



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

THE GOVERNOR

February 5, 2002

To the People of 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 2002-03.

My friends, this is a budget year unlike any other in modern Pennsylvania history. You need only look at the front cover of the book now in your hands to understand why. Less than five months ago, our nation was attacked, thousands killed and injured. A Pennsylvania field became the final resting place for the heroes of Flight 93. It was a devastating day. But it was a day that defined us — as Americans and as Pennsylvanians. I deliver this budget proposal to you as the only governor in America who holds this office as a direct result of September 11th. It has been shaped in many ways by the events of that day, and the weeks and months that followed. We are presented with a host of new challenges – what lies within these pages are my choices as to how we face them.

Pennsylvanians should feel good about our readiness to handle these challenges. We are a safe state. We were prepared for September 11th. We are better prepared now. And this budget lays the groundwork to ensure that we are more prepared with each passing day. But Pennsylvanians must not only be safe from terrorism, they must be safe from the fear of losing their paychecks.

That's why this budget aggressively builds on the commitments made by my predecessor and partner, Tom Ridge, to Pennsylvania's working families and job-creating entrepreneurs. September 11th accelerated the national recession in which we find ourselves today. But because of actions we took over the last seven years, Pennsylvania was among the last states to feel the full affect of the tightening economy. We budgeted conservatively to grow a Rainy Day Fund from just \$66 million to \$1.1 billion. That's why I am able to deliver a budget proposal that does not include a tax increase – the first time in modern Pennsylvania history that our state can survive a recession without asking its citizens to pay higher taxes. Further, this budget proposes that state spending grow by only six-tenths of one percent. This is not a frugal budget, but it is a thrifty one. It is not elaborate, but it is decisive. I think Pennsylvanians will agree with me that the times demand it.

This budget continues our focus on education – particularly on 215,000 children in Philadelphia, Pennsylvania's largest school district. Philadelphia's public schools have not been getting the job done, tragically failing these kids. A City/State partnership will trigger a new era of academic achievement and financial stability. To make it work, I am proposing an additional \$75 million in state support for the Philadelphia School District. Combined with new financial resources from the City and the oversight of a newly created School Reform Commission to oversee the changes, I am confident we can transform that school system into a world-class urban district.

Friends, this is my first and last budget proposal. Although my term as governor will be short in duration, with your help, it will be long on accomplishment.

Sincerely,

Mark Schweiker



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Commonwealth of Pennsylvania
Pennsylvania**

For the Fiscal Year Beginning
July 1, 2001

Arnold D. Brown

President

Jeffrey R. Egan

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the Commonwealth of Pennsylvania for its annual budget for the fiscal year beginning July 1, 2001. 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 Tax Stabilization Reserve (Rainy Day) Fund. It also provides summary information regarding 2002-03 Program Policy Direction and Budget Themes, PRIME, Green Government, Federal Block Grants and Public Information & Communications.

B. Program Budget Summary

Provides a summary of the 2002-03 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 impacts, workload, outputs 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 2002-03. 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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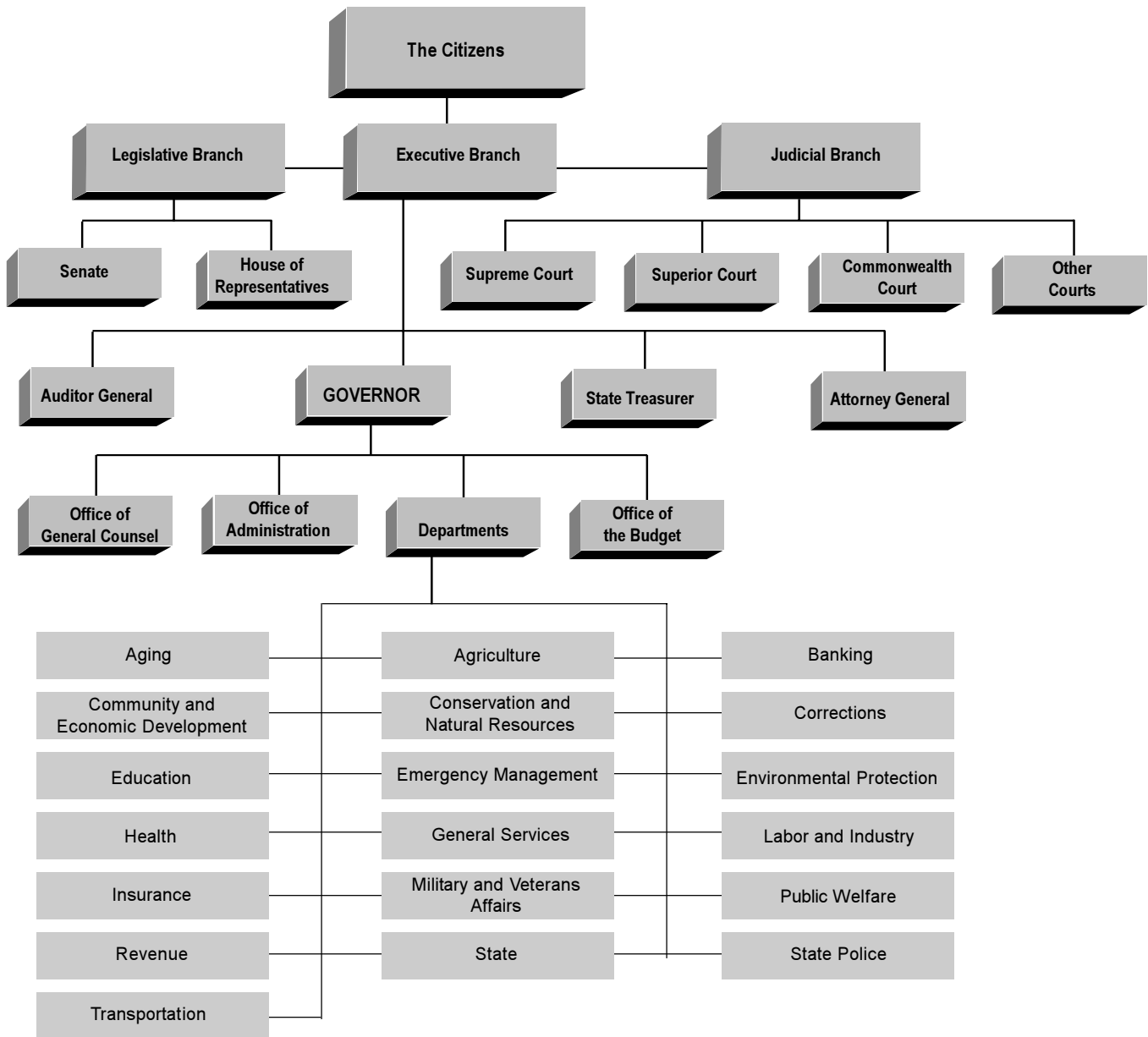
READER'S GUIDE

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.

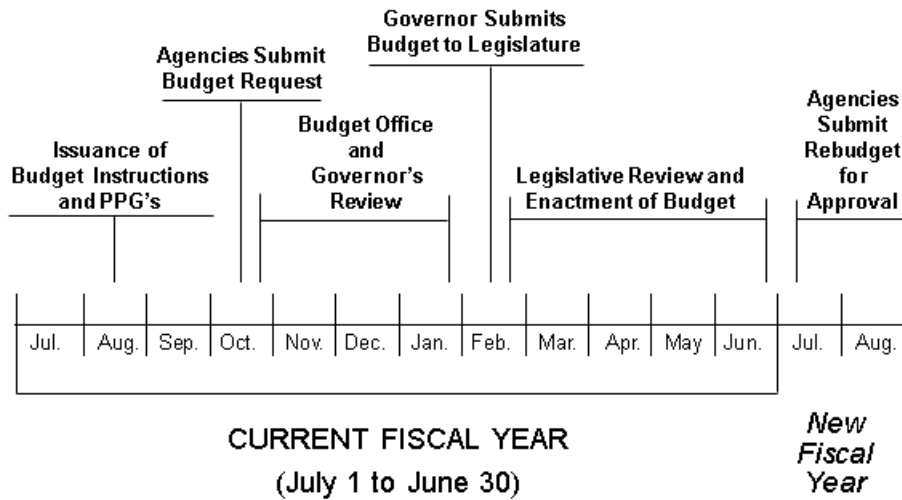
During December, the Governor meets with Legislative leaders to apprise them of anticipated spending and revenue levels and to discuss major fiscal issues expected to be addressed in the upcoming budget.

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 the Integrated Central System 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 seven 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. 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 seven 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 continues to be shown in all Commonwealth Programs but is not merged with program expenditures. It is shown in a separate program category 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 2002-03 are identified as departmental Program Revision Requests (PRRs) which provide explanations and justification for the change.

Beyond 2002-03, the projections of financial data, as well as impacts and other program measures, show the future implications of the 2002-03 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 2002-03 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.*

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



al and Museum Commission

nd Appropriation

(Dollar Amounts in Thousands)

2000-01 ACTUAL 2001-02 AVAILABLE 2002-03 BUDGET

.....	\$ 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
.....	<u>\$ 17,262</u>	<u>\$ 19,933</u>	<u>\$ 23,291</u>
.....	\$ 450	\$ 444	\$ 0
.....	\$ 944	\$ 1,000	\$ 1,000
.....	\$ 16,748	\$ 18,238	\$ 19,891
.....	1,473	2,509	1,010
.....	435	630	632
.....	<u>\$ 18,656</u>	<u>\$ 21,377</u>	<u>\$ 21,533</u>
.....	\$ 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
.....	<u>\$ 6,711</u>	<u>\$ 7,181</u>	<u>\$ 5,781</u>
.....	\$ 23,459	\$ 25,419	\$ 25,672
.....	1,473	2,509	1,010
.....	435	630	632
.....	<u>\$ 25,367</u>	<u>\$ 28,558</u>	<u>\$ 27,314</u>
.....	\$ 3,403	\$ 0	\$ 0
.....	6,341	4,555	4,646
.....	<u>\$ 9,744</u>	<u>\$ 4,555</u>	<u>\$ 4,646</u>
.....	\$ 9,744	\$ 4,555	\$ 4,646
.....	<u>\$ 930</u>	<u>\$ 80</u>	<u>\$ 80</u>
.....	\$ 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
.....	<u>\$ 40,342</u>	<u>\$ 39,693</u>	<u>\$ 37,540</u>

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

Program Presentation

Each Program Presentation provides a written and financial explanation of the activities of the program. Recommendations for the continuation of current programs at essentially current levels of commitment are shown within department program subcategories. Recommendations for major program changes in 2002-03 are identified as department Program Revision Requests (PRRs) which provide explanations and justification for the change.

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

General Government Operations — Identifies a specific appropriation.

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

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

Program: State Historic Preservation

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

Program Element: Executive Direction and Administration

This element provides general policy and direction for administering the commission's operations. It includes legislative 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 improvement" because 1) all bond funds under the Keystone Recreation, Park and Recreation Act, June 30, 1997 and 2) revised approach to managing maintenance

Program Recommendations:

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

Appropriations within this Program:

	2000-01 Actual	2001-02 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



Historical and Museum Commission

Identifies the agency being presented.

to preserve and safeguard Pennsylvania's historic sites, history and museum program to educate and inform the public about areas of Pennsylvania history.

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

Program Description

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

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.

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

Narrative — Describes program services and activities.

2002-03	2,000	2,000	2,000	2,000	2,000
2006-07	50	50	50	50	50

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

Program element has been reduced substantially from last year's budget. The Park and Conservation Fund are anticipated to be expended by maintenance projects.

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

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

(Dollar Amounts in Thousands)

	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 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
\$	<u>19,891</u>	<u>\$ 20,936</u>	<u>\$ 21,302</u>	<u>\$ 21,671</u>	<u>\$ 22,055</u>

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. Unencumbered 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, estimated encumbrances are established for all funds 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, 2001 to Sept. 30, 2002 would be FFY 2002.

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, 2002 to June 30, 2003 would be 2002.

- *Actual Year – Includes all expenditures and encumbrances chargeable to that fiscal year as of June 30 of the previous year plus any supplementals enacted after June 30. In the case of continuing appropriations, the actual figure will also include any available balances. For non-appropriated and non-executively authorized restricted receipts and restricted revenues, it reflects expenditures only.*
- *Available (Current) Year – For State funds, includes amounts appropriated to date and supplemental appropriations recommended in this Budget. In the case of Federal funds, the best estimate currently available is used. 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
JAIBG	Juvenile Accountability Incentive Block Grant
JTPA	Job Training Partnership Act
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
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
USFWS	United States Fish and Wildlife Service
VA	Veterans' Administration
WIA	Workforce Investment Act
WIC	Women, Infants and Children Program
YDC	Youth Development Center

OVERVIEW

Seven years ago, this Administration challenged both government and citizens to restore Pennsylvania's leadership role in the nation and the world. Simply stated, we would need to work together to become a leader among states and competitor among nations, while providing an enhanced quality of life for our families and communities. This challenge frames the Mission and Goals of the Administration.

GOVERNOR'S MISSION STATEMENT

To make Pennsylvania a leader among states and competitor among nations, while providing an enhanced quality of life for Pennsylvania's families and communities.

GOAL: STRENGTHENING OUR FAMILIES AND COMMUNITIES

To **strengthen families and communities** by reestablishing individual accountability and responsibility, and empowering citizens to exercise greater control over their own lives for the well-being of themselves, their families and their communities.

GOAL: REINVENTING GOVERNMENT

To provide quality government that is **user-friendly and customer-focused**, responsive and accountable to the citizens it serves.

GOAL: CREATING ECONOMIC OPPORTUNITY

To create a "**job-friendly**" and "**entrepreneur-friendly**" Pennsylvania that enables employers and communities to provide all citizens with unmatched economic opportunities and an unsurpassed quality of life in an increasingly competitive global market.

GOAL: LIFELONG LEARNING

To create a quality, results-oriented educational system of **lifelong learning** which provides all Pennsylvanians with the skills and abilities to succeed and excel in the new "knowledge-based economy".

GOAL: PROTECTING OUR HOMES AND COMMUNITIES

To **protect our homes and communities** through a comprehensive and cooperative approach to addressing crime that restores safety and security to our families and neighborhoods and a sense of community to our Commonwealth.

GOAL: BUILDING AN ENVIRONMENTAL PARTNERSHIP

To build a new **environmental partnership** to protect Pennsylvania's environment and the public health, using sound science and technology to secure compliance assistance, pollution prevention and the effective use of Pennsylvania's natural and human resources.

GOAL: ESTABLISHING A FIRST-RATE INFRASTRUCTURE

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 communities and the global marketplace.

To accomplish these goals, Governor Schweiker continues in this budget proposal the pursuit of a conservative, disciplined strategy of fiscal management which includes targeted tax cuts for individuals and business, controlled State spending and personnel complement levels, and managed long-term debt.

The annual budget proposal not only is the single most important policy and planning document of the Administration, but also is an effective vehicle to communicate the Governor's vision, mission and goals to the citizens of Pennsylvania. The Schweiker Administration believes that government does not have money of its own, but that every dollar it spends and every resource it manages belongs to decent, honest and hard-working Pennsylvanians. This philosophy, that money belongs to the taxpayers, and that people, not government, know better how to spend their hard-earned money, is reflected in the Administration's tax reduction efforts which have resulted in substantial tax cuts for both businesses and/or individuals in each of the past seven budgets. Business and individual tax reductions, coupled with comprehensive reform of the workers' compensation system, competition initiatives like electricity and gas deregulation, and reforms to the State regulatory process have allowed the Commonwealth to make significant progress toward creating economic opportunity, family sustaining jobs and a positive business climate.

This Administration recognizes that government cannot be all things to all people. What government can do for individuals is limited, but there is no limit to what individuals can do for themselves. Therefore, the appropriate role of government is to provide individuals the opportunity for, and remove the barriers to, individual achievement. Complementary to this is the concept of partnerships between government and businesses, service providers, individuals and communities. Given the opportunity, businesses, service providers, individuals and community organizations can serve admirably in finding their own solutions to problems and creating their own opportunities. Government, in turn, is most effective when called upon to respond by its citizens. In some cases, government can be the catalyst to finding solutions; in others, government must simply remove itself as an obstacle. This Administration will continue to look beyond its statutory duties and program responsibilities for ways to use the resources and energies of State government to foster and mobilize non-governmental efforts to address and meet challenges and create opportunities.

Emerging and existing technologies provide greater opportunities for government to work more effectively and efficiently. This Administration's vision is to create an integrated and agile organization using information technology to deliver innovative and timely solutions, and seamless and responsive services. By utilizing innovative management techniques to improve customer service and increase efficiency in the workplace, this Administration has been able to control State spending and personnel complement levels while improving governmental service levels. This has allowed the Administration to focus on achieving its mission and goals while being responsible stewards of Commonwealth resources and taxpayers' money. Through strategic partnerships and investments, the Commonwealth can continue to maximize customer services, achieve cost savings and position itself to proactively embrace progress and change.

The Administration's efforts to keep long-term debt issuance within levels that are affordable in the future and its success in improving the Commonwealth's financial position led to, in 1997, the first increase in the bond rating in 11 years. Since that first rating increase, all of the other major municipal bond rating firms have raised their ratings on the Commonwealth's bonds. For the first time in 30 years, the Commonwealth's bond ratings from all the major bond rating firms are in the double-A category of ratings.

Through conservative and disciplined fiscal management, this Administration has ended each of the fiscal years from 1995-96 through 2000-01 with a budget surplus. On average over that period, considering statutorily established deposits and other additional transfers, approximately 25 percent of the General Fund budget surplus was deposited into the Rainy Day Fund, a reserve fund that can be accessed to stabilize the Commonwealth budget during severe economic downturns. Between 1994-95 and 2000-01, the balance in the Rainy Day Fund was increased from \$66.3 million to \$1.1 billion. With the national economy in recession and a State revenue shortfall of over \$677 million projected for 2001-02, this Administration has taken prudent fiscal measures to freeze a total of \$310 million in State spending. Placing these funds in budgetary reserve is an effective first step in addressing the projected revenue shortfall, and will reduce the need for more drastic actions at fiscal year-end. This Administration also proposes to use Rainy Day Fund reserves to help address the projected revenue shortfall. These actions ensure that the

Commonwealth will end the 2001-02 fiscal year in balance and provide a sound fiscal foundation for the State spending plan outlined here in the 2002-03 Governor's Executive Budget.

Over the past seven years, this Administration has made significant progress in achieving its mission and goals. Commonwealth budgets and programs have reflected the vision of the Schweiker Administration and have provided real and productive change for State government and its citizens. Key to the successes to date and vital to future achievements is the Administration's desire to continually improve efforts to serve the needs of our customers, the citizens and taxpayers of Pennsylvania.

The reader is referred to the *2002-03 Program Policy Direction and Budget Themes* portion of the Overview and Summaries Section for a discussion of the budget direction given agencies and for a summary of Program Revision Recommendations included in the 2002-03 Governor's Executive Budget. The reader is also referred to the 2002-03 *Budget in Brief*, a separate booklet, for summary information on the Governor's Executive Budget, including recommended tax reduction proposals for individuals and business and recommended program changes and funding amounts in pursuit of the Administration's mission and goals for the Commonwealth.

ECONOMIC OUTLOOK

The economic assumptions used to produce many of the tax revenue estimates in this budget were obtained from DRI-WEFA, Inc., Lexington, Massachusetts, a private economic forecasting and consulting firm. Projections from DRI-WEFA's national baseline forecast were used for the revised 2001-02 estimates and estimates for the budget year and other future fiscal years in this document. DRI-WEFA's baseline scenario represents the economic forecast that, in DRI-WEFA's opinion, is the forecast most likely to occur. Economic forecast scenarios available from DRI-WEFA other than the baseline forecast are described by DRI-WEFA as low-growth, high-growth, and recession.

