000
Berks County, SR 61	State	4,425	0	700	5,125
SR 61 in the vicinity of I-78	Fed	0	0	0	0
Tilden Township	Other	0	0	0	0
Reconstruction, various intersection and interchange improvements	Total	4,425	0	700	5,125
Berks County, SR 222	State	807	250	60	1,117
SR 222 Kutztown by-pass	Fed	3,206	0	290	3,496
Maxatawny & Richmond Townships	Other	0	0	0	0
Resurfacing	Total	4,013	250	350	4,613
Berks County, SR 222	State	1,000	100	50	1,150
Penn Ave to Exeter Township Business 422	Fed	4,000	400	250	4,650
Cumru, Exeter, Reading, and West Reading Townships	Other	0	0	0	0
Resurfacing	Total	5,000	500	300	5,800
Berks County, SR 422	State	1,000	250	60	1,310
From West Shore by-pass to West Wyomissing	Fed	4,000	0	240	4,240
Spring, West Lawn, Wyomissing, West Wyomissing Townships	Other	0	0	0	0
Restoration	Total	5,000	250	300	5,550
Berks County, SR 501	State	2,400	300	300	3,000
In the vicinity of interchange I78 and PA 501	Fed	9,600	1,200	1,200	12,000
Bethel Township	Other	0	0	0	0
Reconstruction and safety improvements	Total	12,000	1,500	1,500	15,000
Berks County, SR 78	State	2,600	200	300	3,100
I-78 Lenhartsville interchange	Fed	23,400	1,800	2,700	27,900
Greenwich Township	Other	0	0	0	0
Upgrade/reconfiguration of interchange	Total	26,000	2,000	3,000	31,000
Blair County	State	600	20	60	680
17th Street and on Frankstown Road	Fed	2,400	80	240	2,720
Logan Township	Other	0	0	0	0
Safety and traffic improvements at various intersections	Total	3,000	100	300	3,400
Blair County, SR 6036	State	6,000	2,100	260	8,360
9th Ave. extension between 8th Street in Juniata and PA 36	Fed	24,000	8,400	1,040	33,440
City of Altoona	Other	0	0	0	0
Roadway extension	Total	30,000	10,500	1,300	41,800
Blair County, SR 6036	State	600	100	180	880
Park Avenue extension: SR 4010 southward to SR 1009	Fed	2,400	400	720	3,520
Logan Township	Other	0	0	0	0
Construction of a new roadway	Total	3,000	500	900	4,400

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Blair County, SR 453	State	$ 2,200	$ 90	$ 340	$ 2,630
I-99 to the Pemberton bridge	Fed	8,800	360	1,360	10,520
Warriors Mark and Snyder Townships	Other	0	0	0	0
Restoration	Total	11,000	450	1,700	13,150
Blair County, SR 22	State	2,200	30	440	2,670
Truck Lane Replacement	Fed	8,800	120	1,760	10,680
Cambria County line to the interchange at SR 8004 of SR 22.	Other	0	0	0	0
Restoration of concrete pavement.	Total	11,000	150	2,200	13,350
Blair County, SR 453	State	7,000	100	590	7,690
I-99 to Pemberton bridge	Fed	28,000	400	2,360	30,760
Snyder Township	Other	0	0	0	0
Highway Restoration	Total	35,000	500	2,950	38,450
Blair County, I 99	State	1,100	30	220	1,350
Grazierville to Bald Eagle	Fed	4,400	120	880	5,400
Antis, Snyder, Tyrone	Other	0	0	0	0
Restoration	Total	5,500	150	1,100	6,750
Blair County off-site improvements	State	582	0	0	582
Intersection of 17th Street & proposed entrance to Logan Center	Fed	0	0	0	0
Park Avenue extension Logan Township	Other	0	0	0	0
Intersection and signalization improvement	Total	582	0	0	582
Blair County off-site improvements	State	1,350	0	0	1,350
17th St. and Valley View Blvd. & 17th St. and Pleasant Valley Blvd.	Fed	0	0	0	0
Park Avenue extension Logan Township	Other	0	0	0	0
Intersection and signalization improvement	Total	1,350	0	0	1,350
Blair County off-site improvements	State	712	0	0	712
Frankstown Road and I-99 Ramp/Park Avenue	Fed	0	0	0	0
Park Avenue extension Logan Township	Other	0	0	0	0
Intersection and signalization improvement	Total	712	0	0	712
Blair County off-site improvements	State	700	0	0	700
Frankstown Road and 4th Avenue (Amelia Avenue)	Fed	0	0	0	0
Park Avenue extension Logan Township	Other	0	0	0	0
Intersection and signalization improvement	Total	700	0	0	700
Blair County off-site improvements	State	582	0	0	582
Frankstown Rd. & Fairview Dr./I-99 Fairview Dr./I-99 Southbound ramp	Fed	0	0	0	0
Park Avenue extension Logan Township	Other	0	0	0	0
Intersection and signalization improvement	Total	582	0	0	582
Bradford County	State	400	40	100	540
SR 4020 to New York State Line	Fed	1,600	160	400	2,160
Athens Township	Other	0	0	0	0
New two lane roadway	Total	2,000	200	500	2,700
Bucks County, US 1	State	10,000	200	3,680	13,880
Between PA 213 and PA Turnpike	Fed	40,000	50	920	40,970
Bensalem and Middletown Townships	Other	0	0	0	0
Bridge and roadway reconstruction	Total	50,000	250	4,600	54,850
Bucks County, SR 202	State	20,834	1,260	200	22,294
PA 463 to Pickertown Road	Fed	83,336	5,040	800	89,176
Montgomery and Warrington Townships	Other	0	0	0	0
4 lane divided relocation	Total	104,170	6,300	1,000	111,470

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES (Dollar Amounts in Thousands)

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Bucks County, SR 202	State	$ 27,830	$ 3,440	$ 300	$ 31,570
Pickertown Road to PA 611 By-pass	Fed	111,320	13,760	1,200	126,280
Doylestown Borough	Other	0	0	0	0
4 Lane divided relocation	Total	139,150	17,200	1,500	157,850
Bucks County, SR 232	State	320	525	200	1,045
PA232/Neshaminy	Fed	1,280	0	0	1,280
Wrightstown Township	Other	0	0	0	0
Signal and safety improvements	Total	1,600	525	200	2,325
Bucks County, SR 313	State	600	120	60	780
Route 313/Ferry Road to Broad Street	Fed	2,400	480	240	3,120
Quakertown	Other	0	0	0	0
Safety improvements	Total	3,000	600	300	3,900
Bucks County, SR 2002	State	800	50	160	1,010
State Road: Elm Ave to Neshaminy Creek	Fed	3,200	200	640	4,040
Bristol Township	Other	0	0	0	0
Restoration and drainage improvement	Total	4,000	250	800	5,050
Bucks County, SR 2025	State	500	20	375	895
Bristol Road: Hulmeville to Old Lincoln Hwy	Fed	2,000	80	0	2,080
Bensalem Township	Other	0	0	0	0
Intersection improvements	Total	2,500	100	375	2,975
Bucks County, SR 2033	State	200	70	50	320
Woodbourne Road: at Langhorne-Yardley Intersection	Fed	800	280	150	1,230
Middletown Township	Other	0	0	0	0
Intersection improvement	Total	1,000	350	200	1,550
Bucks County, SR 2036	State	1,149	350	300	1,799
Swamp Road: PA 413 to Rushland Road	Fed	4,594	1,400	1,200	7,194
Newtown and Wrightstown townships	Other	0	0	0	0
Reconstruction/realignment	Total	5,743	1,750	1,500	8,993
Bucks County, SR 2038	State	0	250	500	750
County Line Road from Bustleton Pike to Philmont Avenue	Fed	1,600	0	0	1,600
Lower Southampton Township	Other	0	0	0	0
New roadway	Total	1,600	250	500	2,350
Bucks County, SR 2038	State	500	40	200	740
Stump Rd to Kulp Rd	Fed	2,000	160	800	2,960
Horsham, Montgomery, and Warrington Townships	Other	0	0	0	0
Widening	Total	2,500	200	1,000	3,700
Bucks County, SR 2038	State	2,900	0	300	3,200
US 202-Upper State Road	Fed	0	0	1,200	1,200
New Britain and Montgomery Townships	Other	0	0	0	0
Additional lanes/widening	Total	2,900	0	1,500	4,400
Bucks County, SR 6309	State	1,200	10	100	1,310
Between PA 309 and PA 663	Fed	4,800	40	400	5,240
Milford Township	Other	0	0	0	0
New Alignment	Total	6,000	50	500	6,550
Bucks County, SR 95	State	2,500	0	500	3,000
I-95 N. Wall: Frieda Station	Fed	0	0	0	0
Bucks County	Other	0	0	0	0
Noisewall	Total	2,500	0	500	3,000

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Butler County, I-79	State	$ 350	$ 0	$ 30	$ 380
Allegheny County Line to SR 3025	Fed	3,150	0	0	3,150
Cranberry and Jackson Townships	Other	0	0	0	0
Restoration	Total	3,500	0	30	3,530
Butler County, I-79	State	360	0	30	390
SR 3025 to PA 488	Fed	3,240	0	0	3,240
Jackson, Lancaster and Muddy Creek Townships	Other	0	0	0	0
Restoration	Total	3,600	0	30	3,630
Butler County, I-79	State	350	0	30	380
PA 488 to Lawrence County Line	Fed	3,150	0	0	3,150
Muddy Creek and Worth Townships	Other	0	0	0	0
Restoration	Total	3,500	0	30	3,530
Butler County, SR 3020	State	4,000	900	340	5,240
Freedom Road, Beaver County to US 19	Fed	16,000	3,600	1,360	20,960
Cranberry Township	Other	0	0	0	0
Widening	Total	20,000	4,500	1,700	26,200
Butler County, SR 356	State	1,000	200	200	1,400
SR 356 Congestion Reduction	Fed	4,000	800	800	5,600
Butler Township, Butler City	Other	0	0	0	0
Congestion Reduction	Total	5,000	1,000	1,000	7,000
Cambria County, SR 22	State	400	100	100	600
East of US 219 Overpass to West of SR 3034	Fed	1,600	400	400	2,400
Cambria Township	Other	0	0	0	0
Safety and traffic flow improvements	Total	2,000	500	500	3,000
Cambria County, SR 56	State	14,960	400	500	15,860
Broad Street to the Westmoreland County Line	Fed	59,840	1,600	2,000	63,440
City of Johnstown and Lower Yoder Township	Other	0	0	0	0
Relocation	Total	74,800	2,000	2,500	79,300
Cambria County, SR 219	State	40,700	4,000	600	45,300
Carrolltown to Clearfield County Line	Fed	162,800	16,000	2,400	181,200
East Carroll, West Carroll, and Susquehanna Townships	Other	0	0	0	0
Relocation	Total	203,500	20,000	3,000	226,500
Cambria County, SR 219	State	800	0	100	900
US 22 to US 422	Fed	3,200	0	0	3,200
Cambria Township	Other	0	0	0	0
Restoration and safety improvements	Total	4,000	0	100	4,100
Cambria County, SR 219	State	173	33	20	226
Maple and Clinton Streets	Fed	690	171	180	1,041
City of Johnstown	Other	0	0	0	0
Safety improvements	Total	863	204	200	1,267
Cambria County, SR 756	State	600	190	120	910
Scalp Avenue to Luther Road	Fed	2,400	760	480	3,640
Geistown Borough and Richland Township	Other	0	0	0	0
Widening	Total	3,000	950	600	4,550
Cambria County, SR 3031	State	400	30	146	576
Airport Road improvements	Fed	1,600	120	584	2,304
SR 3033 to SR 3024, Richland & Conemaugh Townships	Other	0	0	0	0
Intersection upgrades, widening and possible realignment/relocation.	Total	2,000	150	730	2,880
Carbon County, SR 54	State	200	100	160	460
From Schuylkill County line to Industrial Road	Fed	800	400	640	1,840
Borough of Nesquehoning	Other	0	0	0	0
Reconstruction/realignment	Total	1,000	500	800	2,300

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES (Dollar Amounts in Thousands)

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Carbon County, SR 443	State	$ 1,000	$ 200	$ 200	$ 1,400
Mall Road to Thomas J. McCall Memorial Bridge	Fed	4,000	800	800	5,600
Lehighton Borough and Mahoning Township	Other	0	0	0	0
Widening	Total	5,000	1,000	1,000	7,000
Carbon County, SR 209	State	500	100	100	700
PA 209 at Broadway	Fed	0	0	0	0
Borough of Jim Thorpe	Other	0	0	0	0
Intersection and safety improvements	Total	500	100	100	700
Centre County, SR 144	State	0	5,000	10,700	15,700
South Central Centre County Study - SCCCTS	Fed	0	20,000	42,800	62,800
Centre Hall Boro., Potter, Harris, Spring & College Twps	Other	0	0	0	0
New roadway	Total	0	25,000	53,500	78,500
Centre County, SR 3018	State	820	0	0	820
Whitehall & University Drive	Fed	3,280	0	0	3,280
State College Borough & Ferguson Township	Other	0	0	0	0
Add turning lane	Total	4,100	0	0	4,100
Centre County, SR 443	State	1,000	200	100	1,300
Park Avenue Corridor	Fed	4,000	800	400	5,200
College, Patton & Benner Townships	Other	0	0	0	0
New roadway	Total	5,000	1,000	500	6,500
Chester County, US 30	State	700	120	49	869
US 30 at Waterloo Road and Devon Blvd.	Fed	2,800	480	183	3,463
Easttown Township	Other	0	0	0	0
Intersection improvement	Total	3,500	600	232	4,332
Chester County, US 30	State	2,200	400	300	2,900
At Paoli Pike	Fed	8,800	1,600	1,200	11,600
Willistown and Tredyffrin Townships	Other	0	0	0	0
Center access improvements	Total	11,000	2,000	1,500	14,500
Chester County, SR 41	State	0	1,000	600	1,600
PA 41 - US 30 - PA 926	Fed	5,000	4,000	2,400	11,400
Various municipalities	Other	0	0	0	0
Intersection corridor improvements	Total	5,000	5,000	3,000	13,000
Chester County, SR 100	State	1,500	0	0	1,500
Eagle Loop Rd - PA Turnpike - Byers Rd.	Fed	1,020	0	0	1,020
Uwchlan Township and Upper Uwchlan Township	Other	0	300	200	500
New alignment	Total	2,520	300	200	3,020
Chester County, SR 100	State	2,936	320	0	3,256
PA 100 - PA 113 to Township Line Rd.	Fed	11,744	0	0	11,744
Uwchlan Township	Other	0	80	1,400	1,480
Safety, interchange and bridge improvements	Total	14,680	400	1,400	16,480
Chester County, US 202	State	8,000	0	0	8,000
Swedesford Rd (south) to Abandon Railroad	Fed	32,000	0	0	32,000
East Whiteland and Tredyffrin Townships	Other	0	0	0	0
Roadway and bridge reconstruction	Total	40,000	0	0	40,000
Chester County, US 202	State	4,000	0	0	4,000
Rt 1 to North Rt 29, Rt 30 to Rt 340, Rt 100 to PA Turnpike	Fed	16,000	0	0	16,000
Various municipalities	Other	0	0	0	0
Installation of traffic & incident management system	Total	20,000	0	0	20,000
Chester County, US 322	State	400	50	100	550
US 322, Main St. at Rt 10, Conestoga Ave	Fed	0	0	0	0
Honeybrook Borough	Other	0	0	0	0
Intersection improvements	Total	400	50	100	550

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

(Dollar Amounts in Thousands)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Chester County, US 422 Schuylkill River to Norfolk Southern Railroad North Coventry and Lower Pottsgrove Townships Interchange improvements	State	$ 11,120	$ 30	$ 900	$ 12,050
	Fed	44,480	120	3,600	48,200
	Other	0	0	0	0
	Total	55,600	150	4,500	60,250
Chester County, SR 926 SR 926 Street Rd. at SR 352 and S-curve east of SR 352 Westtown Township Channelize and realign	State	480	140	0	620
	Fed	1,920	560	0	2,480
	Other	0	0	1,000	1,000
	Total	2,400	700	1,000	4,100
Chester County, SR 2014 82 - Paoli Pike at N. Five Points West Goshen Township Intersection improvements	State	500	50	80	630
	Fed	0	0	0	0
	Other	0	0	0	0
	Total	500	50	80	630
Chester County, SR 3033 Newark Rd to Hillendale Rd. New Garden Township and Uwchlan Township Channelization/safety	State	500	100	200	800
	Fed	0	0	0	0
	Other	0	0	0	0
	Total	500	100	200	800
Clarion County, SR 80 Clarion I-80 east resurface Beaver and Monroe Townships Preventive maintenance	State	4,500	0	50	4,550
	Fed	0	0	0	0
	Other	0	0	0	0
	Total	4,500	0	50	4,550
Clarion County, SR 80 Clarion I-80 gap resurface Beaver Township Preventive maintenance	State	6,000	0	50	6,050
	Fed	0	0	0	0
	Other	0	0	0	0
	Total	6,000	0	50	6,050
Clearfield County, SR 3006 Water Street location Westover Borough Relocation including new intersection	State	700	1,000	215	1,915
	Fed	0	0	0	0
	Other	0	0	0	0
	Total	700	1,000	215	1,915
Clearfield County, SR 80 Review of structures Interstate 80 in Clearfield County Review of existing structures	State	1,000	0	100	1,100
	Fed	4,000	0	900	4,900
	Other	0	0	0	0
	Total	5,000	0	1,000	6,000
Clearfield County, SR 80 I-80 preventative maintenance Bradford, Graham, Morris & Cooper Townships I-80 preventative maintenance	State	1,400	0	100	1,500
	Fed	5,600	0	900	6,500
	Other	0	0	0	0
	Total	7,000	0	1,000	8,000
Clearfield County, SR 80 Runoff study Sandy Township, DuBois area Study	State	0	0	400	400
	Fed	0	0	1,600	1,600
	Other	0	0	0	0
	Total	0	0	2,000	2,000
Clearfield County, SR 219 Continental 1 study I-80 to NY State line Study	State	0	0	400	400
	Fed	0	0	1,600	1,600
	Other	0	0	0	0
	Total	0	0	2,000	2,000
Clearfield County, SR 219 Dubois 4 lane Sandy Township Reconstruction	State	230	100	100	430
	Fed	920	400	400	1,720
	Other	0	0	0	0
	Total	1,150	500	500	2,150
Clearfield County, SR 4019 Main Street/Dixon & Hospital Avenue City of DuBois Realignment	State	240	60	100	400
	Fed	960	240	400	1,600
	Other	0	0	0	0
	Total	1,200	300	500	2,000

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES (Dollar Amounts in Thousands)

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Columbia County, SR 80	State	$ 1,000	$ 0	$ 20	$ 1,020
I-80 WB Conc. Reconst.	Fed	0	0	0	0
Mifflin Township	Other	0	0	0	0
Highway Reconstruction	Total	1,000	0	20	1,020
Crawford County, US 6	State	200	50	50	300
US 6/19/322	Fed	800	200	200	1,200
Various municipalities	Other	0	0	0	0
Safety traffic flow improvements	Total	1,000	250	250	1,500
Cumberland County, US 11	State	800	20	200	1,020
Village of New Kingstown	Fed	3,200	80	800	4,080
Silver Spring Township	Other	0	0	0	0
Relocation of eastbound lanes	Total	4,000	100	1,000	5,100
Cumberland County, US 11	State	400	100	100	600
SR 581 Interchange to I-81	Fed	1,600	400	400	2,400
Camp Hill and Wormleysburg Boroughs, East Pennsboro Township	Other	0	0	0	0
Safety and traffic flow improvements	Total	2,000	500	500	3,000
Cumberland County, SR 81	State	6,000	300	672	6,972
Exit 44 interchange with PA 465	Fed	24,000	1,200	2,734	27,934
South Middleton Township	Other	0	0	210	210
Improve interchange	Total	30,000	1,500	3,616	35,116
Cumberland County, SR 174	State	360	70	30	460
SR 174, US 11 to I-81	Fed	1,440	80	120	1,640
Shippensburg Borough & Southampton Township	Other	0	0	0	0
Add lane	Total	1,800	150	150	2,100
Cumberland County, SR 1010	State	400	100	100	600
SR 34 to 32nd street in Camp Hill	Fed	1,600	400	400	2,400
Carlisle and Camp Hill Boroughs	Other	0	0	0	0
Safety and traffic flow improvements	Total	2,000	500	500	3,000
Cumberland County Loop Road	State	2,000	500	600	3,100
Old Scotland Road connectors with	Fed	8,000	2,000	2,400	12,400
Airport Road, Orange Road, and Shippensburg University	Other	0	0	0	0
New roadway	Total	10,000	2,500	3,000	15,500
Cumberland County, US 11	State	600	2	120	722
US 11 and 21st Street	Fed	2,400	8	480	2,888
Camp Hill Boro/East Pennsboro Twp.	Other	0	0	0	0
Intersection improvement	Total	3,000	10	600	3,610
Dauphin County, SR 39	State	1,440	25	83	1,548
Old Jonestown Rd to West of Fairville Avenue	Fed	5,160	0	432	5,592
West Hanover Township	Other	0	425	485	910
Widening	Total	6,600	450	1,000	8,050
Dauphin County, SR 39	State	100	5	45	150
Linglestown Road and Square	Fed	800	40	360	1,200
Lower Paxton Township	Other	100	5	45	150
Reconstruction	Total	1,000	50	450	1,500
Dauphin County, SR-230	State	823	0	0	823
AMTRAK Rail Line near the Harrisburg International Airport	Fed	3,294	0	0	3,294
Lower Swatara Township	Other	0	0	0	0
Construct an intermodal transfer center	Total	4,117	0	0	4,117
Dauphin County, SR 322	State	600	100	120	820
US 322 and SR - 743	Fed	2,400	400	480	3,280
Derry Township	Other	0	0	0	0
Upgrade traffic signals and realign intersection	Total	3,000	500	600	4,100

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Dauphin County, SR 322	State	$ 3,678	$ 150	$ 0	$ 3,828
US 422 & Lingle Ave intersection in Derry Township	Fed	0	0	0	0
Dauphin County & Palmyra Boro., Lebanon County	Other	0	3,700	700	4,400
Widen, improve intersection & signals	Total	3,678	3,850	700	8,228
on all legs of intersection					
Dauphin County, SR3010	State	3,000	500	500	4,000
Paxton, Harrisburg, and 40th Sts. and	Fed	0	0	0	0
Chambers Hill & Lindle Rds, Eisenhower Blvd.	Other	0	0	0	0
Swatara Township	Total	3,000	500	500	4,000
Reconstruction and safety improvements and install traffic signals					
Dauphin County, SR3010	State	800	100	100	1,000
Paxton Street	Fed	3,200	400	400	4,000
Swatara Township	Other	0	0	0	0
Convert from one way to two way and install traffic signal	Total	4,000	500	500	5,000
Delaware County, I-95	State	336	5	359	700
Delaware Expressway at Darby Creek bridge	Fed	3,024	0	0	3,024
Ridley Township	Other	0	0	0	0
Roadway restoration	Total	3,360	5	359	3,724
Delaware County, I-95	State	1,600	3,000	200	4,800
US 322 Interchange and local access	Fed	14,400	0	800	15,200
Chester Township	Other	0	0	0	0
Interchange improvement	Total	16,000	3,000	1,000	20,000
Delaware County, I-95	State	4,000	280	300	4,580
US 322 and I-95 ramps	Fed	16,000	1,120	1,200	18,320
Chester City	Other	0	0	0	0
Widening	Total	20,000	1,400	1,500	22,900
Delaware County, I-95	State	500	10	160	670
SR 291 to I-476	Fed	4,500	40	640	5,180
Ridley & Tinicum Townships, Ridley Boro, City of Philadelphia	Other	0	0	0	0
Installation of traffic & incident management system	Total	5,000	50	800	5,850
Delaware County, PA 252	State	2,352	300	352	3,004
Palmer's Mill Road to Kirk Lane	Fed	0	0	71	71
Upper Providence Township	Other	0	0	0	0
Intersection improvement	Total	2,352	300	423	3,075
Delaware County, SR 3009	State	200	100	60	360
Chichester and Meetinghouse Rd	Fed	800	400	240	1,440
Upper Chichester Township	Other	0	0	0	0
Interchange improvements	Total	1,000	500	300	1,800
Erie County, SR 5	State	200	0	406	606
SR 5 (12th Street) from I-79 to Franklin Ave	Fed	800	0	1,624	2,424
City of Erie, Mill Creek and Lawrence Park Townships	Other	0	0	0	0
Safety and traffic flow improvements	Total	1,000	0	2,030	3,030
Erie County, SR 89	State	800	200	100	1,100
I-79 to Franklin Ave	Fed	3,200	800	400	4,400
City of Erie, Mill Creek and Lawrence Park Townships	Other	0	0	0	0
Safety and traffic flow improvements	Total	4,000	1,000	500	5,500
Erie County, SR 832	State	1,450	170	20	1,640
Peninsula Drive: 6th Street to Presque Isle State Park	Fed	5,800	680	80	6,560
City of Erie	Other	0	0	0	0
Relocation/reconstruction	Total	7,250	850	100	8,200
Erie County, SR 4009	State	600	100	100	800
Asbury Rd:12th Street to 26th Street	Fed	2,400	400	400	3,200
Mill Creek Township	Other	0	0	0	0
Widening & intersection improvements	Total	3,000	500	500	4,000

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Erie County, SR 4009 Asbury Rd. Widening Millcreek Twp. SR 4009, Segments 10 & 20 Add lanes, improve drainage	State	$ 3,200	$ 400	$ 500	$ 4,100
	Fed	12,800	1,600	2,000	16,400
	Other	0	0	0	0
	Total	16,000	2,000	2,500	20,500
Erie County, SR 832 Peninsula Dr. & W. 12th (4 corners) Millcreek & McKean Townships Intersection improvement, add lanes	State	2,000	1,200	200	3,400
	Fed	8,000	4,800	800	13,600
	Other	0	0	0	0
	Total	10,000	6,000	1,000	17,000
Erie County, SR 832 Peninsula Dr. & W. 26th (4 corners) Millcreek Twp. Intersection improvement, add lanes	State	400	0	0	400
	Fed	1,600	0	0	1,600
	Other	0	0	0	0
	Total	2,000	0	0	2,000
Erie County, SR 5 Asbury Rd. & W. 12th (4 corners) Millcreek Twp. Intersection improvement, add lanes	State	400	0	0	400
	Fed	1,600	0	0	1,600
	Other	0	0	0	0
	Total	2,000	0	0	2,000
Erie County, SR 19 Peach St/SR19-Kuntz-38th St Millcreek Twp., City of Erie Add sidewalks, curb ramps, ret. wall	State	200	100	130	430
	Fed	800	400	520	1,720
	Other	0	0	0	0
	Total	1,000	500	650	2,150
Erie County, SR 832 Peninsula Drive Relocation Millcreek Twp., City of Erie Relocation	State	690	170	40	900
	Fed	2,760	680	160	3,600
	Other	0	0	0	0
	Total	3,450	850	200	4,500
Fayette County, SR 21 SR 166 intersection to S&T Drive German Township Widening	State	160	200	419	779
	Fed	640	800	1,676	3,116
	Other	0	0	0	0
	Total	800	1,000	2,095	3,895
Fayette County, SR 21 S&T Drive to Rt 40 City of Uniontown, South Union and Menallen Townships Widening	State	6,000	216	200	6,416
	Fed	24,000	864	800	25,664
	Other	0	0	0	0
	Total	30,000	1,080	1,000	32,080
Fayette County, SR 40 US 40 at Chalk Hill Wharton Township Reconstruction	State	150	120	140	410
	Fed	1,350	0	0	1,350
	Other	0	0	0	0
	Total	1,500	120	140	1,760
Fayette County, SR 119 Everson Exit to Westmoreland County Line Bullskin and Upper Tyrone Townships Restoration	State	400	40	26	466
	Fed	1,600	160	104	1,864
	Other	0	0	0	0
	Total	2,000	200	130	2,330
Fayette County, SR 119 Morgantown interchange South Union Township Add 2 ramps	State	200	100	320	620
	Fed	800	0	0	800
	Other	0	0	0	0
	Total	1,000	100	320	1,420
Fayette County, SR 711 Connellsville to Chest. Rdg Connellsville and Springhill Townships Restoration	State	300	50	40	390
	Fed	1,200	200	160	1,560
	Other	0	0	0	0
	Total	1,500	250	200	1,950
Fayette County, SR 51 SR 51 safety South Union Township Safety improvement	State	1,188	167	60	1,415
	Fed	4,752	668	240	5,660
	Other	0	0	0	0
	Total	5,940	835	300	7,075

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES

HIGHWAY PROJECTS

(Dollar Amounts in Thousands)

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Fayette County, SR 4020 SR 4020 Prison Road & Faeco Drive Luzerne Township Widening, resurface and add turning lane	State	$ 1,968	$ 0	$ 0	$ 1,968
	Fed	0	0	0	0
	Other	0	0	0	0
	Total	1,968	0	0	1,968
Franklin County, I-81 Exit 10 to 20 Greene and Guilford Townships Resurface and rehabilitate	State	1,568	150	450	2,168
	Fed	14,114	0	4,050	18,164
	Other	0	0	0	0
	Total	15,682	150	4,500	20,332
Franklin County, I-81 I-81 and SR 696 Fayette Street Interchange Southampton Township Reconstruction and safety improvements	State	400	100	100	600
	Fed	1,600	400	400	2,400
	Other	0	0	0	0
	Total	2,000	500	500	3,000
Greene County SR 21 I-81 and SR 696 Fayette Street Interchange Southampton Township Reconstruction and safety improvements	State	200	20	20	240
	Fed	1,800	180	180	2,160
	Other	0	0	0	0
	Total	2,000	200	200	2,400
Huntingdon County, SR 26 SR 26 at Jackson Corners Miller Township Safety improvement	State	290	40	215	545
	Fed	1,160	120	160	1,440
	Other	0	0	0	0
	Total	1,450	160	375	1,985
Huntingdon County, SR 26 Intersections of SR 26 at Harry's Valley Rd and SR 1029 Barree Township Safety improvement	State	2,860	65	59	2,984
	Fed	11,440	585	441	12,466
	Other	0	0	0	0
	Total	14,300	650	500	15,450
Huntingdon County, SRs 22 & 26 Smithfield Commercial Park Intersection of US 22 and PA 26 in Smithfield Twp., Huntingdon County Improvements to SR's 22 and 26 associated with improving access to the Smithfield Commercial Park	State	760	30	110	900
	Fed	3,040	120	440	3,600
	Other	0	0	0	0
	Total	3,800	150	550	4,500
Indiana County, SR 422 Armstrong County line to Cambria County line Along 422 in Indiana County Reconstruction, widening, and safety improvements	State	2,000	400	200	2,600
	Fed	8,000	1,600	800	10,400
	Other	0	0	0	0
	Total	10,000	2,000	1,000	13,000
Indiana County, SR 422 422 Bypass overlay White and Cherryhill Townships Preventive maintenance	State	7,000	0	50	7,050
	Fed	0	0	0	0
	Other	0	0	0	0
	Total	7,000	0	50	7,050
Lackawanna County, SR 81 LLTS Interstate PM Luzerne and Lackawanna Counties Preventive maintenance along I-81	State	1,200	0	0	1,200
	Fed	10,800	0	0	10,800
	Other	0	0	0	0
	Total	12,000	0	0	12,000
Lackawanna County, SR 81 I-81: Central Scranton Expressway to Davis Street City of Scranton Widen	State	6,000	500	600	7,100
	Fed	54,000	4,500	5,400	63,900
	Other	0	0	0	0
	Total	60,000	5,000	6,000	71,000
Lancaster County, SR-41 SR 41 from truck climbing lane to Dutchman's market Sadsbury Township Widen to three lanes	State	233	40	225	498
	Fed	932	0	0	932
	Other	0	0	0	0
	Total	1,165	40	225	1,430

