Commonwealth of Pennsylvania

2000-01
Governor’s
Executive Budget

Tom Ridge
Governor
Factors in the Economic Outlook

- Longest expansion in history
- Exceeds nearly all forecasts
- Accelerated pace of technology advances
- Continues despite Federal Reserve efforts to slow
- Rapidly rising stock market and home values
- A more global economy
- Backward recovery
Gross Domestic Product

Economic growth continues through 2000-01

Percent Growth

Source: WEFA - Standard Forecast
GENERAL FUND
Actual and Revised 1999-2000
Revenues Compared to Estimate

[Bar chart showing revenues for Corporate Net Income Tax, Sales Tax, Personal Income, Other Taxes, Nontax Revenue, and Total Revenues for Year to Date (Jan.) and Year end Estimate (revised).]
The New Pennsylvania
A record of Fiscal Discipline

✓ Unprecedented seven consecutive years of tax cuts.

✓ Limited spending growth.

✓ Record balance in the Rainy Day Fund - over $1.1 billion.

✓ No short-term note borrowings for two consecutive years.

✓ Bond rating upgrades and financial management awards.
Slowing The Growth In Spending

Percentage Growth Rate

<table>
<thead>
<tr>
<th>Year Range</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985-86 to 1994-95</td>
<td>6%</td>
</tr>
<tr>
<td>1995-96 to 1999-00</td>
<td>3%</td>
</tr>
</tbody>
</table>
With the projected transfer at the end of 2000-01, the balance in the Rainy Day Fund will exceed $1.1 billion.
### 2000-01 Tax Cuts & Rebate

<table>
<thead>
<tr>
<th>Tax Type</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local Property Tax Relief</strong></td>
<td>$330.0</td>
<td>Rebate 100% of school property taxes paid, up to $100, on owner-occupied residences.</td>
</tr>
<tr>
<td><strong>Personal Income Tax</strong></td>
<td>$-16.2</td>
<td>Increase dependent allowance by $1,000 to $7,500.</td>
</tr>
<tr>
<td><strong>Sales and Use Tax</strong></td>
<td>$-8.3</td>
<td>Computer Sales Tax Holiday.</td>
</tr>
<tr>
<td><strong>Total Tax Cut</strong></td>
<td>$643.5</td>
<td></td>
</tr>
</tbody>
</table>

*Total Tax Cut: $643.5*
<table>
<thead>
<tr>
<th></th>
<th>1999-00</th>
<th>2000-01</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Balance</strong></td>
<td>$448</td>
<td>$444</td>
</tr>
<tr>
<td><strong>Receipts</strong></td>
<td>19,253</td>
<td>19,898</td>
</tr>
<tr>
<td><strong>Tax Reductions</strong></td>
<td>. . .</td>
<td>–644</td>
</tr>
<tr>
<td><strong>Funds Available</strong></td>
<td>$19,701</td>
<td>$19,698</td>
</tr>
<tr>
<td><strong>Appropriated</strong></td>
<td>–19,279</td>
<td>–19,678</td>
</tr>
<tr>
<td><strong>Lapses</strong></td>
<td>100</td>
<td>. . .</td>
</tr>
<tr>
<td><strong>Closing Balance</strong></td>
<td>$522</td>
<td>$20</td>
</tr>
<tr>
<td><strong>Less Transfer to Rainy Day Fund</strong></td>
<td>–78</td>
<td>–3</td>
</tr>
<tr>
<td><strong>Ending Balance</strong></td>
<td>$444</td>
<td>$17</td>
</tr>
</tbody>
</table>
Basic Education

- Total State support to local schools: $6.1 Billion
  - School district savings due to reduced retirement rate: $115 M
  - Direct State support to local school districts: 243 M
  - Total: $358 M

- 3.0% increase in Basic Education Funding: $110.3 M
- Increase for Special Education: 46.9 M
- Increase for Pupil Transportation and Social Security: 44.9 M
- Academic Empowerment Grants: 20.0 M
- Performance Incentive Program increase: 16.8 M
- School Food Services increase: 3.8 M
- Increase for Safe and Alternative Schools: 3.2 M
- Increase for Vocational Education: 1.5 M
Cumulative Retirement Savings for School Districts*

* Also includes intermediate units and area vocational-technical schools.
2000-01 Basic Education Funding

Least Wealthy School Districts
- 13% of Students
- 26% of Funding
- $3,690 per Student