Recent Trends

March 2001 officially marked the end of the longest U.S. economic expansion since at least 1854 (earliest records maintained by the National Bureau of Economic Research) and ushered in the tenth recession of the postwar period. After record-setting years from the mid-1990's until the end of the decade, the American economy slowed significantly beginning in mid-2000 before finally falling into a recession in March 2001. Several factors have contributed to the slowing of the economy over the past eighteen months. Businesses have significantly reduced their capital investments, aggressively slashed their inventories and have curtailed production. Correspondingly, the national unemployment rate has risen to its highest level since the 1990-91 recession. Personal income growth has been in decline and the equity markets have been declining since mid-2000. Finally, consumer spending has been on a downward trend since the first quarter of 2000.

Fortunately, recessions typically do not last long and they turn into recoveries. The average postwar recession has lasted eleven months with the longest lasting sixteen months. Periods following a recession are generally characterized by significant economic expansion. However, most recent economic indicators portray this recession as being atypical. This recession has differed from most past recessions in that it has been almost exclusively a "business-led" recession, with a focus on reduced business investments, reductions in output as well as inventories and increased layoffs. Consumer spending, while declining, did not bottom out as it does in most recessionary periods. A general consensus among economic forecasters is leading to an expectation that the current economic downturn is likely to be one of the mildest recessions since World War II. A mild recession will likely lead to a slower pace for the recovery. The shortness in the expected duration and relatively mild nature of the recession will likely preclude a period of robust economic expansion. Data indicates that there is little in the way of pent-up consumer demand to drive a typical recovery as consumer spending did not see dramatic reductions as had been customary with most prior recessions.

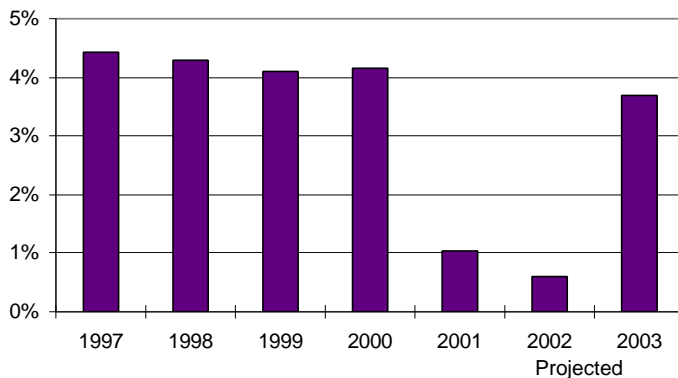
Although the national economy is currently mired in a recession, there are signs indicating that a recovery may begin soon. The high-technology bust seems to have bottomed out and

business inventories have been significantly drawdown. New claims for unemployment benefits have been falling, consumer confidence is up after declining for six months and the equity markets have recovered from their losses following the terrorist attacks of September 11th. Also, the manufacturing sector, whose decline signaled the oncoming recession, may be turning the corner. Recent surveys of factory orders indicate they are at their strongest levels since October 2000. Inflation has been a relative non-factor and significant monetary and fiscal policies have been implemented that have sought to lessen the effects of the recession. The Federal Reserve Board has been aggressively increasing liquidity through eleven rate reductions. These cuts have reduced the federal funds rate to 1.75 percent, its lowest level in 40 years. Large Federal tax cuts enacted last year, just now starting to take effect, and billions in new Federal spending for homeland defense, education and security are also expected to provide timely fiscal stimulus.

Forecast Outlook

With the worst of this recession likely to have already occurred, forecasters predict the recession will end sometime during the first or second quarter of 2002, although the recovery is likely to be slower and more modest than normal. The U.S. economy, which had experienced several years of exceptional growth in real Gross Domestic Product (GDP), witnessed a rapid and dramatic slowdown beginning late in calendar year 2000. For calendar year 2000, real GDP grew at a remarkable rate of 6.1 percent through the second quarter. From that point the slowdown was swift and dramatic with real GDP averaging between 2.5 and 3 percent for the final two quarters of calendar year 2000, driving the final 2000 annual rate to 4.1 percent. Negative annualized growth over the final two quarters of 2001 is expected to result in an annual growth of real GDP of 1.0 percent for calendar year 2001.

Chart 1
REAL GROSS DOMESTIC PRODUCT
Annual Growth



Forecasters predict that real GDP growth will only reach 0.6 percent for calendar year 2002 though more accelerated growth is projected for calendar year 2003. Chart 1 displays the actual and projected annual growth rate for real GDP for the years 1997 through 2003. While the growth in real GDP experienced during a typical recovery averages between 5 and 7 percent, forecasters predict that the growth in real GDP is likely to peak at between 3.5 and 4 percent in this recovery period.

Baseline Forecast

A slowly developing recovery is projected by DRI-WEFA's baseline forecast and is highlighted in Table 1 which presents actual and DRI-WEFA forecast data for several national economic indicators. As indicated, both real and nominal GDP have declined sharply and are not estimated to rebound to traditionally stable levels until calendar year 2003. The DRI-WEFA baseline forecast anticipates that economic activity will be governed by more fundamental principles than was the case in the period prior to the current recession. The baseline forecast assumes that consumer spending will be more inline with the growth in household

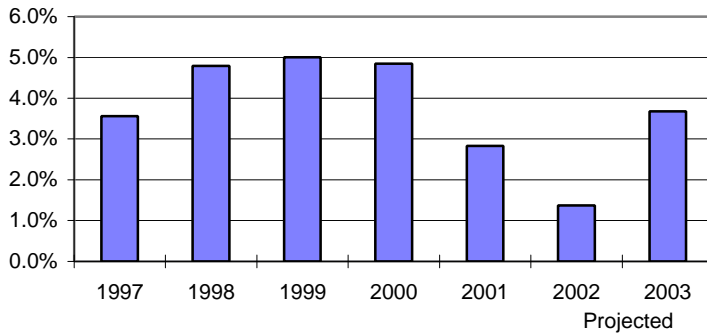
Table 1
US Economic Indicators
Annual Percentage Growth

Indicator	2000	2001p	2002p	2003p
Nominal GDP	6.5	3.3	1.9	6.0
Real GDP	4.1	1.0	0.6	3.7
Real Personal Consumption	7.7	4.8	2.3	6.1
Corporate Profits (After Tax)	9.7	-14.4	4.2	9.8
Unemployment Rate (Rate)	4.0	4.8	6.2	5.9
CPI	3.4	2.9	1.9	2.6
Federal Funds (Rate)	6.2	3.9	2.2	4.0

p=projected

income. From a consumer cash flow perspective, taxes have been cut, inflation is a relative non-factor, energy prices are down and interest costs are lower. However, early evidence indicates that consumers are being cautious in their spending and with little pent-up demand, consumer activity will not likely drive a recovery. Due to a combination of weaker labor markets, flat income and a likely end to the rapid growth of incentive-laden light vehicle sales, overall consumption is expected to be down in early 2002. Chart 2 displays a continued drop projected for personal

Chart 2
PERSONAL CONSUMPTION EXPENDITURES
Annual Average Growth



consumption in 2002 as consumer spending is projected to be more adversely impacted as the effects of higher unemployment rates begin to ripple through the economy. Unemployment figures continue to lag the decline in other economic indicators with a peak in the national rate of 6.2 percent projected for mid-2002, around the time DRI-WEFA estimates that a recovery will be underway. Employment is then estimated to regain its previous peak by early 2003.

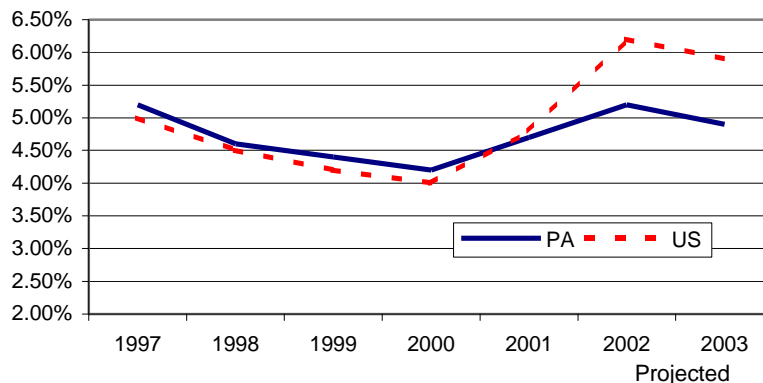
The projected economic turnaround will likely be led by an end to the period of business inventory liquidation and also to a degree by an increase in federal spending. Capital spending by businesses can be expected to be more closely governed by positive effects on profits and cash flow as firms are expected to delay capital investments until signs of a visible recovery are more clear. As such, business investment is not likely to rebound until 2003. High debt levels, excess capacity and continuing weakness in earnings are major factors behind the projected modest recovery in business fixed investment.

The equity markets are projected to rebound slowly from losses over the past two years. The markets are projected to grow but with more sensible expectations of risk and reward, rather than the "irrational exuberance" experienced in the run-up to the current recession. To this end, the S&P 500 index has regained its pre-September 11th level. As for monetary policy, after eleven rate cuts the DRI-WEFA forecast does not project further reductions. Increased Federal spending for homeland defense, security and education, as well as tax cuts enacted last year are also projected to contribute to economic recovery.

Pennsylvania Outlook

Pennsylvania's economy has weakened in step with the nation and is now experiencing a recession. As is the case with the national economy, the recession has hit the Pennsylvania manufacturing sector the hardest. The business service sector and distribution and warehousing sector are also weakening. Tourism in Pennsylvania is also going through a cyclical downturn at the present time. The short-term outlook for Pennsylvania's economy remains heavily dependent on

Chart 3
PA AND US UNEMPLOYMENT RATE



trends in the national economy. Economic growth in Pennsylvania has a high correlation with that of the U.S. economy. It is estimated that 95 percent of Pennsylvania's employment growth is associated with U.S. employment changes.

Although the Pennsylvania economy generally tracks the national economy, our unemployment rates have not risen as dramatically as the national average during this recession. Since reaching record employment levels in March 2000, jobs have been lost by the Pennsylvania economy at a slower rate than that of the rest of the U.S. Chart 3 displays actual and forecast unemployment rates for Pennsylvania and the U.S. through 2003. The DRI-WEFA baseline forecast projects that Pennsylvania's unemployment rate will likely track nearly a full percentage point lower than the national average for both calendar years 2002 and 2003. While employment has been falling in Pennsylvania since the first quarter of 2001, it has been mainly within the manufacturing sector as opposed to a broad-based weakening of the national labor markets. A recent period of sustained growth in employment among Pennsylvania's service sector is buoying our employment numbers. Secondly, Pennsylvania's economy is less exposed to industries that have been most adversely impacted in the aftermath of the September 11th attacks. Finally, Pennsylvania is experiencing a lower unemployment rate as a result of the lack of growth in its labor force over the past few years. Pennsylvania's unemployment level is projected to peak during the second quarter of 2002 and then recover, although at a slower rate than that projected for the U.S. The service industry is expected to create the most new jobs in the near term but other industries driving Pennsylvania's labor markets are higher education, pharmaceuticals, high-technology electronic component manufacturing, financial services, healthcare and trucking and warehousing.

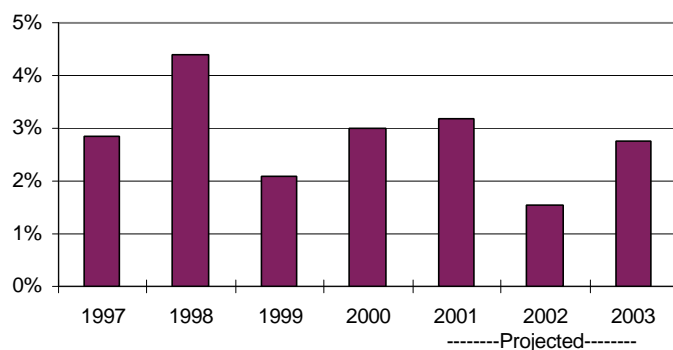
A slowing economy and reductions in employment levels are having impacts on personal income. Chart 4 plots actual and forecast annual real personal income growth for Pennsylvania for the years 1997 through 2003. After steady growth since 1999, a decline in the final two quarters of 2001 is projected to lower the annual growth in real personal income to approximately 3 percent. Similarly, Pennsylvania per capita income had been strong through the first quarter of 2001 and then declined but was still higher than the U.S. rate. Pennsylvania's year-over-year per capita income for the period ending in June 2001 grew at an annual rate of 5.2 percent as compared to 4.4 percent for the U.S. Contributing to this divergence is that Pennsylvania has been successful in encouraging the growth of quality, high paying jobs while the growth in clerical and low skill jobs is waning.

Growth in service sector employment and stabilization of employment losses in other sectors is projected to result in a growth in real personal income in calendar year 2003.

Over the long term, Pennsylvania's economy continues to diversify significantly which should enable it 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 as the model.

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 likely to recover at a slower rate. Demographically, Pennsylvania has been and will continue to experience slow growth in population and is experiencing a significant outflow of population among those ages 25 to 44. Compounding weak demographics is an above average exposure to slow and declining industries that may further slow an economic recovery. On the positive side, the business climate continues to improve within Pennsylvania with business costs only slightly above the national average. Energy costs are lower as a result of electric and natural gas industry deregulation. Pennsylvania is also succeeding in attracting high value-added industries such as electronics, pharmaceuticals

Chart 4
PA REAL PERSONAL INCOME
Annual Percent Growth



and computer services. On balance, the continued diversification of the Pennsylvania economy and improvements to the business climate are projected to support a recovery from the current economic downturn, but demographic challenges and an aging infrastructure will likely lead to a slower recovery in Pennsylvania from the current recession as compared to that of the U.S.

SUMMARY OF MAJOR OPERATING FUNDS

The total 2002-03 operating budget for the Commonwealth is \$45.6 billion. It includes \$20.9 billion in the General Fund, \$2.1 billion in the Motor License Fund, \$14.7 billion in Federal funds and \$7.9 billion in fees and other special funds revenues.

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

General Fund

Revenue

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

Tax revenue in the General Fund constitutes nearly 98 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 84 percent of annual General Fund revenue. For non-tax revenue, the largest single source of revenue is the statutory transfer of amounts from special funds of the Commonwealth. Among the largest of these is the transfer from the State (Liquor) Stores Fund.

Recent Revenue Trends: For the five fiscal years ending with 2000-01, total General Fund revenue grew by 18.7 percent, an annual rate of 4.4 percent. The rate of growth for revenue during the period understates the actual growth in the tax base due to the enactment of several tax rate and tax base changes that reduced receipts. The fastest growing major tax revenue sources during this period were the insurance premiums tax, the realty transfer tax, the personal income tax and the inheritance tax. All had five-year increases of over 29 percent. Revenue from several tax sources declined over the period. Receipts from the public utility realty tax, the gross receipts tax and the cigarette tax fell. The decline of public utility realty tax and gross receipts tax collections was a consequence of the deregulation of the electric generation and natural gas industries in Pennsylvania. Non-tax revenue sources during this period increased by 29.9 percent. Miscellaneous receipts, led by interest earnings on General Fund investments, rose 45.1 percent during the period. Generally, larger available cash balances due to improved financial performance were responsible for the increase in interest earnings.

Receipts from the personal income tax in recent fiscal years have been helped by a growing Pennsylvania economy. Personal income tax collections over the past five completed fiscal years have averaged 6.9 percent annual growth and have exceeded each year's official estimate. However, the current recession has reversed recent growth in the personal income tax collections in the current fiscal year. Current fiscal year actual receipts through December are 3.5 percent below the official estimate. As a result of the slowing economy and more recent economic data, the estimate for fiscal year 2001-02 personal income tax receipts has been reduced to a 1.6 percent growth rate. For fiscal year 2002-03, personal income tax receipts are anticipated to rise 3.6 percent above the revised 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 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 2.6 percent in 2000-01. Economic patterns for consumer purchases

are a significant determinant of sales and use tax receipts. For 2001-02 through December, sales and use tax receipts are slightly exceeding the official estimate, but by only 0.2 percent. Success in achieving receipts in line with the estimate to date is due mainly to a significant increase in the sales of motor vehicles following the introduction of generous producer-provided financing incentives. Sales and use tax receipts through December from motor vehicle sales transactions are 10.0 percent over the revised estimate while receipts from non-motor vehicle sales transactions are 0.1 percent below the revised estimate. Anticipating reduced tax receipts due to a continued slowdown in consumer and business spending in the remaining portion of the fiscal year, the official estimate for sales tax receipts growth has been lowered from 2.1 percent to 1.6 percent. For 2002-03, the expectation for modest gains in consumption spending is expected to produce a growth rate of 4.3 percent over the revised 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 single 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. Recently, the robust gains in corporate profits during the middle-to-late 1990's have reversed in response to a slowing economy. Current fiscal year-to-date corporate net income tax receipts are below the official estimate by 17.1 percent. Receipts for 2001-02 have been revised downward and are now projected to decrease by 8.9 percent for 2001-02. Continued weakness in corporate profits is anticipated to significantly restrain receipts from this tax for the balance of the fiscal year. More recent economic forecasts indicate that the outlook for corporate profits may stabilize during calendar year 2002, but tax receipts from the corporate net income tax are anticipated to decline by 0.5 percent for fiscal year 2002-03. Estimates for the corporate net income tax are developed from a regression equation that uses forecasts of national before-tax corporate profits.

Proposed Tax Reductions: The Governor's proposed 2002-03 budget includes tax reductions totaling \$103.4 million for the fiscal year. The proposed tax changes are:

Continued Elimination of the Capital Stock and Franchise Tax – The tax will continue to be phased out although at a temporarily modified rate. Beginning January 1, 2002 the tax rate will be reduced by one-half mill per year through the end of 2003. For 2002, the rate will be 6.99 mills and in 2003 the rate will be 6.49 mills. Beginning January 1, 2004, the tax will be phased out through a one mill reduction of the tax rate that year and each year thereafter until the tax is eliminated. The 0.25 mill portion of the tax dedicated to the Hazardous Sites Cleanup Fund will be eliminated with the last mill of the tax rate. The estimated 2002-03 cost is \$91 million.

Expansion of Tax Forgiveness – The eligibility income limit for each dependent to qualify for full tax forgiveness under the special tax provisions is proposed to be increased from \$8,500 to \$9,000 effective January 1, 2002. A qualifying family of four with two claimants and two dependents will owe no tax on taxable income up to \$31,000. The estimated 2002-03 cost is \$12.4 million.

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 2002-03 is \$20.9 billion, an increase of \$119 million or 0.6 percent. Major program expenditures occur in the area of State correctional institutions, economic development, education, and public health and welfare.

State Correctional Institutions: The 2002-03 budget recommends \$1.3 billion for the State correctional institutions. This area has shown a constant upward trend in cost in recent years. From 1994-95 to 2002-03, total costs have grown from \$721 million to \$1.3 billion, an

increase of 80 percent. This is due to the continuing rise in inmate population in the State correctional institutions which has grown from 28,302 inmates in 1994-95 to an estimated 37,399 inmates in 2002-03, an increase of 9,097 or 32 percent in eight years.

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 60.7 percent of all Commonwealth aid to local schools in 2002-03. The Governor's 2002-03 Executive Budget proposes almost \$4 billion for Basic Education Funding. This is an increase of \$39.6 million or 1 percent.

The proposed budget for 2002-03, detailed in the Department of Education presentation in Section E, includes over \$6.58 billion in direct support of public schools, an increase of nearly 2 percent.