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Lancaster County, SR-41	State	$ 385	$ 14	$ 128	$ 527
SR 41 from US 30 to T-942	Fed	1,539	56	510	2,105
Salisbury Township	Other	0	0	0	0
Add lane	Total	1,924	70	638	2,632
Lancaster County, SR 72	State	2,000	200	400	2,600
SR 72	Fed	8,000	800	1,600	10,400
Various townships	Other	0	0	0	0
Relocation, reconstruction, and safety improvements	Total	10,000	1,000	2,000	13,000
Lancaster County, SR 272	State	1,940	20	129	2,089
SR 741 to Smithville	Fed	7,760	80	518	8,358
West Lampeter, Pequea and Providence Townships	Other	0	0	0	0
Resurface, rehabilitate and paint bridges	Total	9,700	100	647	10,447
Lancaster County, SR 441	State	2,000	220	0	2,220
SR 441 Corridor Columbia	Fed	8,000	880	0	8,880
Columbia Borough and West Hempfield Township	Other	0	0	1,500	1,500
Resurface, rehabilitate and paint bridges	Total	10,000	1,100	1,500	12,600
Lancaster County, SR 1026	State	184	60	200	444
Wallups Hill Road to West of Kline Road	Fed	736	0	0	736
West Cocalico Township	Other	0	0	0	0
Reconstruction	Total	920	60	200	1,180
Lancaster County, SR 501	State	280	12	100	392
PA 501 spot improvements	Fed	1,120	48	400	1,568
PA 501 corridor	Other	0	0	0	0
Intersection improvements & widening	Total	1,400	60	500	1,960
Lancaster County, SR 772	State	400	10	50	460
Schaums Corner	Fed	1,600	40	200	1,840
West Earl Twp	Other	0	0	0	0
Ramps, turning lanes & signals	Total	2,000	50	250	2,300
Lawrence County, SR 422	State	0	0	250	250
From New Castle to Rose Point	Fed	0	0	1,000	1,000
Slippery Rock, Shenango and Union Townships	Other	0	0	0	0
Reconstruction	Total	0	0	1,250	1,250
Lawrence County, SR 1005	State	636	210	100	946
Maitland Lane to Mercer County line	Fed	2,544	840	400	3,784
Wilmington and Neshannock Townships	Other	0	0	0	0
Reconstruction	Total	3,180	1,050	500	4,730
Lawrence County, SR 4014	State	536	238	0	774
SR 4014 State Street	Fed	2,144	952	0	3,096
New Castle and Union Townships	Other	0	0	0	0
Reconstruction	Total	2,680	1,190	0	3,870
Lawrence County, SR 351	State	2,340	50	290	2,680
Route 351 Upgrade	Fed	9,360	200	1,160	10,720
Ellwood City	Other	0	0	0	0
Widen to 24 feet	Total	11,700	250	1,450	13,400
Lawrence County, SR 1005	State	660	175	0	835
SR 1005/Mercer Road	Fed	2,640	700	0	3,340
Intersection of Maitland Lane to the Mercer County line	Other	0	0	0	0
Resurfacing, widening, minor realignment	Total	3,300	875	0	4,175
Lawrence County, SR 60	State	3,000	0	200	3,200
SR 60 and Kings Chapel Road interchange	Fed	12,000	0	800	12,800
Neshannock Township	Other	0	0	0	0
Construct new interchange	Total	15,000	0	1,000	16,000

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES

HIGHWAY PROJECTS

(Dollar Amounts in Thousands)

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Lebanon County, SR 422	State	$ 3,000	$ 0	$ 0	$ 3,000
US 422 and Lingle Avenue	Fed	0	0	0	0
Palmyra Borough and Derry Township (Dauphin County)	Other	0	1,000	500	1,500
Widen, reconstruct roadways, and safety improvements	Total	3,000	1,000	500	4,500
Lebanon County, SR 501	State	450	60	100	610
SR 501 College Street & SR 2011 Richland Ave intersection	Fed	0	0	0	0
Myerstown Borough	Other	0	0	0	0
Intersection improvement	Total	450	60	100	610
Lebanon County, SR 4020	State	460	10	20	490
SR 4020 from PA 72 to SR 4019 thru Fort Indiantown Gap	Fed	1,838	40	80	1,958
Union, East Hanover	Other	0	0	0	0
Update shoulders, level and overlay	Total	2,298	50	100	2,448
Lehigh County, I-78	State	350	25	40	415
I-78 Black River Road Bridge Overpass and Saucon Park Bridge	Fed	3,150	225	360	3,735
Lower Saucon Township	Other	0	0	0	0
Update shoulders, level and overlay	Total	3,500	250	400	4,150
Lehigh County, SR 1004	State	800	80	220	1,100
Second Street extension	Fed	3,200	320	880	4,400
Catasauqua Borough	Other	0	0	0	0
Safety improvement	Total	4,000	400	1,100	5,500
Luzerne County, SR 1021	State	400	100	40	540
From 8th Street bridge to I-81	Fed	1,600	400	160	2,160
Jenkins and Pittston Townships	Other	0	0	0	0
Construct new roadway	Total	2,000	500	200	2,700
Luzerne County, I-81	State	400	100	200	700
Exit 178	Fed	3,600	900	1,800	6,300
Avoca	Other	0	0	0	0
Interchange improvement	Total	4,000	1,000	2,000	7,000
Luzerne County, SR 93	State	300	0	0	300
Rock Glen Road to County Road	Fed	1,200	0	0	1,200
Conyngham Borough	Other	0	0	0	0
Restoration, widening	Total	1,500	0	0	1,500
Lycoming County, SR 220,	State	2,500	0	70	2,570
Fire hall to Lycoming Creek bridges	Fed	0	0	0	0
Woodward Township	Other	0	0	0	0
Restoration	Total	2,500	0	70	2,570
Lycoming County, SR 15	State	1,000	150	150	1,300
US 15 and Via Bella	Fed	4,000	600	600	5,200
City of Williamsport	Other	0	0	0	0
Intersection improvements	Total	5,000	750	750	6,500
Mercer County, SR 60	State	400	0	300	700
SR 60 at I-80	Fed	1,600	0	0	1,600
Shenango Township	Other	0	0	0	0
Signing and Lighting	Total	2,000	0	300	2,300
Mercer County, SR 3014	State	500	100	20	620
From Buhl Farm Road to SR 18 (Hermitage Road)	Fed	1,000	400	80	1,480
City of Hermitage	Other	0	0	0	0
Resurface	Total	1,500	500	100	2,100
Monroe County, I- 80	State	1,200	0	40	1,240
I-80 improvements	Fed	4,800	0	160	4,960
Tobyhanna Township	Other	0	0	0	0
Safety improvements	Total	6,000	0	200	6,200

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Monroe County, SR 209	State	$ 600	$ 100	$ 100	$ 800
SR 209/SR 33 interchange to Carbon County	Fed	2,400	400	400	3,200
Polk, Chestnut Hill, and Hamilton Townships	Other	0	0	0	0
Safety and traffic flow improvements	Total	3,000	500	500	4,000
Monroe County, SR 209	State	302	0	0	302
SR 33 and SR 209 Northampton County line to I-80	Fed	2,722	0	110	2,832
Hamilton and Stroud Townships	Other	0	0	0	0
Median barrier/safety improvements	Total	3,024	0	110	3,134
Monroe County, SR 611	State	0	300	300	600
SR 611 Mount Pocono	Fed	2,600	0	0	2,600
Borough of Mount Pocono	Other	0	0	0	0
Resurface, safety, guiderail, and drainage improvements	Total	2,600	300	300	3,200
Monroe County, SR 611	State	400	30	70	500
PA 940 TO PA 33	Fed	1,600	120	280	2,000
Mount Pocono Boro., Paradise, Stroud, Hamilton, & Pocono Townships	Other	0	0	0	0
Restoration, safety improvement, intersection improvement	Total	2,000	150	350	2,500
Monroe County, SR 715	State	2,500	0	0	2,500
715/80 Improvements	Fed	0	0	0	0
Pocono Township	Other	0	0	0	0
Addition of turn lanes	Total	2,500	0	0	2,500
Montgomery County, SR 63	State	200	10	100	310
SR 63 Welsh Rd at Limekiln Pike and Norristown Rd	Fed	800	40	400	1,240
Horsham and Upper Dublin Townships	Other	0	0	0	0
Intersection improvements	Total	1,000	50	500	1,550
Montgomery County, SR 73	State	520	105	270	895
Plank/Otts/Meyers/Seltz Rds-SR 73 Township Line Road	Fed	2,080	420	0	2,500
Skippack and Perkiomen Townships	Other	0	0	0	0
Safety and traffic improvements	Total	2,600	525	270	3,395
Montgomery County, US 202	State	8,800	2,800	200	11,800
US 202 Dekalb Pike Johnson Highway - SR 309	Fed	35,200	11,200	800	47,200
Whitpain and E Norriton Townships and Norristown Borough	Other	0	0	0	0
Widen to four lanes	Total	44,000	14,000	1,000	59,000
Montgomery County, US 202	State	3,600	2,000	0	5,600
Swedesford Road to Morris Road	Fed	14,400	8,000	0	22,400
Whitpain Township	Other	0	0	0	0
Widening and intersection improvements	Total	18,000	10,000	0	28,000
Montgomery County, US 202	State	0	1,520	0	1,520
Johnson Highway to Swedesford Road	Fed	0	6,080	0	6,080
Whitpain and E Norriton Townships and Norristown Borough	Other	0	0	0	0
Widening	Total	0	7,600	0	7,600
Montgomery County, US 202	State	3,000	1,240	0	4,240
Morris Road to SR 63	Fed	12,000	4,960	0	16,960
Montgomery, Upper and Lower Gwynedd, and Whitpain Townships	Other	0	0	0	0
Reconstruction and widening	Total	15,000	6,200	0	21,200
Montgomery County, US 202	State	1,000	0	0	1,000
Hancock Rd to SR 309	Fed	7,200	0	0	7,200
Montgomery, Upper, and Lower Gwynedd Townships	Other	0	0	0	0
Relocation	Total	8,200	0	0	8,200
Montgomery County, US 202	State	400	620	0	1,020
Five Points Intersection (SR 309, SR 63, and US 202)	Fed	1,600	2,480	0	4,080
Montgomery Township	Other	0	0	0	0
Widening and signalization	Total	2,000	3,100	0	5,100

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

(Dollar Amounts in Thousands)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Montgomery County, SR 309	State	$ 12,000	$ 0	$ 0	$ 12,000
SR 309 Haws Lane to Pennsylvania Ave	Fed	48,000	0	0	48,000
Upper Dublin & Whitemarsh Townships	Other	0	0	0	0
Reconstruction	Total	60,000	0	0	60,000
Montgomery County, SR 363	State	2,400	0	0	2,400
Sumneytown at SR 363 Valley Forge Rd	Fed	9,600	0	0	9,600
Towamencin & Upper Gwynedd Township	Other	0	200	100	300
Intersection and signal improvements	Total	12,000	200	100	12,300
Montgomery County, US 422	State	4,000	200	200	4,400
US 422 at SR 363	Fed	16,000	800	800	17,600
West Norriton and Lower Providence Townships	Other	0	0	0	0
New interchange	Total	20,000	1,000	1,000	22,000
Montgomery County, SR 463	State	520	0	0	520
SR 463 (Horsham Rd) North Wales Rd to General Hancock Rd	Fed	2,080	0	0	2,080
Montgomery Township	Other	0	100	250	350
Widening	Total	2,600	100	250	2,950
Montgomery County, SR 2001	State	230	60	132	422
Morris Road at North Wales Road (North and South Leg)	Fed	920	240	477	1,637
Worcester & Whitpain Townships	Other	0	0	0	0
Intersection improvements	Total	1,150	300	609	2,059
Montgomery County, SR 2027	State	760	138	233	1,131
Pennsylvania Avenue at Camp Hill Road	Fed	3,040	552	783	4,375
Springfield Township	Other	0	0	0	0
Intersection improvements	Total	3,800	690	1,016	5,506
Montgomery County, SR 3045	State	1,300	0	0	1,300
Rock Hill Road/ Belmont Ave	Fed	5,200	0	0	5,200
Lower Merion Township	Other	0	1,300	1,700	3,000
Corridor improvements	Total	6,500	1,300	1,700	9,500
Montgomery County, SR 463	State	340	0	0	340
PA 463: Stump to Upper State Road	Fed	1,360	0	0	1,360
Montgomery Township	Other	0	220	40	260
Widen roadway	Total	1,700	220	40	1,960
Northampton County, I-78	State	600	25	40	665
I-78 restoration	Fed	5,400	225	360	5,985
Lower Saucon Township and Bethlehem	Other	0	0	0	0
Restoration	Total	6,000	250	400	6,650
Northumberland County, I-80	State	510	0	3	513
Limestoneville EBWB reconstruction	Fed	4,590	0	27	4,617
Turbot, E. Chillisquaque & Liberty Twp	Other	0	0	0	0
Highway reconstruction	Total	5,100	0	30	5,130
Northumberland County, I-80	State	2,400	70	260	2,730
SR 61 and SR 225 Intersection	Fed	9,600	280	1,040	10,920
Coal Township and Shamokin Borough	Other	0	0	0	0
Intersection improvement	Total	12,000	350	1,300	13,650
Perry County, US 11	State	500	55	20	575
US 11 I-81 to Perdix Village	Fed	2,000	0	80	2,080
Marysville Borough and Penn Township	Other	0	0	0	0
Resurfacing	Total	2,500	55	100	2,655
Perry County, SR 274	State	475	0	0	475
SR 274 and Friendly Drive	Fed	0	0	0	0
Penn Township	Other	0	22	61	83
Widen and improve intersection	Total	475	22	61	558

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES (Dollar Amounts in Thousands)

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Perry County, SR 849	State	$ 400	$ 100	$ 40	$ 540
SR 849 at Duncannon	Fed	1,600	400	160	2,160
Penn Township	Other	0	0	0	0
Reconstruction and drainage improvements	Total	2,000	500	200	2,700
Philadelphia County, I-95	State	3,500	1,000	1,800	6,300
Ann St to Frankford Creek	Fed	31,500	4,000	7,200	42,700
City of Philadelphia	Other	0	0	0	0
Reconstruction	Total	35,000	5,000	9,000	49,000
Philadelphia County, I-95	State	8,000	5,400	2,200	15,600
Frankford Ave to Orthodox Street	Fed	72,000	600	8,800	81,400
City of Philadelphia	Other	0	0	0	0
Reconstruction and drainage improvements	Total	80,000	6,000	11,000	97,000
Philadelphia County, I-95	State	7,500	800	1,130	9,430
Orthodox Street to Levick Street	Fed	67,500	3,200	8,700	79,400
City of Philadelphia	Other	0	0	0	0
Reconstruction and interchange improvements	Total	75,000	4,000	9,830	88,830
Philadelphia County, I-95	State	8,500	1,025	3,000	12,525
Levick Street to Bleigh Avenue	Fed	76,500	651	12,000	89,151
City of Philadelphia	Other	0	0	0	0
Reconstruction and interchange improvements	Total	85,000	1,676	15,000	101,676
Philadelphia County, I-95	State	12,500	1,400	3,468	17,368
Shackamaxon Street and Ann Street	Fed	112,500	5,600	13,871	131,971
City of Philadelphia	Other	0	0	0	0
Reconstruction and safety improvements	Total	125,000	7,000	17,339	149,339
Philadelphia County, I-95	State	4,000	800	1,900	6,700
Bleigh Avenue to Academy Road	Fed	36,000	7,200	7,600	50,800
City of Philadelphia	Other	0	0	0	0
Reconstruction and operational improvements	Total	40,000	8,000	9,500	57,500
Philadelphia County, SR 1007	State	286	10	360	656
Adams Street Connector Torresdale to Aramingo Ave	Fed	1,142	40	60	1,242
City of Philadelphia	Other	0	0	0	0
Construct new roadway	Total	1,428	50	420	1,898
Philadelphia County, SR 3007	State	700	0	0	700
Benjamin Franklin Parkway from 16th Street to 25th Street	Fed	0	0	0	0
City of Philadelphia	Other	1,400	0	0	1,400
Installation of new lighting	Total	2,100	0	0	2,100
Philadelphia County, SR 4007	State	800	80	80	960
Germantown Avenue: Allen's Lane to Creshiem Valley Drive	Fed	3,200	200	320	3,720
City of Philadelphia	Other	0	0	0	0
Reconstruction	Total	4,000	280	400	4,680
Pike County, I-84	State	400	0	0	400
Wayne County line to Delaware River bridge	Fed	3,600	0	0	3,600
Pike County	Other	0	0	0	0
Restoration	Total	4,000	0	0	4,000
Potter County, SR 6	State	500	90	60	650
SR 6 Main Street	Fed	2,000	360	240	2,600
Galeton Borough	Other	0	0	0	0
Restoration/reconstruction	Total	2,500	450	300	3,250
Schuylkill County, I81	State	600	0	40	640
I-81	Fed	5,400	0	160	5,560
Lebanon County to Luzerne County	Other	0	0	0	0
Restoration and safety improvements	Total	6,000	0	200	6,200

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Schuylkill County, SR 309	State	$ 300	$ 20	$ 220	$ 540
Tamaqua CBD improvements	Fed	1,200	80	880	2,160
Borough of Tamaqua	Other	0	0	0	0
Congestion reduction improvements	Total	1,500	100	1,100	2,700
Snyder County, US 11	State	840	0	126	966
Selinsgrove Bypass	Fed	3,359	0	504	3,863
Monroe, Penn, Selinsgrove, and Union Townships	Other	0	0	0	0
Restoration	Total	4,199	0	630	4,829
Snyder County, US 15	State	200	50	100	350
CSVT	Fed	800	200	400	1,400
Monroe and Shamokin Dam Townships	Other	0	0	0	0
Wetland mitigation site for CSVT	Total	1,000	250	500	1,750
Snyder County, SR 1003	State	300	50	100	450
SR 1003 relocation	Fed	0	0	0	0
Centre Township	Other	0	0	0	0
Two lane relocation	Total	300	50	100	450
Snyder, Northumberland, & Union Counties, SR 15	State	55,600	5,200	9,200	70,000
Central Susquehanna Valley Transportation Study	Fed	222,400	20,800	36,800	280,000
Multiple townships and boroughs	Other	0	0	0	0
Highway relocation	Total	278,000	26,000	46,000	350,000
Somerset County, SR 219	State	28,000	1,000	3,085	32,085
From Meyersdale bypass to the Maryland State line	Fed	112,000	4,000	12,340	128,340
Salisbury Borough, Elk Lick and Summit Townships	Other	0	0	0	0
New 4 lane roadway	Total	140,000	5,000	15,425	160,425
Sullivan County, SR 220	State	700	30	60	790
SR 42 in Muncy Valley to Sonestown	Fed	2,800	120	240	3,160
Davidson Township	Other	0	0	0	0
Reconstruction	Total	3,500	150	300	3,950
Sullivan County, SR 220	State	500	16	120	636
Dushore to Bradford County line	Fed	2,000	64	480	2,544
Cherry Township	Other	0	0	0	0
Highway reconstruction	Total	2,500	80	600	3,180
Susquehanna County, I-81	State	350	0	0	350
I-81	Fed	3,150	0	0	3,150
Great Bend and New Milford Townships	Other	0	0	0	0
Preventative maintenance	Total	3,500	0	0	3,500
Susquehanna County, SR 706	State	300	5	0	305
Fairdale to W. Montrose	Fed	1,200	20	0	1,220
Jessup and Bridgewater Townships	Other	0	0	0	0
Reconstruction	Total	1,500	25	0	1,525
Susquehanna County, SR 706	State	300	0	0	300
TR 706 Montrose to Tiffany	Fed	1,200	0	0	1,200
Montrose Borough and Bridgewater Township	Other	0	0	0	0
Reconstruction	Total	1,500	0	0	1,500
Susquehanna County, SR 706	State	400	20	40	460
Tiffany to US 11	Fed	1,600	80	160	1,840
Bridgewater and New Milford Townships	Other	0	0	0	0
Reconstruction	Total	2,000	100	200	2,300
Susquehanna County, SR 706	State	400	0	0	400
SR 706 and SR 3023	Fed	1,600	0	0	1,600
Rush Township	Other	0	0	0	0
Reconstruction	Total	2,000	0	0	2,000

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES (Dollar Amounts in Thousands)

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Tioga County, SR 15	State	$ 1,563	$ 0	$ 80	$ 1,643
Tioga - Tioga Junction	Fed	6,250	18	320	6,588
Tioga Township	Other	0	0	0	0
Add 2 lanes to 2-on-4 highway	Total	7,813	18	400	8,231
Union County	State	300	10	10	320
US 15 @ Russell Rd & PA 44	Fed	1,200	40	40	1,280
Gregg Township	Other	0	0	0	0
Intersection and safety improvement	Total	1,500	50	50	1,600
Venango County	State	850	100	50	1,000
SR62/257 intersection	Fed	7,650	900	450	9,000
Cranberry Twp.	Other	0	0	0	0
Intersection improvement	Total	8,500	1,000	500	10,000
Venango County	State	450	20	0	470
Rt.257/Ph II - Airport to Main	Fed	4,050	180	0	4,230
Cranberry Twp.	Other	0	0	0	0
Widen to 3 lanes & curbs	Total	4,500	200	0	4,700
Venango County	State	600	170	0	770
Rt. 257/Ph III - Main to Innis	Fed	2,400	680	0	3,080
Cranberry Twp.	Other	0	0	0	0
Widen to 3 lanes & curbs	Total	3,000	850	0	3,850
Warren County	State	300	0	100	400
SR6/MSE walls/repair & replace	Fed	1,200	0	400	1,600
Mead Twp.	Other	0	0	0	0
Repair/replace MSE retaining walls	Total	1,500	0	500	2,000
Washington County, SR 18	State	30	210	150	390
Intersection at SR 18 & SR 4008	Fed	270	0	0	270
Burgettstown Borough	Other	0	0	0	0
Intersection improvement	Total	300	210	150	660
Washington County, I-79	State	315	100	200	615
SR 40 to I-70/I-79 Interchange	Fed	2,835	0	0	2,835
Amwell and South Strabane	Other	0	0	0	0
Restoration	Total	3,150	100	200	3,450
Washington County, SR 88	State	90	220	80	390
SR 88/SR 1006	Fed	810	0	0	810
Finleyville	Other	0	0	0	0
Intersection improvement	Total	900	220	80	1,200
Washington County, SR 88	State	80	85	184	349
SR 88 and SR 837	Fed	720	0	0	720
Carroll Township	Other	0	0	0	0
Add lane and signal improvement	Total	800	85	184	1,069
Washington County, SR 136	State	100	100	100	300
Various curves near Monongahela	Fed	400	0	0	400
Carroll Township	Other	0	0	0	0
Restoration and safety improvements	Total	500	100	100	700
Washington County, SR 136	State	95	250	200	545
SR 0917/ SR 1087	Fed	855	0	0	855
Carroll and Fallowfield Townships	Other	0	0	0	0
Intersection improvement	Total	950	250	200	1,400
Washington County, SR 136	State	95	350	200	645
SR 136/ SR 1055	Fed	855	0	0	855
Somerset Township	Other	0	0	0	0
Interchange improvement	Total	950	350	200	1,500
Washington County, SR 519	State	150	250	200	600
SR 1055/ SR 519	Fed	1,350	0	0	1,350
North Strabane Township	Other	0	0	0	0
Interchange improvement	Total	1,500	250	200	1,950

FROM CURRENT REVENUES

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Washington County, SR 519	State	$ 100	$ 100	$ 100	$ 300
Intersection of SR 519 at SR 980 & SR 19 Southbound Ramps	Fed	400	0	0	400
North Strabane Township	Other	0	0	0	0
Signal, intersection, channelization	Total	500	100	100	700
Washington County, SR 980	State	200	85	110	395
SR 980 south approach to SR 50	Fed	800	0	0	800
Cecil Township	Other	0	0	0	0
Intersection improvements	Total	1,000	85	110	1,195
Washington County, SR 2040	State	300	0	0	300
SR 2044, 2023 and 8030 near I-70 interchange	Fed	1,200	0	0	1,200
Bentleyville Borough	Other	0	0	0	0
Restoration	Total	1,500	0	0	1,500
Washington County, SR 2040	State	100	200	200	500
Between Pittsburgh Street and I-70	Fed	400	0	0	400
Bentleyville Borough and Somerset Township	Other	0	0	0	0
Add turning lane	Total	500	200	200	900
Washington County, SR 8013	State	600	65	330	995
I-79 to SR 1047	Fed	2,400	585	720	3,705
Chartiers Township	Other	0	0	0	0
Interchange improvements	Total	3,000	650	1,050	4,700
Washington County, SR 88	State	400	20	20	440
SR 88 / I 70 intersection	Fed	1,600	80	180	1,860
Charleroi, Dunlevy and Speers	Other	0	0	0	0
Intersection improvement	Total	2,000	100	200	2,300
Washington County, SR 4049	State	120	150	100	370
SR 4049 at Humber Lane	Fed	480	0	0	480
South Strabane Township	Other	0	0	0	0
Intersection improvement	Total	600	150	100	850
Washington County, SR 1041	State	1,000	100	100	1,200
Racetrack Road between US 19 & I-79	Fed	4,000	400	400	4,800
Chartiers Township	Other	0	0	0	0
Widening, reconstruction & intersection improvements	Total	5,000	500	500	6,000
Washington County, SR 8013	State	3,000	40	600	3,640
I-70 interchange with I-79	Fed	27,000	360	2,400	29,760
South Strabane Township	Other	0	0	0	0
Interchange reconstruction	Total	30,000	400	3,000	33,400
Westmoreland County, SR 30	State	1,000	100	100	1,200
From the Irwin Turnpike to the Allegheny County line	Fed	4,000	400	400	4,800
North Huntingdon	Other	0	0	0	0
Widening and safety improvements	Total	5,000	500	500	6,000
Westmoreland County, SR 30	State	800	1,100	500	2,400
SR 30/ SR 981	Fed	3,200	0	0	3,200
Unity Township	Other	0	0	0	0
Intersection improvement	Total	4,000	1,100	500	5,600
Westmoreland County, I-70	State	1,500	250	150	1,900
I-70 New Stanton Interchange	Fed	13,500	2,250	1,350	17,100
New Stanton Borough	Other	0	0	0	0
Interchange improvement	Total	15,000	2,500	1,500	19,000
Westmoreland County, SR 119	State	1,200	120	200	1,520
Westmoreland County	Fed	4,800	480	800	6,080
Sony interchange	Other	0	0	0	0
Reconstruction/interchange improvement	Total	6,000	600	1,000	7,600

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES (Dollar Amounts in Thousands)

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Westmoreland County, SR 130	State	$ 500	$ 5	$ 25	$ 530
SR4002 to Toll 66	Fed	2,000	45	225	2,270
Hempfield Township	Other	0	0	0	0
Restoration	Total	2,500	50	250	2,800
Westmoreland County, SR 130	State	0	150	200	350
SR 130 improvements	Fed	1,800	1,350	0	3,150
Penn Township	Other	200	0	200	400
Intersection improvement	Total	2,000	1,500	400	3,900
Westmoreland County, SR 130	State	100	250	200	550
At Pleasant Valley Road intersection	Fed	400	0	0	400
Penn Township	Other	0	0	0	0
Intersection improvement	Total	500	250	200	950
Westmoreland County, SR 366	State	600	250	350	1,200
SR 56 to Tarentum bridge north from SR 56 LA	Fed	2,400	0	0	2,400
Murrysville, New Kensington, and Washington townships	Other	0	0	0	0
Signal and safety improvement	Total	3,000	250	350	3,600
Westmoreland County, SR 1045	State	600	125	400	1,125
St Vincent College	Fed	2,400	0	0	2,400
Unity Township	Other	0	0	0	0
Two lane relocation	Total	3,000	125	400	3,525
Westmoreland County, SR 22	State	8,000	3,300	770	12,070
SR 22 Reconstruction	Fed	32,000	13,200	3,080	48,280
Murrysville, Export and Salem Townships	Other	0	0	0	0
Reconstruction and widening	Total	40,000	16,500	3,850	60,350
Westmoreland County, SR 31	State	340	0	0	340
TR 31 Three Mile Hill	Fed	3,060	0	0	3,060
South Huntingdon	Other	0	0	0	0
Safety improvement	Total	3,400	0	0	3,400
Westmoreland County, SR 31	State	181	375	66	622
SR 31 at Exit 9 Donegal	Fed	724	0	264	988
Donegal Township	Other	0	0	0	0
Intersection improvement	Total	905	375	330	1,610
Westmoreland County, SR 51	State	525	23	40	588
SR 51 Safety	Fed	2,101	92	160	2,353
Rostraver Township	Other	0	0	0	0
Safety improvement	Total	2,626	115	200	2,941
Westmoreland County, SR 56	State	200	225	480	905
SR 56 at SR 4048 Hyde Park Road	Fed	800	0	0	800
Allegheny	Other	0	0	0	0
Signal improvements, add lanes	Total	1,000	225	480	1,705
Westmoreland County, SR 356	State	200	200	300	700
PA 356 improvements	Fed	800	0	0	800
Allegheny	Other	0	0	0	0
Intersection improvement	Total	1,000	200	300	1,500
Westmoreland County, SR 366	State	1,000	120	100	1,220
Parnassus Triangle Phase 2	Fed	4,000	480	400	4,880
Lower Burrell, New Kensington	Other	0	0	0	0
Reconstruction	Total	5,000	600	500	6,100
Westmoreland County, SR 4002	State	1,200	354	100	1,654
SR 4002 North Greengate Road	Fed	4,800	1,416	200	6,416
Hempfield Township	Other	0	0	0	0
Reconstruction	Total	6,000	1,770	300	8,070
Wyoming County, SR 6	State	560	0	0	560
Meshoppen Township	Fed	2,240	0	0	2,240
Meshoppen Township	Other	0	0	0	0
Resurfacing and restoration	Total	2,800	0	0	2,800

Department of Transportation 2004-05 Projects

FROM CURRENT REVENUES

(Dollar Amounts in Thousands)