Most Wealthy School Districts
- 23% of Students
- 23% of Funding
- $2,710 per Student
- 26% of Students
- 30% of Funding
- $1,876 per Student
- 18% of Students
- 23% of Funding
- $978 per Student
Growth in School District Enrollment, Inflation and State Support Over the last 6 years
Reading, Literacy and Libraries

• Read to Succeed (second year) .............................................  $ 25.0 M

• Adult and family literacy ($5.3 M increase) ...........................  $ 18.0 M

• Local Library funding:
  • State support for local libraries ($15 M increase) ............  $ 62.3 M
  • Library Access ($663 K increase) .................................  7.2 M
  • Access Pennsylvania – electronic library ($3.6 M increase) . 4.0 M

• State Library ($144 K increase) ...........................................  $ 4.2 M

• Library services for visually impaired/disabled ...................  $ 2.9 M

________________

Total  $123.6 M
Total Commonwealth support for public libraries has increased by $47 million from $29.4 million in 1994-95 to $76.4 million in 2000-01, an increase of 160 percent.
Higher Education

- Total State support for higher education ............... $ 1.8 B

- Direct support of colleges and universities (increases):
  - Community Colleges ........................................ $ 8.6 M
  - State System of Higher Education ...................... 13.2 M
  - State-Related Universities ................................. 16.8 M

- 10 percent increase for PHEAA scholarships ............ $ 28.6 M

- Graduation Incentive Program .............................. 6.0 M

- Institutional Assistance Grants increase ............... 1.2 M
Excelling in the New Economy

**Tax Cuts**

- Capital Stock and Franchise Tax phase-out (1st year) $-256.1 M
- Eliminate minimum Capital Stock & Franchise Tax $-32.9 M
- Personal computer sales tax holiday $-8.3 M

**Program Support**

- Incentive grants for expansion or relocation in Pennsylvania $63 M
- Loans for expansion, abatement and export development $47 M
- Expand support for new technology businesses $39 M
- Development of infrastructure $34 M
- Customized job training to meet business needs $32 M
- Innovative financing in high technology (PTIA) $30 M
- Loans for machinery and equipment $19 M
- SciTech and GI Bill Scholarships $17 M
Children & Families

Tax Cuts

- Local Property Tax Rebate: $-330.0 M
- Working Families Income Tax Cut: $-16.2 M

Program Support

- Children Health Insurance Program (total funds): $181.0 M
- Work Supports (total funds)
  - Child Care
    - Eligibility expansions: $21.0 M
    - Family co-pay reduction: $19.7 M
    - Provider reimbursements increase: $12.0 M
    - Quality & capacity enhancements (new): $10.5 M
  - Employment & training enhancements: $12.6 M
  - Educational opportunities: $4.0 M
  - Transportation: $1.5 M
- County Child Welfare services increase: $39.0 M
- Newborn screening: $4.0 M
Expanding Opportunities for Persons with Disabilities

Program Increases
(All Funds)

- Expanded home and community-based services for:
  - persons with mental retardation ....................... $ 50.7 M
  - persons with mental health needs ..................... 8.2 M
  - persons with traumatic brain injury and autism ...... 2.9 M
- Human Services technology enhancements ............... $ 22.5 M
- Mental retardation quality monitoring ................... $ 5.7 M
- Financial assistance for home modifications .......... $ 5.0 M
Health Investment Plan

Making Pennsylvanians Healthier

First year deposit to the Endowment Account .................. $ 168 M

- 5% Subsequent annual deposit to the Endowment Account .. $ 16 M
- 40% Health insurance
  - Uninsured adults ........................................... $ 106 M
  - Subsidized Medicaid coverage for the disabled ....... 25 M
- 15% Alternatives to nursing home care ................. 49 M
- 10% Tobacco use prevention ................................. 33 M
- 10% Health research ........................................... 33 M
- 10% Reimbursement to hospitals for uncompensated care .. 33 M
- 5% Tobacco use cessation ....................................... 16 M
- 5% Venture capital for health & biotechnology companies .. 16 M