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 (SSHE), four State-related universities, community colleges and various other independent institutions. The recommended budget for 2002-03 proposes nearly \$1.85 billion for higher education, including \$6.2 million for the fourth year of the SciTech and Technology Scholarships Grant 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 2001-02, the total public health and human services expenditures from all sources is \$19.6 billion. For 2002-03, \$20.6 billion has been proposed for these programs, an increase of 5.2 percent. In 2002-03, the amount from the General Fund will be \$7.3 billion which is an increase of \$138 million or 1.9 percent.

The largest component of the public health and welfare expenditures is the Medical Assistance Program. In the decade of the 1990s, the program grew at an annual rate of 13.6 percent. Policies and initiatives implemented by this Administration have cut the growth to 7.2 percent in the period from 1994-95 to 2002-03 but, technological advances and general medical inflation, such as pharmaceutical prices, require careful control to sustain the program for those most in need. The 2001-02 cost from all sources is \$10.3 billion and the 2002-03 budget proposes appropriations totaling \$11.1 billion including \$3.4 billion from the General Fund.

Income maintenance, including cash assistance payments to families in transition to independence and self-sufficiency totaled \$2.07 billion from all sources for 2001-02. The 2002-03 budget proposes a total budget of \$2.04 billion. The Commonwealth's General Fund appropriation is increased from \$826 million to \$852 million. The budget provides a total of \$449 million for child care services. This represents an increase of 129 percent since 1994-95. The number of children served from low-income families increased by 221 percent.

The 2002-03 budget continues the policy of supporting independence for people with mental retardation and mental health disabilities. In June 1994, the State supported 10,223 institutional beds. By June 2002, that will be reduced to 5,098, a reduction of 50 percent. Over that period, the community budgets will have grown by \$909 million in total funds, an increase of 100 percent.

These General Fund revenue and expenditure decisions emphasize Governor Schweiker's ongoing commitment to policies and programs that support public security, improved education, strengthening the family, increased individual self-sufficiency and economic development.

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 2000-01. Revenue from liquid fuels taxes has increased only slightly over the past five fiscal years. For the five-year period ending with 2000-01, liquid fuels tax revenues increased at an annual average of 1.7 percent. The budget for 2002-03 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 had been increasing but then recently declined by 1.5 percent in 2000-01. For the three-year period ending with 2000-01, license and fee revenues increased at an annual average of 1.7 percent. This rate of growth followed a one-year growth of over 35 percent in 1997-98 that resulted from an increase in registration fees for various vehicles effective in 1997 and 1998. For 2002-03 a 1.0 percent increase is projected.

For the fifth year in a row, the budget for 2002-03 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 drivers 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 the General Fund, the Hazardous Sites Cleanup Fund and the Recycling Fund, plus landfill fees and interest earnings. In 2000-01, this fund receives \$100 million from the General Fund. The intent of Act 68 is that this fund would

receive an annual appropriation of \$100 million from the General Fund for fiscal years 2000-01 through 2003-04. It is proposed that the appropriation for fiscal year 2001-02 be reduced by \$50 million, and that the appropriation for 2002-03 be \$50 million. It is further proposed that these reductions be restored with a \$100 million appropriation in fiscal 2004-05. In addition, the intent of Act 68 is that the fund receives a combined maximum total of \$30 million annually for five fiscal years, beginning in 1999-00, from the Hazardous Sites Cleanup Fund and the Recycling Fund. The fund also receives 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 68 continues this fee until 2004. However, it is also proposed that this fee be extended.

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. Implementation of all programs began in 1999-00. 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.

The Pennsylvania State Lottery has reached a state of maturity where growth in sales revenues has slowed dramatically because of decreased participation in the online games, which only see results when there are unusually large jackpots of several million dollars, and because the more popular instant games carry a lower profitability factor. To counter the trend of slow growth in revenues, the Lottery will be joining the multi-state Powerball game, working with retailers to increase sales, and expanding advertising campaigns to promote higher levels of participation. Combined, these efforts will begin to address the funds ability to maintain programs.

The total costs of programs funded through the Lottery Fund continue to increase, a total of 47.3 percent compared to 1994-95. 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, productive lives. For 2002-03, \$395 million will provide pharmaceutical assistance to 233,800 older Pennsylvanians. This is a \$178 million (82 percent) increase compared to 1994-95. The second largest program in the Lottery Fund is the PENNCARE appropriation that provides in-home and community-based services to older Pennsylvanians to enrich their lives and enable them to delay or avoid institutionalization. For 2002-03, \$204.98 million is provided for the PENNCARE Program. This is a \$46.9 million (29.7 percent) increase compared to 1994-95. Combined, these programs account for approximately 70 percent of total Lottery Fund program expenditures. There are two primary factors in the rising costs of programs: the increasing number of eligible older Pennsylvanians; and the rapidly rising costs and utilization of pharmaceuticals. There is a continual search for ways to control costs.

Tobacco Settlement Fund

On December 17, 1999, Pennsylvania finalized its contractual agreement with the five major tobacco companies under a 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 \$12 billion, with annual payments ranging between \$322 million and \$584 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 end. The initial payment from the MSA of \$142 million was deposited into this endowment. In addition, strategic contribution payments, earnings from investments, and eight percent of the annual payment from the MSA are deposited here.

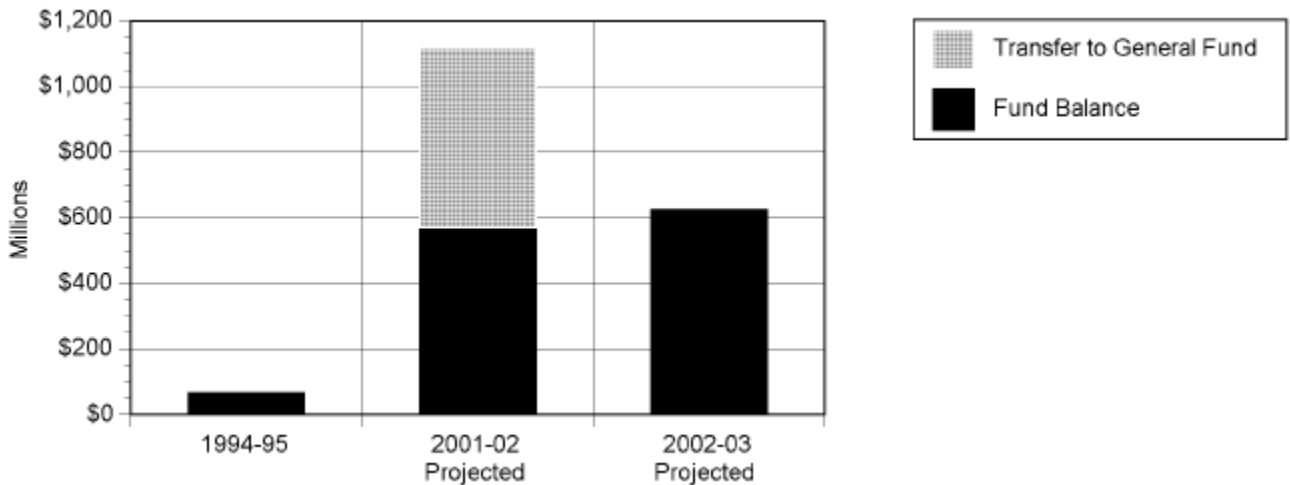
In 2001-02 and 2002-03 it is proposed to use lapses from the Tobacco Settlement Fund to support health related costs in the General Fund.

Rainy Day Fund

The Tax Stabilization Reserve Fund, commonly referred to as the Rainy Day Fund, was created by Act 32 of 1985 to promote greater continuity and predictability in the funding of vital government services. Revenue is provided to the fund through an annual transfer of a portion of the General Fund's fiscal year ending surplus, other nonrecurring transfers from the General Fund surplus and other funds as approved by the General Assembly. The year-end transfer was 15 percent of the General Fund's year ending surplus from 1994-95 through 1999-00. There was no year-end transfer at the end of the 2000-01 fiscal year. Act 74 of 2001 provides for an annual transfer of 10 percent of the General Fund's year ending surplus beginning with the 2001-02 fiscal year. Appropriations out of the fund require approval by two-thirds of the members of each house of the General Assembly.

It has been the policy of this Administration to increase the balance in the Rainy Day Fund. Since 1994-95, the fund's balance has increased from \$66 million to \$1.1 billion. In light of the current national economic slowdown and its effect on the Commonwealth's General Fund revenues, this budget proposes a \$550 million appropriation from the Rainy Day Fund to the General Fund. The use of Rainy Day Fund reserves that have been established during this Administration will keep the Commonwealth's General Fund budget in balance and avoid the need for a tax increase.

**Rainy Day Fund
Ending Cash Balance**

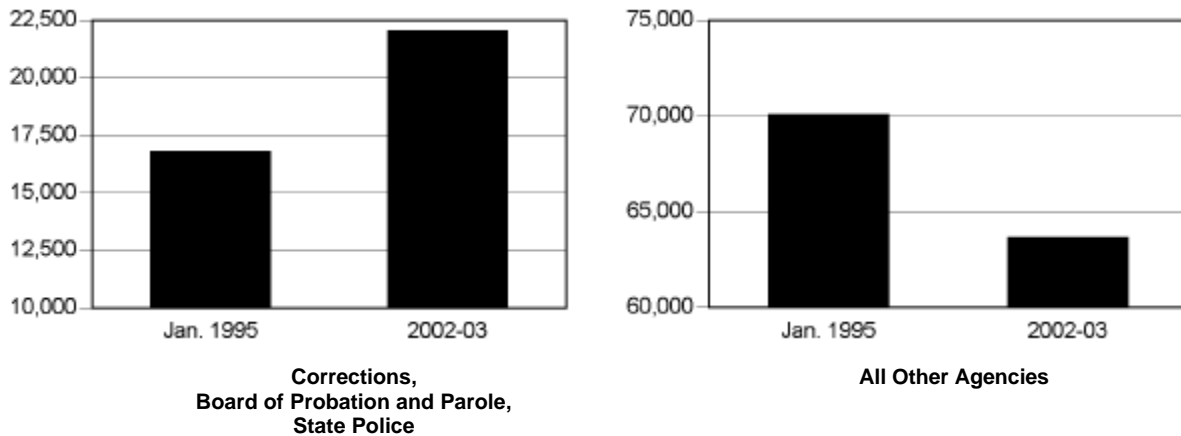


Complement

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 major objective of this Administration has been to maximize the use of current complement levels and, where possible, to reduce the number of positions through improved efficiency and the use of technology. The total authorized FTE salaried complement level has been declining since the Administration took office, from 86,854 in January 1995 to a proposed 2002-03 level of 85,621, a decrease of 1,233 positions. This overall decline in the FTE salaried complement level has been achieved during a period of significant growth in staff for the State correctional institutions, the probation and parole system and the State Police. From January 1995 to the start of the 2002-03 fiscal year, it is anticipated that the FTE salaried complement for the Department of Corrections will grow from 10,768 to 15,067, an increase of 4,299 or 40 percent, the Board of Probation and Parole will grow from 666 to 1,046, an increase of 380 or 57 percent, and the State Police will grow from 5,336 to 5,892, an increase of 556 or 10 percent. This is the result, in part, of the Administration's priority to strengthen public safety and law enforcement.

Authorized Salaried Complement



This budget proposes a reduction of 537 positions. Since January 1995, excluding new public safety and law enforcement positions necessary for the State correctional institutions, the probation and parole system and the State Police, the Commonwealth's authorized salaried complement has decreased by 6,468 positions.



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 2000-01 actual year, 2001-02 available year, 2002-03 budget year and future year estimates. Additional information on revenues and expenditures is detailed in subsequent tables and in Section C of this budget.

General Fund

(Dollar Amounts in Thousands)

	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Beginning Balance ^a	\$ 610,536	\$ 335,467	\$ 300,314	\$ 9,496	....	....	....
Revenues.....	\$ 20,561,745	\$ 20,650,600	\$ 21,416,900	\$ 22,272,600	\$ 23,249,600	\$ 24,173,500	\$ 25,166,900
Adjustments ^b	-975,118	-800,200	-818,400	-1,112,400	-1,288,700	-1,480,400	-1,689,600
Funds Available.....	\$ 20,197,163	\$ 20,185,867	\$ 20,898,814	\$ 21,169,696	\$ 21,960,900	\$ 22,693,100	\$ 23,477,300
Expenditures.....	-19,861,696	-20,435,553	-20,888,263	-21,168,474	-21,878,460	-22,352,582	-22,929,656
Preliminary Balance.....	\$ 335,467	\$ -249,686	\$ 10,551	\$ 1,222	\$ 82,440	\$ 340,518	\$ 547,644
Transfer from Tax Stabilization							
Reserve Fund.....	0	550,000	0	0	0	0	0
Less Transfer to Tax Stabilization							
Reserve Fund.....	0	0	-1,055	-122	-8,244	-34,052	-54,764
Ending Balance ^a	<u>\$ 335,467</u>	<u>\$ 300,314</u>	<u>\$ 9,496</u>	<u>\$ 1,100</u>	<u>\$ 74,196</u>	<u>\$ 306,466</u>	<u>\$ 492,880</u>

^aEnding balance not carried forward after 2003-04.

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

Overview and Summaries

Seven Year Financial Statements By Fund

Motor License Fund^a

	(Dollar Amounts in Thousands)						
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Beginning Balance.....	\$ 112,136	\$ 114,861	\$ 67,395	\$ 8,018	\$ 8,971	\$ 7,670	\$ 7,926
Receipts.....	1,976,161	2,009,060	1,998,900	2,027,260	2,047,750	2,071,300	2,095,130
Funds Available.....	\$ 2,088,297	\$ 2,123,921	\$ 2,066,295	\$ 2,035,278	\$ 2,056,721	\$ 2,078,970	\$ 2,103,056
Less Expenditures.....	-1,973,436	-2,056,526	-2,058,277	-2,026,307	-2,049,051	-2,071,044	-2,096,990
Ending Balance.....	<u>\$ 114,861</u>	<u>\$ 67,395</u>	<u>\$ 8,018</u>	<u>\$ 8,971</u>	<u>\$ 7,670</u>	<u>\$ 7,926</u>	<u>\$ 6,066</u>

Banking Department Fund

	(Dollar Amounts in Thousands)						
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Beginning Balance.....	\$ 15,061	\$ 18,967	\$ 20,529	\$ 22,020	\$ 25,315	\$ 28,907	\$ 32,849
Receipts.....	13,794	13,708	13,913	14,190	14,487	14,837	15,181
Funds Available.....	\$ 28,855	\$ 32,675	\$ 34,442	\$ 36,210	\$ 39,802	\$ 43,744	\$ 48,030
Less Expenditures.....	-9,888	-12,146	-12,422	-10,895	-10,895	-10,895	-10,895
Ending Balance.....	<u>\$ 18,967</u>	<u>\$ 20,529</u>	<u>\$ 22,020</u>	<u>\$ 25,315</u>	<u>\$ 28,907</u>	<u>\$ 32,849</u>	<u>\$ 37,135</u>

Boat Fund

	(Dollar Amounts in Thousands)						
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Beginning Balance.....	\$ 8,929	\$ 10,546	\$ 9,258	\$ 9,154	\$ 9,164	\$ 9,114	\$ 8,891
Receipts.....	12,216	10,305	10,648	10,760	10,876	10,883	10,983
Funds Available.....	\$ 21,145	\$ 20,851	\$ 19,906	\$ 19,914	\$ 20,040	\$ 19,997	\$ 19,874
Less Expenditures.....	-10,599	-11,593	-10,752	-10,750	-10,926	-11,106	-11,289
Ending Balance.....	<u>\$ 10,546</u>	<u>\$ 9,258</u>	<u>\$ 9,154</u>	<u>\$ 9,164</u>	<u>\$ 9,114</u>	<u>\$ 8,891</u>	<u>\$ 8,585</u>

^a Excludes restricted revenue.

Overview and Summaries

Seven Year Financial Statements By Fund

Environmental Stewardship Fund^a

	(Dollar Amounts in Thousands)						
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Beginning Balance.....	\$ -1,165	\$ 5,096	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receipts.....	140,243	87,000	87,000	137,000	107,000	0	0
Funds Available.....	\$ 139,078	\$ 92,096	\$ 87,000	\$ 137,000	\$ 107,000	\$ 0	\$ 0
Less Expenditures.....	-133,982	-92,096	-87,000	-137,000	-107,000	0	0
Ending Balance.....	<u>\$ 5,096</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Farm Products Show Fund

	(Dollar Amounts in Thousands)						
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Beginning Balance.....	\$ 1,951	\$ 1,317	\$ 1,643	\$ 2,271	\$ 2,740	\$ 3,059	\$ 3,225
Receipts.....	5,347	7,186	7,986	7,986	7,986	7,986	7,986
Funds Available.....	\$ 7,298	\$ 8,503	\$ 9,629	\$ 10,257	\$ 10,726	\$ 11,045	\$ 11,211
Less Expenditures.....	-5,981	-6,860	-7,358	-7,517	-7,667	-7,820	-7,977
Ending Balance.....	<u>\$ 1,317</u>	<u>\$ 1,643</u>	<u>\$ 2,271</u>	<u>\$ 2,740</u>	<u>\$ 3,059</u>	<u>\$ 3,225</u>	<u>\$ 3,234</u>

Fish Fund

	(Dollar Amounts in Thousands)						
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Beginning Balance.....	\$ 14,503	\$ 13,923	\$ 8,694	\$ 6,429	\$ 3,767	\$ 671	\$ -2,971
Receipts.....	41,492	40,868	39,358	39,214	39,505	39,698	39,898
Funds Available.....	\$ 55,995	\$ 54,791	\$ 48,052	\$ 45,643	\$ 43,272	\$ 40,369	\$ 36,927
Less Expenditures.....	-42,072	-46,097	-41,623	-41,876	-42,601	-43,340	-44,095
Ending Balance.....	<u>\$ 13,923</u>	<u>\$ 8,694</u>	<u>\$ 6,429</u>	<u>\$ 3,767</u>	<u>\$ 671</u>	<u>\$ -2,971</u>	<u>\$ -7,168</u>

^a Excludes restricted revenue.