HIGHWAY PROJECTS

Program: Highway and Safety Improvement

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
York County, US 30	State	$ 1,000	$ 0	$ 0	$ 1,000
Intersection of US 30 and Eden Road	Fed	4,000	0	0	4,000
Springettsbury Township	Other	0	500	500	1,000
Widening and intersection improvements, realignment of Eden Road	Total	5,000	500	500	6,000
York County, SR 74	State	1,000	100	100	1,200
From Maryland State line to Red Lion Borough	Fed	4,000	400	400	4,800
Various Townships	Other	0	0	0	0
Safety improvements	Total	5,000	500	500	6,000
York County, SR 74	State	200	220	20	440
High St and Sunset Lane	Fed	800	880	80	1,760
West Manchester Township	Other	0	0	0	0
Realignment	Total	1,000	1,100	100	2,200
York County, I-83	State	1,050	200	240	1,490
I-83 Exits 6, 7, and 8	Fed	4,200	0	1,160	5,360
Various municipalities	Other	0	0	0	0
Interchange and safety improvements	Total	5,250	200	1,400	6,850
York County, I-83	State	739	60	25	824
I-83 from Maryland to SR 214	Fed	6,654	0	225	6,879
Hopewell, Shrewsbury, & Springfield Townships	Other	0	0	0	0
Resurface and ramp improvements	Total	7,393	60	250	7,703
York County, I-83	State	6,200	500	431	7,131
I-83 From Exit 4 to Exit 5	Fed	55,800	4,500	3,879	64,179
Spring Garden, York	Other	0	0	0	0
Resurface and ramp improvements	Total	62,000	5,000	4,310	71,310
York County, SR 94	State	1,500	501	439	2,440
Kuhn Drive to Appler Road	Fed	6,000	2,005	2,156	10,161
Various municipalities	Other	0	0	0	0
Widening	Total	7,500	2,506	2,595	12,601
York County, SR 116	State	160	60	150	370
SR 116 York, Jefferson, and Lehman Streets	Fed	640	0	0	640
North Codorus Township	Other	0	0	0	0
Realign intersections	Total	800	60	150	1,010
York County, SR 124	State	400	100	39	539
Mt Rose Ave from Haines Rd to Edgewood Rd	Fed	1,600	400	156	2,156
Springettsbury Township	Other	0	0	0	0
Reconstruct and widen	Total	2,000	500	195	2,695
York County, SR 2011	State	1,000	170	150	1,320
SR 2011 from Nursery to Mt Pisgah Rd	Fed	4,000	680	600	5,280
Hellam and Lower Windsor Township	Other	0	0	0	0
Reconstruct and realign roadway	Total	5,000	850	750	6,600
York County, SR 4001	State	269	35	150	454
SR 4001 Greenbriar Rd to Church Rd	Fed	1,075	0	0	1,075
Manchester & West Manchester Townships	Other	0	0	0	0
Curve realignment	Total	1,344	35	150	1,529
York County, SR 15	State	6,000	400	40	6,440
US 15/PA 74 interchange	Fed	24,000	1,600	160	25,760
Carroll Township	Other	0	0	0	0
New interchange	Total	30,000	2,000	200	32,200
Total State		$ 610,849	$ 78,875	$ 82,590	$ 772,314
Total Federal		$ 2,541,468	$ 253,134	$ 284,333	$ 3,078,935
Total Other		$ 2,200	$ 8,052	$ 8,891	$ 19,143
PROGRAM TOTAL		$ 3,154,517	$ 340,061	$ 375,814	$ 3,870,392

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)

	2005-06	2006-07	2007-08	2008-09
Agriculture	$ 1,107	$ 1,107	$ 1,107	$ 1,107
Conservation and Natural Resources	109,074	110,074	111,074	112,074
Corrections	77,727	77,727	77,727	77,727
Education	98,211	98,211	98,211	98,211
Emergency Management Agency	0	0	0	0
Environmental Protection	20,282	17,522	12,842	18,608
Fish and Boat Commission	2,000	1,500	1,000	1,000
Game Commission	2,000	1,000	1,000	1,000
General Services	0	0	0	0
Historical and Museum Commission	24,639	24,639	24,639	24,639
Military and Veterans Affairs	9,538	9,538	9,538	9,538
Public Welfare	25,493	25,493	25,493	25,493
State Police	26,139	26,139	26,139	26,139
Transportation	350,000	350,000	350,000	350,000
TOTAL	$ 746,210	$ 742,950	$ 738,770	$ 745,536

Forecast of Future Projects

This section contains estimated authorizations (State funds only) for future Capital Budgets from 2005-06 through 2008-09. 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	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Agriculture PUBLIC IMPROVEMENT PROJECTS: Provides for improvements at the Farm Show Complex and the laboratory.	$ 1,107	$ 1,107	$ 1,107	$ 1,107
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.	79,074	79,074	79,074	79,074
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 furniture and equipment authorizations.	77,727	77,727	77,727	77,727
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 furniture and equipment authorizations.	98,211	98,211	98,211	98,211
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.	0	0	0	0
Environmental Protection PUBLIC IMPROVEMENT PROJECTS: Provides for construction and improvement projects to protect the environment and the health and safety of citizens using State lands and waterways. These projects include flood protection construction. Also may include furniture and equipment authorizations.	8,072	8,072	8,072	8,072
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.	12,210	9,450	4,770	10,536
General Services PUBLIC IMPROVEMENT PROJECTS: Provides for the construction, renovation and improvements to State office buildings and facilities.	0	0	0	0

Forecast of Future Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS (continued)	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Historical and Museum Commission 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 furniture and equipment authorizations.	$ 24,639	$ 24,639	$ 24,639	$ 24,639
Military and Veterans Affairs PUBLIC IMPROVEMENT PROJECTS: Provides for land acquisition, renovations, additions and replacement at the State armories and veterans' homes. Also may include furniture and equipment authorizations.	9,538	9,538	9,538	9,538
Public Welfare PUBLIC IMPROVEMENT PROJECTS: Provides for construction and renovation of patient buildings, support facilities and utilities at the State institutions for the mentally ill and mentally retarded, restoration centers and youth development centers. Also may include furniture and equipment authorizations.	25,493	25,493	25,493	25,493
State Police PUBLIC IMPROVEMENT PROJECTS: Provides for renovation, expansion and construction of troop headquarters/station facilities and driver examination facilities. Also may include furniture and equipment authorizations.	26,139	26,139	26,139	26,139
Transportation 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 furniture and equipment authorizations.	0	0	0	0
Transportation 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.	150,000	150,000	150,000	150,000
CAPITAL FACILITIES BOND FUNDS				
Total — Public Improvement Program	$ 350,000	$ 350,000	$ 350,000	$ 350,000
Total — Flood Control Program	12,210	9,450	4,770	10,536
Total — Transportation Assistance Program	150,000	150,000	150,000	150,000
SUBTOTAL— CAPITAL FACILITIES BOND FUNDS	$ 512,210	$ 509,450	$ 504,770	$ 510,536

Forecast of Future Projects

(Dollar Amounts in Thousands)

	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
FROM CURRENT REVENUES				
Conservation and Natural Resources PUBLIC IMPROVEMENT PROJECTS — KEYSTONE RECREATION, PARK AND CONSERVATION FUND: Provides for the rehabilitation, repair and development of State park and forest facilities which are critical for visitor safety and environmental protection or essential for facility operation.	$ 15,000	$ 16,000	$ 17,000	$ 18,000
Conservation and Natural Resources PUBLIC IMPROVEMENT PROJECTS — ENVIRONMENTAL STEWARDSHIP FUND: Provides for the acquisition, rehabilitation and development of open space, forests, parks and scenic environments.	15,000	15,000	15,000	15,000
Fish and Boat Commission 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.	2,000	1,500	1,000	1,000
Game Commission PUBLIC IMPROVEMENT PROJECTS — GAME FUND: Provides for acquisition of additional State game lands.	2,000	1,000	1,000	1,000
Transportation HIGHWAY PROJECTS — MOTOR LICENSE FUND: Provides for the purchase of right-of-way, construction, and reconstruction of highways and bridges on the Commonwealth road system and major Federally designated safety projects.	200,000	200,000	200,000	200,000
CURRENT REVENUES				
Total – Public Improvement Program	$ 34,000	$ 33,500	$ 34,000	$ 35,000
Total – Highway Program	200,000	200,000	200,000	200,000
SUBTOTAL – CURRENT REVENUES	234,000	233,500	234,000	235,000
TOTAL – ALL PROGRAMS	$ 746,210	$ 742,950	$ 738,770	$ 745,536

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	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Executive Offices	$ 12,983	$ 14,700	$ 8,063	$ 2,063	$ 2,063
Agriculture	2,296	6,517	6,492	6,658	6,935
Conservation and Natural Resources	59,119	52,190	48,988	62,084	82,906
Community and Economic Development	274,317	251,662	212,671	207,156	134,869
Corrections	43,396	71,143	57,011	68,670	88,102
Education	151,735	119,933	86,072	98,979	123,532
Emergency Management Agency	1,035	3,499	3,527	3,527	3,527
Environmental Protection	12,905	35,109	38,566	38,256	36,612
Fish and Boat Commission	750	2,910	3,405	3,755	3,420
Game Commission	0	2,000	1,000	1,000	1,000
General Services	30,361	60,136	47,730	47,500	47,500
Historical and Museum Commission	15,195	27,543	21,653	26,112	31,651
Liquor Control Board	0	0	0	0	0
Military and Veterans Affairs	11,414	16,783	17,400	18,667	21,052
Public Welfare	10,133	16,555	14,775	18,599	24,972
State Police	14,902	28,374	32,071	35,992	42,527
Transportation	554,389	535,423	518,422	520,765	523,136
TOTAL - ALL STATE FUNDS	$ 1,194,930	$ 1,244,477	$ 1,117,846	$ 1,159,783	$ 1,173,804

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)

	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
CAPITAL FACILITIES BOND FUNDS					
Executive Offices					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 983	$ 2,700	$ 2,063	$ 2,063	$ 2,063
Furniture and Equipment	12,000	12,000	6,000	0	0
Projects in 2004-05 Budget					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
Future Projects (2005-09)					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
TOTAL - EXECUTIVE OFFICES	$ 12,983	$ 14,700	$ 8,063	$ 2,063	$ 2,063
Agriculture					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 2,106	$ 4,795	$ 3,529	$ 3,529	$ 3,529
Furniture and Equipment	0	0	0	0	0
Projects in 2004-05 Budget					
Buildings and Structures	190	1,711	2,852	2,852	2,852
Furniture and Equipment	0	0	0	0	0
Future Projects (2005-09)					
Buildings and Structures	0	11	111	277	554
Furniture and Equipment	0	0	0	0	0
TOTAL - AGRICULTURE	$ 2,296	$ 6,517	$ 6,492	$ 6,658	$ 6,935
Conservation and Natural Resources					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 35,161	$ 22,877	$ 10,340	$ 10,340	$ 10,340
Furniture and Equipment	0	0	0	0	0
Projects in 2004-05 Budget					
Buildings and Structures	127	1,147	1,911	1,911	1,911
Furniture and Equipment	0	0	0	0	0
Future Projects (2005-09)					
Buildings and Structures	0	791	7,908	19,769	39,538
Furniture and Equipment	0	0	0	0	0
TOTAL - CONSERVATION AND NATURAL RESOURCES	$ 35,288	$ 24,815	$ 20,159	$ 32,020	$ 51,789
Community and Economic Development					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 1,060	$ 2,147	$ 1,536	$ 1,536	$ 1,536
Furniture and Equipment	0	0	0	0	0
Projects in 2004-05 Budget					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
Future Projects (2005-09)					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
Subtotal	$ 1,060	$ 2,147	$ 1,536	$ 1,536	$ 1,536
Redevelopment Assistance Projects					
Projects Currently Authorized					
Acquisition and Construction	273,257	249,515	211,135	205,620	133,333
TOTAL - COMMUNITY AND ECONOMIC DEVELOPMENT	$ 274,317	$ 251,662	$ 212,671	$ 207,156	$ 134,869

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Corrections					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 43,238	$ 68,943	$ 46,867	$ 46,867	$ 46,867
Furniture and Equipment	0	0	0	0	0
Projects in 2004-05 Budget					
Buildings and Structures	158	1,423	2,372	2,372	2,372
Furniture and Equipment	0	0	0	0	0
Future Projects (2005-09)					
Buildings and Structures	0	777	7,772	19,431	38,863
Furniture and Equipment	0	0	0	0	0
TOTAL - CORRECTIONS	$ 43,396	$ 71,143	$ 57,011	$ 68,670	$ 88,102
Education					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 145,214	$ 81,180	$ 27,469	$ 27,469	$ 27,469
Furniture and Equipment	2,292	6,759	2,971	1,146	1,146
Projects in 2004-05 Budget					
Buildings and Structures	3,054	27,487	45,811	45,811	45,811
Furniture and Equipment	1,175	3,525	0	0	0
Future Projects (2005-09)					
Buildings and Structures	0	982	9,821	24,553	49,106
Furniture and Equipment	0	0	0	0	0
TOTAL - EDUCATION	$ 151,735	$ 119,933	$ 86,072	$ 98,979	$ 123,532
Emergency Management Agency					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 930	$ 2,554	$ 1,952	$ 1,952	$ 1,952
Furniture and Equipment	0	0	0	0	0
Projects in 2004-05 Budget					
Buildings and Structures	105	945	1,575	1,575	1,575
Furniture and Equipment	0	0	0	0	0
Future Projects (2005-09)					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
TOTAL - EMERGENCY MANAGEMENT	$ 1,035	$ 3,499	$ 3,527	$ 3,527	$ 3,527
Environmental Protection					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 11,393	$ 24,502	$ 18,162	$ 18,162	$ 18,162
Furniture and Equipment	0	0	0	0	0
Projects in 2004-05 Budget					
Buildings and Structures	608	5,473	9,122	9,122	9,122
Furniture and Equipment	0	0	0	0	0
Future Projects (2005-09)					
Buildings and Structures	0	81	807	2,018	4,036
Furniture and Equipment	0	0	0	0	0
Subtotal	$ 12,001	$ 30,056	$ 28,091	$ 29,302	$ 31,320
Flood Control Projects					
Projects Currently Authorized					
Structures and Improvements	$ 294	$ 584	$ 294	$ 0	$ 0
Projects in 2004-05 Budget					
Structures and Improvements	610	2,515	610	0	0
Future Projects (2005-09)					
Structures and Improvements	0	1,954	9,571	8,954	5,292
Subtotal	$ 904	$ 5,053	$ 10,475	$ 8,954	$ 5,292
TOTAL - ENVIRONMENTAL PROTECTION	$ 12,905	$ 35,109	$ 38,566	$ 38,256	$ 36,612

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
General Services					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 29,711	$ 54,040	$ 38,506	$ 38,506	$ 38,506
Furniture and Equipment	52	715	256	26	26
Projects in 2004-05 Budget					
Buildings and Structures	598	5,381	8,968	8,968	8,968
Furniture and Equipment	0	0	0	0	0
Future Projects (2005-09)					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
TOTAL - GENERAL SERVICES	$ 30,361	$ 60,136	$ 47,730	$ 47,500	$ 47,500
Historical and Museum Commission					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 14,806	$ 26,049	$ 19,183	$ 19,183	$ 19,183
Furniture and Equipment	0	17	6	0	0
Projects in 2004-05 Budget					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	389	1,231	0	0	0
Future Projects (2005-09)					
Buildings and Structures	0	246	2,464	6,160	12,320
Furniture and Equipment	0	0	0	769	148
TOTAL - HISTORICAL AND MUSEUM	$ 15,195	$ 27,543	$ 21,653	$ 26,112	$ 31,651
Military and Veterans Affairs					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 8,686	$ 11,021	$ 8,420	$ 8,420	$ 8,420
Furniture and Equipment	2,280	1,633	1,304	1,140	1,140
Projects in 2004-05 Budget					
Buildings and Structures	448	4,034	6,723	6,723	6,723
Furniture and Equipment	0	0	0	0	0
Future Projects (2005-09)					
Buildings and Structures	0	95	953	2,384	4,769
Furniture and Equipment	0	0	0	0	0
TOTAL - MILITARY AFFAIRS	$ 11,414	$ 16,783	$ 17,400	$ 18,667	$ 21,052
Public Welfare					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 9,806	$ 14,545	$ 10,291	$ 10,291	$ 10,291
Furniture and Equipment	0	0	0	0	0
Projects in 2004-05 Budget					
Buildings and Structures	129	1,161	1,935	1,935	1,935
Furniture and Equipment	198	594	0	0	0
Future Projects (2005-09)					
Buildings and Structures	0	255	2,549	6,373	12,746
Furniture and Equipment	0	0	0	0	0
TOTAL - PUBLIC WELFARE	$ 10,133	$ 16,555	$ 14,775	$ 18,599	$ 24,972

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
State Police					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 13,754	$ 17,780	$ 12,236	$ 12,236	$ 12,236
Furniture and Equipment	0	0	0	0	0
Projects in 2004-05 Budget					
Buildings and Structures	1,148	10,333	17,221	17,221	17,221
Furniture and Equipment	0	0	0	0	0
Future Projects (2005-09)					
Buildings and Structures	0	261	2,614	6,535	13,070
Furniture and Equipment	0	0	0	0	0
TOTAL - STATE POLICE	$ 14,902	$ 28,374	$ 32,071	$ 35,992	$ 42,527
Transportation					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures	$ 13,976	$ 7,469	$ 1,978	$ 1,978	$ 1,978
Furniture and Equipment	0	0	0	0	0
Projects in 2004-05 Budget					
Buildings and Structures	494	4,442	7,404	7,404	7,404
Furniture and Equipment	0	0	0	0	0
Future Projects (2005-09)					
Buildings and Structures	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
Subtotal	$ 14,470	$ 11,911	$ 9,382	$ 9,382	$ 9,382
Transportation Assistance Projects					
Projects Currently Authorized					
Mass Transit, Rail and Air	$ 150,000	$ 105,000	$ 77,000	$ 49,000	$ 40,000
Projects in 2004-05 Budget					
Mass Transit, Rail and Air	0	35,000	53,000	71,000	35,000
Future Projects (2005-09)					
Mass Transit, Rail and Air	0	10,000	20,000	30,000	75,000
Subtotal	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000
TOTAL - TRANSPORTATION	$ 164,470	$ 161,911	$ 159,382	$ 159,382	$ 159,382
TOTAL - CAPITAL FACILITIES BOND FUNDS					
Public Improvement Projects					
Buildings and Structures	$ 337,883	$ 407,638	$ 343,425	$ 395,926	$ 483,428
Furniture and Equipment	18,386	26,474	10,537	3,081	2,460
Redevelopment Assistance Projects					
Acquistion and Construction	273,257	249,515	211,135	205,620	133,333
Flood Control Projects					
Structures and Improvements	904	5,053	10,475	8,954	5,292
Transportation Assistance Projects					
Mass Transit, Rail and Air	150,000	150,000	150,000	150,000	150,000
TOTAL	$ 780,430	$ 838,680	$ 725,572	$ 763,581	$ 774,513

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
CURRENT REVENUES					
FISH AND BOAT FUND					
Fish and Boat Commission					
Public Improvement Projects					
Projects Currently Authorized	$ 750	$ 2,250	$ 2,250	$ 2,250	$ 2,250
Projects in 2004-05 Budget	0	0	0	0	0
Future Projects (2005-09)	0	660	1,155	1,505	1,170
TOTAL - FISH AND BOAT COMMISSION	$ 750	$ 2,910	$ 3,405	$ 3,755	$ 3,420
GAME FUND					
Game Commission					
Public Improvement Projects					
Projects Currently Authorized	$ 0	$ 0	$ 0	$ 0	$ 0
Projects in 2004-05 Budget	0	0	0	0	0
Future Projects (2005-09)	0	2,000	1,000	1,000	1,000
TOTAL - GAME COMMISSION	$ 0	$ 2,000	$ 1,000	$ 1,000	$ 1,000
KEYSTONE RECREATION, PARK AND CONSERVATION FUND					
Conservation and Natural Resources					
Keystone Recreation, Park and Conservation Projects - Acquisition, Improvements and Restoration					
Projects Currently Authorized	$ 10,762	$ 9,130	$ 6,879	$ 3,921	$ 1,907
Projects in 2004-05 Budget	1,719	2,578	3,437	3,867	2,578
Future Projects (2005-09)	0	1,500	3,850	7,100	10,925
Subtotal	$ 12,481	$ 13,208	$ 14,166	$ 14,889	$ 15,410
ENVIRONMENTAL STEWARDSHIP FUND					
Conservation and Natural Resources					
Environmental Stewardship Projects - Acquisition, Rehabilitation and Development					
Projects Currently Authorized	$ 6,047	$ 4,711	$ 2,207	$ 470	$ 1,001
Projects in 2004-05 Budget	5,304	7,956	7,956	7,956	7,956
Future Projects (2005-09)	0	1,500	4,500	6,750	6,750
Subtotal	$ 11,351	$ 14,167	$ 14,663	$ 15,176	$ 15,707
TOTAL - CONSERVATION AND NATURAL RESOURCES	$ 23,832	$ 27,375	$ 28,828	$ 30,065	$ 31,117
STATE STORES FUND					
Liquor Control Board					
Public Improvement Projects					
Projects Currently Authorized	$ 0	$ 0	$ 0	$ 0	$ 0
Projects in 2004-05 Budget	0	0	0	0	0
Future Projects (2004-08)	0	0	0	0	0
TOTAL - LIQUOR CONTROL BOARD	$ 0	$ 0	$ 0	$ 0	$ 0

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
MOTOR LICENSE FUND					
Transportation					
Highway and Bridge Projects					
Projects Currently Authorized	$ 389,919	$ 354,837	$ 333,907	$ 325,244	$ 309,191
Projects in 2004-05 Budget	0	11,205	17,952	18,069	25,463
Future Projects (2005-09)	0	7,470	7,181	18,070	29,100
TOTAL - TRANSPORTATION	$ 389,919	$ 373,512	$ 359,040	$ 361,383	$ 363,754
TOTAL - CURRENT REVENUES					
Public Improvement Projects					
Fish and Boat Fund	$ 750	$ 2,910	$ 3,405	$ 3,755	$ 3,420
Public Improvement Projects					
Game Fund	0	2,000	1,000	1,000	1,000
Acquisition, Improvement and Restoration Projects					
Keystone Recreation, Park and Conservation Fund	12,481	13,208	14,166	14,889	15,410
Acquisition, Rehabilitation and Development Projects					
Environmental Stewardship Fund	11,351	14,167	14,663	15,176	15,707
Public Improvement Projects					
State Stores Fund	0	0	0	0	0
Highway and Bridge Projects					
Motor License Fund	389,919	373,512	359,040	361,383	363,754
TOTAL - CURRENT REVENUES	$ 414,501	$ 405,797	$ 392,273	$ 396,203	$ 399,291
TOTAL - ALL STATE FUNDS	$ 1,194,931	$ 1,244,477	$ 1,117,845	$ 1,159,783	$ 1,173,804

Governor's Executive Budget

PUBLIC DEBT

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:

- Referendums 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 four percent of revenues.
- Capital projects addressing health, safety and public protection receive top priority for activation. New construction projects have the lowest priority.
- Highway capital projects should be funded from current revenues of the Motor License Fund.

DEBT AUTHORIZED, ISSUED AND OUTSTANDING

The following statement reflects the debt of the Commonwealth as of December 31, 2003. Issues for which all authorized debt has been previously issued and for which said debt has been completely redeemed are not included. The Constitution permits capital budget debt to be issued without voter approval but subject to a debt limit. Except for debt issued for disaster recovery purposes, all other debt requires voter approval.

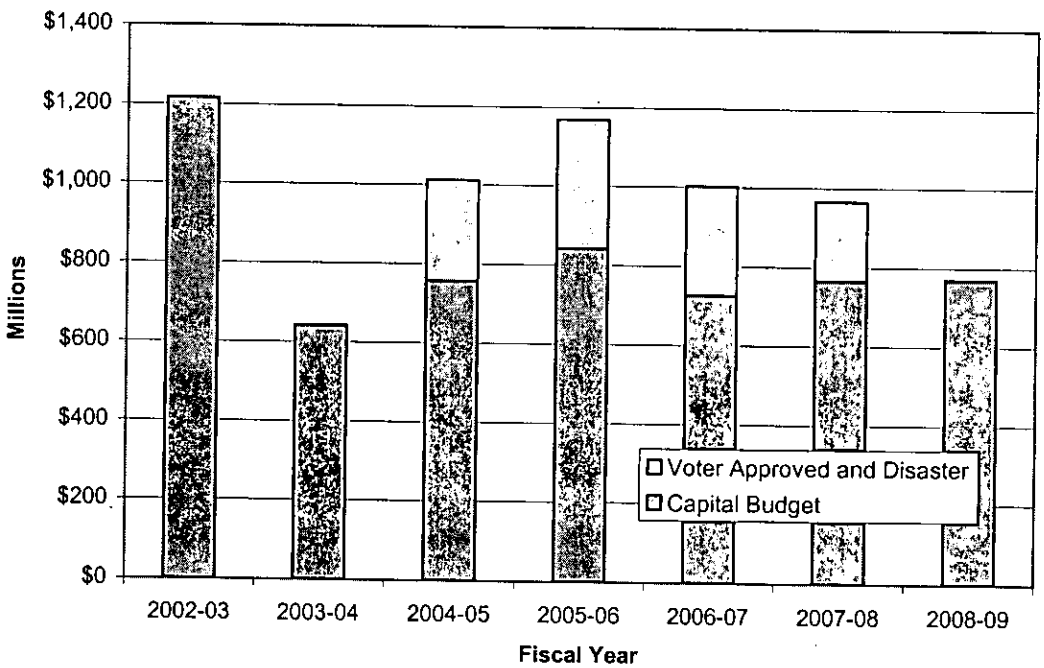
	(Dollar Amounts in Thousands)		
Debt Subject to Constitutional Limit	Total Debt Authorized	Total Original Debt Issued	Debt Outstanding*
Capital Budget	$ 48,131,433	$ 13,218,630	$ 4,945,882
Capital Budget Refunding Bonds Outstanding	.....	.....	1,430,534
Less: Capital Debt Fund Balance	.....	.....	-2
Subtotal	$ 48,131,433	$ 13,218,630	$ 6,376,414
Debt Not Subject to Constitutional Limit - Voter Approved and Disaster			
Disaster Relief	$ 192,708	$ 170,800	$ 0
Disaster Relief 1996	110,000	26,000	21,625
Economic Revitalization	190,000	176,000	4,710
Land and Water Development	500,000	499,700	1,970
Vietnam Veterans' Compensation	65,000	62,000	0
Volunteer Companies Loan	50,000	50,000	8,670
Water Facilities - 1981 Referendum	300,000	288,500	26,905
PENNVEST- 1988 & 1992 Referenda	650,000	383,000	72,910
Agricultural Conservation Easement	100,000	100,000	20,070
Local Criminal Justice	200,000	192,000	20,145
Nursing Home Loans	100,000	69,000	0
Keystone Recreation, Park and Conservation	50,000	50,000	20,000
Refunding Bonds Outstanding	.....	.....	462,186
Less: Non-capital Sinking Fund Balances	.....	.....	0
Subtotal	$ 2,507,708	$ 2,067,000	$ 659,191
TOTAL	$ 50,639,141	$ 15,285,630	$ 7,035,605

* Total of debt issued plus accreted interest on capital appreciation bonds less debt redeemed or refunded.

GENERAL OBLIGATION BOND ISSUES
2002-03 Through 2008-09

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



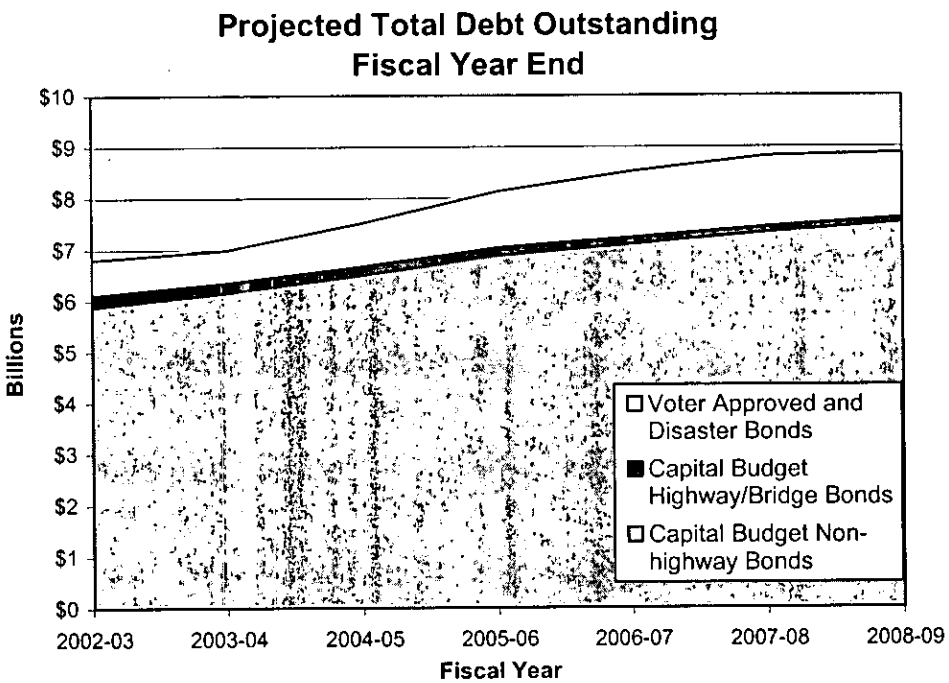
(Dollar Amounts in Thousands)

General Obligation Bond Issues	2002-03 Actual	2003-04 Estimated	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Capital Budget							
Buildings and Structures	$ 760,000	$ 370,000	$ 335,000	$ 437,000	$ 355,000	$ 400,000	$ 480,000
Flood Control	6,000	0	1,000	5,000	10,000	9,000	5,000
Furnishings and Equipment	40,000	0	0	0	0	0	3,000
Redevelopment Assistance	260,000	120,000	270,000	250,000	210,000	205,000	130,000
Transportation Assistance	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Subtotal	$ 1,216,000	$ 640,000	$ 756,000	$ 842,000	$ 725,000	$ 764,000	$ 768,000
Voter Approved and Disaster							
Disaster Relief	$ 0	$ 0	$ 1,000	$ 0	$ 0	$ 0	$ 0
Local Criminal Justice	0	2,500	3,000	0	0	0	0
PENNVEST -- 1988 & 1992 Referenda	0	0	2,000	1,000	1,000	1,000	1,000
Water and Wastewater Referendum*	0	0	50,000	125,000	75,000	0	0
Growing Greener II Referendum**	0	0	200,000	200,000	200,000	200,000	0
Water Facilities Loan -- 1981 Referendum	0	0	0	1,000	1,000	1,000	1,000
Subtotal	$ 0	$ 2,500	$ 256,000	$ 327,000	$ 277,000	$ 202,000	$ 2,000
TOTAL	$ 1,216,000	$ 642,500	$ 1,012,000	$ 1,169,000	$ 1,002,000	$ 966,000	$ 770,000

* As proposed in conjunction with the Plan for a New Pennsylvania
** As proposed in the FY 2004-05 Governor's Executive Budget

GENERAL OBLIGATION DEBT OUTSTANDING 2002-03 Through 2008-09

Outstanding debt of the Commonwealth is projected using the proposed bond issuance contained in this budget and encompasses all general obligation debt. Sinking fund balances are excluded. Only capital budget debt is subject to the constitutional debt limit [Article VIII, Section 7(a)(4)].