100% to Health Related Programs
## Technology

### To Better Serve Pennsylvania

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Safety Radio System increase</td>
<td>$46.3</td>
</tr>
<tr>
<td><strong>Education Technology:</strong></td>
<td></td>
</tr>
<tr>
<td>• Integrated Learning Systems, Digital School</td>
<td>$21.5</td>
</tr>
<tr>
<td>Districts and Spending Analysis Project</td>
<td></td>
</tr>
<tr>
<td>• Higher Education Technology Grants</td>
<td>$10.0</td>
</tr>
<tr>
<td>• Technology for nonpublic schools</td>
<td>$6.0</td>
</tr>
<tr>
<td><strong>Education Technology Total</strong></td>
<td>$37.5</td>
</tr>
<tr>
<td><strong>Integrated Management Systems</strong></td>
<td>$35.4</td>
</tr>
<tr>
<td><strong>Justice Network including CLEAN and IIMS</strong></td>
<td>$29.7*</td>
</tr>
<tr>
<td><strong>Information Communication</strong></td>
<td>$24.0</td>
</tr>
<tr>
<td><strong>Human Services technology enhancements</strong></td>
<td>$22.5</td>
</tr>
<tr>
<td><strong>Electronic Government</strong></td>
<td>$20.0</td>
</tr>
<tr>
<td><strong>Enterprise-wide Technology Projects</strong></td>
<td>$17.0</td>
</tr>
<tr>
<td><strong>Technology Total</strong></td>
<td>$232.4</td>
</tr>
</tbody>
</table>

*Includes General and Motor License Funds*
Enhancing Public Safety

*Program Increases*

- Public Safety Radio System .................................................. $46.3 M
- State correctional institutions including the opening of a new 651-bed prison in Indiana County ............................................. 18.4 M
- Volunteer fire companies grants ............................................ 15.0 M
- Communities That Care increase ............................................. 3.9 M
- Partnership for Safe Children expansion ............................. 2.1 M
- Increase services for juvenile offenders .............................. 2.3 M
- Increase county administered drug and alcohol treatment services for non-violent offenders ........................................... 2.0 M
- Protective equipment for State Police troopers ...................... 1.9 M
- Weed and Seed program ...................................................... 1.2 M
# Growing Greener

## Protecting Pennsylvania’s Environment in the 21st Century

<table>
<thead>
<tr>
<th>Initiative</th>
<th>2000-01</th>
<th>Five Year Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stormwater, water and sewer grants</td>
<td>$32.0 M</td>
<td>$152.1 M</td>
</tr>
<tr>
<td>Watershed preservation and restoration</td>
<td>32.0 M</td>
<td>150.0 M</td>
</tr>
<tr>
<td>Rehabilitate State parks and forests facilities</td>
<td>24.1 M</td>
<td>118.9 M</td>
</tr>
<tr>
<td>Farmland preservation</td>
<td>20.0 M</td>
<td>100.0 M</td>
</tr>
<tr>
<td>Abandoned mine reclamation and remediation</td>
<td>10.0 M</td>
<td>50.1 M</td>
</tr>
<tr>
<td>Community conservation and open spaces</td>
<td>8.2 M</td>
<td>33.8 M</td>
</tr>
<tr>
<td>Water and sewer infrastructure projects</td>
<td>5.5 M</td>
<td>25.7 M</td>
</tr>
<tr>
<td>Plug abandoned oil and gas wells</td>
<td>3.0 M</td>
<td>14.0 M</td>
</tr>
<tr>
<td>Plant and animal conservation research</td>
<td>.3 M</td>
<td>2.0 M</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$135.1 M</td>
<td>$646.6 M</td>
</tr>
</tbody>
</table>
State Funding for Transportation

State Construction and Maintenance Projects

State Highway Construction

State Highway Maintenance

<table>
<thead>
<tr>
<th>Years</th>
<th>1994-95</th>
<th>2000-01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$0</td>
<td>$600</td>
<td></td>
</tr>
<tr>
<td>$100</td>
<td>$800</td>
<td></td>
</tr>
<tr>
<td>$200</td>
<td>$1,000</td>
<td></td>
</tr>
<tr>
<td>$300</td>
<td>$1,200</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Years</th>
<th>1994-95</th>
<th>2000-01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$600</td>
<td>$800</td>
<td></td>
</tr>
<tr>
<td>$1,000</td>
<td>$1,200</td>
<td></td>
</tr>
</tbody>
</table>
State Funding for Transportation

Local Highway and Transit Assistance

Local Highway and Bridges

Local Transit

1994-95 2000-01

$500 $550 $600 $650 $700 $750 $800

Millions

1994-95 2000-01

$0 $100 $200 $300 $400

Millions

$500 $550 $600 $650 $700 $750 $800

26
Governor Ridge’s Vision

This budget continues Governor Ridge’s commitment to create a New Pennsylvania as a leader among states and a competitor among nations in the 21st Century:

- Cutting taxes to create jobs and help families.
- Excelling in the New Economy.
- Improving educational results and opportunities.
- Helping children and families.
- Protecting our environment: Growing Greener.
- Making Pennsylvanians healthier.
- Moving people from welfare to work.
- Strengthening fiscal discipline.