Overview and Summaries

Seven Year Financial Statements By Fund

Game Fund

	(Dollar Amounts in Thousands)						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Beginning Balance.....	\$ 25,126	\$ 26,921	\$ 23,038	\$ 19,529	\$ 15,057	\$ 9,602	\$ 3,144
Receipts.....	59,311	55,326	56,042	55,537	55,537	55,537	55,537
Funds Available.....	\$ 84,437	\$ 82,247	\$ 79,080	\$ 75,066	\$ 70,594	\$ 65,139	\$ 58,681
Less Expenditures.....	-57,516	-59,209	-59,551	-60,009	-60,992	-61,995	-63,017
Ending Balance.....	<u>\$ 26,921</u>	<u>\$ 23,038</u>	<u>\$ 19,529</u>	<u>\$ 15,057</u>	<u>\$ 9,602</u>	<u>\$ 3,144</u>	<u>\$ -4,336</u>

Keystone Recreation, Park and Conservation Fund

	(Dollar Amounts in Thousands)						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Beginning Balance.....	\$ 80,754	\$ 78,487	\$ 40,145	\$ 26,787	\$ 49,450	\$ 52,705	\$ 57,375
Receipts.....	89,230	94,491	31,023	57,225	60,989	66,389	72,389
Funds Available.....	\$ 169,984	\$ 172,978	\$ 71,168	\$ 84,012	\$ 110,439	\$ 119,094	\$ 129,764
Less Expenditures.....	-91,497	-132,833	-44,381	-34,562	-57,734	-61,719	-67,200
Ending Balance.....	<u>\$ 78,487</u>	<u>\$ 40,145</u>	<u>\$ 26,787</u>	<u>\$ 49,450</u>	<u>\$ 52,705</u>	<u>\$ 57,375</u>	<u>\$ 62,564</u>

Lottery Fund

	(Dollar Amounts in Thousands)						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Beginning Balance.....	\$ 200,965	\$ 175,716	\$ 186,871	\$ 223,332	\$ 177,791	\$ 40,207	\$ -179,364
Add Reserve From Prior Year.....	190,000	160,000	100,000	28,000	5,000	0	0
Receipts.....	883,619	991,085	1,150,312	1,168,970	1,185,205	1,200,921	1,222,980
Funds Available.....	\$ 1,274,584	\$ 1,326,801	\$ 1,437,183	\$ 1,420,302	\$ 1,367,996	\$ 1,241,128	\$ 1,043,616
Less Expenditures.....	-938,868	-1,039,930	-1,185,851	-1,237,511	-1,327,789	-1,420,492	-1,517,724
Less Reserve for Current Year.....	-160,000	-100,000	-28,000	-5,000	0	0	0
Ending Balance.....	<u>\$ 175,716</u>	<u>\$ 186,871</u>	<u>\$ 223,332</u>	<u>\$ 177,791</u>	<u>\$ 40,207</u>	<u>\$ -179,364</u>	<u>\$ -474,108</u>

Overview and Summaries

Seven Year Financial Statements By Fund

Milk Marketing Fund

	(Dollar Amounts in Thousands)						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Beginning Balance.....	\$ 1,487	\$ 1,639	\$ 1,425	\$ 1,184	\$ 1,675	\$ 2,115	\$ 2,503
Receipts.....	2,545	2,291	2,291	3,046	3,046	3,046	3,046
Funds Available.....	\$ 4,032	\$ 3,930	\$ 3,716	\$ 4,230	\$ 4,721	\$ 5,161	\$ 5,549
Less Expenditures.....	-2,393	-2,505	-2,532	-2,555	-2,606	-2,658	-2,711
Ending Balance.....	<u>\$ 1,639</u>	<u>\$ 1,425</u>	<u>\$ 1,184</u>	<u>\$ 1,675</u>	<u>\$ 2,115</u>	<u>\$ 2,503</u>	<u>\$ 2,838</u>

Racing Fund

	(Dollar Amounts in Thousands)						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Beginning Balance.....	\$ 11,478	\$ 8,695	\$ 7,127	\$ 7,184	\$ 6,888	\$ 6,785	\$ 6,478
Receipts.....	17,566	17,091	17,296	17,296	17,296	17,296	17,296
Funds Available.....	\$ 29,044	\$ 25,786	\$ 24,423	\$ 24,480	\$ 24,184	\$ 24,081	\$ 23,774
Less Expenditures.....	-20,349	-18,659	-17,239	-17,592	-17,399	-17,603	-17,608
Ending Balance.....	<u>\$ 8,695</u>	<u>\$ 7,127</u>	<u>\$ 7,184</u>	<u>\$ 6,888</u>	<u>\$ 6,785</u>	<u>\$ 6,478</u>	<u>\$ 6,166</u>

Tobacco Settlement Fund

	(Dollar Amounts in Thousands)						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Beginning Balance.....	\$ 322,292	\$ 667,305	\$ 414,576	\$ 424,255	\$ 374,024	\$ 379,612	\$ 385,285
Receipts.....	345,013	414,576	424,255	374,024	379,612	385,285	391,044
Funds Available.....	\$ 667,305	\$ 1,081,881	\$ 838,831	\$ 798,279	\$ 753,636	\$ 764,897	\$ 776,329
Less Expenditures.....	0	-667,305	-414,576	-424,255	-374,024	-379,612	-385,285
Ending Balance.....	<u>\$ 667,305</u>	<u>\$ 414,576</u>	<u>\$ 424,255</u>	<u>\$ 374,024</u>	<u>\$ 379,612</u>	<u>\$ 385,285</u>	<u>\$ 391,044</u>

Overview and Summaries

Seven Year Department Summary by Fund

The following is a summary by department of 2000-01 actual expenditures, the 2001-02 amounts available, the 2002-03 amounts budgeted and future year estimates as presented in the 2002-03 Governor's Executive Budget for the General Fund and selected Special Funds.

	(Dollar Amounts in Thousands)						
	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2005-06 Estimated
Governor's Office							
General Fund.....	\$ 7,689	\$ 8,027	\$ 8,034	\$ 8,034	\$ 8,027	\$ 8,027	\$ 8,027
Tobacco Settlement Fund.....	0	25,783	0	0	0	0	0
Department Total	\$ 7,689	\$ 33,810	\$ 8,034	\$ 8,034	\$ 8,027	\$ 8,027	\$ 8,027
Executive Offices							
General Fund.....	\$ 284,761	\$ 321,930	\$ 342,446	\$ 276,410	\$ 251,065	\$ 261,312	\$ 248,157
Motor License Fund.....	4,957	5,445	10,341	10,344	10,344	10,344	10,344
Tobacco Settlement Fund.....	0	96,109	33,166	33,940	29,922	30,369	30,823
Department Total	\$ 289,718	\$ 423,484	\$ 385,953	\$ 320,694	\$ 291,331	\$ 302,025	\$ 289,324
Lieutenant Governor							
General Fund.....	\$ 950	\$ 1,114	\$ 1,114	\$ 1,114	\$ 1,107	\$ 1,107	\$ 1,107
Attorney General							
General Fund.....	\$ 71,756	\$ 75,058	\$ 75,058	\$ 74,642	\$ 74,696	\$ 73,942	\$ 73,975
Auditor General							
General Fund.....	\$ 46,073	\$ 47,513	\$ 47,691	\$ 47,416	\$ 47,085	\$ 47,085	\$ 47,085
Treasury							
General Fund.....	\$ 413,999	\$ 583,810	\$ 403,133	\$ 795,011	\$ 814,763	\$ 832,564	\$ 842,950
Lottery Fund.....	18	100	100	100	100	100	100
Racing Fund.....	3	10	10	10	10	10	10
Motor License Fund.....	91,633	73,870	55,969	52,964	35,452	35,092	34,436
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	10	10	10	10	10
Farm Products Show Fund.....	0	5	5	5	5	5	5
Boat Fund.....	0	5	5	5	5	5	5
Department Total	\$ 505,653	\$ 657,825	\$ 459,247	\$ 848,120	\$ 850,360	\$ 867,801	\$ 877,531
Aging							
General Fund.....	\$ 36,132	\$ 39,363	\$ 38,297	\$ 34,797	\$ 34,797	\$ 34,797	\$ 34,797
Lottery Fund.....	482,684	562,121	600,081	647,840	730,840	815,840	905,840
Tobacco Settlement Fund.....	0	56,853	68,316	63,800	59,244	56,767	53,703
Department Total	\$ 518,816	\$ 658,337	\$ 706,694	\$ 746,437	\$ 824,881	\$ 907,404	\$ 994,340
Agriculture							
General Fund.....	\$ 80,028	\$ 81,625	\$ 75,893	\$ 72,793	\$ 72,793	\$ 72,793	\$ 72,793
Racing Fund.....	20,125	18,421	16,998	17,351	17,158	17,362	17,367
Environmental Stewardship Fund.....	19,828	13,630	12,876	20,276	15,836	0	0
Farm Products Show Fund.....	4,981	5,855	6,353	6,512	6,662	6,815	6,972
Department Total	\$ 124,962	\$ 119,531	\$ 112,120	\$ 116,932	\$ 112,449	\$ 96,970	\$ 97,132
Banking							
Banking Department Fund.....	\$ 9,546	\$ 11,801	\$ 12,075	\$ 10,548	\$ 10,548	\$ 10,548	\$ 10,548
Civil Service Commission							
General Fund.....	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1

Overview and Summaries

Seven Year Department Summary by Fund

	(Dollar Amounts in Thousands)						
	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2005-06 Estimated
Community and Economic Development							
General Fund.....	\$ 488,532	\$ 455,728	\$ 311,702	\$ 315,702	\$ 315,702	\$ 315,702	\$ 315,702
Tobacco Settlement Fund.....	0	160,000	0	0	0	0	0
Department Total	\$ 488,532	\$ 615,728	\$ 311,702	\$ 315,702	\$ 315,702	\$ 315,702	\$ 315,702
Conservation and Natural Resources							
General Fund.....	\$ 115,002	\$ 109,603	\$ 110,185	\$ 109,740	\$ 109,740	\$ 109,740	\$ 109,740
Environmental Stewardship Fund.....	32,290	22,195	20,967	33,017	25,787	0	0
Motor License Fund.....	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Keystone Recreation, Park and Conservation Fund.....	66,462	99,659	30,202	20,167	37,197	39,643	43,153
Department Total	\$ 214,754	\$ 232,457	\$ 162,354	\$ 163,924	\$ 173,724	\$ 150,383	\$ 153,893
Corrections							
General Fund.....	\$ 1,160,504	\$ 1,164,745	\$ 1,295,214	\$ 1,314,513	\$ 1,341,012	\$ 1,377,986	\$ 1,395,794
Education							
General Fund.....	\$ 8,040,835	\$ 8,357,091	\$ 8,570,735	\$ 8,637,170	\$ 8,640,880	\$ 8,645,880	\$ 8,563,880
Motor License Fund.....	1,077	1,620	1,230	1,230	1,230	1,230	1,230
Keystone Recreation, Park and Conservation Fund.....	11,603	19,689	8,138	10,362	13,098	14,147	15,416
Department Total	\$ 8,053,515	\$ 8,378,400	\$ 8,580,103	\$ 8,648,762	\$ 8,655,208	\$ 8,661,257	\$ 8,580,526
Emergency Management Agency							
General Fund.....	\$ 42,024	\$ 23,719	\$ 23,848	\$ 17,122	\$ 15,997	\$ 15,735	\$ 15,551
Environmental Protection							
General Fund.....	\$ 343,711	\$ 355,877	\$ 286,387	\$ 336,518	\$ 336,518	\$ 236,518	\$ 236,518
Environmental Stewardship Fund.....	50,110	34,444	32,538	51,238	40,018	0	0
Motor License Fund.....	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Department Total	\$ 397,821	\$ 394,321	\$ 322,925	\$ 391,756	\$ 380,536	\$ 240,518	\$ 240,518
Fish and Boat Commission							
General Fund.....	\$ 11	\$ 11	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12
Fish Fund.....	25,448	27,905	24,776	25,272	25,777	26,293	26,819
Boat Fund.....	8,457	9,094	8,629	8,802	8,978	9,158	9,341
Department Total	\$ 33,916	\$ 37,010	\$ 33,417	\$ 34,086	\$ 34,767	\$ 35,463	\$ 36,172
Game Commission							
General Fund.....	\$ 80	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Game Fund.....	48,147	50,205	50,161	51,124	52,107	53,110	54,132
Keystone Recreation, Park and Conservation Fund.....	0	33	0	0	0	0	0
Department Total	\$ 48,227	\$ 50,238	\$ 50,161	\$ 51,124	\$ 52,107	\$ 53,110	\$ 54,132
General Services							
General Fund.....	\$ 105,377	\$ 110,939	\$ 117,968	\$ 117,767	\$ 117,968	\$ 117,767	\$ 117,968
Motor License Fund.....	20,245	20,240	20,253	20,253	20,253	20,253	20,253
Banking Department Fund.....	342	340	342	342	342	342	342
Department Total	\$ 125,964	\$ 131,519	\$ 138,563	\$ 138,362	\$ 138,563	\$ 138,362	\$ 138,563

Overview and Summaries

Seven Year Department Summary by Fund

	(Dollar Amounts in Thousands)						
	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2005-06 Estimated
Health							
General Fund.....	\$ 234,433	\$ 278,254	\$ 248,475	\$ 248,141	\$ 248,066	\$ 248,066	\$ 248,066
Tobacco Settlement Fund.....	0	151,955	128,518	131,519	115,947	117,679	119,439
Department Total	\$ 234,433	\$ 430,209	\$ 376,993	\$ 379,660	\$ 364,013	\$ 365,745	\$ 367,505
Higher Education Assistance Agency							
General Fund.....	\$ 379,981	\$ 403,075	\$ 407,738	\$ 407,738	\$ 407,738	\$ 407,738	\$ 407,738
Tobacco Settlement Fund.....	0	8,000	0	0	0	0	0
Department Total	\$ 379,981	\$ 411,075	\$ 407,738	\$ 407,738	\$ 407,738	\$ 407,738	\$ 407,738
Historical and Museum Commission							
General Fund.....	\$ 32,769	\$ 33,963	\$ 33,853	\$ 33,520	\$ 33,520	\$ 33,520	\$ 33,520
Keystone Recreation, Park and Conservation Fund.....	13,432	13,452	6,041	4,033	7,439	7,929	8,631
Department Total	\$ 46,201	\$ 47,415	\$ 39,894	\$ 37,553	\$ 40,959	\$ 41,449	\$ 42,151
Infrastructure Investment Authority							
Environmental Stewardship Fund.....	\$ 31,754	\$ 21,827	\$ 20,619	\$ 32,469	\$ 25,359	\$ 0	\$ 0
Insurance							
General Fund.....	\$ 20,231	\$ 56,223	\$ 58,717	\$ 63,067	\$ 66,995	\$ 68,434	\$ 69,340
Tobacco Settlement Fund.....	0	77,738	93,280	95,458	84,156	85,413	86,689
Department Total	\$ 20,231	\$ 133,961	\$ 151,997	\$ 158,525	\$ 151,151	\$ 153,847	\$ 156,029
Labor and Industry							
General Fund.....	\$ 107,871	\$ 110,860	\$ 103,331	\$ 103,164	\$ 102,249	\$ 102,278	\$ 102,026
Military and Veterans Affairs							
General Fund.....	\$ 85,649	\$ 100,461	\$ 108,524	\$ 107,354	\$ 107,354	\$ 107,354	\$ 107,354
Milk Marketing Board							
Milk Marketing Fund.....	\$ 2,393	\$ 2,495	\$ 2,522	\$ 2,545	\$ 2,596	\$ 2,648	\$ 2,701
Probation and Parole							
General Fund.....	\$ 88,805	\$ 101,670	\$ 104,256	\$ 103,998	\$ 103,998	\$ 103,998	\$ 103,998
Public Television Network							
General Fund.....	\$ 15,399	\$ 13,063	\$ 11,486	\$ 11,486	\$ 11,486	\$ 11,486	\$ 11,486
Public Welfare							
General Fund.....	\$ 6,480,268	\$ 6,713,915	\$ 6,872,032	\$ 6,711,773	\$ 7,393,158	\$ 7,894,703	\$ 8,535,682
Tobacco Settlement Fund.....	0	90,867	91,296	92,330	87,584	92,685	95,708
Department Total	\$ 6,480,268	\$ 6,804,782	\$ 6,963,328	\$ 6,804,103	\$ 7,480,742	\$ 7,987,388	\$ 8,631,390
Revenue							
General Fund.....	\$ 248,462	\$ 240,244	\$ 230,067	\$ 230,067	\$ 230,067	\$ 230,067	\$ 230,067
Lottery Fund.....	341,786	370,234	448,548	449,667	454,106	458,914	463,193
Racing Fund.....	221	228	231	231	231	231	231
Motor License Fund.....	20,943	22,157	22,232	22,232	22,232	22,232	22,232
Department Total	\$ 611,412	\$ 632,863	\$ 701,078	\$ 702,197	\$ 706,636	\$ 711,444	\$ 715,723
Securities Commission							
General Fund.....	\$ 2,093	\$ 2,233	\$ 2,233	\$ 2,233	\$ 2,233	\$ 2,233	\$ 2,233

Overview and Summaries

Seven Year Department Summary by Fund

	(Dollar Amounts in Thousands)						
	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2005-06 Estimated
State							
General Fund.....	\$ 5,946	\$ 18,420	\$ 6,680	\$ 6,480	\$ 6,502	\$ 6,480	\$ 6,480
State Employees' Retirement System							
General Fund.....	\$ 11,001	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Police							
General Fund.....	\$ 153,790	\$ 170,737	\$ 182,354	\$ 180,320	\$ 182,575	\$ 184,886	\$ 187,253
Motor License Fund.....	316,397	351,881	371,775	371,995	376,787	381,699	386,735
Department Total	\$ 470,187	\$ 522,618	\$ 554,129	\$ 552,315	\$ 559,362	\$ 566,585	\$ 573,988
Tax Equalization Board							
General Fund.....	\$ 1,338	\$ 1,388	\$ 1,402	\$ 1,402	\$ 1,402	\$ 1,402	\$ 1,402
Transportation							
General Fund.....	\$ 307,441	\$ 312,296	\$ 317,611	\$ 317,495	\$ 317,495	\$ 317,495	\$ 317,495
Lottery Fund.....	114,380	125,475	137,122	139,904	142,743	145,638	148,591
Motor License Fund.....	1,513,184	1,580,813	1,571,477	1,542,289	1,577,753	1,595,194	1,616,760
Department Total	\$ 1,935,005	\$ 2,018,584	\$ 2,026,210	\$ 1,999,688	\$ 2,037,991	\$ 2,058,327	\$ 2,082,846
Legislature							
General Fund.....	\$ 233,652	\$ 245,386	\$ 251,173	\$ 241,088	\$ 241,073	\$ 241,088	\$ 241,073
Judiciary							
General Fund.....	\$ 215,102	\$ 231,211	\$ 240,613	\$ 240,386	\$ 240,386	\$ 240,386	\$ 240,386
COMMONWEALTH TOTALS:							
General Fund	\$ 19,861,696	\$ 20,769,553	\$ 20,888,263	\$ 21,168,474	\$ 21,878,460	\$ 22,352,582	\$ 22,929,656
Lottery Fund	938,868	1,057,930	1,185,851	1,237,511	1,327,789	1,420,492	1,517,724
Racing Fund	20,349	18,659	17,239	17,592	17,399	17,603	17,608
Motor License Fund	1,973,436	2,061,026	2,058,277	2,026,307	2,049,051	2,071,044	2,096,990
Game Fund	48,147	50,210	50,166	51,129	52,112	53,115	54,137
Fish Fund	25,448	27,910	24,781	25,277	25,782	26,298	26,824
Banking Department Fund	9,888	12,146	12,422	10,895	10,895	10,895	10,895
Milk Marketing Fund	2,393	2,505	2,532	2,555	2,606	2,658	2,711
Farm Products Show Fund	4,981	5,860	6,358	6,517	6,667	6,820	6,977
Boat Fund	8,457	9,099	8,634	8,807	8,983	9,163	9,346
Keystone Recreation, Park and Conservation Fund .	91,497	132,833	44,381	34,562	57,734	61,719	67,200
Tobacco Settlement Fund.....	0	667,305	414,576	417,047	376,853	382,913	386,362
Environmental Stewardship Fund.....	133,982	92,096	87,000	137,000	107,000	0	0
GRAND TOTAL	\$ 23,119,142	\$ 24,907,132	\$ 24,800,480	\$ 25,143,673	\$ 25,921,331	\$ 26,415,302	\$ 27,126,430

General and Special Funds

This table shows a summary by Commonwealth Programs of 2000-01 expenditures, the 2001-02 amounts available, the 2002-03 amounts budgeted and future year estimates as presented in the Governor's 2002-03 Executive Budget for the General Fund and selected Special Funds.