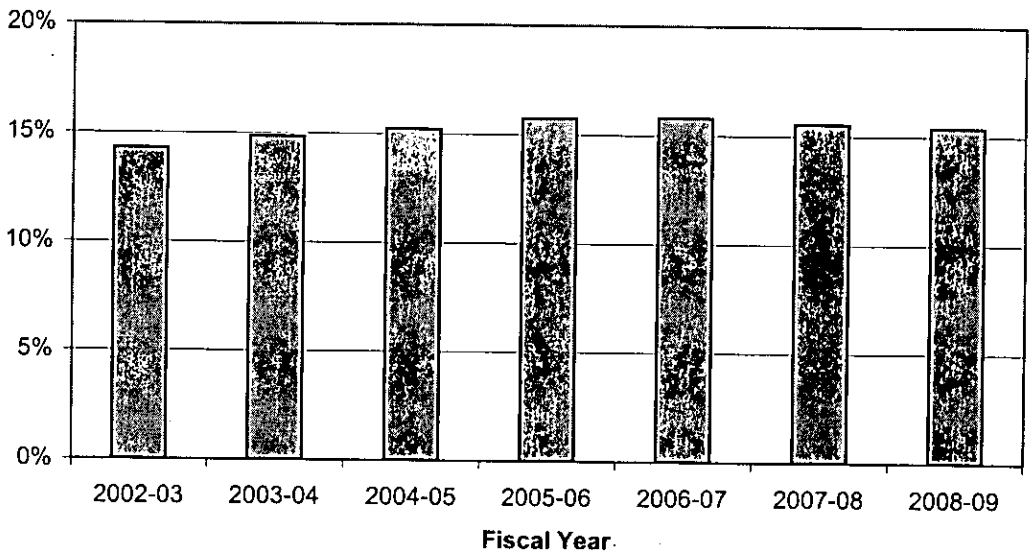
(Dollar Amounts in Thousands)

Fiscal Year End Debt Outstanding	2002-03 Actual	2003-04 Estimated	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Capital Budget Non-highway Bonds.....	$ 5,876,296	$ 6,157,908	$ 6,496,571	$ 6,876,947	$ 7,095,403	$ 7,322,602	$ 7,512,274
Capital Budget Highway/Bridge Bonds.	231,937	192,508	175,420	156,731	136,602	114,016	92,886
Voter Approved and Disaster Bonds.....	696,951	640,680	839,173	1,094,018	1,283,900	1,382,221	1,269,098
TOTAL.....	$ 6,805,184	$ 6,991,096	$ 7,511,164	$ 8,127,696	$ 8,515,905	$ 8,818,839	$ 8,874,258

CONSTITUTIONAL DEBT LIMIT
2002-03 Through 2008-09

The Commonwealth Constitution limits outstanding capital budget debt to 1.75 times the average tax revenues during the previous five (5) fiscal years. Voter approved and disaster relief debt are not subject to the constitutional debt limit. The table and chart below present actual data for one fiscal year and current projections for six fiscal years.

Capital Budget Debt as a Percent of the Debt Limit



(Dollar Amounts in Thousands)

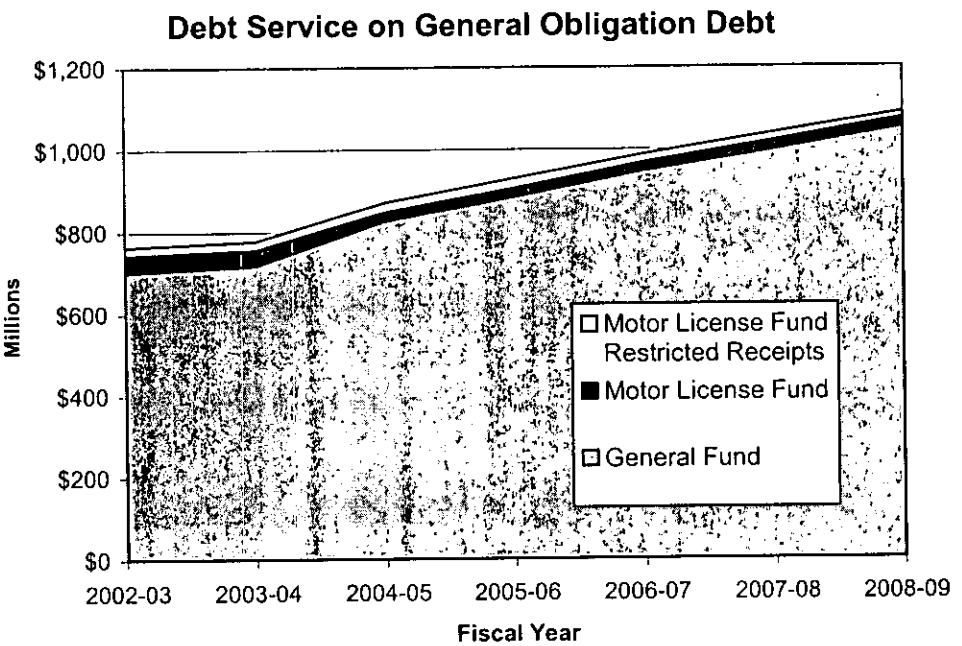
	2002-03 Actual	2003-04 Estimated	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
Debt Limit Projection							
Capital Budget Debt Subject to Constitutional Debt Limit:							
Outstanding Debt Beginning of Fiscal Year	$ 5,285,945	$ 6,074,164	$ 6,350,416	$ 6,671,991	$ 7,033,678	$ 7,232,005	$ 7,436,618
Debt to be Issued	1,216,000	640,000	756,000	842,000	725,000	764,000	768,000
Debt to be Retired*	-427,781	-363,748	-434,425	-480,313	-526,673	-559,387	-599,458
Outstanding Debt End of Fiscal Year**	$ 6,074,164	$ 6,350,416	$ 6,671,991	$ 7,033,678	$ 7,232,005	$ 7,436,618	$ 7,605,160
Debt Limit (from below)	42,500,057	42,792,840	43,801,022	44,695,219	45,762,213	47,817,786	49,398,850
Capital Budget Debt as a percent of Debt Limit	14.3%	14.8%	15.2%	15.7%	15.8%	15.6%	15.4%
Calculation of Debt Limit:							
Average Tax Revenues Previous Five Years	$ 24,285,747	$ 24,453,051	$ 25,029,155	$ 25,540,125	$ 26,149,836	$ 27,324,449	$ 28,227,914
Debt Limit (1.75 times revenues).	42,500,057	42,792,840	43,801,022	44,695,219	45,762,213	47,817,786	49,398,850

* Net of interest accreting on capital appreciation bonds during fiscal year.

** 2002-03 amount is net of sinking fund balances.

DEBT SERVICE ON GENERAL OBLIGATION DEBT 2002-03 Through 2008-09

This table shows the estimated debt service payable by the Commonwealth on currently outstanding general obligation bonds and on projected general obligation bond issues.

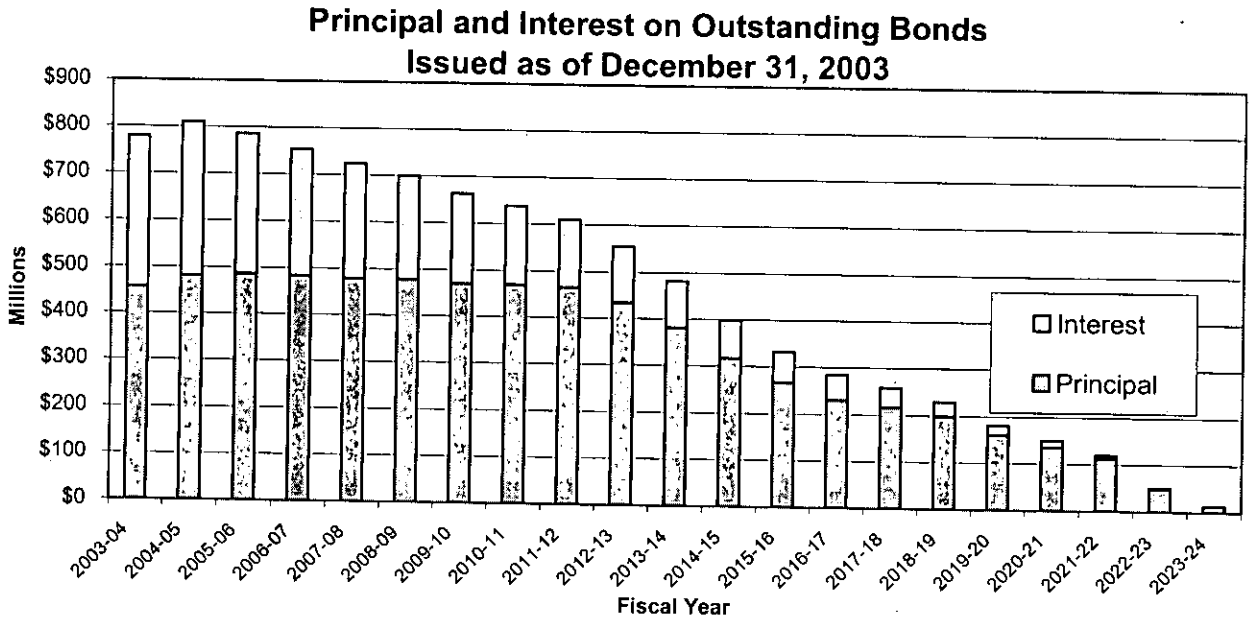


(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Estimated	2004-05 Budget	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated
General Fund							
Capital Budget Non-Highway	$ 595,047	$ 624,611	$ 730,846	$ 770,158	$ 812,780	$ 842,621	$ 884,879
Voter Approved and Disaster	106,223	92,944	95,072	112,819	133,634	154,449	166,313
Subtotal	$ 701,270	$ 717,555	$ 825,918	$ 882,977	$ 946,414	$ 997,070	$ 1,051,192
Motor License Fund							
Capital Budget -- Highways	$ 39,996	$ 29,722	$ 11,890	$ 12,155	$ 11,489	$ 12,596	$ 12,347
Capital Budget	1,798	8,964	10,037	10,066	9,956	9,844	9,761
Subtotal	$ 41,794	$ 38,686	$ 21,927	$ 22,221	$ 21,445	$ 22,440	$ 22,108
Motor License Fund Restricted Receipts							
Aviation -- Capital Budget	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Highway Bridge Improvement -- Capital Budget	21,073	21,375	23,554	24,426	19,695	18,431	14,458
Subtotal	$ 21,073	$ 21,375	$ 23,554	$ 24,426	$ 19,695	$ 18,431	$ 14,458
TOTAL	$ 764,137	$ 777,616	$ 871,399	$ 929,624	$ 987,554	$1,037,941	$ 1,087,758

ANNUAL DEBT SERVICE ON OUTSTANDING GENERAL OBLIGATION BONDS
Bonds Issued as of December 31, 2003

Fiscal year principal and interest payments on general obligation bonds issued as of the end of calendar year 2003 are shown in the table below. Debt service on projected bond issues is excluded from this data.



General Obligation Bond Annual Debt Service

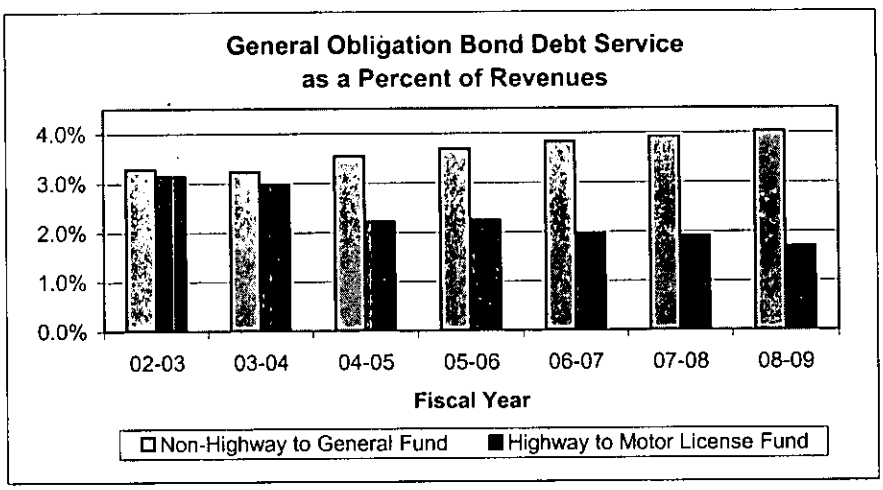
(Dollar Amounts in Thousands)

Fiscal Year	Capital Budget (Non-highway)			Capital Budget (Highway)			Voter Approved and Disaster			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2003-04	$ 382,336	$ 300,852	$ 683,188	$ 40,454	$ 10,640	$ 51,094	$ 33,100	$ 11,211	$ 44,311	$ 778,593
2004-05	438,046	307,945	745,991	24,211	11,231	35,442	18,320	9,765	28,085	809,518
2005-06	442,064	280,252	722,316	25,445	11,135	36,580	18,025	8,765	26,790	785,686
2006-07	440,877	254,671	695,548	23,071	8,111	31,182	18,585	7,763	26,348	753,078
2007-08	438,166	232,525	670,691	24,111	6,916	31,027	15,750	6,833	22,583	724,301
2008-09	439,985	210,006	649,991	21,130	5,673	26,803	16,170	5,983	22,153	698,947
2009-10	432,197	185,171	617,368	18,048	3,033	21,081	19,575	5,105	24,680	663,129
2010-11	438,036	162,381	600,417	17,959	2,069	20,028	13,220	4,037	17,257	637,702
2011-12	435,204	140,093	575,297	15,951	1,204	17,155	13,525	3,298	16,823	609,275
2012-13	410,339	118,408	528,747	8,946	565	9,511	13,860	2,540	16,400	554,658
2013-14	368,100	97,953	466,053	4,175	145	4,320	8,765	1,931	10,696	481,069
2014-15	307,045	80,708	387,753	775	20	795	8,795	1,480	10,275	398,823
2015-16	256,965	65,577	322,542	0	0	0	8,825	1,025	9,850	332,392
2016-17	224,205	53,266	277,471	0	0	0	6,095	636	6,731	284,202
2017-18	211,885	41,767	253,652	0	0	0	4,155	316	4,471	258,123
2018-19	195,900	31,068	226,968	0	0	0	2,155	132	2,287	229,255
2019-20	158,960	21,570	180,530	0	0	0	705	58	763	181,293
2020-21	134,610	14,020	148,630	0	0	0	505	24	529	149,159
2021-22	111,500	7,669	119,169	0	0	0	50	1	51	119,220
2022-23	48,130	2,574	50,704	0	0	0	0	0	0	50,704
2023-24	13,630	307	13,937	0	0	0	0	0	0	13,937

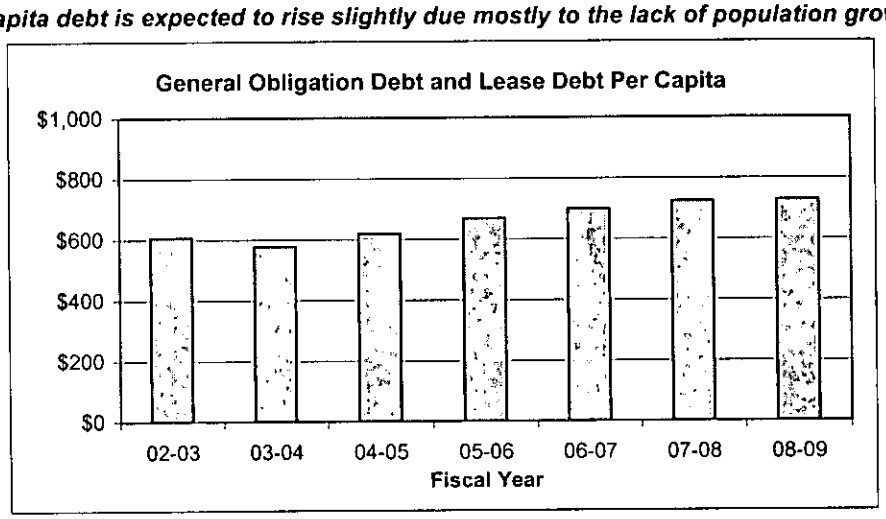
TRENDS IN DEBT SERVICE AND DEBT RATIOS
2002-03 Through 2008-09

The charts portray projections for indicators of the cost of projected annual debt service and the burden of projected debt outstanding. Debt service does not include debt paid from lease rental payments. Outstanding debt includes general obligation debt and debt secured by lease rental payments from various Commonwealth departments.

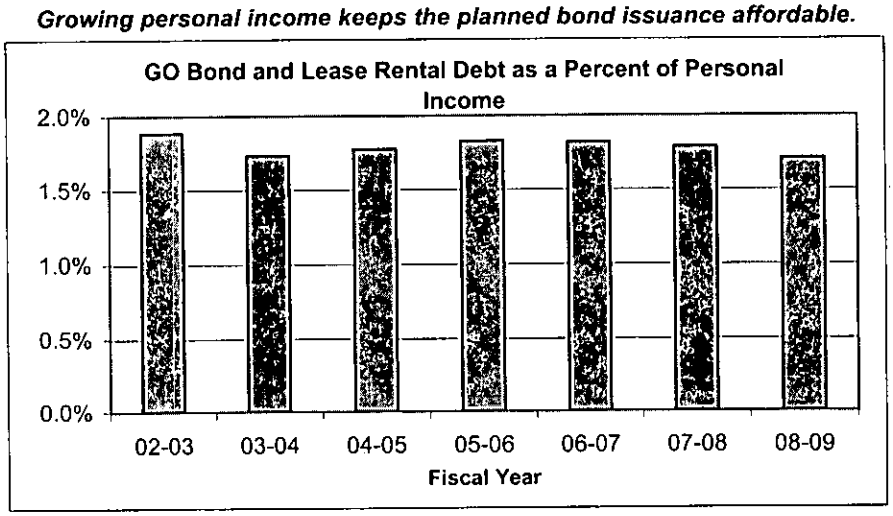
The Motor License Fund debt service ratio declines as debt is retired and not replaced.



Per capita debt is expected to rise slightly due mostly to the lack of population growth.



Growing personal income keeps the planned bond issuance affordable.



OUTSTANDING INDEBTEDNESS OF PENNSYLVANIA AGENCIES AND AUTHORITIES

The indebtedness of the following agencies and authorities is not an obligation of the Commonwealth of Pennsylvania but represents the debt of those agencies and authorities created by the Commonwealth for a public purpose. These obligations are not considered as debt under Article VIII of the State Constitution.

	Bonds and Notes as of 06/30/03 (in millions)
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.	$ 158.5
Delaware River Port Authority Created by Pennsylvania and New Jersey to control and operate bridges crossing the Delaware River, it may construct or acquire other bridges, tunnels and other projects for port improvement and development. The authority operates a rapid transit system, which it constructed. Debt service on the bonds is paid from tolls, fares, rents and other revenue of the authority.	1,304.0
Pennsylvania Economic Development Financing Authority Created to offer pooled bond issues of both taxable and tax-exempt bonds on behalf of local industrial and commercial development authorities for economic development projects. Debt service on the bonds is paid by loan interest and repayments and other authority revenues.	1,609.8
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.	62.6
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.	3,783.9
Pennsylvania Higher Educational Facilities Authority Acquires, constructs, improves and leases (as lessor) college facilities and makes loans to colleges and universities within the Commonwealth. Debt service on the bonds is paid from rentals and from loan repayments collected for the use of the facilities.	4,286.1
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.	2,483.1
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.	531.8
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.	117.4
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.	2,132.0
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.	50.6
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.	666.6
TOTAL	$ 17,186.4

Governor's Executive Budget

OTHER SPECIAL FUNDS

OTHER SPECIAL FUNDS APPENDIX

This section provides brief descriptive and financial data for Commonwealth funds not given an expanded treatment in other sections of the Governor's Budget. This information is presented to demonstrate the magnitude and complexity of the Commonwealth's financial structure as well as give some details of the various funds.

OTHER SPECIAL FUNDS

This appendix contains a brief presentation of all active Commonwealth funds not given an expanded treatment in the other sections of the budget.

In a limited number of cases certain expenditures from funds presented in this section are included in other presentations.

Generally, the Commonwealth uses a modified cash basis of accounting for financial reporting where certain revenues are reported when collected and, for certain taxes, when accrued and expenditures are reported when disbursed or committed. Unless otherwise noted in the fund description, all financial data shown herein is on a cash basis, which means that the beginning and ending balances include cash plus investments. Receipts include only those items actually received and credited to the funds by the Department of Revenue. Disbursements represent checks issued or transfers made by the Treasury Department and do not include commitments, encumbrances or vouchers payable.

Several funds carrying long-term investments show an adjustment to reflect the current market value of those investments as of June 30, 2003.

This format for displaying financial data was chosen for its simplicity and easy adaptability to all funds. As such, the data may not present the best statement of the funds' condition nor accurately describe the operating characteristics of the funds.

The vast majority of Commonwealth day-to-day activities are financed from the General Fund; however, over time a large number of other funds have been created to more closely relate specific revenue sources to specific programs or to identify particular government programs or activities. These special funds are categorized into six groups to aid in identifying their purpose. These groups are defined below.

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.

Internal Service Funds —These funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the Commonwealth, or to other governmental units, on a cost-reimbursement basis.

Capital Project Fund — 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.

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.

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.

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 18,157**	**$ 20,462**	**$ 20,598**
Receipts:			
Federal Funds	$ 2,410	$ 2,500	$ 2,500
Interest	423	600	625
Total Receipts	2,833	3,100	3,125
Total Funds Available	**$ 20,990**	**$ 23,562**	**$ 23,723**
Disbursements:			
Environmental Protection	$ 528	$ 2,964	$ 6,179
Total Disbursements	-528	-2,964	-6,179
Cash Balance, Ending	**$ 20,462**	**$ 20,598**	**$ 17,544**

Administration Fund

This fund was created for the administrative costs associated with the Unemployment Compensation Law and the State system of public employment offices (Office of Employment Security). While the fund can receive funds from any source, the majority of revenue results from moneys requisitioned from the Commonwealth's account in the Federal Unemployment Trust Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget
Cash Balance, Beginning	**$ 498**	**$ 1,786**	**$ 903**
Receipts:			
Federal Unemployment Trust Fund	$ 208,751	$ 208,500	$ 209,500
Federal — Other Funds	9,329	9,387	9,400
Other	127	130	130
Total Receipts	218,207	218,017	219,030
Total Funds Available	**$ 218,705**	**$ 219,803**	**$ 219,933**
Disbursements:			
Labor and Industry	$ 216,919	$ 218,900	$ 219,200
Total Disbursements	-216,919	-218,900	-219,200
Cash Balance, Ending	**$ 1,786**	**$ 903**	**$ 733**

Agricultural College Land Scrip Fund

This fund was established in 1862 with $500,000 received from the sale of lands and scrip which was donated to the Commonwealth by an Act of Congress to establish a college for the benefit of Agriculture and the Mechanical Arts (The Pennsylvania State University). The income derived from the investment of the monies in the fund plus appropriations which may be made from time to time by the General Assembly serve as revenue to the fund. Monies in this fund can be disbursed only for use by the officially designated land grant college (The Pennsylvania State University) for the benefit of Agriculture and Mechanical Arts.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 627	$ 624	$ 632
Receipts:			
Interest on Securities	$ 14	$ 25	$ 25
Total Receipts	14	25	25
Total Funds Available	$ 641	$ 649	$ 657
Disbursements:			
Treasury	$ 17	$ 17	$ 17
Total Disbursements	-17	-17	-17
Cash Balance, Ending	$ 624	$ 632	$ 640

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 22 of 1991 provided that two thirty-firsts of the cigarette tax be transferred twice a year into the fund. Act 89 of 2002 changed the annual transfer of cigarette tax revenues from a percentage to $20,485,000 to be made in two equal payments by July 15th and January 15th. Act 15 of 1999 created a supplemental program for farmland preservation, and Act 1-A of 1999 appropriated $43 million from the General Fund for that supplemental program. Act 68 of 1999, the Environmental Stewardship and Watershed Protection Act, provided for an additional General Fund transfer in 1999-00 for the basic program and provided for transfers from the Environmental Stewardship Fund beginning on July 1, 2000, through June 30, 2004, to fund the purchase of easements. Beginning in 2004-05, the Growing Greener II Initiative will dedicate approximately $16.4 million annually, through the Environmental Stewardship Fund, for the continued purchase of agricultural easements.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 40,131**	**$ 16,362**	**$ 16,139**
Receipts:			
Interest on Securities	$ 588	$ 588	$ 588
Transfer of Cigarette Tax	20,485	20,485	20,485
Transfer from the Environmental Stewardship Fund	0	29,185	16,428
Other	13	13	13
Total Receipts	21,086	50,271	37,514
Total Funds Available	**$ 61,217**	**$ 66,633**	**$ 53,653**
Disbursements:			
Agriculture	44,855	50,494	50,000
Total Disbursements	-44,855	-50,494	-50,000
Cash Balance, Ending	**$ 16,362**	**$ 16,139**	**$ 3,653**

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 0**	**$ 0**	**$ 0**
Receipts:			
Transfer from General Fund	$ 5,756	$ 4,459	$ 2,710
Accrued Interest on Bonds Sold	0	0	0
Total Receipts	5,756	4,459	2,710
Total Funds Available	**$ 5,756**	**$ 4,459**	**$ 2,710**
Disbursements:			
Treasury	$ 5,756	$ 4,459	$ 2,710
Total Disbursements	-5,756	-4,459	-2,710
Cash Balance, Ending	**$ 0**	**$ 0**	**$ 0**

Anthracite Emergency Bond Fund

This fund was created by Act 171 of 1986 to provide loans for anthracite underground mine operators who cannot obtain necessary bonding or whose bonding has been cancelled due to insolvency or bankruptcy of the original bonding company. Revenues are provided by appropriation from the General Fund, a fee for each ton of coal estimated by certain mine operations and payments made by operators in lieu of a bond. Act 173 of 1992 extended the program to anthracite surface mine operators.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 377**	**$ 382**	**$ 254**
Receipts:			
Operator Payments	$ 2	$ 2	$ 2
Production Fees	0	5	5
Interest	9	15	15
Total Receipts	11	22	22
Total Funds Available	**$ 388**	**$ 404**	**$ 276**
Disbursements:			
Environmental Protection	$ 6	$ 150	$ 150
Total Disbursements	-6	-150	-150
Cash Balance, Ending	**$ 382**	**$ 254**	**$ 126**

Automobile Theft Prevention Trust Fund

The Automobile Theft Prevention Trust Fund was created by Act 171 of 1994. The purpose of the fund is to finance programs in the Commonwealth to prevent, combat and reduce automobile theft and to improve and support automobile theft prosecutions. Revenue to the fund consists of assessments on the insurance companies that conduct business in the Commonwealth, interest earnings, and fines and penalties.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 2,642**	**$ 2,713**	**$ 2,080**
Receipts:			
Assessments	$ 5,607	$ 5,693	$ 5,846
Returned prior year grants	0	700	500
Interest on Securities	59	205	205
Total Receipts	5,666	6,598	6,551
Total Funds Available	**$ 8,308**	**$ 9,311**	**$ 8,631**
Disbursements:			
Automobile Theft Prevention Authority	$ 5,595	$ 7,231	$ 7,142
Total Disbursements	-5,595	-7,231	-7,142
Cash Balance, Ending	**$ 2,713**	**$ 2,080**	**$ 1,489**

Ben Franklin / IRC Partnership Fund

This fund supported the activities of the Ben Franklin/IRC Partnership which was created by Act 64 of 1993. The Ben Franklin component assisted technology, research and start-up companies to do applied research and development projects and to develop and introduce new products and processes. The Industrial Resource Center (IRC) component assisted companies in solving problems through the deployment of technologies and with training programs in order to maintain a technically skilled workforce.

Act 38 of 2001 eliminated this fund and provided for transfer of the ending balance and program activities of the Ben Franklin technology centers to the new Ben Franklin Technology Development Authority Fund. The Industrial Resource Centers are funded through direct General Fund appropriations beginning in 2001-02.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 241**	**$ 0**	**$ 0**
Receipts:			
Interest on Securities	$ 0	$ 0	$ 0
Total Receipts	0	0	0
Total Funds Available	**$ 241**	**$ 0**	**$ 0**
Disbursements:			
Community and Economic Development	$ 227	$ 0	$ 0
Transfer to Ben Franklin Technology Development Authority Fund	14	0	0
Total Disbursements	241	0	0
Cash Balance, Ending	**$ 0**	**$ 0**	**$ 0**

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 transfers of the June 30, 2001 balance and refunded expenditures in 2002-03 from the Ben Franklin/IRC Fund, annual transfers from the General Fund, loan repayments and interest earnings.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 27,666**	**$ 19,419**	**$ 19,014**
Receipts:			
Transfer from General Fund	$ 53,397	$ 53,500	$ 53,500
Transfer from Ben Franklin/IRC Fund	14	0	0
Transfer from Industrial Authority Loan Fund	2,000	0	0
Loan Repayments	700	1,200	1,500
Interest on Securities	345	180	150
Other	146	200	168
Total Receipts	56,602	55,080	55,318
Total Funds Available	**$ 84,268**	**$ 74,499**	**$ 74,332**
Disbursements:			
Community and Economic Development			
Administration	$ 246	$ 889	$ 355
Loans	10,828	7,985	7,985
Grants	53,775	46,611	47,145
Total Disbursements	-64,849	-55,485	-55,485
Cash Balance, Ending	**$ 19,419**	**$ 19,014**	**$ 18,847**

Benefit Completion Fund

This fund was created in 2003 to accumulate reserves for the payment of pensions to eligible former State employees' with a statutory benefit entitlement under the State Employees' Retirement Code that exceeds the limits of Section 415(b) of the Internal Revenue Code (IRC). Reserves in this fund will be disbursed to members of the retirement system in accordance with the provision of IRC Section 415(m).

The fund receives revenue from employer contributions and interest income. Employer contributions are an actuarially determined percentage of payroll sufficient to fund the benefit payments of the forthcoming calendar year and the on-going expenses to administer the plan. Management of the fund and payment of benefits is overseen by the State Employees' Retirement Board.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
BEGINNING BALANCE, July 1	**$ 0**	**$ 0**	**$ 958**
Receipts:			
Employer Contributions	$ 0	$ 1,528	$ 1,052
Interest Income	0	$ 18	
Total Receipts	0	1,546	1,052
Total Funds Available	**$ 0**	**$ 1,546**	**$ 2,010**
Disbursements:			
State Employees' Retirement System	0	588	506
Total Disbursements	0	588	506
ENDING BALANCE	**$ 0**	**$ 958**	**$ 1,504**

Budget Stabilization Reserve Fund

This fund was created on July 15, 2002 by Act 91 of 2002 to replace the Tax Stabilization Reserve Fund. This 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 also 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 beginning in 2002-03. If the fund's ending balance equals or exceeds six percent of actual General Fund revenues for the fiscal year in which the surplus occurs, the General Fund transfer is reduced to ten percent. Appropriations out of the fund require approval by two-thirds of the members of the General Assembly. In accordance with Act 91 of 2002, 25% of the General Fund's fiscal year ending balance, or $69.8 million, was transferred to the fund from the General Fund after the close of 2002-03 fiscal year. This budget projects a transfer to the fund of $14.5 million at the end of fiscal year 2003-04.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 0**	**$ 246**	**$ 71,593**
Receipts:			
Transfer from General Fund	$ 0	$ 69,775	$ 14,494
Interest	246 [a]	1,572	4,766
Total Receipts	246	71,347	19,260
Total Funds Available	**$ 246**	**$ 71,593**	**$ 90,853**
Disbursements:			
Transfer to General Fund	$ 0	$ 0	$ 0
Total Disbursements	**$ 0**	**$ 0**	**$ 0**
Cash Balance, Ending	**$ 246**	**$ 71,593**	**$ 90,853**

[a] Act 7A of 2002 transferred $300 million into the fund, but the transfer was subsequently repealed by Act 1A of 2003. Interest accrued on the $300 million prior to reverting back to the General Fund.