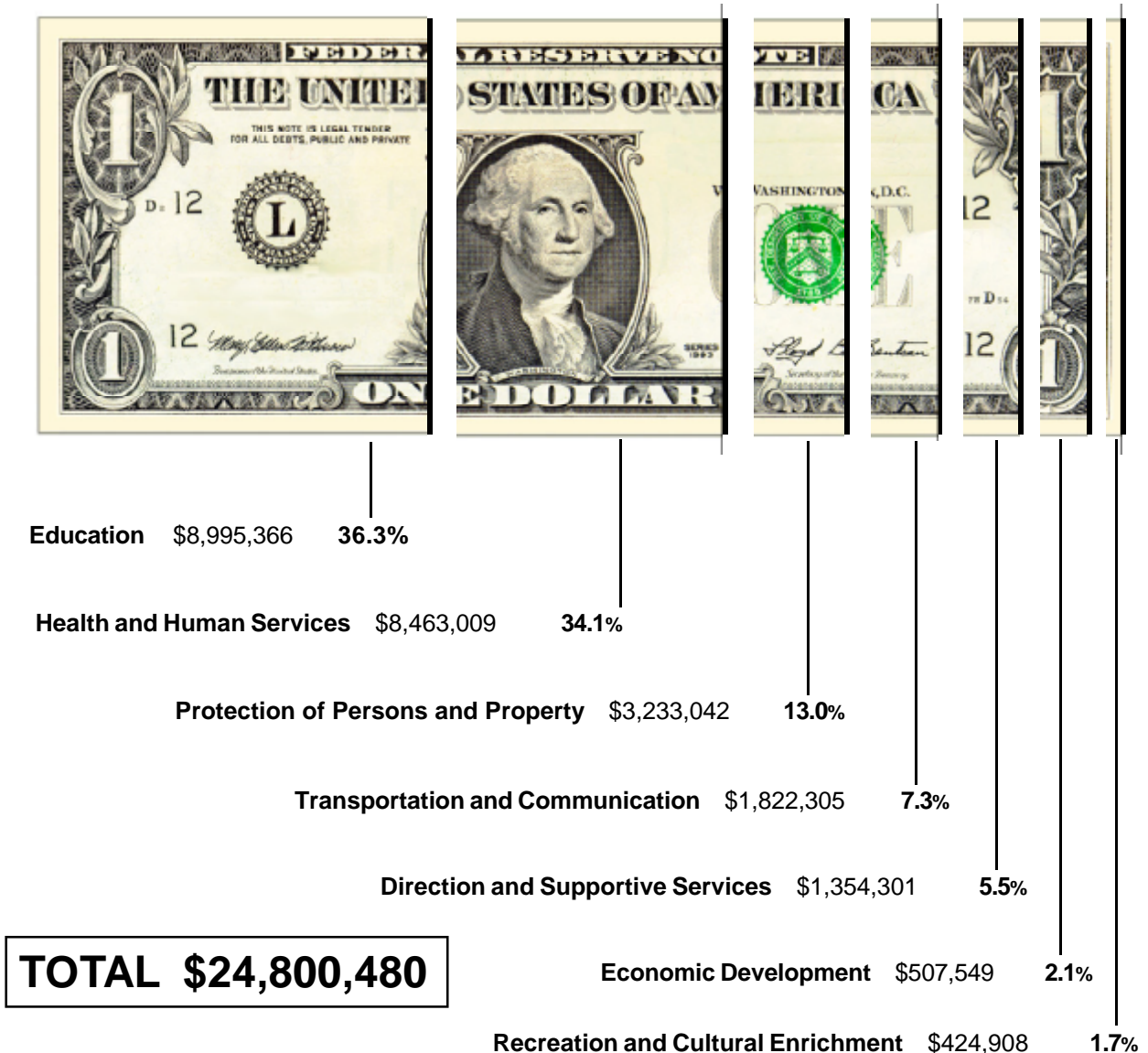
Seven Year Commonwealth Program Summary

Commonwealth Program	(Dollar amounts in Thousands)						
	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
Direction and Supportive Services.....	\$ 1,129,327	\$ 1,319,864	\$ 1,354,301	\$ 1,312,591	\$ 1,287,459	\$ 1,303,646	\$ 1,296,660
Protection of Persons and Property.....	2,937,718	3,167,818	3,233,042	3,395,695	3,403,111	3,294,405	3,321,238
Education.....	8,463,130	8,825,713	8,995,366	9,135,014	9,138,004	9,143,844	9,062,398
Health and Human Services.....	7,591,977	8,304,708	8,463,009	8,365,120	9,105,100	9,697,986	10,432,028
Economic Development.....	730,081	882,925	507,549	639,082	643,895	623,118	622,692
Transportation and Communication.....	1,785,889	1,883,372	1,822,305	1,856,940	1,889,056	1,918,649	1,951,732
Recreation and Cultural Enrichment.....	481,020	522,732	424,908	439,231	454,706	433,654	439,682
GENERAL FUND AND SPECIAL							
FUNDS TOTAL.....	\$ 23,119,142	\$ 24,907,132	\$ 24,800,480	\$ 25,143,673	\$ 25,921,331	\$ 26,415,302	\$ 27,126,430

Distribution of the Commonwealth Dollar

GENERAL FUND AND SPECIAL FUNDS

2002-03 Fiscal Year
(Dollar Amounts in Thousands)



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

General Fund

This table shows a summary by Commonwealth Program of 2000-01 expenditures, the 2001-02 amounts available, the 2002-03 amounts budgeted and future year estimates as presented in the Governor's 2002-03 Executive Budget for the General Fund.

Seven Year Commonwealth Program Summary

	(Dollar amounts in Thousands)						
	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
Commonwealth Program							
Direction and Supportive Services.....	\$ 853,849	\$ 905,899	\$ 928,017	\$ 883,189	\$ 856,426	\$ 866,461	\$ 853,256
Protection of Persons and Property.....	2,382,041	2,515,343	2,554,603	2,683,429	2,714,439	2,655,070	2,675,481
Education.....	8,453,509	8,802,053	8,987,857	9,124,663	9,125,965	9,130,907	9,048,408
Health and Human Services.....	6,871,525	7,177,437	7,315,496	7,168,769	7,848,994	8,350,526	8,991,382
Economic Development.....	698,327	701,098	486,930	606,613	618,536	623,118	622,692
Transportation and Communication.....	319,720	374,183	334,087	407,236	419,968	432,419	444,487
Recreation and Cultural Enrichment.....	282,725	293,540	281,273	294,575	294,132	294,081	293,950
GENERAL FUND TOTAL.....	<u>\$19,861,696</u>	<u>\$20,769,553</u>	<u>\$20,888,263</u>	<u>\$21,168,474</u>	<u>\$21,878,460</u>	<u>\$22,352,582</u>	<u>\$22,929,656</u>

Distribution of the Commonwealth Dollar

GENERAL FUND

2002-03 Fiscal Year



Education 43.0¢

Health and Human Services 35.0¢

Protection of Persons and Property 12.2¢

Direction and Supportive Services 4.5¢

Economic Development 2.3¢

Transportation and Communication 1.6¢

Recreation and Cultural Enrichment 1.4¢

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 2001-02 amounts available and the 2002-03 amounts budgeted and the percent each program represents of the General Fund total as presented in the 2002-03 Governor's Executive Budget.

Program Summary

(Dollar Amounts in Thousands)

	2001-02		2002-03	
Commonwealth Program				
Direction and Supportive Services.....	\$ 905,899	4.4%	\$ 928,017	4.5%
Protection of Persons and Property.....	2,515,343	12.1%	2,554,603	12.2%
Education.....	8,802,053	42.4%	8,987,857	43.0%
Health and Human Services.....	7,177,437	34.5%	7,315,496	35.0%
Economic Development.....	701,098	3.4%	486,930	2.3%
Transportation and Communication.....	374,183	1.8%	334,087	1.6%
Recreation and Cultural Enrichment.....	293,540	1.4%	281,273	1.4%
GENERAL FUND TOTAL.....	\$ 20,769,553	100.0%	\$ 20,888,263	100.0%

GENERAL FUND

2002-03 Fiscal Year



Income

(Dollar Amounts in Thousands)

TOTAL INCOME	\$21,416,900
Refunds	-830,800
Less Tax Reduction	-103,400
Tobacco Fund Lapses ..	115,800
Beginning Balance	300,314
<hr/>	
TOTAL	\$ 20,898,814

Personal Income	\$7,884,300	36.8%
Sales	\$7,629,600	35.6%
Other Business	\$2,330,900	10.9%
Corporate Net Income	\$1,453,900	6.8%
Other Revenues	\$1,317,500	6.2%
Inheritance	\$800,700	3.7%

Outgo

(Dollar Amounts in Thousands)

TOTAL OUTGO	\$ 20,888,263
Tax Stabilization	
Reserve Fund	1,055
Ending Surplus	9,496
<hr/>	
TOTAL	\$ 20,898,814

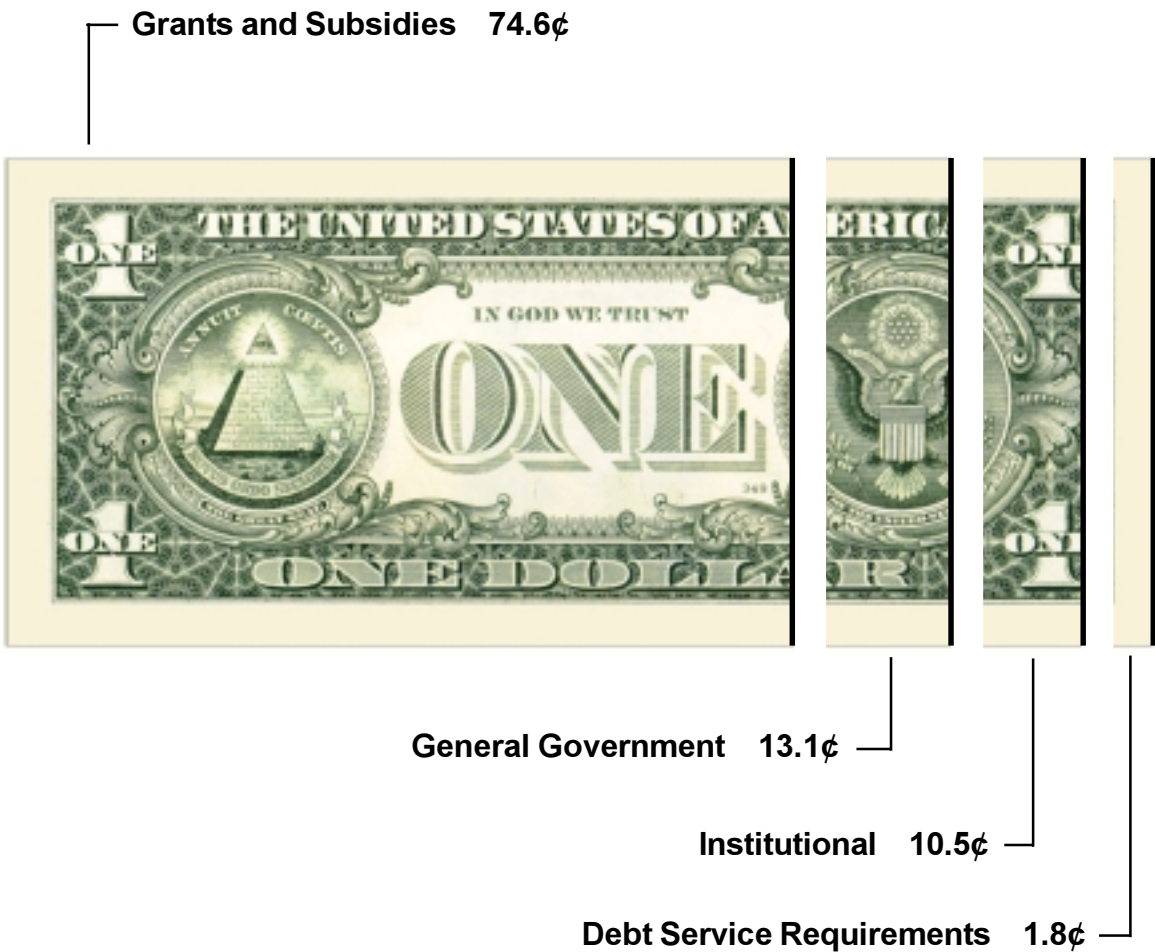


Education	\$8,987,857	43.0%
Health and Human Services	\$7,315,496	35.0%
Protection	\$2,554,603	12.2%
Direction	\$928,017	4.5%
Other Programs	\$615,360	3.0%
Economic Development	\$486,930	2.3%

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

2002-03 Fiscal Year



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



2002-03

PROGRAM POLICY DIRECTION

AND

BUDGET THEMES

The Governor's 2002-03 Program Policy Guidelines, issued in August 2001, defined major policy issues, stated priorities and provided direction to Commonwealth agencies for the preparation of 2002-03 agency budget requests. The 2002-03 Program Policy Direction section immediately following this page presents the program and financial goals and policies that guided the development of the Governor's Executive Budget.

This section summarizes the Governor's recommended Program Revisions for the 2002-03 fiscal year within the following four budget theme presentations: Sustaining Economic Opportunity, Improving the Quality of Life, Ensuring Public Safety and Health Care Cost Containment. Theme topics may vary year to year based on the funding priorities established by the Governor. Each budget theme begins with an introduction that briefly summarizes all Program Revision budget recommendations contained in that theme. The remainder of the theme then presents information on each Program Revision, including the departments or agencies responsible for implementing the Program Revision, the funding sources and appropriations supporting Program Revision implementation, and a brief summary description of Program Revision components. Detailed Program Revision presentations, including full discussion of the Program Revision and its associated program measures, funding recommendations and costs by appropriation can be found in Section E. Department Presentations in the agency responsible for leading the Program Revision implementation.

2002-03 Program Policy Direction

This section presents the program and financial goals and policies that guided the development of the 2002-03 Governor's Executive Budget. The Governor's 2002-03 Program Policy Guidelines, issued in August 2001, defined major policy issues, stated priorities and provided direction to Commonwealth agencies for the preparation of 2002-03 agency budget requests. Budget planning was predicated on a modest overall increase in agency spending. Agencies were directed to continue to evaluate current programs and recommend changes that would improve program management and operations, reduce costs, and maximize direct services.

With the final budget of this Administration, the Governor encouraged agencies to aspire to realize William Penn's vision for Pennsylvania – a State where tolerance is the norm, a State that capitalizes on its collective resources, and a State that seeks something better than that which has been before. As agencies moved forward, they were to ensure that gains realized since 1995 were secured, providing a firm footing for future leaders as Pennsylvania continued to redefine itself as a leader among States and a competitor among nations. The direction provided in the 2002-03 Program Policy Guidelines will allow the Schweiker Administration to continue to fulfill its pledge to empower individuals, families and communities to control the issues that affect them most, including their personal and financial self-sufficiency, health and well being, and to ensure the preservation of a revitalized Pennsylvania where opportunities to succeed abound.

The 2002-03 Program Policy Guidelines noted that the long period of economic expansion that Pennsylvania and other States participated in and benefited from effectively had ended. Agencies were advised that tax revenues were very sensitive to changes in economic growth. Consequently, the uncertainty of the economic outlook and the increased risk of a recession merited a judicious use of caution in agency budget planning for the 2002-03 Budget. The Governor also stated that given the current economic forecast agencies were to plan on a very modest overall budget increase. Agencies were to continue progress toward more efficiencies and higher productivity and performance in State operations and in building productivity and performance gains into long-term planning. Agencies were directed to establish clear priorities and objectives among programs, services and activities within the framework of a strategic plan, and explore innovative cost savings initiatives including proposals to eliminate programs that were no longer effective or not responsive to the needs of citizens. In addition, agencies were to submit proposals that would improve efficiency and accomplish program changes through the effective reengineering of programs. All agencies were to develop operating budgets consistent with the current economic forecast. Proposals for new or expanded programs were to be offset by reduced funding in other programs. Most importantly, agencies were to carefully review all programs to ensure they were accomplishing desired results and were consistent with the strategic direction identified in the Administration's mission and goal statements.

Program direction to agencies focused on maintaining continued progress toward meeting this Administration's mission, goals and strategic direction for the future through efficient and effective program operations. Just as previous budgets had clearly reflected the Administration's mission and goals, so to must the 2002-03 Budget. All agencies were expected to submit budget requests consistent with the mission, goals and priorities presented in the Program Policy Guidelines. Agency budget requests were to focus on solidifying the Administration's successes and ensuring that new initiatives undertaken over the past seven years were operating at maximum efficiency, were responsive to the Commonwealth's citizens and business and were achieving or exceeding projected results. Agencies were directed to build upon their successes to continuously add value to the functions and activities that are core to a government's responsibilities to its citizens.

The Program Policy Guidelines also emphasized the importance of monitoring and assuring program performance consistent with this Administration's mission and goals, and directed agencies to focus on the long-term fiscal management of their programs and operations. Agencies that planned to request Program Revisions as part of their budget requests were directed to do sufficient planning to show the results that would be achieved with the implementation of the Program Revision. Agencies were directed to submit a plan demonstrating how each Program Revision addressed the Commonwealth's mission and goal statements, how it would be implemented, how funding would be used and the expected return on the public's investment. The implementation plan was to include a description and rationale for the Program Revision, as well as milestones, tasks, and responsibilities for tasks, and how program outcomes would be measured and evaluated.

The following pages present Program Revision recommendations consistent with the direction of the Governor's 2002-03 Program Policy Guidelines.

Sustaining Economic Opportunity

Pennsylvania's economic development strategy over the past seven years to lower taxes, expand and enhance traditional economic development and spur technology development has positioned the Commonwealth and its businesses, entrepreneurs and workers to excel in the economy of the 21st century. This budget sustains the Commonwealth's economic development agenda and provides additional support to Pennsylvania workers and families affected by recent negative economic trends.

Tax policy continues to be a critical component of Pennsylvania's economic agenda. While the Commonwealth remains committed to the elimination of the Capital Stock and Franchise Tax (CSFT), Pennsylvania's current fiscal circumstances require a temporary rescheduling of the remaining tax rate cuts. This budget recommends a restructured CSFT rate of 6.99 mills for 2002 and 6.49 mills for 2003. This budget also proposes to resume the full 1.0 mill annual reductions in 2004 and complete elimination of the CSFT in 2010.

Continuing the CSFT phase-out to help businesses and provide training opportunities for workers during this period of economic transition will require a reprioritization of certain Commonwealth economic development efforts. This budget recommends a leveraging of the Pennsylvania Industrial Development Authority (PIDA) Fund. Market conditions are favorable for this action and PIDA program operations will be able to continue without interruption. This proposal will provide nearly \$280 million in resources to the General Fund.

A quality workforce is one of the most important ingredients for business success. This budget recommends a total of \$17.2 million (\$5 million in new State funds, \$9.2 million in Federal funds and \$3 million in targeted State Customized Job Training funds) for workforce development. The new Critical Job Training Grant Program will enable the Commonwealth to respond quickly to developing workforce needs by providing training resources for dislocated workers and for target areas where immediate demands exist for qualified workers. This budget recommends Workforce Leadership Grants to provide a flexible funding source for responsive programs that meet the workforce needs of businesses and local workforce investment boards in all regions of the Commonwealth.

This budget also recommends \$6.2 million for the SciTech and Technology Scholarships Program. The SciTech Scholars Program provides Pennsylvania college and university students majoring in a science or technology-related field of study with scholarships of \$3,000 a year. The Technology Scholarships Program provides students and workers seeking less than a four-year degree in a science or technology-related field with scholarships of \$1,000 a year.