Capital Debt Fund

Principal and interest payments on bonds issued for purposes of capital budget projects are paid from this fund. Annual appropriations from various funds for payment of interest and principal due on general obligation bonds is the primary source of revenue. Funds in the excess of interest and principal falling due in any one particular fiscal year may be used by the Board of Finance and Revenue to retire any other general obligation bonds issued to provide revenue to the Capital Facilities Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 12,565**	**$ 30,328**	**$ 50,810**
Receipts:			
Transfer from Other Funds	$ 715,344	$ 753,067	$ 790,059
Rentals - State-Aided and State-Related Institutions	329	194	194
Interest Subsidy - Higher Education Construction Projects	0	174	0
Sale of Bonds- Bond Anticipation Notes Payment	0	0	0
Refunding Bond Maturing Escrow Funds	1,162,862	357,355	287,829
Accrued Interest on Bonds Sold	2,861	1,429	0
Interest on Securities	21	135	100
Total Receipts	1,881,417	1,112,354	1,078,182
Total Funds Available	**$ 1,893,982**	**$ 1,142,682**	**$ 1,128,992**
Disbursements:			
Treasury	$ 1,863,654	$ 1,091,872	$ 1,128,261
Total Disbursements	-1,863,654	-1,091,872	-1,128,261
Cash Balance, Ending	**$ 30,328**	**$ 50,810**	**$ 731**

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 379,012**	**$ 304,133**	**$ 208,054**
Receipts:			
Sale of Bonds	$ 1,234,167	$ 633,600	$ 748,440
Intra Account Transfer	128,000	0	0
Interest on Securities	5,526	3,000	8,026
Other	16,544	26,069	15,000
Total Receipts	1,384,237	662,669	771,466
Total Funds Available	**$ 1,763,249**	**$ 966,802**	**$ 979,520**
Disbursements:			
Community and Economic Development	$ 143,380	$ 152,013	$ 274,607
Environmental Protection	3,240	3,648	909
General Services	482,858	433,991	357,944
Transportation	145,580	169,016	150,750
Other	684,058	80	0
Total Disbursements	-1,459,116	-758,748	-784,210
Cash Balance, Ending	**$ 304,133**	**$ 208,054**	**$ 195,310**

Capitol Restoration Trust Fund

This fund was created in 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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 241**	**$ 237**	**$ 237**
Receipts:			
Contributions and Sales	$ 31	$ 20	$ 25
Other	6	0	0
Total Receipts	37	20	25
Total Funds Available	**$ 278**	**$ 257**	**$ 262**
Disbursements:			
Capitol Preservation Committee	$ 41	$ 20	$ 20
Total Disbursements	-41	-20	-20
Cash Balance, Ending	**$ 237**	**$ 237**	**$ 242**

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 Continuation 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. Revenue is obtained from a surcharge on certain motor vehicle moving violations.

Act 13 of 2002 established the Medical Care Availability and Reduction of Error (Mcare) Fund. The Act mandates that all surcharges levied and collected under the CAT fund will be remitted to the Medical Care Availability and Restriction of Error Fund (MCARE) beginning in January 2004.

This fund will continue to pay claimants from the balance and interest earnings of the fund until no further obligations exist. The most recent actuarial report estimates final expenditure in 2080.

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 68,566**	**$ 101,621**	**$ 107,215**
Receipts:			
Moving Violation Surcharge	$ 42,449	$ 22,000	$ 0
Interest	1,872	1,500	750
Miscellaneous	2	15	15
Total Receipts	44,323	23,515	765
Total Funds Available	**$ 112,889**	**$ 125,136**	**$ 107,980**
Disbursements:			
Insurance	11,268	17,921	15,309
Total Disbursements	-11,268	-17,921	-15,309
Cash Balance, Ending	**$ 101,621**	**$ 107,215**	**$ 92,671**

Children's Trust Fund

Act 151 of 1988 created the Children's Trust Fund. Revenue is generated by a $10 surcharge on marriage licenses and divorce applications. Expenditures are for community-based children's programs and services to prevent child abuse and neglect.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 2,829**	**$ 2,423**	**$ 1,909**
Receipts:			
Marriage/Divorce Surcharge	$ 1,274	$ 1,274	$ 1,220
Miscellaneous Revenue	62	62	108
Total Receipts	1,336	1,336	1,328
Total Funds Available	**$ 4,165**	**$ 3,759**	**$ 3,237**
Disbursements:			
Public Welfare	$ 1,742	$ 1,850	$ 1,850
Total Disbursements	-1,742	-1,850	-1,850
Cash Balance, Ending	**$ 2,423**	**$ 1,909**	**$ 1,387**

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 43,632**	**$ 42,504**	**$ 32,945**
Receipts:			
Fines and Penalties	$ 1,747	$ 1,800	$ 1,925
Fees	19,097	19,025	18,725
Interest	1,175	1,600	1,300
Other	57	100	100
Total Receipts	22,076	22,525	22,050
Total Funds Available	**$ 65,708**	**$ 65,029**	**$ 54,995**
Disbursements:			
Environmental Protection	$ 23,204	$ 32,084	$ 32,400
Total Disbursements	-23,204	-32,084	-32,400
Cash Balance, Ending	**$ 42,504**	**$ 32,945**	**$ 22,595**

Coal and Clay Mine Subsidence Insurance Fund

This fund was created in 1961 to provide insurance to home owners in mining areas against damages resulting from subsidence. Revenue is derived from premiums paid by policyholders for subsidence insurance. Act 155 of 2002 updated this insurance program by further defining and establishing coverage by insurance providers, and requiring the Department of Environmental Protection to prepare an annual report on the program and insurance sales. Disbursements are used to cover the payment of insurance claims and commissions to insurance agents who forward insurance applications as outlined in Act 155.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 36,657**	**$ 39,946**	**$ 41,035**
Receipts:			
Premiums Collected	$ 4,988	$ 5,000	$ 5,000
Interest	875	1,000	1,000
Other	0	30	30
Total Receipts	5,863	6,030	6,030
Total Funds Available	**$ 42,520**	**$ 45,976**	**$ 47,065**
Disbursements:			
Environmental Protection	$ 2,574	$ 4,941	$ 5,001
Total Disbursements	-2,574	-4,941	-5,001
Cash Balance, Ending	**$ 39,946**	**$ 41,035**	**$ 42,064**

Coal Lands Improvement Fund

This fund was created in 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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 2,060**	**$ 2,175**	**$ 2,250**
Receipts:			
Sale of Land	$ 0	$ 0	$ 0
Interest	115	75	75
Total Receipts	115	75	75
Total Funds Available	**$ 2,175**	**$ 2,250**	**$ 2,325**
Disbursements:			
Environmental Protection	$ 0	$ 0	$ 0
Total Disbursements	0	0	0
Cash Balance, Ending	**$ 2,175**	**$ 2,250**	**$ 2,325**

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 66	$ 68	$ 70
Receipts:			
Interest on Securities	$ 2	$ 2	$ 2
Total Receipts	2	2	2
Total Funds Available	$ 68	$ 70	$ 72
Disbursements:			
Historical and Museum Commission	$ 0	$ 0	$ 0
Total Disbursements	0	0	0
Cash Balance, Ending	$ 68	$ 70	$ 72

Deferred Compensation Fund

Act 81 of 1987 established the Commonwealth Deferred Compensation Program. The program enables Commonwealth employes 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 employe contribution funds transferred to one of the investment plan options. Those funds, together with the interest they earn, are available to employes upon retirement.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 11,869	$ 8,707	$ 9,539
Receipts:			
Employe Contributions	$ 117,696	$ 122,083	$ 125,746
Premium on Sale of Securities	-82 [a]	131	143
Interest	19,230 [b]	19,617 [b]	20,009 [b]
Total Receipts	136,844	141,831	145,898
Total Funds Available	$ 148,713	$ 150,538	$ 155,437
Disbursements:			
Executive Offices	$ 125,038	$ 125,769	$ 130,816
State Employees' Retirement System	14,968	15,230	15,496
Total Disbursements	-140,006	-140,999	-146,312
Cash Balance, Ending	$ 8,707	$ 9,539	$ 9,125

[a] Securities sold at a discount.

[b] Includes interest earned on funds controlled by State Employees' Retirement System and Treasury.

Deferred Compensation Fund — Short-Term Portfolio

Act 81 of 1987 established the Commonwealth Deferred Compensation Program. The program enables Commonwealth employes to defer a portion of their salaries into a retirement savings plan. Available for the employes' 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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 31,893	$ 32,184	$ 32,567
Receipts:			
Transfers from Deferred Compensation Fund	$ 2,477	$ 2,527	$ 2,578
Interest	539	550	561
Total Receipts	3,016	3,077	3,139
Total Funds Available	$ 34,909	$ 35,261	$ 35,706
Disbursements:			
State Employees' Retirement System	$ 2,725	$ 2,694	$ 2,882
Total Disbursements	-2,725	-2,694	-2,882
Cash Balance, Ending	$ 32,184	$ 32,567	$ 32,824

Disaster Relief Fund

Act 4 of Special Session Two of 1996 authorized a $110 million bond issue for rehabilitation of areas affected by the blizzard of January 1996 and the resulting flood emergency.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 753	$ 544	$ 364
Receipts:			
Sale of Bonds	$ 0	$ 0	$ 1,000
Miscellaneous Revenue	-3	20	20
Total Receipts	-3	20	1,020
Total Funds Available	$ 750	$ 564	$ 1,384
Disbursements:			
Emergency Management Agency	$ 206	$ 200	$ 910
Total Disbursements	-206	-200	-910
Cash Balance, Ending	$ 544	$ 364	$ 474

[a] Net of interest and redeposit of checks.

Disaster Relief Redemption Fund

Payment of interest and principal due on bonds issued for the Disaster Relief Fund are made from this fund. An annual appropriation from the General Fund for payment of interest and principal due on general obligation bonds is the primary source of revenue. Funds in excess of the interest and principal due in any one fiscal period may be used for retirement of all or any part of such bonds issued which are still outstanding.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 0	$ 0	$ 0
Receipts:			
Sale of Bonds	$ 0	$ 0	$ 0
Transfer from General Fund	9,716	2,735	2,668
Accrued Interest on Bonds Sold	0	0	0
Miscellaneous Revenue	1	0	0
Total Receipts	9,717	2,735	2,668
Total Funds Available	$ 9,717	$ 2,735	$ 2,668
Disbursements:			
Treasury	$ 9,717	$ 2,735	$ 2,668
Total Disbursements	-9,717	-2,735	-2,668
Cash Balance, Ending	$ 0	$ 0	$ 0

DNA Detection Fund

This fund was created by Act 14 of Special Session One of 1995 to account for the collection and processing of Deoxyribonucleic Acid (DNA) samples by State Police from individuals convicted, adjudicated delinquent, or granted accelerated rehabilitation disposition for a felony sex offense or other specified offense. Revenues are derived from mandatory fees which are assessed on sexual offenders. Expenditures are made to establish and maintain a DNA database and DNA bank. Act 57 of 2002 reestablished this fund as well as the State DNA Data Base and State DNA Data Bank. Additional requirements provide for testing and the imposition of related costs on certain offenders, while further defining the apportionment of liability and damages against defendents.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 130	$ 173	$ 84
Receipts:			
Assessments	$ 129	$ 130	$ 140
Interest	3	7	8
Total Receipts	132	137	148
Total Funds Available	$ 262	$ 310	$ 232
Disbursements:			
State Police	$ 89	$ 226	$ 218
Total Disbursements	-89	-226	-218
Cash Balance, Ending	$ 173	$ 84	$ 14

Emergency Medical Services Operating Fund

The purpose of this fund is to assist in activities relating to the prevention and reduction of premature death and disability in the Commonwealth; to provide assistance, coordination and support of the development and maintenance of the comprehensive emergency medical services system; to determine qualifications, eligibility and certification of emergency medical services personnel; and to fund ambulance services. The fund was created by The Emergency Medical Services Act, Act 45 of 1985. Revenue is derived from a $10 fine levied on all moving traffic violations and a $25 fee imposed on persons admitted to programs for Accelerated Rehabilitation Disposition (ARD) related to driving under the influence of drugs and/or alcohol.

These fines are in addition to other fines imposed at the discretion of the court. This statement includes both the Emergency Medical and Catastrophic Medical and Rehabilitation components of the act.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 20,200**	**$ 23,761**	**$ 17,071**
Receipts:			
Fines	$ 13,290	$ 13,290	$ 13,290
Interest	502	512	512
Total Receipts	13,792	13,802	13,802
Total Funds Available	**$ 33,992**	**$ 37,563**	**$ 30,873**
Disbursements:			
Health	$ 10,231	$ 19,511	$ 16,033
Public Welfare	0	981	277
Total Disbursements	-10,231	-20,492	-16,310
Cash Balance, Ending	**$ 23,761**	**$ 17,071**	**$ 14,563**

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 4,114**	**$ 4,182**	**$ 4,187**
Receipts:			
Vending Stand Equipment Rentals	$ 173	$ 170	$ 180
Vending Machine Receipts	318	300	300
Interest	95	90	80
Other	182	170	160
Total Receipts	768	730	720
Total Funds Available	**$ 4,882**	**$ 4,912**	**$ 4,907**
Disbursements:			
Treasury	$ 0	$ 5	$ 5
Labor and Industry	700	720	730
Total Disbursements	-700	-725	-735
	$ 4,182	**$ 4,187**	**$ 4,172**

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 3,293**	**$ 3,057**	**$ 3,056**
Receipts:			
Interest	$ 75	$ 150	$ 150
Total Receipts	75	150	150
Total Funds Available	**$ 3,368**	**$ 3,207**	**$ 3,206**
Disbursements:			
Environmental Protection	$ 311	$ 38	$ 676
Public Welfare	0	113	0
Total Disbursements	-311	-151	-676
Cash Balance, Ending	**$ 3,057**	**$ 3,056**	**$ 2,530**

Energy Development Fund

The Energy Development Fund was created by Act 280 of 1982. The fund provides the vehicle to accomplish the purposes of the Pennsylvania Energy Development Authority including the sale of bonds. Activities of the fund included preparation of the energy development plan, payment of administrative costs, the making of grants and loans for limited research intended to make the greatest possible contributions to energy conservation and development, and the establishment of reserves in respect to loans guaranteed or bonds issued by the authority. The fund is supported by interest earnings.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 288**	**$ 279**	**$ 161**
Receipts:			
Interest	$ 7	$ 7	$ 7
Total Receipts	7	7	7
Total Funds Available	**$ 295**	**$ 286**	**$ 168**
Disbursements:			
Community and Economic Development			
Administration	$ 16	$ 75	$ 75
Loans	0	25	25
Grants	0	25	25
Total Disbursements	-16	-125	-125
Cash Balance, Ending	**$ 279**	**$ 161**	**$ 43**

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 767	$ 1,016	$ 711
Receipts:			
Transfers from Other Funds	$ 605 [a]	$ 475	$ 475
Interest	32	10	6
Total Receipts	637	485	481
Total Funds Available	$ 1,404	$ 1,501	$ 1,192
Disbursements:			
Conservation and Natural Resources	$ 73	$ 198	$ 150
Environmental Protection	315	592	601
Total Disbursements	-388	-790	-751
Cash Balance, Ending	$ 1,016	$ 711	$ 441

[a] Includes prior year lapse.

Fire Insurance Tax Fund

The revenue for the Fire Insurance Tax Fund results from the two 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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 63,861	$ 72,104	$ 72,099
Receipts:			
Tax Payable to Municipalities	$ 71,790	$ 71,635	$ 85,000
Total Receipts	71,790	71,635	85,000
Total Funds Available	$ 135,651	$ 143,739	$ 157,099
Disbursements:			
Auditor General	$ 63,547	$ 71,635	$ 85,000
Treasury	0	5	5
Total Disbursements	-63,547	-71,640	-85,005
Cash Balance, Ending	$ 72,104	$ 72,099	$ 72,094

Governor Robert P. Casey Memorial Organ and Tissue Donation Awareness Trust Fund

This fund was established by Act 102 of 1994 and derives revenue from private contributions, voluntary deductions from State Individual Income Tax returns from the years 1997 through 2000, 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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 1,397**	**$ 1,629**	**$ 1,270**
Receipts:			
Driver's License Applicants	$ 246	$ 246	$ 246
State Income Tax Contribution	51	0	0
Vehicle Registration	376	376	376
Interest on Securities	31	31	31
Total Receipts	704	653	653
Total Funds Available	**$ 2,101**	**$ 2,282**	**$ 1,923**
Disbursements:			
Education	$ 39	$ 319	$ 150
Health	433	693	455
Total Disbursements	-472	-1,012	-605
Cash Balance, Ending	**$ 1,629**	**$ 1,270**	**$ 1,318**

Hazardous Material Response Fund

This fund was created by Act 165 of 1990 and amended by Act 121 of 2000 to carry out Pennsylvania's responsibilities under Title III of the Federal Superfund Amendments and Reauthorization Act (SARA Title III). Revenue is generated from toxic chemical registration fees and toxic chemical release form fees. Expenditures are for training programs for hazardous material response teams, public education programs, grants to counties for SARA Title III activities, cost recovery grants, facility and vehicle inspections and testing and administration of the program including data collection and management.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 2,615**	**$ 3,331**	**$ 3,411**
Receipts:			
Toxic Chemical Release Form Fee	$ 1,489	$ 1,270	$ 1,270
Chemical Inventory Fee	271	300	300
Interest on Securities	74	75	75
Other	107	80	80
Total Receipts	1,941	1,725	1,725
Total Funds Available	**$ 4,556**	**$ 5,056**	**$ 5,136**
Disbursements:			
Emergency Management Agency	$ 1,073	$ 1,475	$ 1,475
Labor and Industry	152	170	170
Total Disbursements	-1,225	-1,645	-1,645
Cash Balance, Ending	**$ 3,331**	**$ 3,411**	**$ 3,491**

Hazardous Sites Cleanup Fund

This fund was created by Act 58 of 1987 to finance the cleanup and restoration of abandoned hazardous waste sites in the Commonwealth. Expenditures from this fund are for cleaning up abandoned hazardous waste sites throughout the Commonwealth and restoring the land to productive use. Revenue is generated from a Hazardous Waste Fee as well as money received from parties determined responsible for site contamination. Prior to fiscal year 2002-03, the fund received one-quarter mill of the Capital Stock and Franchise Tax. Act 89 of 2002 eliminated the dedicated portion of the Capital Stock and Franchise Tax to this fund and provided for a General Fund transfer if and when the projected ending balance for the current year is projected below $5 million in the Governor's Executive Budget. The Growing Greener II proposal would repeal the $5 million trigger language in Act 89 and the Hazardous Sites Cleanup Fund would provide funding through a new toxics release fee and a supplemental transfer from the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 135,754**	**$ 81,829**	**$ 36,423**
Receipts:			
Toxics Release Fee	$ 0	$ 0	$ 20,400
Transfer from General Fund	0	0	19,000
Hazardous Waste Fee	2,004	2,400	2,400
Cost Recovery	7,834	2,000	2,000
Interest	2,010	2,000	2,000
Other	0	15,000	10,000
Total Receipts	11,848	21,400	55,800
Total Funds Available	**$ 147,602**	**$ 103,229**	**$ 92,223**
Disbursements:			
Environmental Protection	$ 65,773	$ 66,806	$ 62,706
Total Disbursements	-65,773	-66,806	-62,706
Cash Balance, Ending	**$ 81,829**	**$ 36,423**	**$ 29,517**

Higher Education Assistance Fund

Moneys in this fund are currently used primarily for the following purposes: (1) maintenance of a monetary reserve to be used for all expenses associated with loans guaranteed by the Pennsylvania Higher Education Assistance Agency (PHEAA); (2) provision of grants to students; (3) provision of grants to nonsectarian private postsecondary educational institutions; (4) provision of grants to institutions of higher learning for the purpose of helping the institution secure Federal funds to provide direct financial aid to students; (5) provision of funds to institutions for College Work Study Programs; (6) operation of the Informational Technology Education Program and Math and Science Programs; (7) provision for grants to minority students entering graduate professional schools under the Equal Opportunity Professional Education Program; (8) provision of grants for loan forgiveness; and (9) payment of PHEAA administrative costs. Revenues to this fund are derived from General Fund appropriations by the General Assembly, gifts, Federal funds, interest earnings, and servicing fees. In response to a Federal statute change effective in 2000-01, PHEAA no longer includes Federal funds held for the Federal Government on this financial statement.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 74,193**	**$ 83,871**	**$ 88,672**
Receipts:			
Transfer from General Fund	$ 412,177	$ 407,841	$ 415,776
Investment Earnings	8,367	8,000	8,000
Federal Revenue	92,625	99,000	101,000
Other	153,116	161,000	164,000
Total Receipts	666,285	675,841	688,776
Total Funds Available	**$ 740,478**	**$ 759,712**	**$ 777,448**
Disbursements:			
Treasury	$ 87	$ 40	$ 40
Higher Education Assistance Agency	656,520	671,000	678,000
Total Disbursements	-656,607	-671,040	-678,040
Cash Balance, Ending	**$ 83,871**	**$ 88,672**	**$ 99,408**

Highway Beautification Fund

The Highway Beautification Fund was created by Act 5 of Special Session Three of 1966. Activities include control of outdoor advertising and junkyards. Although General Fund monies were initially appropriated to establish the fund, highway beautification activities are now supported by licenses, fees, fines, penalties and interest.

Each year the Governor issues executive authorizations which establish the amount to be spent by the Department of Transportation in each of the highway beautification activities.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 1,118**	**$ 1,134**	**$ 773**
Receipts:			
Licenses and Fees	$ 326	$ 319	$ 325
Other	63	41	30
Total Receipts	389	360	355
Total Funds Available	**$ 1,507**	**$ 1,494**	**$ 1,128**
Disbursements:			
Treasury	$ 0	$ 6	$ 6
Transportation	373	715	715
Total Disbursements	-373	-721	-721
Cash Balance, Ending	**$ 1,134**	**$ 773**	**$ 407**

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 moneys from the sale of publications by the Pennsylvania Historical and Museum Commission and all moneys 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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 2,884**	**$ 3,345**	**$ 3,400**
Receipts:			
Admission Fees	$ 1,088	$ 1,000	$ 1,000
Interest	95	80	80
Other	2,694	2,500	2,500
Total Receipts	3,877	3,580	3,580
Total Funds Available	**$ 6,761**	**$ 6,925**	**$ 6,980**
Disbursements:			
Treasury	$ 0	$ 5	$ 5
Historical and Museum Commission	3,416	3,520	3,500
Total Disbursements	-3,416	-3,525	-3,505
Cash Balance, Ending	**$ 3,345**	**$ 3,400**	**$ 3,475**

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 86**	**$ 312**	**$ 315**
Receipts:			
Federal Revenue	$ 646	$ 1,000	$ 997
Miscellaneous	2	3	3
Total Receipts	648	1,003	1,000
Total Funds Available	**$ 734**	**$ 1,315**	**$ 1,315**
Disbursements:			
Community and Economic Development Administration	$ 422	$ 1,000	$ 1,300
Total Disbursements	-422	-1,000	-1,300
Cash Balance, Ending	**$ 312**	**$ 315**	**$ 15**

Industrial Development Fund

Periodic General Fund appropriations made by the General Assembly to the Pennsylvania Industrial Development Authority (PIDA) are credited to this fund. From 1992 to 1994, these appropriations were replaced by an annual $70 million transfer ($17.5 million per quarter) of Corporate Net Income tax revenues as provided by Act 22 of 1991. This transfer ended at the close of the 1993-94 fiscal year as part of the PIDA recapitalization.

The fund makes loans to local industrial development agencies to stimulate economic activity in areas of high unemployment. Repayments of loans and other revenues, generally not credited to this fund, are used by PIDA to make additional loans.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 1	$ 8	$ 7
Receipts:			
Interest on Securities	$ 8	$ 10	$ 5
Other	638	0	0
Total Receipts	646	10	5
Total Funds Available	$ 647	$ 18	$ 12
Disbursements:			
Treasury	$ 0	$ 5	$ 5
Community and Economic Development	639	6	7
Total Disbursements	-639	-11	-12
Cash Balance, Ending	$ 8	$ 7	$ 0

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 13,348	$ 17,889	$ 9,879
Receipts:			
Transfer from Hazardous Sites Cleanup Fund	$ 8,000	$ 0	$ 8,000
Loan Principal and Interest	682	704	722
Interest on Securities	460	486	376
Total Receipts	9,142	1,190	9,098
Total Funds Available	$ 22,490	$ 19,079	$ 18,977
Disbursements:			
Community and Economic Development			
Administration	$ 167	$ 200	$ 210
Loans	2,337	6,000	6,000
Grants	2,097	3,000	3,000
Total Disbursements	-4,601	-9,200	-9,210
Cash Balance, Ending	$ 17,889	$ 9,879	$ 9,767

Insurance Fraud Prevention Trust Fund

The Insurance Fraud Prevention Trust Fund was created by Act 166 of 1994. The purpose of the fund is to finance activities in the Commonwealth to prevent, combat and reduce insurance fraud, and to improve and support insurance fraud law enforcement, prosecutions and prevention. The source of funds is assessments on the insurance companies that conduct business in the Commonwealth of Pennsylvania, fines and penalties, and interest earnings.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 4,105**	**$ 2,977**	**$ 1,601**
Receipts:			
Assessments	$ 9,449	$ 9,495	$ 9,495
Fines and Penalties Income	0	200	200
Returned prior year grants	0	700	500
Interest on Securities	141	220	220
Total Receipts	9,590	10,615	10,415
Total Funds Available	**$ 13,695**	**$ 13,592**	**$ 12,016**
Disbursements:			
Insurance Fraud Prevention Authority	$ 10,718	$ 11,991	$ 11,738
Total Disbursements	-10,718	-11,991	-11,738
Cash Balance, Ending	**$ 2,977**	**$ 1,601**	**$ 278**

Insurance Liquidation Fund

The Insurance Department is responsible for administering the liquidation of insolvent domestic insurance carriers pursuant to orders of Commonwealth Court under Article V of the Insurance Department Act. This fund is utilized to permit the Treasury Department to invest the assets of insolvent insurance carriers.

These assets are utilized to pay claims and expenses incurred in the administration of domestic insurance carrier insolvencies.

The net investment adjustment shown below is to reflect the current market value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 159,344**	**$ 158,421**	**$ 137,121**
Receipts:			
Carrier Assets	$ 1,840	$ 5,000	$ 10,000
Net Investment Adjustment	-5,778	0	0
Interest	3,015	4,000	3,000
Total Receipts	-923	9,000	13,000
Total Funds Available	**$ 158,421**	**$ 167,421**	**$ 150,121**
Disbursements:			
Insurance	$ 0	$ 30,300	$ 29,000
Total Disbursements	0	-30,300	-29,000
Cash Balance, Ending	**$ 158,421**	**$ 137,121**	**$ 121,121**

Keystone Recreation, Park and Conservation Sinking Fund

Amounts in this fund are used to redeem or pay interest on bonds issued for the Keystone Recreation, Park and Conservation Fund. The annual appropriation for general obligation debt service from the General Fund provides revenues to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 0	$ 0	$ 0
Receipts:			
Transfer from General Fund	$ 3,854	$ 3,275	$ 3,241
Total Receipts	3,854	3,275	3,241
Total Funds Available	$ 3,854	$ 3,275	$ 3,241
Disbursements:			
Treasury	$ 3,854	$ 3,275	$ 3,241
Total Disbursements	-3,854	-3,275	-3,241
Cash Balance, Ending	$ 0	$ 0	$ 0

Land and Water Development Fund

This fund was created in 1968 to finance projects to eliminate land and water scars, air pollution and subsidence due to past coal mining operations, to aid political subdivisions in constructing or improving sewage treatment plants, to develop public outdoor recreation lands and to aid local governments in acquiring land for recreation purposes. In addition, administrative expenses incurred in support of any of these activities may be paid with monies in this fund. Initially, revenue to the fund was derived from the sale of Land and Water Development Bonds up to the $500 million approved by the electorate on May 16, 1967. All appropriated funds from the bonds have been expended.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 1,628	$ 1,628	$ 873
Receipts:			
Sale of Refuse Bank Materials	$ 0	$ 0	$ 0
Total Receipts	0	0	0
Total Funds Available	$ 1,628	$ 1,628	$ 873
Disbursements:			
Treasury	$ 0	$ 5	$ 5
Environmental Protection	0	750	750
Total Disbursements	0	-755	-755
Cash Balance, Ending	$ 1,628	$ 873	$ 118

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 9**	**$ 10**	**$ 10**
Receipts:			
Transfer from General Fund	$ 3,937	$ 507	$ 264
Interest on Securities	85	0	0
Total Receipts	4,022	507	264
Total Funds Available	**$ 4,031**	**$ 517**	**$ 274**
Disbursements:			
Treasury	$ 4,021	$ 507	$ 264
Total Disbursements	-4,021	-507	-264
Cash Balance, Ending	**$ 10**	**$ 10**	**$ 10**

Liquid Fuels Tax Fund

The Liquid Fuels Tax Fund was created in 1931 by an act of the General Assembly to assist in funding the local roads system. One-half cent per gallon of gasoline and diesel fuel taxes is deposited into the fund for semi-annual distribution to county governments and to pay registration fees for vehicles operated by mass transportation systems. After payment of fees, remaining funds are allocated to the counties on a three-year average refund to total refund formula and must be used for highway purposes. Since the majority of counties have direct jurisdiction over a limited number of roads, a large portion of these funds are further allocated by the counties to their political subdivisions. To streamline payments to counties the Department of Revenue delegated the authority for these payments and attendant expenses to the Department of Transportation effective in 1999-00.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 6,256**	**$ 5,159**	**$ 5,997**
Receipts:			
Tax on Gasoline	$ 25,404	$ 25,910	$ 25,752
Tax on Diesel Fuel	6,477	6,678	$ 6,734
Total Receipts	31,881	32,588	32,486
Total Funds Available	**$ 38,137**	**$ 37,747**	**$ 38,483**
Disbursements:			
Treasury	$ 96	$ 250	$ 250
Transportation	32,882	31,500	31,500
Total Disbursements	-32,978	-31,750	-31,750
Cash Balance, Ending	**$ 5,159**	**$ 5,997**	**$ 6,733**

Liquor License Fund

This fund serves as a pass-through account for fees for hotel, restaurant and club liquor and/or beer licenses. These fees are returned semi-annually to the municipalities in which the licenses are located. Interest earned on fund deposits is credited to the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 2,362**	**$ 2,430**	**$ 2,438**
Receipts:			
Liquor License Fees	$ 4,598	$ 4,600	$ 4,600
Beer License Fees	111	111	111
Other	2	2	2
Total Receipts	4,711	4,713	4,713
Total Funds Available	**$ 7,073**	**$ 7,143**	**$ 7,151**
Disbursements:			
Treasury	$ 5	$ 5	$ 5
Liquor Control Board	4,638	4,700	4,700
Total Disbursements	-4,643	-4,705	-4,705
Cash Balance, Ending	**$ 2,430**	**$ 2,438**	**$ 2,446**

Local Criminal Justice Fund

This fund was created by Act 71 of 1990 which authorized the issuance of bonds to raise $200 million for grants to counties for the repair, expansion, construction, rehabilitation and improvement of local correctional facilities or multicounty regional prison facilities or the purchase of electronic monitoring equipment for alternative sentencing programs.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 1,543**	**$ 1,059**	**$ 665**
Receipts:			
Sale of Bonds	$ 0	$ 2,500	$ 3,000
Interest	28	160	49
Total Receipts	28	2,660	3,049
Total Funds Available	**$ 1,571**	**$ 3,719**	**$ 3,714**
Disbursements:			
Treasury	$ 0	$ 0	$ 0
Corrections	512	3,054	3,414
Total Disbursements	-512	-3,054	-3,414
Cash Balance, Ending	**$ 1,059**	**$ 665**	**$ 300**

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 0	$ 0	$ 0
Receipts:			
Transfer from General Fund	$ 8,096	$ 7,563	$ 4,542
Accrued Interest on Bonds Sold	0	0	0
Total Receipts	8,096	7,563	4,542
Total Funds Available	$ 8,096	$ 7,563	$ 4,542
Disbursements:			
Treasury	$ 8,096	$ 7,563	$ 4,542
Total Disbursements	-8,096	-7,563	-4,542
Cash Balance, Ending	$ 0	$ 0	$ 0

Local Government Capital Project Loan Fund

This fund was created in 1990 to assist municipal governments in acquiring equipment and facilities by providing low-interest loans to those governments which find conventional loan costs to be prohibitive. Loans are provided at a rate of two percent for periods not to exceed ten 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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 1,403	$ 1,690	$ 1,454
Receipts:			
Loan Repayments	$ 712	$ 718	$ 724
Interest	38	46	39
Total Receipts	750	764	763
Total Funds Available	$ 2,153	$ 2,454	$ 2,217
Disbursements:			
Community and Economic Development Loans	463	1,000	1,000
Total Disbursements	-463	-1,000	-1,000
Cash Balance, Ending	$ 1,690	$ 1,454	$ 1,217

Low-Level Waste Fund

This fund was created by Act 12 of 1988 to finance the selection, licensing, regulation and long-term care of a low-level radioactive waste disposal facility. Revenue is derived from fees for licenses and permits to generate, store and transport waste, surcharges on the disposal of waste, and fines and penalties for violating the provisions of the Low-Level Radioactive Waste Disposal Act. The siting process was suspended in 1998 because of a dramatic reduction in the volume of low-level radioactive waste being generated in the Appalachian Compact and the availability of out-of-state disposal capacity. Expenditures reflect the continued activity by the department to oversee Pennsylvania's generation of low-level waste and to reduce the waste stream.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 2,997**	**$ 2,906**	**$ 2,618**
Receipts:			
Fines and Penalties (a)	$ 0	$ 0	$ 0
Licenses and Fees (a)	0	0	0
Other	35	0	0
Interest	66	62	55
Total Receipts	101	62	55
Total Funds Available	**$ 3,098**	**$ 2,968**	**$ 2,673**
Disbursements:			
Environmental Protection	$ 192	$ 350	$ 247
Total Disbursements	-192	-350	-247
Cash Balance, Ending	**$ 2,906**	**$ 2,618**	**$ 2,426**

[a] These revenues will not be received until the Commonwealth's low-level disposal site becomes operational.

Machinery and Equipment Loan Fund

This fund was established by Act 120 of 1988 to provide low-interest machinery and equipment financing for Pennsylvania businesses in order to facilitate their growth, competitiveness and value-added capacity. The fund was initially capitalized by an appropriation from the Pennsylvania Economic Revitalization Fund (PERF). It is now funded from loan repayments, transfers from the General Fund and interest earnings.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 23,946**	**$ 30,203**	**$ 27,609**
Receipts:			
Loan Repayments	$ 13,625	$ 13,280	$ 13,450
Miscellaneous	0	120	200
Interest on Securities	645	1,210	1,117
Total Receipts	14,270	14,610	14,767
Total Funds Available	**$ 38,216**	**$ 44,813**	**$ 42,376**
Disbursements:			
Community and Economic Development Administration	$ 182	$ 204	$ 250
Loans	7,831	17,000	17,000
Total Disbursements	-8,013	-17,204	-17,250
Cash Balance, Ending	**$ 30,203**	**$ 27,609**	**$ 25,126**

Manufacturing Fund

This fund, created in 1915, is a self-sustaining enterprise that provides institutionalized offenders an opportunity for vocational rehabilitation. Receipts are derived from the sale of inmate manufactured goods to government agencies or government-aided organizations. Expenditures are made for the purchase of raw materials, machinery replacement, inmate wages, and other costs related to the sale and manufacture of their products.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 24,853**	**$ 25,901**	**$ 23,496**
Receipts:			
Sale of Products	$ 34,443	$ 38,500	$ 37,000
Interest	608	500	500
Other	24	100	50
Total Receipts	35,075	39,100	37,550
Total Funds Available	**$ 59,928**	**$ 65,001**	**$ 61,046**
Disbursements:			
Treasury	$ 0	$ 5	$ 5
Corrections	34,027	41,500	40,000
Total Disbursements	-34,027	-41,505	-40,005
Cash Balance, Ending	**$ 25,901**	**$ 23,496**	**$ 21,041**

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 will include an assessment on health care providers. Beginning in 2004, the moving violation surcharge revenue which accrued to the Catastrophic Loss Benefits Continuation Fund accrues to this fund for a period of ten years.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 0**	**$ 26,283**	**$ 60,238**
Receipts:			
Transfer from Medical Professional Liability Catastrophe Loss Fund	$ 306,670	$ 0	$ 0
Assessments	76,971	414,000	429,100
Income on Investments	1,364	3,550	3,000
Reinsurance Proceeds	292	408	400
Moving Violation Surcharge	0	22,000	44,000
Loan Proceeds		220,000	0
Other	932	0	0
Total Receipts	386,229	659,958	476,500
Total Funds Available	**$ 386,229**	**$ 686,241**	**$ 536,738**
Disbursements:			
Treasury	$ 0	$ 5	$ 5
Insurance	359,946	401,998	413,537
Loan Repayment	0	224,000	0
Total Disbursements	359,946	626,003	413,542
Cash Balance, Ending	**$ 26,283**	**$ 60,238**	**$ 123,196**

Medical Professional Liability Catastrophe Loss Fund

The Health Care Services Malpractice Act of 1975 created this fund to make available professional liability insurance at a reasonable cost to health care providers and to establish a system through which injured parties can obtain a prompt determination and adjudication of their claims. Revenue is derived by levying an annual surcharge on health care providers. Act 135 of 1996 amended the original act to increase the amount of basic insurance coverage maintained by health care providers annually with the last incremental increase effective January 1, 2001.

Act 13 of 2002 transferred the assets, liabilities, rights and responsibilities of the fund to the Medical Care Availability and Reduction of Error Fund in the Insurance Department effective October 1, 2002.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 126,093**	**$ 637**	**$ 0**
Receipts:			
Surcharges	$ 182,983	$ 0	$ 0
Income on Investments	2,857	12	0
Other	63	0	0
Total Receipts	185,903	12	0
Total Funds Available	**$ 311,996**	**$ 649**	**$ 0**
Disbursements:			
Treasury	$ 2	$ 0	$ 0
Executive Offices	4,687	0	0
Transfer to Medical Care Availability and Reduction of Error Fund	306,670	649	0
Total Disbursements	-311,359	-649	0
Cash Balance, Ending	**$ 637**	**$ 0**	**$ 0**

Minority Business Development Fund

This fund was created in 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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 3,937	$ 4,216	$ 5,061
Receipts:			
Transfer from General Fund	$ 0	$ 1,000	$ 0
Interest on Securities	79	86	95
Loan Principal and Interest Repayments	1,028	1,007	1,200
Other	2	2	10
Total Receipts	1,109	2,095	1,305
Total Funds Available	$ 5,046	$ 6,311	$ 6,366
Disbursements:			
Community and Economic Development	$ 830	$ 1,250	$ 2,775
Total Disbursements	-830	-1,250	-2,775
Cash Balance, Ending	$ 4,216	$ 5,061	$ 3,591

Motor Vehicle Transaction Recovery Fund

This fund was created by Act 83 of 1990 to provide protection from dealers or other agents who fail to forward fees and taxes pertaining to an application for titling or registration of a vehicle to the Department of Transportation. Revenues to the fund consist of assessments (or reassessments should the balance of the fund fall below $500,000) on every applicant for motor vehicle dealer registration plates or for the authority to act as agent of the department with respect to vehicle titling and registration.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 1,133	$ 1,209	$ 1,183
Receipts:			
Dealer/Agent Assessment	$ 57	$ 80	$ 70
Interest	34	44	39
Total Receipts	91	124	109
Total Funds Available	$ 1,224	$ 1,333	$ 1,292
Disbursements:			
Transportation	$ 15	$ 150	$ 150
Total Disbursements	-15	-150	-150
Cash Balance, Ending	$ 1,209	$ 1,183	$ 1,142

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 will include additional post-retirement adjustments according to the provisions of Act 64 of 2002.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 146,194**	**$ 158,245**	**$ 166,858**
Receipts:			
Foreign Casualty Insurance Premium Tax	$ 168,749	$ 155,978	$ 160,000
Foreign Fire Insurance Premium Tax	7,002	14,526	15,000
Premium on Sale of Securities	-669 [a]	0	0
Interest	210	478	2,000
Total Receipts	175,292	170,982	177,000
Total Funds Available	**$ 321,486**	**$ 329,227**	**$ 343,858**
Disbursements:			
Auditor General	$ 163,241 [b]	$ 162,364 [c]	$ 166,000 [d]
Treasury	0	5	5
Total Disbursements	-163,241	-162,369	-166,005
Cash Balance, Ending	**$ 158,245**	**$ 166,858**	**$ 177,853**

[a] Securities sold at a loss.

[b] Includes post-retirement payment of $ 7,839,281 as authorized by Act 147 of 1988.

[c] Includes post-retirement payment of $ 3,327,714 as authorized by Act 147 of 1988.

[d] Includes post-retirement payment of $ 5,700,000 as authorized by Act 147 of 1988.

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 8,458**	**$ 7,448**	**$ 5,389**
Receipts:			
Transfer from General Fund	$ 0	$ 0	$ 1,000
Loan Repayments	484	515	536
Interest	168	226	173
Total Receipts	652	741	1,709
Total Funds Available	**$ 9,110**	**$ 8,189**	**$ 7,098**
Disbursements:			
Community and Economic Development			
Program Fees	$ 508	$ 800	$ 800
Loans	660	660	0
Grants	494	1,340	2,000
Total Disbursements	-1,662	-2,800	-2,800
Cash Balance, Ending	**$ 7,448**	**$ 5,389**	**$ 4,298**

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 8,893**	**$ 9,383**	**$ 9,183**
Receipts:			
Licenses and Fees	$ 231	$ 240	$ 250
Penalties	26	35	35
Interest	210	300	300
Collateral	111	0	0
Payment in Lieu of Bonds	18	25	25
Forfeiture of Bond	2	0	0
Total Receipts	598	600	610
Total Funds Available	**$ 9,491**	**$ 9,983**	**$ 9,793**
Disbursements:			
Environmental Protection	$ 108	$ 800	$ 800
Total Disbursements	-108	-800	-800
Cash Balance, Ending	**$ 9,383**	**$ 9,183**	**$ 8,993**

Nursing Home Loan Sinking Fund

Maturing principal on nursing home loan bonds and all interest payable on such bonds is paid from this fund. The annual appropriation from the General Fund for general obligation debt service and annual earnings received from investment of balances in this fund provide income to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 0	$ 0	$ 0
Receipts:			
Transfer from General Fund	$ 550	$ 0	$ 0
Total Receipts	550	0	0
Total Funds Available	$ 550	$ 0	$ 0
Disbursements:			
Treasury	$ 550	$ 0	$ 0
Total Disbursements	-550	0	0
Cash Balance, Ending	$ 0	$ 0	$ 0

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 6,960	$ 4,981	$ 1,906
Receipts:			
Transfer from General Fund	$ 3,280	$ 3,280	$ 3,280
Interest	121	350	350
Fines	1	1	1
Total Receipts	3,402	3,631	3,631
Total Funds Available	$ 10,362	$ 8,612	$ 5,537
Disbursements:			
Agriculture	$ 4,136	$ 5,106	$ 3,830
Environmental Protection	1,245	1,600	1,200
Total Disbursements	-5,381	-6,706	-5,030
Cash Balance, Ending	$ 4,981	$ 1,906	$ 508

Oil and Gas Lease Fund

Created in 1955, this fund is used to finance conservation, recreation, dams or flood control projects or to match any Federal grants made for these purposes. Revenues are derived from rents and royalties from oil and gas leases of Commonwealth owned land with the exception of rents and royalties from land owned by either the Pennsylvania Game or Fish and Boat Commissions. Those revenues are paid into the Game and Fish Funds.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 4,268**	**$ 3,521**	**$ 516**
Receipts:			
Rents and Royalties	$ 4,851	$ 4,200	$ 4,200
Interest	130	200	200
Other	97	100	100
Total Receipts	5,078	4,500	4,500
Total Funds Available	**$ 9,346**	**$ 8,021**	**$ 5,016**
Disbursements:			
Treasury	$ 0	$ 5	$ 5
Conservation and Natural Resources	5,825	7,500	5,011
Total Disbursements	-5,825	-7,505	-5,016
Cash Balance, Ending	**$ 3,521**	**$ 516**	**$ 0**

Patient Safety Trust Fund

Act 13 of 2002, known as the Medical Care Availability and Reduction of Error Act, established the Patient Safety Trust Fund for the purpose of independent review of medical facilities which will result in ensuring patient safety and reducing medical errors. Revenue to the fund includes a surcharge on medical facility licensing fees. These fees are assessed by the Department of Health, deposited in the General Fund, and transferred to the Patient Safety Fund. The Patient Safety Authority established by Act 13 contracts with entities who collect, analyze and evaluate data regarding reports of serious events and incidents at medical facilities and identify patterns in frequency or severity at individual medical facilities or in certain regions of this Commonwealth. The authority and the individual facilities will be advised of changes in health care practices and procedures which are recommended for the purpose of reducing the number and severity of serious events and incidents. The authority may recommend regulatory or statutory changes which may help improve patient safety in the Commonwealth.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 0**	**$ 4,669**	**$ 4,669**
Receipts:			
Surcharges	$ 4,729	$ 5,000	$ 2,500
Interest	$ 39	$ 39	$ 39
Total Receipts	4,768	5,000	2,500
Total Funds Available	**$ 4,768**	**$ 9,669**	**$ 7,169**
Disbursements:			
State	$ 99	$ 5,000	$ 5,000
Total Disbursements	-99	-5,000	-5,000
Cash Balance, Ending	**$ 4,669**	**$ 4,669**	**$ 2,169**

Pennsylvania Economic Revitalization Fund

The Pennsylvania Economic Revitalization Fund (PERF) was created by Act 104 of 1984 as a three-year $190 million program financed through a bond issue authorized by the electorate. The fund was formally established in the 1988-89 budget as an economic development fund and authorization for the fund was eliminated in 1995-96. Activity continues because of the long-term nature of existing projects. Upon completion of project activity, the remaining balance in this fund will be transferred to the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 238	$ 236	$ 0
Receipts:			
Interest on Securities	$ 8	$ 10	$ 0
Other	-14 [a]	-86 [a]	0
Total Receipts	-6	-76	0
Total Funds Available	$ 232	$ 160	$ 0
Disbursements:			
Agriculture	$ 0	$ 98	$ 0
Conservation and Natural Resources	-4	62	0
Total Disbursements	4	-160	0
Cash Balance, Ending	$ 236	$ 0	$ 0

[a] Net of transfers to the General Fund and the Pennsylvania Economic Revitalization Sinking Fund.

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 24	$ 5	$ 5
Receipts:			
Transfer from General Fund	$ 1,729	$ 1,667	$ 668
Interest on Securities	5	0	0
Total Receipts	1,734	1,667	668
Total Funds Available	$ 1,758	$ 1,672	$ 673
Disbursements:			
Treasury	$ 1,753	$ 1,667	$ 668
Total Disbursements	-1,753	-1,667	-668
Cash Balance, Ending	$ 5	$ 5	$ 5

Pennsylvania Historical and Museum Commission Trust Fund

This fund, created in 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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 155	$ 159	$ 123
Receipts:			
Interest	$ 4	$ 4	$ 2
Total Receipts	4	4	2
Total Funds Available	$ 159	$ 163	$ 125
Disbursements:			
Historical and Museum Commission	$ 0	$ 40	$ 0
Total Disbursements	0	-40	0
Cash Balance, Ending	$ 159	$ 123	$ 125

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. Receipts are derived from Federal funds and the transfer of required matching State funds from the Motor License Fund and Public Transportation Assistance Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 18,669	$ 22,015	$ 15,355
Receipts:			
Federal Funds	$ 170	$ 0	$ 0
Loan Repayments	5,561	2,865	5,463
Interest	432	593	348
Total Receipts	6,163	3,458	5,811
Total Funds Available	$ 24,832	$ 25,473	$ 21,166
Disbursements:			
Transportation	$ 2,817	$ 10,118	$ 10,118
Total Disbursements	-2,817	-10,118	-10,118
Cash Balance, Ending	$ 22,015	$ 15,355	$ 11,048

Pennsylvania Municipal Retirement Fund

Act 15 of 1974 created the Pennsylvania Municipal Retirement System which replaced the Municipal Employes Retirement Law and the Municipal Police Retirement Law and combined all employes covered under both into a State-related municipal system. The fund established under Act 15 provides for payment of retirement allowances to officers, employes, firemen and police of political subdivisions (counties, cities, boroughs and townships of the first and second class). Any municipality may elect by ordinance to join the system. Revenues are generated from the contributions of the members of the system and investment earnings. The board established under Act 15 has control over the system's operation. The net investment adjustment shown below is to reflect carrying value of long-term investments as of June 30. A municipality may, upon meeting the requirements set forth in Act 15, elect to withdraw from participation in this fund. Withdrawals may substantially increase the level of disbursements reflected in this presentation.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 897,170**	**$ 984,368**	**$ 1,103,000**
Receipts:			
Contributions	$ 36,134	$ 37,900	$ 39,800
Interest on Securities	23,292	24,800	26,400
Sale of Securities - Premiums	-39,344	0	0
Net Investment Adjustment	104,540	97,152	51,120
Total Receipts	124,622	159,852	117,320
Total Funds Available	**$ 1,021,792**	**$ 1,144,220**	**$ 1,220,320**
Disbursements:			
Treasury	$ 0	$ 20	$ 20
Municipal Retirement Board	37,424	41,200	45,300
Total Disbursements	-37,424	-41,220	-45,320
Cash Balance, Ending	**$ 984,368**	**$ 1,103,000**	**$ 1,175,000**

Pennsylvania Veterans Memorial Trust Fund

Act 60 of 1988 established this fund to be administered by the Pennsylvania Veterans Memorial Commission. Revenues come from General Fund appropriations and public or private contributions. Funds were expended to erect a monument to Pennsylvania Veterans who served in armed conflicts in which the United States was a participant. Act 63 of 2002 expanded the use of this fund to operation and maintenence of the memorial.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts In Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 354**	**$ 405**	**$ 370**
Receipts:			
Public/Private Donations	$ 98	$ 50	$ 50
Interest	9	10	8
Total Receipts	107	60	58
Total Funds Available	**$ 461**	**$ 465**	**$ 428**
Disbursements:			
Military and Veterans Affairs	$ 56	$ 95	$ 190
Total Disbursements	-56	-95	-190
Cash Balance, Ending	**$ 405**	**$ 370**	**$ 238**

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 17,592	$ 15,452	$ 12,502
Receipts:			
Referendum Bonds	$ 0	$ 0	$ 2,000
Interest	233	0	0
Total Receipts	233	0	2,000
Total Funds Available	$ 17,825	$ 15,452	$ 14,502
Disbursements:			
Infrastructure Investment Authority:			
PENNVEST Fund	$ 276	$ 500	$ 2,000
PENNVEST Drinking Water Revolving Fund	-591 [a]	250	0
PENNVEST Water Pollution Control Revolving Fund	64	200	0
PENNVEST Revolving Fund	2,624	2,000	0
Total Disbursements	-2,373	-2,950	-2,000
Cash Balance, Ending	$ 15,452	$ 12,502	$ 12,502

[a] Repayment of loan to PENNVEST Drinking Water Revolving Fund.

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 11,619**	**$ 40,120**	**$ 17,468**
Receipts:			
Bond Authorization Fund	$ -591	$ 250	$ 0
PENNVEST Fund	-14,152	15,250	15,250
Water Pollution Control Revolving Fund	48,863	8,600	8,187
Federal Funds	18,181	40,200	42,500
Interest and Principal Payments	9,087	5,000	15,000
Investment Income	1,740	100	1,750
Total Receipts	63,128	69,400	82,687
Total Funds Available	**$ 74,747**	**$ 109,520**	**$ 100,155**
Disbursements:			
Infrastructure Investment Authority	$ 34,627	$ 92,052	$ 85,989
Total Disbursements	-34,627	-92,052	-85,989
Cash Balance, Ending	**$ 40,120**	**$ 17,468**	**$ 14,166**

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 162,033**	**$ 151,585**	**$ 146,872**
Receipts:			
Revolving Loan Payments	$ 53,359	$ 53,200	$ 59,500
Bond Authorization Fund	276	500	50
Transfer from Environmental Stewardship Fund	21,873	25,383	26,307
Transfer from Non Revolving Equity Fund	5	0	0
Interest	3,022	2,500	2,500
Total Receipts	78,535	81,583	88,357
Total Funds Available	**$ 240,568**	**$ 233,168**	**$ 235,229**
Disbursements:			
Infrastructure Investment Authority:			
Loans and Grants	$ 2,473	$ 3,086	$ 3,500
Administration	2,693	4,000	2,874
Growing Greener Grants	23,931	26,000	23,000
Loans	59,886	53,210	59,010
Total Disbursements	-88,983	-86,296	-88,384
Cash Balance, Ending	**$ 151,585**	**$ 146,872**	**$ 146,845**

PENNVEST Non-Revolving Equity Fund

This fund, created under the authority of Act 16 of 1988, receives moneys transferred from the PENNVEST Bond Authorization Fund. These funds are used for non-revolving loans authorized by the act. These non-revolving loans can be made to public or private entities for drinking water supply or sewer projects. Repayments of loans and interest are deposited in the PENNVEST Redemption Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 5	$ 0	$ 0
Receipts:			
Transfer to Pennvest Revolving Fund	$ -5	$ 0	$ 0
Total Receipts	-5	0	0
Total Funds Available	$ 0	$ 0	$ 0
Disbursements:			
Infrastructure Investment Authority	$ 0	$ 0	$ 0
Cash Balance, Ending	$ 0	$ 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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 0	$ 3,305	$ 0
Receipts:			
Transfer from General Fund	$ 0	$ 12,444	$ 9,606
Interest on Securities	157	7	0
Accrued Interest on Bonds Sold	0	0	0
Non-Revolving Loan Repayments	21,903	0	0
Total Receipts	22,060	12,451	9,606
Total Funds Available	$ 22,060	$ 15,756	$ 9,606
Disbursements:			
Treasury	$ 18,755	$ 15,756	$ 9,606
Total Disbursements	-18,755	-15,756	-9,606
Cash Balance, Ending	$ 3,305	$ 0	$ 0

PENNVEST Revolving Fund

This fund, created under the authority of Act 16 of 1988, receives moneys transferred from the PENNVEST Bond Authorization Fund. Funds are used for revolving loans which can be made to public or private entities for drinking water supply or sewer projects. Repayments of loans and interest are deposited in the PENNVEST Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 32**	**$ 51**	**$ 351**
Receipts:			
Bond Authorization Fund	$ 2,624	$ 2,000	$ 0
Interest	7	0	0
Total Receipts	2,631	2,000	0
Total Funds Available	**$ 2,663**	**$ 2,051**	**$ 351**
Disbursements:			
Infrastructure Investment Authority:			
Drinking Water Projects	$ 1,631	$ 950	$ 250
Sewer Projects	981	500	0
Storm Water Projects	0	250	0
Total Disbursements	-2,612	-1,700	-250
Cash Balance, Ending	**$ 51**	**$ 351**	**$ 101**

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 182,913**	**$ 152,554**	**$ 124,344**
Receipts:			
Bond Authorization Fund	$ 64	$ 200	$ 0
PENNVEST Fund	20,974	13,500	18,431
Federal Funds	86,557	67,000	90,000
Interest and Principal Payments	41,858	32,000	50,000
Investment Income	3,072	6,000	4,000
Total Receipts	152,525	118,700	162,431
Total Funds Available	**$ 335,438**	**$ 271,254**	**$ 286,775**
Disbursements:			
Infrastructure Investment Authority	$ 182,884	$ 146,910	$ 166,937
Total Disbursements	-182,884	-146,910	-166,937
Cash Balance, Ending	**$ 152,554**	**$ 124,344**	**$ 119,838**

Pharmaceutical Assistance Fund

The revenue for the Pharmaceutical Assistance Fund is received from the Lottery Fund and the Tobacco Settlement Fund. This fund provides a limited pharmaceutical assistance program for older Pennsylvanians who are 65 years of age or over and whose annual income does not exceed the maximum specified for program eligibility. Pharmaceutical product claims for the Department of Public Welfare's Special Pharmaceutical Benefits Program, disease specific programs in the Department of Health and the State Workers' Insurance Fund are also processed through the PACE Fund. Funds not expended in the fiscal year in which they are appropriated are available for use in the following fiscal year. For additional information on the programs refer to the program descriptions in the Departments of Aging, Health, Public Welfare and Labor and Industry.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 97,661**	**$ 147,495**	**$ 115,809**
Receipts:			
Transfer from Lottery Fund	$ 395,000	$ 370,000	$ 370,000
Transfer from Tobacco Settlement Fund	34,682	34,531	30,029
Interest on Securities	1,166	1,000	1,000
Disease Specific Programs	7,071	8,051	8,051
Special Pharmaceutical Services	25,219	38,276	38,401
State Workers' Insurance Fund	0	4,400	8,800
Other	1,371	0	0
Total Receipts	464,509	456,258	456,281
Total Funds Available	**$ 562,170**	**$ 603,753**	**$ 572,090**
Disbursements:			
Treasury	$ 0	$ 5	$ 5
Aging	378,113	437,212	469,800
Health	7,697 [a]	8,051 [a]	8,051 [a]
Public Welfare	28,865 [a]	38,276 [a]	38,401 [a]
Labor and Industry	0	4,400 [a]	8,800 [a]
Total Disbursements	-414,675	-487,944	-525,057
Cash Balance, Ending	**$ 147,495**	**$ 115,809**	**$ 47,033**

[a] Expenditures from restricted accounts in the Department of Aging.

Philadelphia Regional Port Authority Fund

This authority was created by Act 50 of 1989 to acquire and operate the port facilities of the former Philadelphia Port Corporation. This fund handles payroll of the authority via transfer of funds by the authority from its private bank accounts. The authority is authorized to issue bonds to finance port improvements and may pledge its revenues to pay off such bonds.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 1,089**	**$ 933**	**$ 762**
Receipts:			
Transfer from Philadelphia Regional Port Authority	$ 5,110	$ 2,927	$ 2,927
Interest on Securities	36	22	15
Total Receipts	5,146	2,949	2,942
Total Funds Available	**$ 6,235**	**$ 3,882**	**$ 3,704**
Disbursements:			
Philadelphia Regional Port Operations	$ 5,302	$ 3,120	$ 3,058
Total Disbursements	-5,302	-3,120	-3,058
Cash Balance, Ending	**$ 933**	**$ 762**	**$ 646**

Port of Pittsburgh Commission Fund

The Port of Pittsburgh Commission was created by Act 133 of 1992 to promote and encourage capital investment in port facilities and port-related projects within the port district encompassing Allegheny, Armstrong, Beaver, Butler, Clarion, Fayette, Greene, Lawrence, Washington and Westmoreland counties.

Act 140 of 2000 expanded the authority of the commission to allow for economic development projects, including certain recreation projects that are sponsored by third parties. Act 111 of 2001 added Indiana County to the Port District.