In addition, this budget recommends increasing the amount of discretionary income for working families by increasing the Personal Income Tax poverty exemption by \$500 per dependent. This will raise the income exemption for a family of four to \$31,000, saving Pennsylvania families a total of \$12.4 million in 2002-03.

Overview and Summaries

Recommended Program Revision: _____

This Budget recommends the following Program Revision which is explained in more detail in the agency presentation.

	2002-03	
	General Fund	Federal and Other Funds
	(Dollar Amounts in Thousands)	
Program Revision / Department / Appropriation		
SUSTAINING ECONOMIC DEVELOPMENT		
Community and Economic Development:		
TANFBG-Critical Job Training.....	\$	5,000
Workforce Leadership Grants.....	\$ 5,000	
Higher Education Assistance Agency:		
SciTech and Technology Scholarships.....	6,200	
Labor and Industry:		
WIA - Statewide Activities.....		2,075
WIA - Dislocated Workers.....		2,075
Total.....	\$ 11,200	\$ 9,150

This Program Revision proposes to leverage the Pennsylvania Industrial Development Authority Fund to enable a rescheduling of the Capital Stock and Franchise Tax rate cut and to provide new critical workforce development initiatives, including targeting of \$3 million in Customized Job Training funding. This Program Revision also provides resources for continued scholarship assistance to technology students and proposes to raise the special tax forgiveness exemption by \$500 per dependent for working families.

Improving the Quality of Life

The Commonwealth has made significant investments over the last several years to provide opportunities for persons with disabilities and for older Pennsylvanians to be as productive as possible, to fully participate in society and to remain in their homes and communities. Historically, services for individuals with mental and physical disabilities and for the elderly have been provided in institutional settings, such as State mental retardation centers, State mental hospitals and nursing homes. As a result of medical and technological advancements and the development of more sophisticated service delivery systems, many of these individuals are now able to remain in their homes and communities with the aid of appropriate support services. This budget recommends \$66.8 million in total funds to continue the Commonwealth's commitment to provide services to individuals with disabilities and the elderly that promote independence and self-respect, and maximize opportunities for family and community involvement.

Over the last several years, the availability of services for persons with mental retardation and mental illness has been progressively shifting from institutional care to home and community-based care. This budget proposes to further enhance community opportunities for persons with mental retardation and mental illness, including those currently residing in State facilities.

In addition, this budget recommends funding to provide home and community-based services for additional persons with disabilities who would otherwise need more restrictive and expensive institutional care. This would include persons who need attendant care services, persons who are ventilator dependent, persons with physical and cognitive disabilities, and older Pennsylvanians seeking alternatives to nursing home care.

To ensure the continued availability of home and community-based services for individuals with acute or chronic health care needs, this budget recommends funding to increase fees paid to providers for home health care services delivered through the Medical Assistance Program. This budget also proposes to increase accessibility and promote independence by providing funding to expand the availability of transportation services for persons with disabilities living in rural communities who are not eligible for other publicly-funded transportation services.

Overview and Summaries

Recommended Program Revision: _____

This Budget recommends the following Program Revision which is explained in more detail in the agency presentation.

	2002-03	
	General Fund	Federal and Other Funds
	(Dollar Amounts in Thousands)	
Program Revision / Department / Appropriation		
EXPANDING HOME AND COMMUNITY-BASED SERVICES		
Aging:		
Home and Community-Based Services.....	\$	10,653
Medical Assistance - Community Services.....		3,559
Public Welfare:		
Mental Health Services.....	\$	1,357
Medical Assistance - Outpatient.....	108	
Medical Assistance - Outpatient.....		1,283
Intergovernmental Transfer.....		979
Medical Assistance - Capitation.....	526	
Medical Assistance - Capitation.....		569
Long-Term Care.....	200	
Medical Assistance - Long-Term Care.....		200
Community Mental Retardation Services.....	10,145	
Medical Assistance - Community MR Services.....		8,004
Services to Persons with Disabilities.....	1,156	
Medical Assistance - Services to Persons with Disabilities.....		5,327
Intergovernmental Transfer.....		3,292
Attendant Care.....	1,490	
Medical Assistance - Attendant Care.....		1,062
Home and Community-Based Services (EA).....		6,986
Medical Assistance - Community Services (EA).....		8,038
Transportation:		
Transit and Rail Freight Operations.....	45	
Fixed Route Transit.....	1,800	
Total.....	\$ 16,827	\$ 49,952

This Program Revision recommends resources to provide home and community-based services to additional persons with mental retardation, individuals with disabilities and older Pennsylvanians, and home and community-based behavioral health services to additional persons currently residing in State mental hospitals. In addition, this Program Revision recommends resources to redesign the Statewide structure for the administration of home and community-based services for persons with physical disabilities, increase fees paid to providers of home health care services provided through the Medical Assistance Program, and expand the availability of transportation services for persons with disabilities living in rural communities.

Ensuring Public Safety

Ensuring public safety is of critical importance to increasing the quality of life for citizens and businesses in Pennsylvania's communities. The Commonwealth has developed a multi-faceted approach to address public safety challenges. This budget continues Commonwealth efforts to protect public safety through crime prevention, law enforcement and rehabilitation of offenders. This budget recommends funding to continue programs to assist communities develop juvenile delinquency prevention programs and to expand violence prevention programs, as well as programs to litigate against drug and liquor nuisance properties.

This budget also recommends funding for prison capacity expansion and expanded substance abuse programs in State Correctional Institutions. Since parolees often need substance abuse treatment after they leave State Correctional Institutions, this budget recommends funding for community treatment services for parolees with substance abuse problems. In addition, this budget recommends funding for new fingerprinting equipment and database capacity expansion in order to enhance State Police law enforcement activities.

Recommended Program Revision: _____

This Budget recommends the following Program Revision which is explained in more detail in the agency presentation.

Program Revision / Department / Appropriation	2002-03	
	General Fund	Federal and Other Funds
	(Dollar Amounts in Thousands)	
PROTECTING PUBLIC SAFETY		
Executive Offices:		
Partnership for Safe Children.....	\$ 1,050	
Weed and Seed Program.....	1,200	
TANFBG - Weed and Seed.....		\$ 2,000
Corrections:		
Medical Care.....	644	
Inmate Education and Training.....	530	
State Correctional Institutions.....	7,743	
Health:		
SABG - Drug and Alcohol Services.....		1,500
State Police:		
Automated Fingerprint Identification System.....	1,421	
Latent Print Transmission (EA).....		250
Livescan Expansion (EA).....		160
Total.....	\$ 12,588	\$ 3,910

This Program Revision provides resources to continue juvenile delinquency prevention programs and to expand crime and violence prevention programs. This Program Revision also provides resources to increase prison capacity and substance abuse programming in State Correctional Institutions and to expand community treatment services for parolees with substance abuse problems. In addition, this Program Revision provides resources for new equipment and to expand database capacity to enhance State Police law enforcement activities.

Health Care Cost Containment

The Medical Assistance Program has experienced dramatic expenditure increases over the last several years primarily due to the escalating cost of medical services. Since 1996-97, State expenditures for Medical Assistance have increased by 35 percent, or nearly \$850 million. Given the increases in medical costs, declining State revenue growth and the potential for rising caseloads due to the national recession, this Program Revision recommends a series of cost containment initiatives designed to maintain eligibility for those most in need of assistance while saving approximately \$13.2 million in State funds in 2002-03 and \$55 million in State funds in 2003-04.

Current eligibility determination procedures for certain Medical Assistance eligibility categories provide deductions to reduce income to within eligibility levels, a process referred to as "spend-down". This budget proposes to revise some deductions while eliminating others as part of the Medical Assistance eligibility determination process.

While the number of Medical Assistance recipients receiving nursing home care has begun to level off as a result of expanded home and community-based alternatives, the cost of nursing home care continues to increase. In an effort to control growth in State expenditures for nursing home care, this budget recommends a series of initiatives that would tighten nursing home eligibility requirements.

In addition, this budget proposes to implement a policy that would require a portion of parental income to be considered available and counted when determining Medical Assistance income eligibility for children with disabilities in certain eligibility categories.

Recommended Program Revision: _____

This Budget recommends the following Program Revision which is explained in more detail in the agency presentation.

Program Revision / Department / Appropriation	2002-03	
	General Fund	Federal and Other Funds
	(Dollar Amounts in Thousands)	
MEDICAL ASSISTANCE COST CONTAINMENT		
Public Welfare:		
Medical Assistance - Outpatient.....	\$ (5,254)	
Medical Assistance - Outpatient.....		\$ (5,815)
Medical Assistance - Inpatient.....	(2,338)	
Medical Assistance - Inpatient.....		(2,748)
Medical Assistance - Capitation.....	(2,542)	
Medical Assistance - Capitation.....		(2,308)
Long-Term Care.....	(3,083)	
Medical Assistance - Long-Term Care.....		(3,721)
Total.....	\$ (13,217)	\$ (14,592)

This Program Revision limits the spend-down provisions for the Medically Needy Only eligibility category, eliminates the spend-down provisions for the Non-Money Payment eligibility category, tightens the income eligibility requirements for nursing home care, and limits eligibility for children with disabilities based on parental income.



The Improve Management Performance and Cost Control Task Force Commission (IMPACCT) was created by the Governor and the Legislature in 1995 to study management of government operations and to propose changes in State government operations which reduce costs, increase accountability and improve services.

The Privatize, Retain, Innovate, Modify and Eliminate (PRIME) process, launched in March 1996, is the implementation stage of IMPACCT.

PRIME is creating a more customer-centered, cost-efficient, and competitive State Government through employe-driven change. In each agency Innovation Teams or I-Teams have been carrying out the recommendations included in that agency's PRIME Action Plan. PRIME has effected fundamental changes in the way State Government does business.

To date 525 PRIME recommendations have been completed. It is estimated that over \$581 million has been saved, reallocated or earned from completed projects. These accomplishments range from the Insurance Department reducing the time needed to process an insurance agent license request under normal circumstances from 37 days to 14 days, to the Department of Transportation's "Smart Bridge" technology. Sensors placed on the bridge monitor road conditions and automatically release anti-icing material. In 2002-03 the efforts of PRIME will continue so that core public services are delivered in the most customer focused and cost-effective way possible.

The Innovation Bank Program, initiated in March 1998, continued to be utilized in 2001-02. The bank, unique to Pennsylvania, provides job related incentive rewards based on individual or team accomplishments for innovative projects that have led to a customer focused and more effective State Government. Currently, work groups responsible for six projects have earned Innovation Awards. A total of \$529,084 from savings generated by the projects have been returned to these work groups to be used in the workplace.

Examples of PRIME recommendations that were completed in 2001-02 are shown below.



1. The Department of Education implemented the Child Nutrition Program Electronic Application and Reimbursement System (CN PEARS). PEARS is a customer friendly web-based system allowing 1,700 sponsors of seven Federal child nutrition programs to submit annual applications, monthly claims for reimbursement, and other required forms and reports to the Department of Education via the Internet. This has eliminated an estimated 1.2 tons of paper annually and resulted in an estimated savings of \$730,000 to the customers.
2. The Pennsylvania State Library implemented a system for the sharing of documents for all Pennsylvania state residents with a library card. The Pennsylvania Online World of Electronic Resources (POWER) Library Project allows libraries to have Statewide licenses to access online periodicals and reference the ACCESS database through public and school libraries. The database includes a wealth of resources on business, and consumer health and provides a variety of resources for primary, middle and high school students. The database currently includes the catalog records of 1,907 library collections.
3. The Pennsylvania State Police Bureau of Research and Development developed the new Pennsylvania Uniform Crime Reporting (UCR) System. The system provides an e-business solution for the administration of the Pennsylvania UCR program. The system is available 7 days a week, 24 hours a day through the Internet and through a help desk during normal

business hours. Data is collected from approximately 1,000 police agencies in the Commonwealth. In the past all information was collected on paper and the existing system has not been changed in over 27 years. The cost savings realized for the automation of the process is estimated at \$850,000 per year to the State Police. An additional benefit is that the information is now available to the public at <http://ucr.psp.state.pa.us>.

4. The Department of Revenue created the first state income tax curriculum, PIT 101 for high school students – a group of taxpayers previously overlooked. With the help of the Department of Education, PIT 101 provides working high school students with the tools to understand and file their own state income tax return.



Examples of PRIME recommendations that will be completed in 2002-03 are shown below. These examples are highlighted in the respective agency presentations and identified by a PRIME logo.

1. The Department of Conservation and Natural Resources will redesign the manner in which the annual Timber Harvest process is administered.
2. The Department of State will provide additional disciplinary action information for regulated professionals through the department's website.
3. The Department of Revenue will complete the final steps necessary to redesign the way business liens are filed and settled.
4. The Department of General Services will streamline the process for procuring new vehicles.



Green Government

In 1998, the Governor's Green Government Council was created to challenge Commonwealth agencies to lead Pennsylvanians toward a sustainable future. With membership from all agencies under the Governor's jurisdiction as well as voluntary participation from the Commonwealth's independent agencies, the Governor's Green Government Council (GGGC) is working to assure that the environmental impacts of agency actions are routinely considered in all governmental decision-making.

Under the co-chairmanship of the Secretaries of the Departments of General Services and Environmental Protection, the GGGC has taken significant steps towards lessening the environmental impact of Commonwealth operations. Since conventional U. S. buildings use 40 percent of total energy supplies, derived primarily from fossil fuels, which generate one third of carbon dioxide emissions and greenhouse gases, high performance green building continues to be a major focus. Major achievements include:

- The nation's first gold LEED Version 2 (Leadership in Energy and Environmental Design) rating being awarded to DEP's Cambria District Mining Office by the US Green Building Council.
- Establishing a climate in which green buildings are becoming increasingly common. Twenty Pennsylvania buildings are now registered with the U.S. Green Building Council for evaluation as green buildings under the LEED system. They include public and private sector buildings, schools, a museum, a hotel, a Post Office, a laboratory and the Pittsburgh Convention Center. The Commonwealth's registered buildings include DCNR's Presque Isle Center and DEP's new laboratory.
- Five agencies, including the State System of Higher Education and the Departments of Corrections, Education, Labor and Industry, and Military and Veterans' Affairs, either have or are negotiating performance contracts to perform energy efficiency upgrades to twelve major facilities including Fort Indiantown Gap, Thaddeus Stevens College of Technology, three prisons, and four state universities.
- Commonwealth building professionals attending a year-long program on high performance green building and integrated design presented by staff

from Carnegie Mellon University's School of Architecture. The program culminates in a hands-on application of the principles to the design of PennDOT's new Delaware Water Gap Welcome Center. The curriculum will subsequently be offered to the Pennsylvania chapter of the American Institute of Architects for use in their continuing education program.

- Acquisition of 50,000 megawatt hours of renewable electricity attributes for calendar year 2002 by the Department of General Services on behalf of major Commonwealth agencies including the State System of Higher Education. Twenty percent comes from new wind power, two percent from new landfill methane – a very potent climate change gas – and approximately one percent new solar, with hydropower making up the remainder. All the new generation is located within Pennsylvania, creating economic development as well as very low impact energy. The hydropower from the Conowingo plant has just been certified by an independent third party certifier, using the international ISO 14042 environmental impact assessment tool, as being environmentally preferable.

In the coming year, the council will:

- Launch its Green Office program to consolidate operational issues common to all agencies. The program will educate Commonwealth employees on the connections between their office activities and environmental health, offering more ecologically friendly alternatives to common office practices. The project will provide a template for developing a green office and simple measurement tools for assessing progress.
- Work with the newly formed Pennsylvania Consortium for Interdisciplinary Environmental Policy to green campus operations and to integrate environmental concepts throughout the academic curriculum. Consortium membership is currently comprised of 43 Pennsylvania colleges and universities, the State System of Higher Education and the Departments of Conservation and Natural Resources and Environmental Protection.
- Work on improving accountability by developing meaningful measures for which data can be collected cost effectively.

Early Childhood Initiative

“Ensuring that Pennsylvania’s children are healthy, safe, and ready for school”

Pennsylvania’s children are among our most precious resources. This Administration’s commitment to the health, education and well-being of Pennsylvania’s children has been demonstrated in past budgets and is reflected again in this budget. Our vision is that all children in Pennsylvania are healthy, safe and ready to succeed in school. This budget proposes to build upon the existing programs and services for young children, in accordance with the following goals.

- **All children are healthy.**

Healthy children are better prepared for learning and academic success. A coordinated system of health care, nutritional services and nutritional information supports children and families as they learn and grow.

This budget recommends funding for the Department of Health to provide newborn screening, well-baby/child visits, childhood immunizations, health care referrals and services to children with special needs. Funding is also provided for the Department of Public Welfare and the Insurance Department to provide health care coverage for low-income children. In addition, funding is provided for the departments of Education, Health and Public Welfare to provide nutritional assistance for children and their families.

- **All children are safe.**

Children must reside and be cared for in safe, stable environments that support their learning and growth.

This budget recommends funding for the Department of Public Welfare to ensure that child care centers are appropriately licensed, provide quality services, and support parental choice of child care providers for low-income families. Funding is also provided for the Commission on Crime and Delinquency and the Department of Education to support safe communities and stable families for children. In addition, funding is provided to continue programs that support a father’s role in the family.

- **All children are ready for school.**

Parental involvement and access to performance-based early childhood development materials are critical to a child’s future success.

This budget recommends funding for the departments of Education and Public Welfare to provide early intervention services designed to assess and assist children with developmental delays. Funding is also provided for the Department of Education to support school readiness and family literacy programs. In addition, the Department of Health is implementing an early childhood cognitive development information campaign, aimed at providing parents and families with information to support early childhood cognitive and brain development.

Below is a summary of new and expanded early childhood initiatives, totaling approximately \$23.4 million. Please refer to individual agency presentations for additional information regarding these initiatives.

	(Dollar Amounts in Thousands)	
	<u>State Funds</u>	<u>Federal Funds</u>
Department of Education		
Early Childhood Screening Enhancements	\$ 300	\$ 1,500
Preschool and Family Educational Resources		400
Department of Public Welfare		
Subsidized Child Care Services Expansion		7,900
Child Care Services Quality Enhancements		6,000
Expanded Early Intervention Services	3,569	472
Increased Early Childhood Program Planning Grants		3,000
Enhanced Early Childhood Professional Development		250
 TOTAL	 <u>\$ 3,869</u>	 <u>\$ 19,522</u>

In addition to the increased funding provided for new and expanded initiatives in 2002-03, this budget includes approximately \$55 million in total funds to continue the Early Childhood Initiatives started in 2001-02.

Homeland Security Initiative

“Protecting the pillars of our nation – our people, our values and our communities”

The events of September 11, 2001, have forever changed the face of our nation. For the first time in nearly sixty years, our nation was attacked by an unconventional enemy using unconventional means. The impact of this attack touched the entire world, and its effects will forever be in our minds. As a result of these events, we strengthen our resolve to protect our nation, our people, our values and our communities. Pennsylvania has been building a model for anti-terrorism since 1996, and this model has been strengthened and will continue to be expanded. The Governor’s Task Force on Security has acted with great speed to assess the Commonwealth’s emergency preparedness and has identified opportunities to build upon our existing core capacity to respond quickly and effectively in the event of future emergencies. The Task Force has identified immediate needs of over \$7 million in State funds for the current fiscal year to strengthen and broaden our preparedness. In addition, the Federal government could provide up to \$66 million in immediate assistance for emergency preparedness. This budget proposes to build upon existing preparedness programs in the following areas.

- **State and Local Emergency Preparedness and Response Plans.**

State and local government and emergency response organizations must perform emergency preparedness planning and be adequately trained so that they are able to respond when called upon.

This budget recommends funding for the Emergency Management Agency to conduct training and emergency preparedness exercises for State and local emergency response organizations and emergency plan development for counties.

- **Critical Infrastructure Security.**

Critical infrastructure items must be identified, and their security risks and needs must be assessed to ensure the continued protection of these infrastructure items.

This budget recommends funding for 100 additional State Police Troopers who will be deployed statewide to provide additional law enforcement support. In addition, funding is recommended for the State Police to guard against and investigate incidents of cyber attacks and to enhance law enforcement preparedness. Funding is also recommended to the Department of General Services to deploy additional security staff and to enhance security at various Commonwealth buildings. This budget also recommends funding for the Executive Offices to enhance the security of the Commonwealth’s data facilities and resources.

- **Public Health Readiness and Response.**

Efforts must be undertaken to monitor public health and food supplies, and highly trained teams must be available to respond in the event of an emergency situation.

This budget recommends funding for the Departments of Health and Environmental Protection to more effectively monitor the public health for chemical, biological and nuclear incidents and to ensure that healthcare facilities are prepared for possible emergency situations. Funding is also recommended for the Department of Agriculture to develop emergency preparedness plans for the plant and animal health industries. In addition, this budget recommends funding for the Emergency Management Agency for additional Urban Search and Rescue training and certification and for regional assessment team development and training. Funding is also recommended for the Department of Public Welfare and the Executive Offices for crisis counseling preparedness.

- **Radio Communication Systems.**

Emergency response organizations at all levels of government must be able to communicate quickly, efficiently and in a coordinated manner in the event of an emergency.

This budget recommends funding for the Executive Offices for the first year of implementation of the Statewide Public Safety Radio System. Funding is also recommended for the Department of Military and Veterans Affairs to participate in the Statewide Public Safety Radio System. In addition, this budget recommends funding for the Emergency Management Agency for secure communication equipment.

On the following page is a summary of 2001-02 and 2002-03 emergency preparedness initiatives, totaling approximately \$73.5 million and \$132 million, respectively. This budget proposes continuation of the Federal funds that are expected to be received in the available year. Additional revisions may occur as the Federal government provides more information on the availability and intended uses of Federal funds.

Please refer to individual agency presentations for additional information regarding these initiatives.

Overview and Summaries

	2001-02 Available		
	(Dollar Amounts in Thousands)		
	<u>State Funds</u>	<u>Federal Funds</u>	<u>Capital Funds</u>
Executive Offices			
Flight 93 Disaster and Counseling Assistance.....		\$ 1,100	
Incident Preparedness.....		5,000	
Emergency Management Agency			
Training and Planning Assistance.....	\$ 728		
Emergency Preparedness and Response.....	981		
Urban Search and Rescue.....	3,517		
Department of General Services			
Infrastructure Security.....	243		
Capitol Police Staffing and Security Equipment.....	1,600		
Department of Health			
Public Health Emergency Preparedness and Response.....		50,000	
Department of Public Welfare			
Disaster Counseling Preparedness.....		3,275	
State Police			
Cyber Security.....		4,100	
Law Enforcement Preparedness.....		2,988	
TOTAL	<u>\$ 7,069</u>	<u>\$ 66,463</u>	<u>\$ 0</u>

	2002-03 Budget		
	(Dollar Amounts in Thousands)		
	<u>State Funds</u>	<u>Federal Funds</u>	<u>Capital Funds</u>
Executive Offices			
Statewide Public Safety Radio System.....	\$ 11,174		
Data Security Enhancements.....	2,686		\$ 5,039
Flight 93 Disaster Assistance.....		\$ 1,100	
Department of Agriculture			
Bio-Security.....	80		
Emergency Management Agency			
Training and Planning Assistance.....	7,089		
Emergency Preparedness and Response.....	2,182		
Urban Search and Rescue.....	808		
Department of Environmental Protection			
Environmental Health Surveillance.....	60		
Nuclear and Biological Security.....		3,225	
Department of General Services			
Infrastructure Security.....	589		24,821
Capitol Police Staffing and Security Equipment.....	4,602		
Department of Health			
Public Health Emergency Preparedness and Response.....		46,775	
Department of Military and Veterans Affairs			
Statewide Public Safety Radio System.....	1,170		
Department of Public Welfare			
Disaster Counseling Preparedness.....		5,605	
State Police			
Additional State Police Troopers.....	7,240		
Additional State Police Trooper Support.....	860		
Cyber Security.....		4,100	
Law Enforcement Preparedness.....		2,988	
TOTAL	<u>\$ 38,540</u>	<u>\$ 63,793</u>	<u>\$ 29,860</u>



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 latest change is the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 that created two new block grants: Temporary Assistance to Needy Families and the Child Care Development Fund which replaced the Child Care Block Grant.

In addition, three programs have been included in this presentation because the Federal Government provides flexibility on the activities eligible for funding. These programs are: Workforce Investment (which replaces the Job Training Partnership), 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 2001-02 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 2002-03 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 2000-01 expenditures, 2001-02 available and 2002-03 amounts budgeted as presented in the 2002-03 Governor's Executive Budget.

(Dollar Amounts in Thousands)

	2000-01 Actual Block	2001-02 Available Block	2002-03 Recommended Block
Community Services.....	\$ 23,148	\$ 27,756	\$ 28,262
Small Communities.....	841	2,800	3,300
Education.....	14,994	59,580	59,064
Maternal and Child Health.....	27,221	31,980	33,600
Preventive Health and Health Services.....	9,699	9,494	7,555
Substance Abuse.....	59,576	62,309	64,925
Workforce Investment.....	174,232	237,900	237,900
Child Care and Development Fund.....	243,355	269,211	284,574
Low Income Home Energy Assistance.....	162,532	198,261	193,744
Mental Health Services.....	13,216	19,527	17,903
Social Services.....	156,296	155,201	150,820
Temporary Assistance to Needy Families.....	634,406	863,065	882,103
Anti-Drug Abuse.....	43,440	46,742	46,659
TOTAL.....	<u>\$ 1,562,956</u>	<u>\$ 1,983,826</u>	<u>\$ 2,010,409</u>

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	2000-01 Actual Block	2001-02 Available Block	2002-03 Recommended Block
Community and Economic Development:			
CSBG — Administration.....	\$ 815	\$ 1,388	\$ 1,262
CSBG — Community Services.....	22,333	26,368	27,000
TOTAL.....	\$ 23,148	\$ 27,756	\$ 28,262

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.

The program provides funding to rehabilitate Pennsylvania's housing and infrastructure in order to benefit low and moderate income citizens.

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 setaside for discretionary projects which the department plans to distribute to boroughs and townships under 10,000 in population. The remaining two percent is set aside for administrative costs.

Beginning in Fiscal Year 2001-02 the Federal funds 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. However the Commonwealth maintains administrative oversight for the program.

(Dollar Amounts in Thousands)

Department / Appropriation	2000-01 Actual Block	2001-02 Available Block	2002-03 Recommended Block
Community and Economic Development:			
SCDBG — Administration.....	\$ 841	\$ 1,300	\$ 1,300
SCDBG — HUD Disaster Recovery.....	0	1,500 ^a	2,000 ^a
TOTAL.....	\$ 841	\$ 2,800	\$ 3,300

^a Disaster funds to mitigate hazards such as faulty sewage and drainage infrastructure.

Education

The Improving America's Schools Act of 1994 reauthorized the Education block grant as Innovative Education Program Strategies. These funds are used for technical assistance and Statewide educational reform activities to provide innovative targeted educational assistance to schools. Funds may be used for the acquisition and enhancement of technology related to the implementation of school-based reform programs, training and professional development programs, instructional materials and assessments, library services and materials, literacy programs, gifted and talented programs, and services to private school students.

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 costs.

The school district portion is distributed according to a formula based on the number of students, poverty and population density.

(Dollar Amounts in Thousands)

Department / Appropriation	2000-01 Actual Block	2001-02 Available Block	2002-03 Recommended Block
Education:			
ESEA Title VI — Administration/State.....	\$ 2,699 ^a	\$ 3,580 ^a	\$ 3,064 ^a
School Districts:			
ESEA Title VI — School Districts.....	\$ 12,295	\$ 56,000 ^b	\$ 56,000 ^b
TOTAL.....	\$ 14,994	\$ 59,580	\$ 59,064

^a Includes carryover.

^b Includes one-time funding of \$44 million for school construction renovations.

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	2000-01 Actual Block	2001-02 Available Block	2002-03 Recommended Block
Public Welfare:			
MHSBG — Administration.....	\$ 98	\$ 261	\$ 158
MHSBG — Community Mental Health.....	13,118	19,266	17,745
TOTAL.....	\$ 13,216	\$ 19,527	\$ 17,903

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.

(Dollar Amounts in Thousands)

Department / Appropriation	2000-01 Actual Block	2001-02 Available Block	2002-03 Recommended Block
Health:			
PHHSBG — Administration and Operation.....	\$ 2,979	\$ 3,419	\$ 3,167
PHHSBG — Block Program Services.....	4,217	3,679	3,679
Subtotal.....	\$ 7,196	\$ 7,098	\$ 6,846
Public Welfare:			
PHHSBG — Domestic Violence.....	\$ 150	\$ 150	\$ 150
PHHSBG — Rape Crisis	2,353	2,246	559 ^a
Subtotal.....	\$ 2,503	\$ 2,396	\$ 709
TOTAL.....	\$ 9,699	\$ 9,494	\$ 7,555

^a Rape Prevention and Education funding was removed from the PHHS block grant by the Federal Violence Against Women Act of 2000. Funds are provided outside of the block grant.

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	2000-01 Actual Block	2001-02 Available Block	2002-03 Recommended Block
Corrections:			
SABG — Drug and Alcohol Programs.....	\$ 2,100	\$ 2,100	\$ 2,100
Health:			
SABG — Administration and Operation.....	\$ 4,829	\$ 5,374	\$ 5,980
SABG — Drug and Alcohol Services.....	50,664	52,852	54,862
Subtotal.....	\$ 55,493	\$ 58,226	\$ 60,842
Public Welfare:			
Homeless Services — SABG.....	\$ 1,983	\$ 1,983	\$ 1,983
TOTAL.....	\$ 59,576	\$ 62,309	\$ 64,925

Workforce Investment

The Federal Workforce Investment Act (WIA) of 1998 replaced the Job Training Partnership Act (JTPA), on July 1, 2000 and will streamline the delivery of job training services. WIA reforms Federal job training programs and creates a new comprehensive workforce investment system governing programs of job training, adult education and literacy, and vocational rehabilitation, replacing them with streamlined and more flexible components of workforce development systems. The act provides for an orderly transition from JTPA to the new programs. In addition, the law gives states and individuals more authority and responsibility for job training needs and decisions.

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 for Federal fiscal years 1999-2003. 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 through Federal fiscal year 2003 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.

Department / Appropriation	(Dollar Amounts in Thousands)		
	2000-01 Actual Block	2001-02 Available Block	2002-03 Recommended Block
Executive Offices:			
WIA — Program Accountability.....	\$ 390	\$ 400	\$ 400
Labor and Industry:			
WIA — Administration.....	\$ 6,757	\$ 8,500	\$ 8,500
WIA — Adult Employment & Training.....	45,286	60,000	60,000
WIA — Youth Employment & Training.....	51,969	52,000	52,000
WIA — Statewide Activities.....	11,154	23,000	23,000
WIA — Dislocated Workers.....	58,676	94,000	94,000
Subtotal.....	\$ 173,842	\$ 237,500	\$ 237,500
TOTAL.....	\$ 174,232	\$ 237,900	\$ 237,900

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	2000-01 Actual Block	2001-02 Available Block	2002-03 Recommended Block
Community and Economic Development:			
CCDFBG — Child Care Start-Up.....	\$ 0	\$ 500	\$ 0
CCDFBG — Cyberstart.....	0	8,400	8,400
Subtotal.....	\$ 0	\$ 8,900	\$ 8,400
Education:			
CCDFBG-Early Childhood Development.....	\$ 0	\$ 250	\$ 0
Public Welfare:			
CCDFBG — Administration.....	\$ 3,591	\$ 12,843	\$ 12,057
CCDFBG — Cash Grants.....	117,796	110,557	105,588
CCDFBG — Family Centers	0	4,000	3,000
CCDFBG — Child Care	120,708	131,401	154,269
CCDFBG — School Age.....	1,260	1,260	1,260
Subtotal.....	\$ 243,355	\$ 260,061	\$ 276,174
TOTAL.....	<u>\$ 243,355</u>	<u>\$ 269,211</u>	<u>\$ 284,574</u>

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 supplemental funding from the Energy Conservation and Assistance Fund. The fund provided \$1,300,000 in 2000-01, \$918,000 in 2001-02, and is projected to receive \$3,800,000 in 2002-03 for the Low-Income Home Energy Assistance Program (LIHEAP).

(Dollar Amounts in Thousands)

Department / Appropriation	2000-01 Actual Block	2001-02 Available Block	2002-03 Recommended Block
Community and Economic Development:			
LIHEABG — Administration.....	\$ 331	\$ 500	\$ 500
LIHEABG — Weatherization Program.....	13,993	22,700	22,700
Subtotal.....	\$ 14,324	\$ 23,200	\$ 23,200
Public Welfare:			
LIHEABG — Administration.....	\$ 6,208	\$ 8,553	\$ 7,912
LIHEABG — Low-Income Families and Individuals.....	142,000	166,508	162,632
Subtotal.....	\$ 148,208	\$ 175,061	\$ 170,544
TOTAL.....	<u>\$ 162,532</u>	<u>\$ 198,261</u>	<u>\$ 193,744</u>

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	2000-01 Actual Block	2001-02 Available Block	2002-03 Recommended Block
Public Welfare:			
MHSBG — Administration.....	\$ 98	\$ 261	\$ 158
MHSBG — Community Mental Health.....	13,118	19,266	17,745
TOTAL.....	\$ 13,216	\$ 19,527	\$ 17,903

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. This includes one-time transfers for initiatives recommended in the budget. In addition, the SSBG was utilized by the Federal government as a vehicle to provide mental health counseling grants following the September 2001 disaster.

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.

Department / Appropriation	Actual Block	Available Block	Recommended Block
Education:			
SSBG — Early Childhood Development.....	\$ 0	\$ 0	\$ 400
SSBG — Early Childhood Screening.....	0	0	1,500
Subtotal.....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,900</u>
Public Welfare:			
SSBG — Administration.....	\$ 3,691	\$ 3,691	\$ 3,610
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
Emergency Disaster Relief - SSBG (EA).....	0	200	0
SSBG — Community Mental Retardation....	13,984	13,984	13,984
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	1,205
SSBG — Rape Crisis.....	634	634	634
SSBG — Family Planning.....	3,845	3,845	3,845
SSBG — Legal Services.....	5,049	5,049	5,049
SSBG — Legal Services Systems Improvements.....	0	0	2,000
SSBG — Homeless Services.....	2,183	2,183	2,183
SSBG — Services to Persons with Disabilities.....	120	120	120
SSBG — Attendant Care.....	6,971	6,971	6,971
Subtotal.....	<u>\$ 105,001</u>	<u>\$ 105,201</u>	<u>\$ 106,920</u>
Community and Economic Development:			
Empowerment Zones and Enterprise Communities — SSBG.....	\$ 51,295	\$ 50,000 ^a	\$ 42,000 ^a
TOTAL.....	<u>\$ 156,296</u>	<u>\$ 155,201</u>	<u>\$ 150,820</u>

^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.

Department / Appropriation	(Dollar Amounts in Thousands)		
	2000-01 Actual Block	2001-02 Available Block	2002-03 Recommended Block
Executive Offices:			
<i>Office of Inspector General</i>			
TANFBG — Program Accountability.....	\$ 1,451	\$ 2,010	\$ 2,722
<i>Juvenile Court Judges Commission</i>			
TANFBG — Juvenile Probation Emergency Assistance Services.....	2,000	2,000	2,000
<i>Commission on Crime and Delinquency</i>			
TANFBG — Victims Assistance (EA)	0	1,500 ^a	0
TANFBG — Stop Violence Against Women.....	0	0	1,500
TANFBG — Nurse Home Visitation.....	0	7,200	7,200
TANFBG — Weed and Seed.....	0	0	2,000
Subtotal.....	\$ 3,451	\$ 12,710	\$ 15,422
Community and Economic Development:			
TANFBG — Housing Assistance.....	\$ 1,169	\$ 8,900	\$ 8,900
TANFBG — Housing Collaboration.....	0	30,000	30,000
TANFBG — Family Savings Account.....	0	2,000	2,000
TANFBG — Digital Divide.....	0	4,000	4,000
TANFBG — Child Care Challenge Grants.....	0	10,000	10,000
TANFBG — Critical Job Training Grants.....	0	0	5,000
Subtotal.....	\$ 1,169	\$ 54,900	\$ 59,900
Health:			
TANFBG — I Am Your Child Program.....	\$ 0	\$ 0	\$ 4,008
TANFBG — I Am Your Child (EA).....	0	993 ^a	0
TANFBG — Abstinence Education.....	0	500	750
Subtotal.....	\$ 0	\$ 1,493	\$ 4,758
Higher Education Assistance Agency:			
TANFBG — Education Opportunities.....	\$ 1,500	\$ 1,500	\$ 1,500
Labor and Industry:			
TANFBG — Summer Youth (EA).....	\$ 4,347 ^a	\$ 0	\$ 0
TANFBG — Youth Employment & Training	0	15,000	15,000
Subtotal.....	\$ 4,347	\$ 15,000	\$ 15,000

Temporary Assistance to Needy Families (continued)

Public Welfare:

TANFBG — Administration.....	\$ 4,724	\$ 5,224	\$ 4,623
TANFBG — Information Systems.....	3,962	5,738	9,063
TANFBG — Statewide.....	2,802	4,421	4,421
TANFBG — County Assistance.....	35,071	49,844	49,844
TANFBG — Child Support Enforcement.....	0	1,850	1,850
TANFBG — New Directions.....	53,982	138,406	165,070
TANFBG — Youth Development Center.....	4,200	9,207	6,907
TANFBG — Cash Grants.....	254,874	280,232	225,465
TANFBG — Child Welfare.....	262,995	264,446	296,373
TANFBG — Child Care Services.....	0	2,000	2,000
TANFBG — Domestic Violence.....	500	4,500	4,500
TANFBG — Rape Crisis.....	300	2,087	2,087
TANFBG — Homeless Assistance.....	0	2,000	2,000
	<hr/>	<hr/>	<hr/>
Subtotal.....	\$ 623,410	\$ 769,955	\$ 774,203

Transportation:

TANFBG — Access to Jobs.....	\$ 4,876	\$ 10,000	\$ 11,320
	<hr/>	<hr/>	<hr/>
GRAND TOTAL ALL PROGRAMS.....	\$ 634,406	\$ 863,065 ^b	\$ 882,103 ^b
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