Grants to the commission to support its operations, and previously to Allegheny County for port-related improvements, are deposited into this fund along with interest earnings from deposited funds. The commission also has the authority to issue bonds to finance port improvements and may pledge its revenues to pay off such bonds.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 1,664**	**$ 1,811**	**$ 1,539**
Receipts:			
Transfer from General Fund	$ 900	$ 556	$ 556
Other	125	0	25
Interest	35	23	18
Total Receipts	1,060	579	599
Total Funds Available	**$ 2,724**	**$ 2,390**	**$ 2,138**
Disbursements:			
Port of Pittsburgh Commission	$ 913	$ 851	$ 886
Total Disbursements	-913	-851	-886
Cash Balance, Ending	**$ 1,811**	**$ 1,539**	**$ 1,252**

Public Transportation Assistance Fund

This fund was established by Act 26 of 1991 to help provide for the capital, asset maintenance and certain other transportation needs of the Commonwealth's transit entities. Revenue is derived from a fee on the sale of new tires, a percent of the total sales and use tax receipts, and a motor vehicle lease tax fee.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 10,806	$ 12,139	$ 12,139
Receipts:			
Utility Realty Tax / Gross Receipts Tax	$ 26,668	$ 33,500	$ 32,200
Other Taxes and Fees	154,269	160,800	164,600
Interest	1,160	1,000	1,000
Total Receipts	182,097	195,300	197,800
Total Funds Available	$ 192,903	$ 207,439	$ 209,939
Disbursements:			
Transportation:			
Administration	$ 4,752	$ 4,789	$ 4,795
Grants	176,012	190,511	193,005
Total Disbursements	-180,764	-195,300	-197,800
Cash Balance, Ending	$ 12,139	$ 12,139	$ 12,139

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 7,293	$ 22,203	$ -125
Receipts:			
Reimbursements to General Services	$ 187,092	$ 251,437	$ 262,500
Reimbursements to Executive Offices	10,602	53,266	56,266
General Fund Loan	0	14,300	14,300
Other	441	441	441
Total Receipts	198,135	319,444	333,507
Total Funds Available	$ 205,428	$ 341,647	$ 333,382
Disbursements:			
Executive Offices	$ 1,759	$ 53,595	$ 56,595
Treasury	0	5	5
Loan Repayment	0	14,300	14,300
General Services	181,466	273,872	249,047
Total Disbursements	-183,225	-341,772	-319,947
Cash Balance, Ending	$ 22,203	$ -125	$ 13,435

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 686**	**$ 645**	**$ 621**
Receipts:			
Additional License Fees	$ 64	$ 64	$ 64
Interest	12	12	12
Total Receipts	76	76	76
Total Funds Available	**$ 762**	**$ 721**	**$ 697**
Disbursements:			
State	$ 117	$ 100	$ 100
Total Disbursements	-117	-100	-100
Cash Balance, Ending	**$ 645**	**$ 621**	**$ 597**

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 allows 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. For fiscal year 2004-2005 and thereafter, the Growing Greener II proposal includes a $25 million annual transfer from the general fund to the Recycling Fund for additional recycling activities.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 96,892**	**$ 72,315**	**$ 25,695**
Receipts:			
Recycling Fees	$ 46,985	$ 49,000	$ 47,000
Fines and Penalties	0	3	3
Transfer from General Fund	0	0	25,000
Transfer from Solid Waste Resource Recovery Development Fund	5,000	0	0
Interest	1,779	2,137	1,500
Environmental Technology Loan Repayments and Interest	426	775	400
Total Receipts	54,190	51,915	73,903
Total Funds Available	**$ 151,082**	**$ 124,230**	**$ 99,598**
Disbursements:			
Environmental Protection	$ 78,767	$ 98,535	$ 94,535
Total Disbursements	-78,767	-98,535	-94,535
Cash Balance, Ending	**$ 72,315**	**$ 25,695**	**$ 5,063**

Rehabilitation Center Fund

This fund was created May 13, 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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 4,295	$ 5,405	$ 3,683
Receipts:			
Client Fees	$ 17,271	$ 17,902	$ 18,274
Interest	106	122	126
Other	8,768	2,334	2,399
Total Receipts	26,145	20,358	20,799
Total Funds Available	$ 30,440	$ 25,763	$ 24,482
Disbursements:			
Labor and Industry	25,035	22,080	21,717
Total Disbursements	-25,035	-22,080	-21,717
Cash Balance, Ending	$ 5,405	$ 3,683	$ 2,765

Remining Environmental Enhancement Fund

Act 173 of 1992 authorized this fund to operate an incentive program to encourage remining and reclamation, including the designation of areas suitable for reclamation by remining, and to assist operators applying for a remining permit. The transfer of up to $1 million is authorized from a combination of the Surface Mining Conservation and Reclamation Fund, the Clean Water Fund, the Coal Refuse Disposal Fund, and the Bituminous Mine Subsidence and Land Conservation Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 178	$ 78	$ 83
Receipts:			
Transfers from Other Funds	$ 0	$ 1,000	$ 1,000
Interest	3	5	5
Total Receipts	3	1,005	1,005
Total Funds Available	$ 181	$ 1,083	$ 1,088
Disbursements:			
Environmental Protection	$ 103	$ 1,000	$ 1,000
Total Disbursements	-103	-1,000	-1,000
Cash Balance, Ending	$ 78	$ 83	$ 88

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 2,292	$ 2,377	$ 2,442
Receipts:			
Transfer from Land and Water Development Fund	$ 0	$ 0	$ 0
Premium Payments	85	90	90
Total Receipts	85	90	90
Total Funds Available	$ 2,377	$ 2,467	$ 2,532
Disbursements:			
Environmental Protection	$ 0	$ 25	$ 25
Total Disbursements	0	-25	-25
Cash Balance, Ending	$ 2,377	$ 2,442	$ 2,507

Rightful Owners' Claims Payment Fund

This fund was created by Act 45 of 2003 to make reimbursements and prompt payment of claims by an owner for a restitution payment previously held as unclaimed by any court, public corporation, public authority or instrumentality of the Commonwealth, or by a public officer or political subdivision. Under the act, five percent of the funds transferred annually to the Treasury will be deposited into the Rightful Owners' Claims Payment Fund to create the capability to make a reimbursement in the event a claim is filed. The remaining ninety-five percent balance of the restitution monies that are annually escheated from the entities identified are to be deposited to the Crime Victims' Compensation Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 0	$ 0	$ 0
Receipts:			
Transfers from Unclaimed Property Accounts	$ 0	$ 0	$ 70
Total Receipts	0	0	70
Total Funds Available	$ 0	$ 0	$ 70
Disbursements:			
Treasury Payments to Claimants	0	0	10
Total Disbursements	0	0	10
Cash Balance, Ending	$ 0	$ 0	$ 60

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 employes.

According to the provisions of Act 29 of 1994, starting with the employer contribution payment for the third quarter of 1995 (school salaries paid from July 1, 1995 to September 30, 1995), employers defined as school entities (school districts, intermediate units, and area vocational technical schools) pay 100 percent of the employer share of contributions to the fund. The Commonwealth pays school entities a portion of these costs from appropriated funds based on a statutory formula. Commonwealth contributions of the employer share for non-school entities are also paid from appropriated funds. These contributions are paid directly to the fund.

Earnings from investments provide additional revenue and pay for the expenses of the Public School Employees' Retirement Board. The board is responsible for management of the fund and payment of benefits. The employer contribution rate is determined by the fund's actuary and adopted by the board.

Act 40 of 2003 changed the retirement system's amortization period from ten years to an actuarially acceptable thirty year basis thus lowering employer contribution costs.

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 43,371,426**	**$ 42,203,382**	**$ 43,743,652**
Receipts:			
Transfer from General Fund — Employer Contribution (non-school entities)	$ 437	$ 1,950	$ 5,620
Transfers from State Retirement System	4,079	5,620	5,810
Contributions of School Employees	719,086	743,380	767,910
Returned Contributions of School Employees	8,275	27,920	28,840
Contributions of Employers	14,509	392,420	1,130,090
Interest on Securities	31,049	3,607,980	3,914,660
Net Investment Adjustment	1,035,907	0	0
Directed Commissions	5,060	5,000	5,000
Other	101,225	0	0
Total Receipts	1,919,627	4,784,270	5,857,930
Total Funds Available	**$ 45,291,053**	**$ 46,987,652**	**$ 49,601,582**
Disbursements:			
Treasury	$ 161	$ 0	$ 0
Public School Employees' Retirement Board	3,087,510	3,244,000	3,536,000
Total Disbursements	-3,087,671	-3,244,000	-3,536,000
Cash Balance, Ending	**$ 42,203,382**	**$ 43,743,652**	**$ 46,065,582**

School Retirees' Health Insurance Fund

This fund was created by Act 9 of 2001. The fund is used to establish and maintain a reserve sufficient to pay the expected claims experience of the Health Options Program (HOP). The HOP is a Public School Employees' Retirement System (PSERS) sponsored voluntary health insurance program for the sole benefit of PSERS retirees, their spouses or surviving spouses, and their dependents. The revenue for HOP is exclusively from the premiums paid by its participants for the benefit coverage they elect. The May 2002 initial transfer consisted of Insured funds and associated investment revenue in the amount of $27.340 million that had accumulated in the Public School Employees' Retirement Fund prior to the creation of the separate health insurance fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 28,676**	**$ 30,432**	**$ 34,088**
Receipts:			
Contributions from membership	$ 8,395	$ 3,200	$ 2,000
Investment Income	503	456	650
Total Receipts	8,898	3,656	2,650
Total Funds Available	**$ 37,574**	**$ 34,088**	**$ 36,738**
Disbursements:			
School Employees Retirement System	$ 7,142	$ 0	$ 0
Total Disbursements	-7,142	0	0
Cash Balance, Ending	**$ 30,432**	**$ 34,088**	**$ 36,738**

Self-Insurance Guaranty Fund

This fund was created by Act 44 of 1993, the Pennsylvania Workers' Compensation Act. The purpose of this fund is to pay claims arising from defaulting self-insurance employers and defaulting members of self-insurance pooling arrangements under the Workers' Compensation Act for injuries occurring on or after 10/30/93. The fund is maintained by assessments on self-insurers. Act 53 of 2000 provides for payments of claims resulting from injuries prior to 10/30/93 through a Prefund Account funded by transfers from the Workers' Compensation Administration Fund. Act 49 of 2001 limited annual transfers to the Prefund Account to $3.8 million. The Prefund Account and the fund are administered by the Department of Labor and Industry.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget
Cash Balance, Beginning	**$ 11,959**	**$ 15,009**	**$ 16,809**
Receipts:			
Assessments/Self-Insurer's Security	$ 7,510	$ 5,500	$ 5,600
Transfer from the Workmen's Compensation Fund	3,986	3,800	3,800
Miscellaneous	2	0	0
Interest	301	500	600
Total Receipts	11,799	9,800	10,000
Total Funds Available	**$ 23,758**	**$ 24,809**	**$ 26,809**
Disbursements:			
Labor and Industry	$ 8,749	$ 8,000	$ 8,500
Total Disbursements	-8,749	-8,000	-8,500
Cash Balance, Ending	**$ 15,009**	**$ 16,809**	**$ 18,309**

Small Business First Fund

Act 67 of 1996 created the Small Business First Fund. The fund replaced the Air Quality Improvement Fund, Storage Tank Loan Fund and the Pennsylvania Capital Loan Fund. Balances and program commitments in those funds were transferred to the Small Business First Fund. The fund may receive transfers from the Minority Business Development Fund to facilitate its programs for small businesses.

This program provides low-interest loans for small businesses of 100 employees or less. Eligible projects include land and building acquisition and construction; machinery and equipment purchases; working capital; compliance with environmental regulations and municipal or commercial recycling. In addition, companies eligible to participate in this program are those impacted by the reduction in defense-related activities and those involved in exports, advanced technology and the hospitality industry.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 48,855**	**$ 49,797**	**$ 44,290**
Receipts:			
Loan Repayments	$ 20,949	$ 21,780	$ 20,655
Interest on Securities	1,158	1,206	1,111
Miscellaneous	286	7	10
Total Receipts	22,393	22,993	21,776
Total Funds Available	**$ 71,248**	**$ 72,790**	**$ 66,066**
Disbursements:			
Community and Economic Development			
Administrtation	$ 1,383	$ 1,400	$ 1,600
Loans	20,068	27,100	27,100
Total Disbursements	-21,451	-28,500	-28,700
Cash Balance, Ending	**$ 49,797**	**$ 44,290**	**$ 37,366**

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 934**	**$ 791**	**$ 726**
Receipts:			
Interest	$ 20	$ 35	$ 35
Total Receipts	20	35	35
Total Funds Available	**$ 954**	**$ 826**	**$ 761**
Disbursements:			
Environmental Protection	$ 163	$ 100	$ 100
Total Disbursements	-163	-100	-100
Cash Balance, Ending	**$ 791**	**$ 726**	**$ 661**

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. All moneys in excess of $200,000 in the fund, less encumbrances for litigation, at the end of the fiscal year are transferred to the Unemployment Compensation Contribution Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget
Cash Balance, Beginning	$ 205	$ 133	$ 200
Receipts:			
Interest and Penalties	$ 5,119	$ 5,914	$ 6,951
Other	80	91	106
Total Receipts	5,199	6,005	7,057
Total Funds Available	$ 5,404	$ 6,138	$ 7,257
Disbursements:			
Labor and Industry	$ 5,271	$ 5,938	$ 7,057
Total Disbursements	-5,271	-5,938	-7,057
Cash Balance, Ending	$ 133	$ 200	$ 200

State College Experimental Farm Fund

Act 56, approved May 13, 1887, authorized the sale of the eastern and western experimental farms which were purchased with Federal land grant monies in 1862. These farms were sold for $17,000 in 1888 and the proceeds were placed in this fund to be invested in bonds of the Commonwealth at 6 percent per annum with the interest serving as an ongoing revenue to this fund. Several times a year the interest earned is disbursed to the Pennsylvania State University.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 25	$ 25	$ 25
Receipts:			
Miscellaneous	$ 1	$ 1	$ 1
Total Receipts	1	1	1
Total Funds Available	$ 26	$ 26	$ 26
Disbursements:			
Treasury	$ 1	$ 1	$ 1
Total Disbursements	-1	-1	-1
Cash Balance, Ending	$ 25	$ 25	$ 25

State Employees' Retirement Fund

This fund was created in 1924 to accumulate reserves for the payment of pensions to eligible former State employees. Money in this fund is used to pay retirement, disability and death benefits to members of the State Employees' Retirement System and their beneficiaries. Membership in the system is mandatory for most State employees and available to employees of non-State entities, such as the Pennsylvania State University, the Turnpike Commission, the Delaware River Port Authority and other public and quasi-public institutions authorized by the Retirement Code.

The fund receives revenue from employee contributions, employer contributions and income derived from its investment portfolio. Employer contributions are an actuarially determined percentage of payroll sufficient to fund current and future benefit payments. Investment income is used to credit interest to each member's account; to pay the administrative expenses of the retirement system; and to accumulate monies for the payment of future benefits. Management of the fund and payment of benefits are overseen by the State Employees' Retirement Board.

Act 40 of 2003 changed the retirement system's amortization period from ten years to an actuarially acceptable thirty year basis thus lowering employer contribution costs.

The cash balance shown in the statement includes substantial investment assets. The net investment adjustment item is to reflect the carrying value of long-term investments as of June 30 and is estimated for 2003-04 and 2004-05.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 23,168,190**	**$ 22,175,128**	**$ 25,553,161**
Receipts:			
Contributions of Employees	$ 310,338	$ 319,000	$ 329,500
State Share Contribution	50,545	127,500	101,800
Income from Securities	16,874	622,662	717,895
Directed Commissions	760	800	800
Net Investment Adjustment	101,886	3,986,571	1,445,972
Other	500	0	0
Total Receipts	480,903	5,056,533	2,595,967
Total Funds Available	**$ 23,649,093**	**$ 27,231,661**	**$ 28,149,128**
Disbursements:			
Treasury	$ 132	$ 0	$ 0
State Employees' Retirement System	1,473,833	1,678,500	1,815,000
Total Disbursements	-1,473,965	-1,678,500	-1,815,000
Cash Balance, Ending	**$ 22,175,128**	**$ 25,553,161**	**$ 26,334,128**

State Insurance Fund

Created in 1915, this fund finances expenditures related to the rebuilding, restoring or replacing of buildings, structures, equipment or other property owned by the Commonwealth which 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.

Unencumbered amounts in the fund in excess of $3 million on December 31st of each year are transferred to the General Fund. This fund satisfies the requirements of the Federal Government for the Disaster Insurance Program.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 9,261	$ 9,388	$ 9,086
Receipts:			
Recovered Damages	$ 0	$ 450	$ 100
Interest	592	503	487
Total Receipts	592	953	587
Total Funds Available	$ 9,853	$ 10,341	$ 9,673
Disbursements:			
Treasury	$ 0	$ 5	$ 5
General Services	465	1,250	785
Total Disbursements	-465	-1,255	-790
Cash Balance, Ending	$ 9,388	$ 9,086	$ 8,883

State Restaurant Fund

This fund was created in 1943 to finance the purchase and maintenance of equipment for the operation of the restaurant in the State Capitol as well as any other restaurants in other State Office Buildings. At present, the Capitol East Wing Cafeteria and the facility located in the Keystone Building are the only restaurants operated through this fund. Revenue is derived from the profits earned from those operations.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 1,718	$ 1,778	$ 1,932
Receipts:			
Revenue from Operations	$ 158	$ 162	$ 164
Other	43	82	92
Total Receipts	201	244	256
Total Funds Available	$ 1,919	$ 2,022	$ 2,188
Disbursements:			
General Services	$ 141	$ 90	$ 90
Total Disbursements	-141	-90	-90
Cash Balance, Ending	$ 1,778	$ 1,932	$ 2,098

State School Fund

This fund was established in 1911 and is funded primarily by the sale of escheated estates and other nonpublic real estate and interest earnings of the Sinking Fund. Changes in the escheat law and lack of interest earnings from the Sinking Fund or investment of monies in the State School Fund have resulted in a low revenue level. The fund is active in only a limited sense.

The original purpose of the fund was to equalize educational advantages across the Commonwealth; to provide advancements to school districts temporarily in need of aid; and to promote education in the conservation of natural resources, forestry, agriculture and other industrial pursuits. The law was amended in 1960 to change the purpose of the fund to equalization of educational opportunities, and to pay part of the cost of repair or alteration of local public school or State college buildings when required to satisfy requirements of the Department of Labor and Industry or other relevant governmental agencies.

Expenditures from the fund are made at the direction of the State Board of Education.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 541**	**$ 555**	**$ 566**
Receipts:			
Sinking Fund Interest	$ 0	$ 4	$ 4
Treasury Interest	14	20	20
Total Receipts	14	24	24
Total Funds Available	**$ 555**	**$ 579**	**$ 590**
Disbursements:			
Education	$ 0	$ 13	$ 13
Total Disbursements	0	-13	-13
Cash Balance, Ending	**$ 555**	**$ 566**	**$ 577**

State Stores Fund

The State Stores Fund serves as the general operating fund for the Liquor Control Board. The Pennsylvania State Police receive funds for the enforcement of the Liquor Code. The Department of Health receives funds for alcohol abuse programs. This fund receives revenues from the sale of goods in State Liquor Stores, fees not credited to the Liquor License Fund, fines and penalties, losses and damages recovered, and loans from the General Fund to provide working capital. Expenditures cover all costs associated with the operation and administration of the Liquor Store System and enforcement of the Liquor Code. Any surplus is transferred to the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 75,928**	**$ 36,721**	**$ 65,266**
Receipts:			
Fees	$ 10,055	$ 10,057	$ 10,057
Fines and Penalties	1,119	1,119	1,119
Sale of Goods	1,270,798	1,341,715	1,410,142
Recovered Losses and Damages	1,088	1,088	1,088
General Fund Loans	85,000	85,000	85,000
Other	4,030	3,279	3,279
Total Receipts	1,372,090	1,442,258	1,510,685
Total Funds Available	**$ 1,448,018**	**$ 1,478,979**	**$ 1,575,951**
Disbursements:			
Treasury	$ 0	$ 30	$ 15
Health	517	1,694	1,757
Liquor Control Board	1,393,631	1,392,876	1,458,511
State Police	17,149	19,113	19,884
Total Disbursements	-1,411,297	-1,413,713	-1,480,167
Cash Balance, Ending	**$ 36,721**	**$ 65,266**	**$ 95,784**

State Treasury Armory Fund

Created in accordance with Act 92 of 1975, this fund receives monies derived from the sale of any armory building, armory site or other real estate. Funds are expended solely for the purchase of equipment, furniture and fixtures or for the construction of new armories in the Commonwealth.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 817**	**$ 914**	**$ 869**
Receipts:			
Armory Rentals	$ 233	$ 250	$ 250
Sale of Armories and Land	10	325	325
Interest	24	30	30
Total Receipts	267	605	605
Total Funds Available	**$ 1,084**	**$ 1,519**	**$ 1,474**
Disbursements:			
Military and Veterans Affairs	$ 170	$ 650	$ 600
Total Disbursements	-170	-650	-600
Cash Balance, Ending	**$ 914**	**$ 869**	**$ 874**

State Workmen's Insurance Fund

The State Workmen's Insurance Fund (SWIF) was created by Act 338 of 1915, and operates within the Department of Labor and Industry. It is a self-sustaining fund providing workers' compensation insurance to employers, including those refused policies by private insurance firms. SWIF is subject to underwriting rules, classification and rates promulgated by rating bureaus authorized by the State Insurance Commissioner. Premium rates are established by them based on the history of accidents by industry. Administrative costs are paid from the fund including expenses related to Insurance Department and Auditor General examinations.

Act 68 of 1990 provides for the transfer of money from SWIF. Annual payments are made to the General Fund equal to the amount which would have been paid in taxes had SWIF been subject to taxes. The act also established an Advisory Council to recommend the amount of surplus in SWIF, if any, that could be distributed without jeopardizing its legal obligations to policy holders. If such a surplus exists, the SWIF Board may then recommend distribution of the surplus as refunds to current or former policyholders. The funds recommended by the board to be transferred or refunded to policyholders must be approved and appropriated by the General Assembly.

The net investment adjustment shown below is to reflect the current market value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 1,307,833**	**$ 1,467,509**	**$ 1,550,713**
Receipts:			
Premiums	$ 262,168	$ 260,500	$ 208,000
Interest	69,490	70,185	70,887
Net Investment Adjustment	71,466		
Other	7,801	8,524	8,437
Total Receipts	410,925	339,209	287,324
Total Funds Available	**$ 1,718,758**	**$ 1,806,718**	**$ 1,838,037**
Disbursements:			
Treasury	$ 0	$ 75	$ 35
Labor and Industry	246,458	250,720	255,734
Premium Tax Payment to the General Fund	4,791	5,210	4,160
Total Disbursements	-251,249	-256,005	-259,929
Cash Balance, Ending	**$ 1,467,509**	**$ 1,550,713**	**$ 1,578,108**

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 15,999**	**$ 11,378**	**$ 6,852**
Receipts:			
Registration Fees	$ 3,515	$ 3,600	$ 3,600
Federal Funds - EPA	890	2,951	2,951
Fines and Penalties	475	379	380
Interest	318	406	280
Other	48	3	3
Total Receipts	5,246	7,339	7,214
Total Funds Available	**$ 21,245**	**$ 18,717**	**$ 14,066**
Disbursements:			
Environmental Protection	$ 9,867	$ 11,865	$ 11,362
Total Disbursements	-9,867	-11,865	-11,362
Cash Balance, Ending	**$ 11,378**	**$ 6,852**	**$ 2,704**

Supplemental State Assistance Fund

This fund was created by Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, and is administered by the Auditor General. Under Act 205, the Auditor General is responsible for the administration of the Supplemental State Assistance Program, including disbursement of funds to distressed municipal pension systems based on certifications provided by the Public Employe Retirement Commission (PERC). Since 1989-90, revenues for the Supplemental State Assistance Fund have been provided entirely by General Fund appropriations. By statute, this program and fund terminated in 2003. The unspent balance within the fund shall be transferred to the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 54**	**$ 55**	**$ 0**
Receipts:			
General Fund Appropriation	$ 331	$ 0	$ 0
Interest	1	0	0
Total Receipts	332	0	0
Total Funds Available	**$ 386**	**$ 55**	**$ 0**
Disbursements:			
Auditor General	$ 331	$ 0	$ 0
Transfer to General Fund	0	$ 55	0
Total Disbursements	-331	-55	0
Cash Balance, Ending	**$ 55**	**$ 0**	**$ 0**

Surface Mining Conservation and Reclamation Fund

This fund was created in 1945 to finance reclamation projects on land scarred by surface mining. Projects include recontouring, terracing and planting of trees, shrubs and grasses. Revenues are provided by charging surface mining operators for licenses and permits and by fining them for failure to apply for the licenses and permits as well as by forfeiture of collateral bonds, cash or securities for failure to comply with an approved reclamation plan.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 40,002**	**$ 49,412**	**$ 57,652**
Receipts:			
Licenses and Fees	$ 133	$ 150	$ 200
Fines and Penalties	156	300	350
Interest	1,112	1,500	1,500
Forfeiture of Bonds	1,912	1,000	1,000
Trust Account Collateral	1,248	1,000	1,000
Miscellaneous	7,168	7,000	7,000
Total Receipts	11,729	10,950	11,050
Total Funds Available	**$ 51,731**	**$ 60,362**	**$ 68,702**
Disbursements:			
Treasury	$ 0	$ 5	$ 5
Environmental Protection	2,319	2,705	2,705
Total Disbursements	-2,319	-2,710	-2,710
Cash Balance, Ending	**$ 49,412**	**$ 57,652**	**$ 65,992**

Tuition Account Guaranteed Savings Program Fund

Act 11 of 1992, amended by Act 58 of 2000, provided for the establishment of two programs for postsecondary educational savings. Both programs are administered by the Tuition Account Programs Bureau within the Treasury Department with oversight by the Tuition Account Programs Advisory Board. This fund offers a guaranteed rate of return tied to tuition inflation. Revenue is derived primarily from application fees, Tuition Account Guaranteed Savings Program contracts and investment income. Fund expenditures consist mainly of payments to educational institutions for tuition and administrative costs.

The 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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 370,734**	**$ 604,125** [a]	**$ 778,415**
Receipts:			
Application Fees	$ 360	$ 280	$ 280
Tuition Purchases	234,468	185,000	165,000
Investment Earnings	13,799	14,000	15,000
Net Investment Adjustment	13,705	15,000	15,000
Other	11	10	10
Total Receipts	262,343	214,290	195,290
Total Funds Available	**$ 633,077**	**$ 818,415**	**$ 973,705**
Disbursements:			
Treasury	$ 28,952	$ 40,000	$ 50,000
Total Disbursements	-28,952	-40,000	-50,000
Cash Balance, Ending	**$ 604,125** [a]	**$ 778,415**	**$ 923,705**

[a] Fund Balance is net of $6.8 million in securities payable on June 30.

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 0**	**$ 49,562**	**$ 124,562**
Receipts:			
Tuition Purchases	$ 45,749	$ 70,000	$ 60,000
Investment Earnings	443	6,000	8,000
Net Investment Adjustment	3,408	0	0
Total Receipts	49,600	76,000	68,000
Total Funds Available	**$ 49,600**	**$ 125,562**	**$ 192,562**
Disbursements:			
Treasury	$ 38	$ 1,000	$ 5,000
Total Disbursements	-38	-1,000	-5,000
Cash Balance, Ending	**$ 49,562**	**$ 124,562**	**$ 187,562**

Underground Storage Tank Indemnification Fund

The Storage Tank and Spill Prevention Act, Act 32 of 1989, as amended, established the Underground Storage Tank Indemnification Fund to administer a program to provide claim payments to owners and operators of underground storage tanks who incur liability for taking corrective action or for bodily injury or property damage caused by a release from underground storage tanks. Expenses for administration of the fund are also covered. The fund is administered by the Insurance Department in conjunction with a nine member Underground Storage Tank Indemnification Board.

Act 32 authorized the board to establish, by regulation, fees to be paid by underground storage tank owners and operators to fund the program. Effective January 1, 2004, tank owners pay a gallon fee of $0.011 per gallon. Owners of diesel fuel and heating oil tanks pay a capacity fee of $.083 in lieu of the gallon fee. These regulatory fee increases are ten percent over the previous fees and are necessary to maintain the actuarial soundness of the fund as prescribed by Act 32.

Act 13 of 1998 established a new loan program to assist owners of regulated underground storage tanks to upgrade their underground storage tank systems to meet Federal Environmental Protection Agency upgrade requirements or to remove them from service. Act 100 of 2000 expanded the upgrade loan program to include the removal of underground storage tanks. The Department of Community and Economic Development administers the loan program as part of its business loans program. The act also establishes an environmental cleanup program and a pollution prevention program which are administered by the Department of Environmental Protection. The net investment adjustment is included to reflect the current market value of long-term investments as of June 30. A loan of $100 million was made to the General Fund on October 15, 2002 in accordance with Act 91 of 2002 and is to be repaid over ten years beginning in 2004.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 242,807**	**$ 104,080**	**$ 70,134**
Receipts:			
Gallon Fee	$ 19,239	$ 50,400	$ 53,900
Tank Capacity Fee	5,230	9,500	10,100
Investment Income	96,059	10,000	10,000
Net Investment Adjustment	-94,666	0	0
Loan Repayment From General Fund	1,354	0	2,500
Miscellaneous Fees	330	410	410
Total Receipts	27,546	70,310	76,910
Total Funds Available	**$ 270,353**	**$ 174,390**	**$ 147,044**
Disbursements:			
Treasury	$ 14	$ 15	$ 15
Community and Economic Development	166	10,440	1,545
Environmental Protection	6,279	12,000	12,000
Insurance	159,814	81,801	88,398
Total Disbursements	-166,273	-104,256	-101,958
Cash Balance, Ending	**$ 104,080**	**$ 70,134**	**$ 45,086**

Unemployment Compensation Benefit Payment Fund

Employers' and employes' 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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 0	$ 0	$ 0
Receipts:			
Regular Unemployment Compensation Program	$ 2,498,107	$ 1,970,240	$ 1,982,460
Federal Receipts in Transit [a]	20,703	36,500	36,700
Other	890,090	475,000	46,000
Total Receipts	3,408,900	2,481,740	2,065,160
Total Funds Available	**$ 3,408,900**	**$ 2,481,740**	**$ 2,065,160**
Disbursements:			
Labor and Industry	$ 3,408,900	$ 2,481,740	$ 2,065,160
Total Disbursements	-3,408,900	-2,481,740	-2,065,160
Cash Balance, Ending	$ 0	$ 0	$ 0

[a] Represents future receipts of funds from the Federal Government for checks issued to individual recipients.

Unemployment Compensation Contribution Fund

This fund was created to hold moneys collected from employers under the Unemployment Compensation Law and, except for refunds of collections or transfers to the Special Administration Fund, the moneys are transferred to the United States Treasury for credit to the Commonwealth's account in the Federal Unemployment Trust Fund established under Section 904 of the Social Security Act.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget
Cash Balance, Beginning	$ 2	$ 2,181	$ 0
Receipts:			
Contributions of Employers and Employees	$ 1,626,603	$ 1,966,900	$ 2,365,900
Other	903	1,100	1,330
Total Receipts	1,627,506	1,968,000	2,367,230
Total Funds Available	**$ 1,627,508**	**$ 1,970,181**	**$ 2,367,230**
Disbursements:			
Labor and Industry	$ 1,625,327	$ 1,970,181	$ 2,367,230
Total Disbursements	1,625,327	-1,970,181	-2,367,230
Cash Balance, Ending	$ 2,181	$ 0	$ 0

Vietnam Conflict Veterans' Compensation Sinking Fund

Monies in this fund are used to redeem or pay interest on bonds issued for the Vietnam Conflict Veterans' Compensation Fund. The annual appropriation from the General Fund for general obligation debt service provides the revenues to this fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 0	$ 0	$ 0
Receipts:			
Transfer from General Fund	$ 487	$ 491	$ 0
Total Receipts	487	491	0
Total Funds Available	$ 487	$ 491	$ 0
Disbursements:			
Treasury	$ 487	$ 491	$ 0
Total Disbursements	-487	-491	0
Cash Balance, Ending	$ 0	$ 0	$ 0

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 and interest earned.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget
Cash Balance, Beginning	$ 13,283	$ 5,480	$ 6,480
Receipts:			
Transfer from General Fund	$ 38,238	$ 39,238	$ 38,238
Federal Vocational Rehabilitation Funds	107,902	136,259	138,765
Other	680	800	800
Total Receipts	146,820	176,297	177,803
Total Funds Available	$ 160,103	$ 181,777	$ 184,283
Disbursements:			
Labor and Industry	154,623	175,297	177,803
Total Disbursements	-154,623	-175,297	-177,803
Cash Balance, Ending	$ 5,480	$ 6,480	$ 6,480

Volunteer Companies Loan Fund

Bond referendums in 1975, 1981, and 1990 authorized a total of $50 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 Pennsylvania Emergency Management Agency. Revenue to the fund in addition to bond proceeds includes loan repayments and interest earnings. General Fund transfer appropriations have also been provided to fund the program.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 6,314**	**$ 6,033**	**$ 3,798**
Receipts:			
Loan Principal Repayments	$ 13,589	$ 14,400	$ 14,500
Loan Interest	2,233	2,240	2,250
Interest on Securities	136	125	120
Total Receipts	15,958	16,765	16,870
Total Funds Available	**$ 22,272**	**$ 22,798**	**$ 20,668**
Disbursements:			
Emergency Management Agency	$ 16,239	$ 19,000	$ 18,000
Total Disbursements	-16,239	-19,000	-18,000
Cash Balance, Ending	**$ 6,033**	**$ 3,798**	**$ 2,668**

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 the General Fund for general obligation debt service provides revenues to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 0**	**$ 0**	**$ 0**
Receipts:			
Transfer from General Fund	$ 2,048	$ 1,424	$ 928
Total Receipts	2,048	1,424	928
Total Funds Available	**$ 2,048**	**$ 1,424**	**$ 928**
Disbursements:			
Treasury	$ 2,048	$ 1,424	$ 928
Total Disbursements	-2,048	-1,424	-928
Cash Balance, Ending	**$ 0**	**$ 0**	**$ 0**

Water Facilities Loan Fund

This fund was created by Act 167 of 1982 to implement the water project loan referendum approved by the electorate on November 3, 1981. That referendum authorized the Commonwealth to incur an indebtedness of $300 million for use as loans to repair, construct, reconstruct, rehabilitate, extend and improve water supply systems or to repair, reconstruct or rehabilitate flood control facilities, dams and port facilities. Act 16 of 1988 transferred the functions of the Water Facilities Loan Board to the Pennsylvania Infrastructure Investment Authority as part of the PENNVEST program. Remaining bond authorization is expected to be used in the future.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 0	$ 0	$ 0
Receipts:			
Sale of Bonds	$ 0	$ 0	$ 0
Total Receipts	0	0	0
Total Funds Available	$ 0	$ 0	$ 0
Disbursements:			
Infrastructure Investment Authority	$ 0	$ 0	$ 0
Total Disbursements	0	0	0
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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	$ 0	$ 0	$ 0
Receipts:			
Transfer from General Fund	$ 8,309	$ 6,438	$ 3,727
Total Receipts	8,309	6,438	3,727
Total Funds Available	$ 8,309	$ 6,438	$ 3,727
Disbursements:			
Treasury	$ 8,309	$ 6,438	$ 3,727
Total Disbursements	-8,309	-6,438	-3,727
Cash Balance, Ending	$ 0	$ 0	$ 0

Wild Resource Conservation Fund

This fund was created by Act 170 of 1982. Revenue is derived primarily from tax rebate check-offs and voluntary contributions. The fund collects information relating to population, distribution, habitat needs, limiting factors and other biological and ecological data to classify plants and to determine necessary management measures. These management measures include promotion of a Statewide system of private wild plant sanctuaries; permitting of removal, collection or transplanting of endangered or threatened plant species; and regulation of the digging, harvesting, sale and exploitation of designated species.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 322**	**$ 189**	**$ 119**
Receipts:			
Tax Check-Offs	$ 205	$ 200	$ 200
Interest on Securities	4	5	5
Voluntary Donations	16	50	50
License Plate Sales	52	65	65
Other	129	60	60
Total Receipts	406	380	380
Total Funds Available	**$ 728**	**$ 569**	**$ 499**
Disbursements:			
Conservation and Natural Resources	$ 539	$ 450	$ 390
Total Disbursements	-539	-450	-390
Cash Balance, Ending	**$ 189**	**$ 119**	**$ 109**

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 for administrative costs with the remaining available balance being used for approved county grants.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 0**	**$ 0**	**$ 0**
Receipts:			
Transfer from General Fund	$ 0	$ 0	$ 0
Surcharges	0	0	55,000
Income on Investments	0	0	0
Other	0	0	0
Total Receipts	0	0	55,000
Total Funds Available	**$ 0**	**$ 0**	**$ 55,000**
Disbursements:			
Treasury	$ 0	$ 0	$ 0
Emergency Management Agency	0	0	0
Administration	0	0	1,100
Grants	0	0	25,000
Total Disbursements	0	0	-26,100
Cash Balance, Ending	**$ 0**	**$ 0**	**$ 28,900**

Workers' Compensation Security Fund

The purpose of this fund is payment of valid claims for compensation provided by the Workers' Compensation Act to individuals who are insured by an insolvent stock company. Expenses for administration of the fund are also covered.

Through June 30, 2000, payment equal to one percent of the net written premiums received for workers' compensation insurance policies written in the Commonwealth by stock companies, mutual carriers and reciprocal exchanges during the preceding annual reporting period were credited to the fund. Such payments were required only if the balance less known liabilities of the fund was determined to be less than five percent of the loss reserves of all such companies for payments of benefits under the Workers' Compensation Act.

Act 49 of 2000 removed the statutory annual assessment procedures in conjunction with giving prudent person investment authority to the Insurance Commissioner jointly with the State Treasurer for the investment of moneys in the fund. This change is expected to generate increased earnings to the fund, thereby reducing the frequency of the assessment. The act requires the Insurance Department to manage the fund to maintain its actuarial soundness and a minimum balance of $500 million. If the fund balance falls below $500 million, the department will assess contributions to restore the balance in the fund in a timely manner. An assessment was not made in 2002 but is anticipated in 2003.

As of June 30, 2003 the indemnity reserves were $299 million, the medical reserves were $106 million, and the legal reserves were $5.3 million. The June 30, 2003 balance less reserves was $66.2 million.

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 504,906**	**$ 476,568**	**$ 495,563**
Receipts:			
Premium Contributions	$ 7,701	57,000	$ 25,000
Interest on Securities	21,920	25,000	25,000
Net Investment Adjustment	9,794	0	0
Total Receipts	39,415	82,000	50,000
Total Funds Available	**$ 544,321**	**$ 558,568**	**$ 545,563**
Disbursements:			
Treasury	$ 0	$ 5	$ 5
Insurance	67,753	63,000	51,000
Total Disbursements	-67,753	-63,005	-51,005
Cash Balance, Ending	**$ 476,568**	**$ 495,563**	**$ 494,558**

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.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2002-03 Actual	2003-04 Available	2004-05 Budget
Cash Balance, Beginning	**$ 49,675**	**$ 50,536**	**$ 51,667**
Receipts:			
Assessments	$ 54,963	$ 55,006	$ 55,006
Other	964	1,315	1,320
Total Receipts	55,927	56,321	56,326
Total Funds Available	**$ 105,602**	**$ 106,857**	**$ 107,993**
Disbursements:			
Community and Economic Development	$ 150	$ 184	$ 184
Labor and Industry	54,916	55,006	54,250
Total Disbursements	-55,066	-55,190	-54,434
Cash Balance, Ending	**$ 50,536**	**$ 51,667**	**$ 53,559**

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)

	2002-03 Actual	2003-04 Available	2004-05 Estimated
Cash Balance, Beginning	**$ 417**	**$ 112**	**$ 139**
Receipts:			
Assessments	$ 31,231	$ 27,527	$ 28,500
Other	477	1,000	1,000
Total Receipts	31,708	28,527	29,500
Total Funds Available	**$ 32,125**	**$ 28,639**	**$ 29,639**
Disbursements:			
Labor and Industry	$ 32,013	$ 28,500	$ 29,500
Total Disbursements	-32,013	-28,500	-29,500
Cash Balance, Ending	**$ 112**	**$ 139**	**$ 139**

Governor's Executive Budget

COMPLEMENT

COMPLEMENT

This section provides a summary by department of authorized salaried complement on a full-time equivalent (FTE) basis for the actual, available and budget years. It also provides a brief description by agency and appropriation of the changes recommended in the budget.

AUTHORIZED SALARIED COMPLEMENT BY AGENCY
FULL-TIME EQUIVALENT (FTE)

The following is a summary, by department, of the 2002-03 actual, 2003-04 available and 2004-05 recommended authorized salaried complement levels on a full-time equivalent (FTE) basis. Additional information regarding the Commonwealth's complement is included in Section A - Overview and Summaries of this budget document.

Department	*2002-03 Actual*	*2003-04 Available*	*2004-05 Budget*	*Difference Budget vs. Available*
Governor's Office	91	91	91	
Executive Offices	2,377	2,336	2,335	-1
Lieutenant Governor's Office	15	14	14	
Aging	114	109	109	
Agriculture	656	628	628	
Banking	123	123	123	
Civil Service Commission	180	180	178	-2
Community and Economic Development	347	333	333	
Conservation and Natural Resources	1,391	1,380	1,391	11
Corrections	15,476	15,167	15,259	92
Education	864	776	776	
Emergency Management Agency	167	162	162	
Environmental Hearing Board	22	18	18	
Environmental Protection	3,211	3,071	3,094	23
Fish & Boat Commission	436	432	428	-4
Game Commission	732	732	732	
General Services	1,448	1,350	1,311	-39
Health	1,526	1,507	1,515	8
Historical and Museum Commission	358	340	332	-8
Infrastructure Investment Authority	27	27	27	
Insurance	396	388	388	
Labor and Industry	5,951	5,931	5,465	-466
Liquor Control Board	3,037	3,054	3,102	48
Military and Veterans Affairs	2,481	2,469	2,467	-2
Milk Marketing Board	36	36	36	
Municipal Employes' Retirement	28	28	28	
Probation and Parole Board	1,049	1,048	1,048	
Public Television Network	20	20	20	
Public Utility Commission	533	533	523	-10
Public Welfare	21,373	20,619	20,379	-240
Revenue	2,311	2,289	2,246	-43
School Employees' Retirement System	290	290	290	
Securities Commission	93	90	90	
State	502	504	505	1
State Employees' Retirement System	192	192	195	3
State Police	5,899	5,899	5,899	
Tax Equalization Board	22	22	22	
Transportation	12,356	12,350	12,346	-4
TOTAL ALL DEPARTMENTS	86,130	84,538	83,905	-633

Summary of 2004-05 Complement Changes

The following is a detailed listing, by department, of the recommended authorized salaried complement changes (on a full-time equivalent basis) for 2004-05. 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:		
Integrated Criminal Justice Systems	-8	TRANSFERRED: To Commonwealth Technology Services (-8).
Commonwealth Technology Services	46	TRANSFERRED: From Integrated Criminal Justice Systems (8) and from Communications Management (38).
Communications Management	-38	TRANSFERRED: To Commonwealth Technology Services (-38).
Office of Administration	-1	ELIMINATED: Operational efficiencies (-1).
DEPARTMENT TOTAL	-1	
CIVIL SERVICE COMMISSION		
General Fund:		
General Government Operations	-2	ELIMINATED: Operational efficiencies (-2).
COMMUNITY AND ECONOMIC DEVELOPMENT		
General Fund:		
International Trade	-4	TRANSFERRED: To General Government Operations (-4).
General Government Operations	8	TRANSFERRED: From International Trade (4) and from Underground Storage Tank Administration (4).
General Fund Total	4	
Underground Storage Tank Indemnification Fund:		
Underground Storage Tank Administration	-4	TRANSFERRED: To General Government Operations (-4).
DEPARTMENT TOTAL	0	
CONSERVATION AND NATURAL RESOURCES		
General Fund:		
State Forests Operations	6	NEW: Forest management and timber harvest activities (6).
State Parks Operations	5	NEW: Presque Isle State Park (5).
DEPARTMENT TOTAL	11	
CORRECTIONS		
General Fund:		
State Correctional Institutions	103	NEW: Opening of SCI Forest (125). TRANSFERRED: From General Government Operations (3). ELIMINATED: Commissary operational efficiencies (-25).
General Government Operations	-11	TRANSFERRED: To State Correctional Institutions (-3). Eliminated positions (-8).
DEPARTMENT TOTAL	92	
ENVIRONMENTAL PROTECTION		
General Fund:		
Office of Pollution Prevention and Compliance Assistance	-42	TRANSFERRED: To Environmental Program Management (-32), to Environmental Protections Operations (-7) and to General Government Operations (-3).
Environmental Protection Operations	201	NEW: Laboratory accreditation program (4). TRANSFERRED: To General Government Operations (-1); from Office of Pollution Prevention & Compliance Assistance (7), from General Government Operations (89) and from Environmental Program Management (102).

Summary of 2004-05 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
Environmental Program Management	-74	TRANSFERRED: To Environmental Protection Operations (-102), to General Government Operations (-7); from Office of Pollution Prevention & Compliance Assistance (32) and from General Government Operations (3).
Chesapeake Bay Agricultural Source Abatement	-1	TRANSFERRED: To General Government Operations (-1).
General Government Operations	-61	NEW: To replace contracted information technology services (19). TRANSFERRED: To Environmental Protection Operations (-89), to Environmental Program Management (-3); from Environmental Program Management (7), from Office of Pollution Prevention and Compliance Assistance (3), from Chesapeake Bay Agricultural Source Abatement (1) and from Environmental Protection Operations (1).
DEPARTMENT TOTAL	23	
FISH AND BOAT COMMISSION		
Fish Fund:		
General Operations	-4	ELIMINATED: Phase out of operations at Big Spring Hatchery (-4).
GENERAL SERVICES		
General Fund:		
Capitol Police Operations	-29	ELIMINATED: Positions eliminated (-29).
General Government Operations	-5	ELIMINATED: Reorganization of state and federal surplus operations (-3) and media operations (-2).
General Fund Total	-34	
Purchasing Fund:		
Purchasing Fund	-5	Eliminated positions.
DEPARTMENT TOTAL	-39	
HEALTH		
Federal Funds:		
Disease Control Immunization (F)	1	NEW: Immunization program support (1).
Lead - Administration and Operation (F)	1	NEW: Lead grant services support (1).
MCHSBG - Administration and Operation (F)	2	NEW: Newborn screening services (2).
HIV Care - Administration and Operation (F)	1	NEW: Enhanced grant services support (1).
Preventive Health Special Projects (F)	1	NEW: Tobacco control activities (1).
Cancer Prevention and Control (F)	1	NEW: Cancer prevention and control services (1).
Viral Hepatitis (F)	1	NEW: Viral hepatitis program support (1).
DEPARTMENT TOTAL	8	
HISTORICAL AND MUSEUM COMMISSION		
General Fund:		
General Government Operations	-8	Eliminated positions.
LABOR AND INDUSTRY		
Federal Funds:		
Workforce Investment Act - Administration (F)	-14	Eliminated positions.
Vocational Rehabilitation Fund:		
General Operations	-49	Eliminated positions.
Administration Fund:		
General Operations	-336	Eliminated positions.
Workmen's Compensation Administration Fund:		
Administration - Workmen's Comp	-25	Eliminated positions.
State Workmen's Insurance Fund:		
General Operations	-22	Eliminated positions.

Summary of 2004-05 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
Rehabilitation Center Fund:		
General Operations	-20	Eliminated positions.
Special Funds Total	-452	
DEPARTMENT TOTAL	-466	
LIQUOR CONTROL BOARD		
State Stores Fund:		
General Operations	48	NEW: Increased store operations (48).
MILITARY AND VETERANS AFFAIRS		
General Fund:		
General Government Operations	-2	ELIMINATED: Operational efficiencies (-2).
PUBLIC UTILITY COMMISSION		
General Fund:		
General Government Operations	-10	ELIMINATED: Taxicab regulation program transferred to the Philadelphia Parking Authority (-10).
PUBLIC WELFARE		
General Fund:		
County Administration - Statewide	5	NEW: To issue State Supplemental Security Income checks as an alternative to paying the Federal government to issue checks (5).
Mental Health Services (Hospitals)	-103	ELIMINATED: Operational efficiencies (-70) and institutional downsizing (-33).
State Centers for Mentally Retarded	-141	ELIMINATED: Operational efficiencies (-86) and institutional downsizing (-55).
General Government Operations	-1	ELIMINATED: Operational efficiencies (-1).
DEPARTMENT TOTAL	-240	
REVENUE		
General Fund:		
General Operations - Lottery Administration	11	NEW: Lottery retail expansion activity (12). ELIMINATED: Operational efficiencies (-1).
General Government Operations	-54	NEW: Auditing support (11). ELIMINATED: Restructuring of local field offices (-65).
DEPARTMENT TOTAL	-43	
STATE		
Patient Safety Trust Fund:		
General Operations	1	NEW: Patient safety program operations (1).
STATE EMPLOYEES' RETIREMENT SYSTEM		
State Employees' Retirement Fund:		
Administration - State Employees' Retirement Board	3	NEW: To replace contracted information technology services (3).
TRANSPORTATION		
General Fund:		
Welcome Centers	-43	TRANSFERRED: Program transferred to the Motor License Fund (-43).
Motor License Fund:		
Safety Administration and Licensing	-8	ELIMINATED: Operational efficiencies (-8).
Welcome Centers	47	NEW: Operation of new Welcome Centers (4). TRANSFERRED: Program transferred from the General Fund (43).
Motor License Fund Total	39	
DEPARTMENT TOTAL	-4	
GRAND TOTAL	**-633**	

Governor's Executive Budget

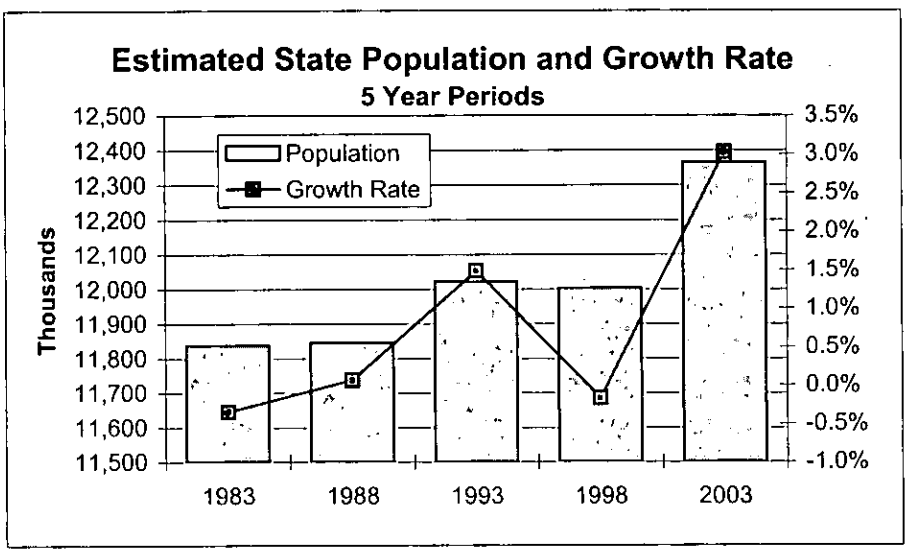
STATISTICAL DATA

STATISTICAL DATA

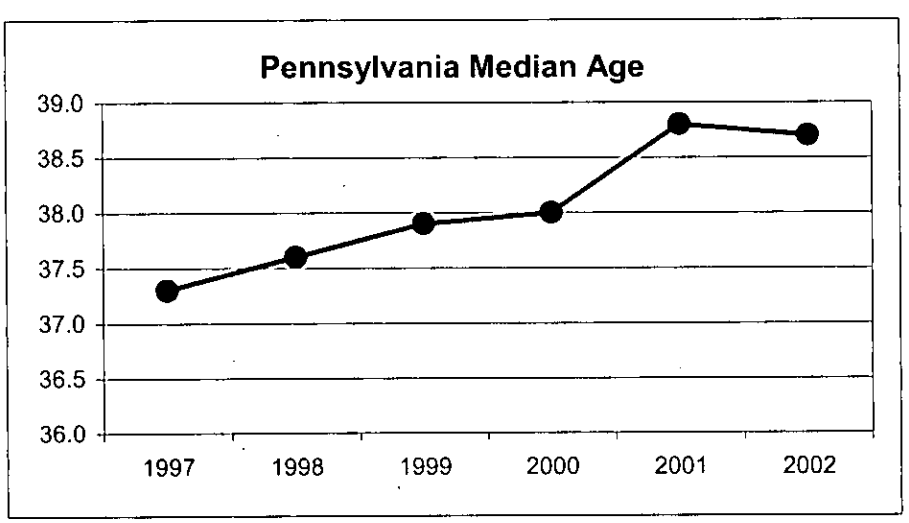
This section contains historical data for various Pennsylvania economic indicators. Data is obtained from published sources noted on each page. Aditional data is available from the Penn State Data Center through the Commonwealth's World Wide Web home page by selecting "About PA" on that page. (www.state.pa.us/PAPower/).

State Population Trends

The following charts and tables present trend information on Pennsylvania's population. The population estimate and growth rate for 5 year periods beginning in 1983 is given in the top chart and table. The bottom chart and table provides the trend for the median age of the Pennsylvania population beginning in 1997. Data are from the U.S. Census Bureau. Population data are from intercensal estimates.



Calendar Year	Population Estimate (thousands)	5 Year Growth Rate
1983	11,838	-0.3%
1988	11,846	0.1%
1993	12,022	1.5%
1998	12,002	-0.2%
2003	12,365	3.0%

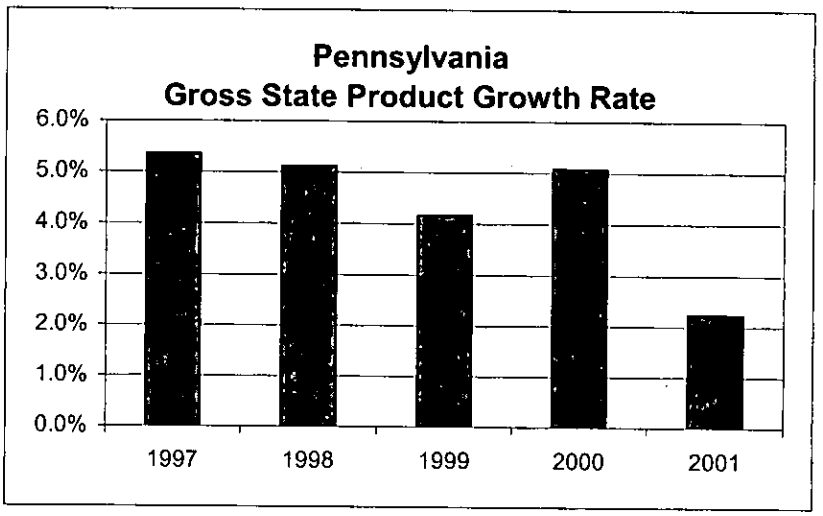


Calendar Year	Median Age
1997	37.3
1998	37.6
1999	37.9
2000	38.0
2001	38.8
2002	38.7
2003	N/A

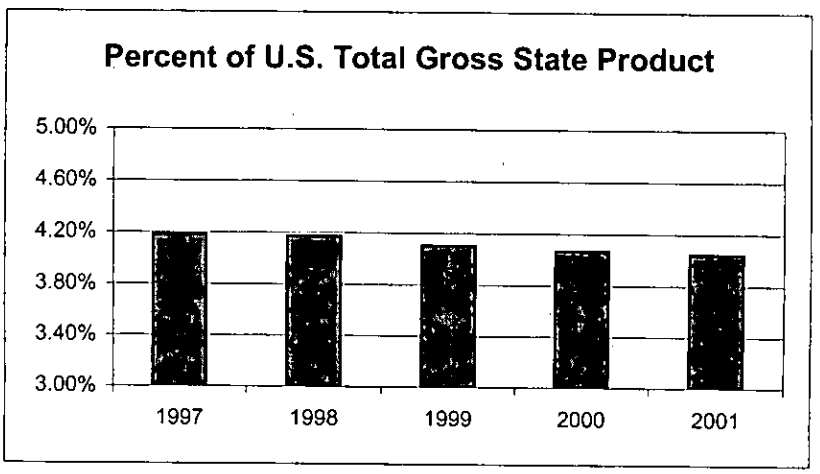
N/A - Not Available

Gross State Product Trends

The following charts and tables present trend information on Pennsylvania's gross state product, the state counterpart of the nation's gross domestic product. Annual estimates of gross state product (in current dollars) and its annual growth rate is presented in the top chart and table. Data are available only through 2001. The bottom chart and table shows Pennsylvania's gross state product as a percent of the U.S. total. All data are from the U.S. Bureau of Economic Analysis.



Calendar Year	Gross State Product (millions)	Growth Rate
1997	$347,306	5.4%
1998	365,038	5.1%
1999	380,213	4.2%
2000	399,488	5.1%
2001	408,373	2.2%
2002	N/A	N/A

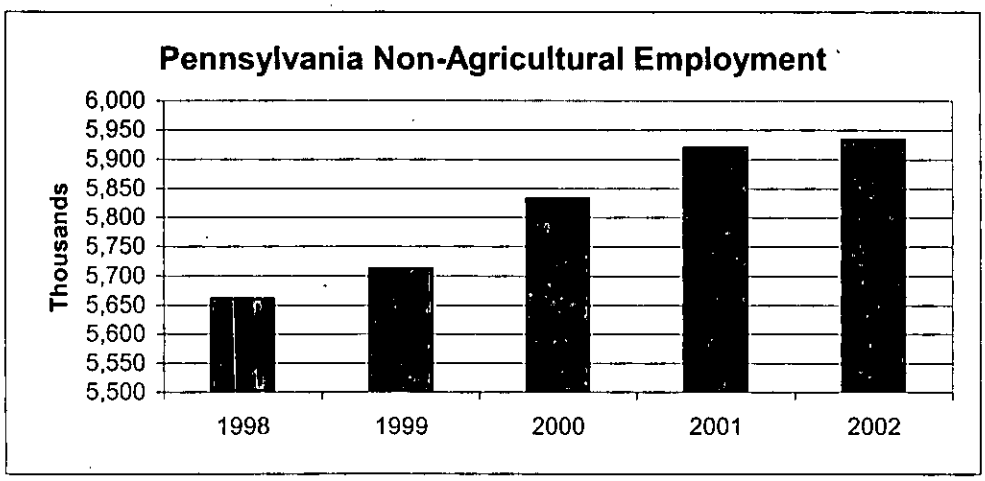


Calendar Year	Percent of U.S. Total
1997	4.18%
1998	4.17%
1999	4.10%
2000	4.07%
2001	4.04%
2002	N/A

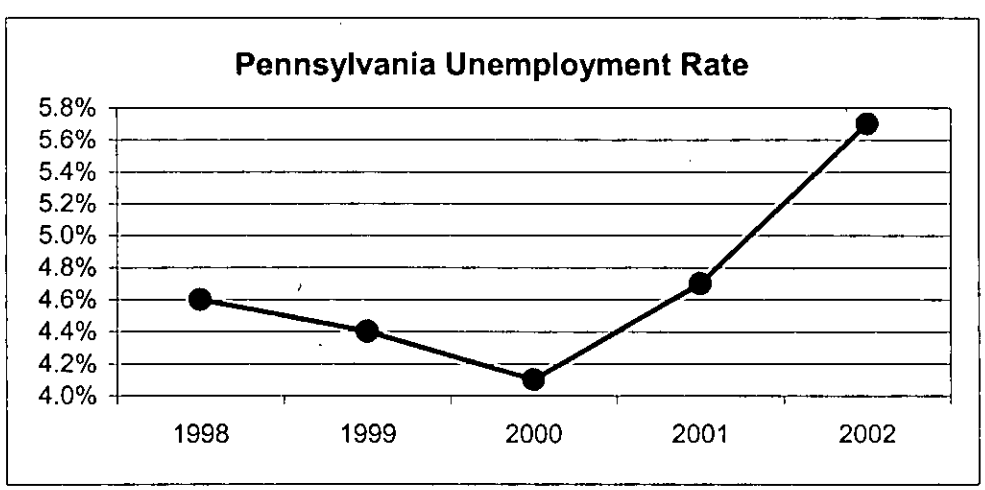
N/A - Not Available

State Employment Trends

The following charts and tables present trend information on Pennsylvania's non-agricultural jobs and its unemployment rate. Annual average non-agricultural job data is presented in the top chart and table. The bottom chart and table provides data on the average annual unemployment rate. Data are from the U.S. Bureau of Labor Statistics.



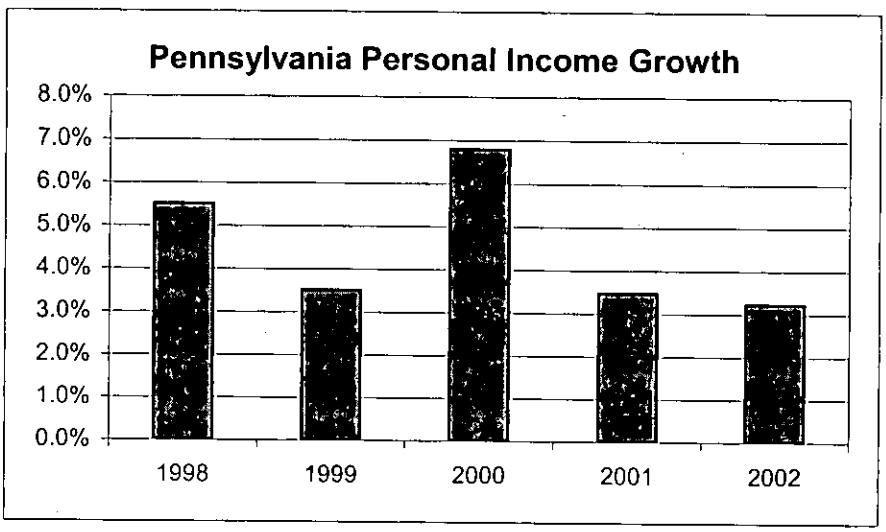
Calendar Year	Non-Agricultural Employment (thousands)	Growth Rate
1998	5,661	-0.1%
1999	5,713	0.9%
2000	5,833	2.1%
2001	5,920	1.5%
2002	5,934	0.2%



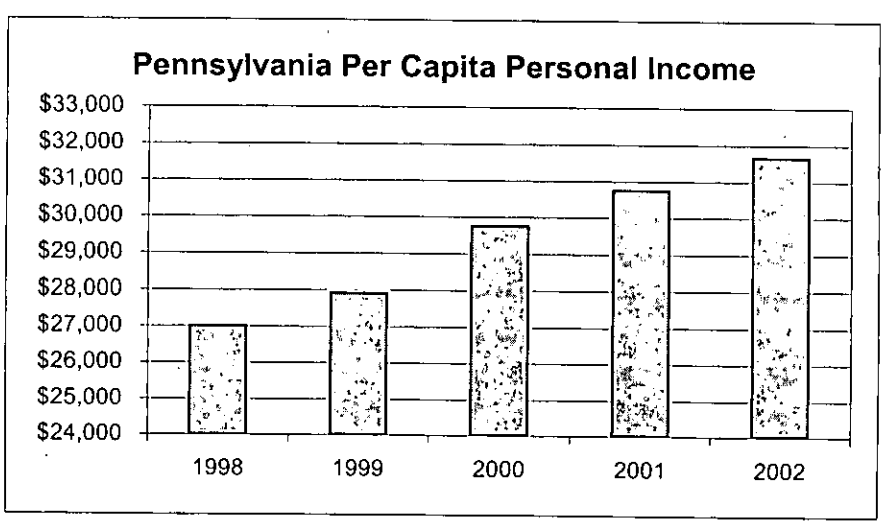
Calendar Year	Unemployment Rate
1998	4.6%
1999	4.4%
2000	4.1%
2001	4.7%
2002	5.7%

State Personal Income Trends

The following charts and tables present trend information on Pennsylvania's personal income and per capita income. Annual personal income and its annual growth rate is presented in the top chart and table. The bottom chart and table provides the trend for Pennsylvania per capita personal income. Data are from the U.S. Bureau of Economic Analysis.



Calendar Year	Personal Income (millions)	Growth Rate
1998	330,733	5.5%
1999	342,357	3.5%
2000	365,626	6.8%
2001	378,350	3.5%
2002	390,560	3.2%



Calendar Year	Per Capita Personal Income
1998	$27,008
1999	27,916
2000	29,759
2001	30,752
2002	31,663

Commonwealth of Pennsylvania

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PA Keyword: Budget

Edward G. Rendell

Governor