^a Subgrants 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	2000-01 Actual Block	2001-02 Available Block	2002-03 Recommended Block
DRUG CONTROL AND SYSTEM IMPROVEMENT FORMULA GRANT PROGRAM (DCSI)			
Executive Offices:			
<i>Integrated Criminal Justice System</i>			
DCSI — Electronic Reporting.....	\$ 0	\$ 1,337 ^a	\$ 1,334 ^a
<i>Juvenile Court Judges Commission</i>			
DCSI — Enhanced Data Collection.....	\$ 228 ^a	\$ 276 ^a	\$ 40 ^a
DCSI — Specialized Probation Technical Assistance.....	137 ^a	147 ^a	139 ^a
Subtotal.....	\$ 365	\$ 423	\$ 179
<i>Commission on Crime and Delinquency</i>			
DCSI — Administration.....	\$ 1,419	\$ 1,600	\$ 1,600
DCSI — Program Grants.....	24,000	25,000	25,000
DCSI — Criminal History Records.....	10	10	10
Subtotal.....	\$ 25,429	\$ 26,610	\$ 26,610
Attorney General:			
DCSI — Elder Abuse Advisory Board.....	\$ 13 ^a	\$ 25 ^a	\$ 0
DCSI — Child Sexual Exploitation Prevention.....	19 ^a	17 ^a	4 ^a
DCSI — Senior Crime Prevention University.....	0	141 ^a	116 ^a
DCSI — Monitoring Prescription Abuse.....	16 ^a	0	0
DCSI — Financial Investigations and Money Laundering.....	198 ^a	127 ^a	0
DCSI — Pennsylvania Drug Law Enforcement Coordinating System.....	218 ^a	288 ^a	252 ^a
DCSI — Computer Forensics.....	109 ^a	326 ^a	299 ^a
DCSI — Witness Protection Program.....	0	400 ^a	267 ^a
DCSI — Organized Crime and Drug Enforcement.....	284 ^a	94 ^a	0
Subtotal.....	\$ 857	\$ 1,418	\$ 938
Aging:			
DCSI — Older Adult Protective Services Act.....	\$ 16 ^a	\$ 0	\$ 0
DCSI — Older Domestic Violence Victims CrossTraining	53 ^a	53 ^a	54 ^a
DCSI — Protective Services Training	0	99 ^a	115 ^a
DCSI — Sexual Abuse Response Training.....	0	74 ^a	87 ^a
Subtotal.....	\$ 69	\$ 226	\$ 256

Anti-Drug Abuse (continued)

Department / Appropriation	(Dollar Amounts in Thousands)		
	2000-01 Actual Block	2001-02 Available Block	2002-03 Recommended Block
Community and Economic Development:			
DCSI — Regional Police Peer Program.....	\$ 1 ^a	\$ 5 ^a	\$ 0
Corrections:			
DCSI — Violent Crime Victims.....	\$ 41 ^a	\$ 40 ^a	\$ 0
DCSI — Inmate Records.....	96 ^a	0	0
DCSI — Data Information Transfer.....	224 ^a	0	0
DCSI — Electronic Inmate File System.....	56 ^a	0	0
DCSI — Community Outreach Recruitment.....	0	155 ^a	25 ^a
DCSI — Therapeutic Community.....	10 ^a	300 ^a	200 ^a
DCSI — Ionscan.....	18 ^a	0	0
DCSI — Employment Opportunities.....	0	375 ^a	375 ^a
DCSI — Virtual Visitation.....	0	120 ^a	60 ^a
DCSI — Adult Interactive Living.....	30 ^a	325 ^a	200 ^a
DCSI — Intervention Training.....	0	18 ^a	0
DCSI — Video Conferencing.....	88 ^a	89 ^a	60 ^a
DCSI — Sex Offender Assessment.....	0	75 ^a	345 ^a
DCSI — Inmate Culinary Training.....	0	15 ^a	53 ^a
Subtotal.....	\$ 563	\$ 1,512	\$ 1,318
Health:			
DCSI — Adult Offender Treatment.....	\$ 670 ^a	\$ 735 ^a	\$ 357 ^a
Military and Veterans Affairs:			
DCSI — Drug Enforcement Training.....	\$ 0	\$ 579 ^a	\$ 0
Probation and Parole:			
DCSI — Residential Substance Abuse Treatment	\$ 38 ^a	\$ 348 ^a	\$ 78 ^a
DCSI — County SAVE.....	879 ^a	800 ^a	273 ^a
DCSI — Community Notification.....	11 ^a	100 ^a	57 ^a
DCSI — Parole Planning System Automation.....	1,313 ^a	225 ^a	0
DCSI — Sexual Offenders Treatment.....	0	640 ^a	293 ^a
DCSI — Case Management.....	0	470 ^a	313 ^a
DCSI — Critical Incident Response Training.....	0	26 ^a	0
Subtotal.....	\$ 2,241	\$ 2,609	\$ 1,014
Public Welfare:			
DCSI — Mental Health Initiatives.....	\$ 185 ^a	\$ 0	\$ 0
DCSI — Training Academy.....	0	23 ^a	11 ^a
DCSI — Helping Communities Respond.....	0	94 ^a	0
Subtotal.....	\$ 185	\$ 117	\$ 11
State Police:			
DCSI — Robotic DNA Sampling.....	\$ 95 ^a	\$ 0	\$ 0
DCSI — Aerial Surveillance Equipment.....	100 ^a	0	0
DCSI — Redesign Crime Reporting System.....	200 ^a	600 ^a	0
DCSI — Digital Wiretap Network.....	559 ^a	600 ^a	529 ^a
DCSI — Minority Recruitment.....	0	159 ^a	212 ^a
DCSI — Criminal History Data.....	1,855 ^a	1,968 ^a	0
Subtotal.....	\$ 2,809	\$ 3,327	\$ 741

Anti-Drug Abuse (continued)

(Dollar Amounts in Thousands)

Department / Appropriation	2000-01 Actual Block	2001-02 Available Block	2002-03 Recommended Block
Legislature:			
<i>Commission on Sentencing</i>			
DCSI — Web Expansion & JNET Interface.....	\$ 0	\$ 0	\$ 203 ^a
Subtotal.....	\$ 0	\$ 0	\$ 203
TOTAL.....	\$ 25,429	\$ 26,610	\$ 26,610
 SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES (DFSC)			
Executive Offices:			
<i>Commission on Crime and Delinquency</i>			
DFSC — Special Programs.....	\$ 3,233	\$ 5,200	\$ 5,200
Education:			
DFSC — Administration.....	\$ 1,856	\$ 2,066	\$ 1,983
DFSC — School Districts.....	12,922	12,866	12,866
Subtotal.....	\$ 14,778	\$ 14,932	\$ 14,849
Health:			
DFSC — Special Programs for Student Assistance.....	\$ 1,123 ^a	\$ 1,125 ^a	\$ 1,125 ^a
Military and Veterans Affairs:			
DFSC — Scotland School for Veterans Children.....	\$ 2 ^a	\$ 2 ^a	\$ 1 ^a
Public Welfare:			
DFSC — Special Programs — Juvenile Aftercare Services	\$ 1,225 ^a	\$ 1,225 ^a	\$ 1,225 ^a
DFSC — Special Programs for Domestic Violence.....	425 ^a	425 ^a	425 ^a
DFSC — Special Programs for Rape Crisis.....	142 ^a	142 ^a	142 ^a
Subtotal.....	\$ 1,792	\$ 1,792	\$ 1,792
TOTAL.....	\$ 18,011	\$ 20,132	\$ 20,049
GRAND TOTAL ALL PROGRAMS.....	\$ 43,440	\$ 46,742	\$ 46,659

^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)

<u>Department</u>	<u>2001-02</u> <u>Estimate</u>	<u>2002-03</u> <u>Estimate</u>
Governor's Office.....	\$967	\$982
Executive Offices.....	207	215
Lt. Governor's Office.....	70	72
Aging.....	181	187
Agriculture.....	266	266
Banking.....	27	28
Civil Service Commission.....	56	56
Community and Economic Development.....	407	413
Conservation and Natural Resources.....	240	255
Corrections.....	225	238
Education.....	340	348
Emergency Management Agency.....	131	145
Environmental Protection.....	2,272	2,316
Fish and Boat Commission.....	113	119
Game Commission.....	281	270
General Services.....	65	69
Health.....	325	341
Historical and Museum Commission.....	113	117
Insurance.....	200	204
Labor and Industry.....	399	416
Liquor Control Board.....	238	216
Military and Veterans Affairs.....	187	197
Milk Marketing Board.....	170	180
Probation and Parole Board.....	78	52
Public Television Network.....	15	16
Public Utility Commission.....	171	177
Public Welfare.....	417	468
Revenue.....	386	402
Securities Commission.....	32	32
State.....	232	237
State Police.....	211	219
Transportation.....	995	1,065
TOTAL	\$ 10,017	\$ 10,318

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 2002-03. These expenditures are expected to generate approximately \$1.1 billion in lottery revenues during 2002-03.
- *Economic development* - A total of \$30.7 million is budgeted in the General Fund to promote tourism and economic development. This will contribute to an estimated \$20.4 billion in 2002-03 travel revenues to Pennsylvania and supports the State's aggressive effort to preserve and create jobs.



COMMONWEALTH PROGRAM BUDGET

This section summarizes the 2002-03 fiscal year budget by major revenue source and major program area of expenditure. This summary includes programs funded from the General Fund, the ten budgeted special revenue funds, Federal funds, and other revenues including augmentations, restricted receipts and revenues, and other special revenue funds.

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

Program Budget Summary

SUMMARY OF REVENUES AND EXPENDITURES FOR THE OPERATING PROGRAM

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

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
BEGINNING BALANCES							
General Fund (a).....	\$ 610,536	\$ 335,467	\$ 300,314	\$ 9,496	.....	.....	.....
Adjustment to Beginning Balance.....	0	1,000	0	0	\$ 0	\$ 0	\$ 0
Adjusted Beginning Balance.....	<u>\$ 610,536</u>	<u>\$ 336,467</u>	<u>\$ 300,314</u>	<u>\$ 9,496</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Special Funds (b).....	<u>\$ 983,517</u>	<u>\$ 1,283,473</u>	<u>\$ 880,701</u>	<u>\$ 778,163</u>	<u>\$ 687,050</u>	<u>\$ 544,826</u>	<u>\$ 326,419</u>
REVENUES							
General Fund:							
Corporation Taxes.....	\$ 1,603,375	\$ 1,461,400	\$ 1,453,900	\$ 1,615,400	\$ 1,681,000	\$ 1,727,300	\$ 1,776,100
Personal Income Tax.....	7,491,462	7,612,900	7,884,300	8,315,800	8,728,600	9,127,200	9,542,000
Sales and Use Taxes.....	7,203,756	7,318,100	7,629,600	7,998,700	8,342,700	8,636,900	8,970,300
All Other Revenues/Taxes.....	4,263,152	4,258,200	4,449,100	4,342,700	4,497,300	4,682,100	4,878,500
Less Refunds.....	-870,000	-967,200	-830,800	-940,000	-980,000	-1,012,200	-1,046,600
Less Homeowners Property Tax Rebate.....	-249,000	0	0	0	0	0	0
Proposed Tax Changes.....	0	0	-103,400	-172,400	-308,700	-468,200	-643,000
Tobacco Fund Lapses to General Fund.....	0	66,000	115,800	0	0	0	0
Total General Fund.....	\$ 19,442,745	\$ 19,749,400	\$ 20,598,500	\$ 21,160,200	\$ 21,960,900	\$ 22,693,100	\$ 23,477,300
Special Funds.....	3,491,012	3,627,779	3,809,679	3,884,086	3,900,647	3,844,313	3,902,376
Federal Funds.....	11,688,650	13,653,800	14,713,274	14,241,458	14,184,869	14,601,757	14,827,083
Other Funds.....	5,111,606	5,787,624	6,051,239	5,960,882	5,140,337	5,029,321	4,914,963
Total Revenues and Balances.....	<u>\$ 41,328,066</u>	<u>\$ 44,438,543</u>	<u>\$ 46,353,707</u>	<u>\$ 46,034,285</u>	<u>\$ 45,873,803</u>	<u>\$ 46,713,317</u>	<u>\$ 47,448,141</u>
PROGRAM EXPENDITURES							
Direction and Supportive							
Services.....	\$ 1,641,986	\$ 1,836,228	\$ 1,861,636	\$ 1,818,721	\$ 1,792,810	\$ 1,809,383	\$ 1,802,744
Protection of Persons and Property.....							
Education.....	4,457,549	4,891,162	5,065,336	5,102,791	5,117,699	5,001,608	5,040,312
Health and Human Services.....	9,886,363	10,681,331	10,823,183	10,952,631	10,955,621	10,961,461	10,880,015
Economic Development.....	17,389,615	19,589,619	20,600,652	20,197,159	20,086,446	21,035,837	21,886,464
Transportation and Communications.....	1,851,351	2,307,823	1,932,168	2,016,401	2,010,883	1,970,106	1,969,680
Recreation and Cultural Enrichment.....	4,103,052	4,372,129	4,725,464	4,687,914	4,697,124	4,702,993	4,718,156
Less General Fund Lapses.....	589,482	670,264	556,554	570,396	585,954	564,992	571,105
Less Special Fund Lapses.....	-143,882	-434,000	0	0	0	0	0
Less Special Fund Lapses.....	-66,390	-107,028	0	0	0	0	0
Total Operating Expenditures.....	\$ 39,709,126	\$ 43,807,528	\$ 45,564,993	\$ 45,346,013	\$ 45,246,537	\$ 46,046,380	\$ 46,868,476
Transfer from Tax Stabilization Reserve Fund.....							
Transfer to Tax Stabilization Reserve Fund.....	0	550,000	0	0	0	0	0
Transfer to Tax Stabilization Reserve Fund.....	0	0	-1,055	-122	-8,244	-34,052	-54,764
ENDING BALANCES							
General Fund.....	<u>\$ 335,467</u>	<u>\$ 300,314</u>	<u>\$ 9,496</u>	<u>\$ 1,100</u>	<u>\$ 74,196</u>	<u>\$ 306,466</u>	<u>\$ 492,880</u>
Special Funds (b).....	<u>\$ 1,283,473</u>	<u>\$ 880,701</u>	<u>\$ 778,163</u>	<u>\$ 687,050</u>	<u>\$ 544,826</u>	<u>\$ 326,419</u>	<u>\$ 32,021</u>

(a) Balances are not carried forward beyond 2003-04.

(b) Includes Lottery Fund reserve.

Program Budget Summary

Seven Year Summary of Commonwealth Programs

The following is a summary for the seven Commonwealth Programs of 2000-01 actual expenditures, 2001-02 amounts available, 2002-03 amounts budgeted and future year estimates for all the operating funds and capital bond authorizations as presented in the 2002-03 Governor's Executive Budget. A breakdown of each Commonwealth Program by Category and Subcategory is shown on subsequent pages.

	(Dollar Amounts in Thousands)						
	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
Direction and Supportive Services							
General Fund.....	\$ 853,849	\$ 905,899	\$ 928,017	\$ 883,189	\$ 856,426	\$ 866,461	\$ 853,256
Special Funds.....	275,478	413,965	426,284	429,402	431,033	437,185	443,404
Federal Funds.....	8,666	13,437	14,950	14,352	13,298	13,306	13,320
Other Funds.....	<u>503,993</u>	<u>502,927</u>	<u>492,385</u>	<u>491,778</u>	<u>492,053</u>	<u>492,431</u>	<u>492,764</u>
Total Operating.....	\$ 1,641,986	\$ 1,836,228	\$ 1,861,636	\$ 1,818,721	\$ 1,792,810	\$ 1,809,383	\$ 1,802,744
Capital Bond Authorizations.....	\$ 83,308	\$ 93,870	\$ 66,382	\$ 16,030	\$ 16,973	\$ 17,916	\$ 18,859
Program Total.....	\$ 1,725,294	\$ 1,930,098	\$ 1,928,018	\$ 1,834,751	\$ 1,809,783	\$ 1,827,299	\$ 1,821,603
Protection of Persons and Property							
General Fund.....	\$ 2,382,041	\$ 2,515,343	\$ 2,554,603	\$ 2,683,429	\$ 2,714,439	\$ 2,655,070	\$ 2,675,481
Special Funds.....	555,677	652,475	678,439	712,266	688,672	639,335	645,757
Federal Funds.....	449,832	531,909	568,616	562,927	568,641	569,764	569,782
Other Funds.....	<u>1,069,999</u>	<u>1,191,435</u>	<u>1,263,678</u>	<u>1,144,169</u>	<u>1,145,947</u>	<u>1,137,439</u>	<u>1,149,292</u>
Total Operating.....	\$ 4,457,549	\$ 4,891,162	\$ 5,065,336	\$ 5,102,791	\$ 5,117,699	\$ 5,001,608	\$ 5,040,312
Capital Bond Authorizations.....	\$ 138,966	\$ 60,060	\$ 98,339	\$ 67,955	\$ 70,842	\$ 74,562	\$ 77,823
Program Total.....	\$ 4,596,515	\$ 4,951,222	\$ 5,163,675	\$ 5,170,746	\$ 5,188,541	\$ 5,076,170	\$ 5,118,135
Education							
General Fund.....	\$ 8,453,509	\$ 8,802,053	\$ 8,987,857	\$ 9,124,663	\$ 9,125,965	\$ 9,130,907	\$ 9,048,408
Special Funds.....	9,621	23,660	7,509	10,351	12,039	12,937	13,990
Federal Funds.....	1,116,905	1,431,637	1,485,290	1,484,890	1,484,890	1,484,890	1,484,890
Other Funds.....	<u>306,328</u>	<u>423,981</u>	<u>342,527</u>	<u>332,727</u>	<u>332,727</u>	<u>332,727</u>	<u>332,727</u>
Total Operating.....	\$ 9,886,363	\$ 10,681,331	\$ 10,823,183	\$ 10,952,631	\$ 10,955,621	\$ 10,961,461	\$ 10,880,015
Capital Bond Authorizations.....	\$ 686,134	\$ 53,533	\$ 7,658	\$ 41,687	\$ 44,139	\$ 46,591	\$ 49,043
Program Total.....	\$ 10,572,497	\$ 10,734,864	\$ 10,830,841	\$ 10,994,318	\$ 10,999,760	\$ 11,008,052	\$ 10,929,058
Health and Human Services							
General Fund.....	\$ 6,871,525	\$ 7,177,437	\$ 7,315,496	\$ 7,168,769	\$ 7,848,994	\$ 8,350,526	\$ 8,991,382
Special Funds.....	720,452	1,127,271	1,147,513	1,196,351	1,256,106	1,347,460	1,440,646
Federal Funds.....	8,377,576	9,519,562	10,119,066	9,780,308	9,726,242	10,180,848	10,445,042
Other Funds.....	<u>1,420,062</u>	<u>1,765,349</u>	<u>2,018,577</u>	<u>2,051,731</u>	<u>1,255,104</u>	<u>1,157,003</u>	<u>1,009,394</u>
Total Operating.....	\$ 17,389,615	\$ 19,589,619	\$ 20,600,652	\$ 20,197,159	\$ 20,086,446	\$ 21,035,837	\$ 21,886,464
Capital Bond Authorizations.....	\$ 8,775	\$ 10,140	\$ 12,405	\$ 13,150	\$ 13,924	\$ 14,697	\$ 15,471
Program Total.....	\$ 17,398,390	\$ 19,599,759	\$ 20,613,057	\$ 20,210,309	\$ 20,100,370	\$ 21,050,534	\$ 21,901,935

Program Budget Summary

Seven Year Summary of Commonwealth Programs

	(Dollar Amounts in Thousands)						
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
Economic Development							
General Fund.....	\$ 698,327	\$ 701,098	\$ 486,930	\$ 606,613	\$ 618,536	\$ 623,118	\$ 622,692
Special Funds.....	31,754	181,827	20,619	32,469	25,359	0	0
Federal Funds.....	567,650	777,686	783,208	731,908	721,908	721,908	721,908
Other Funds.....	553,620	647,212	641,411	645,411	645,080	625,080	625,080
Total Operating.....	\$ 1,851,351	\$ 2,307,823	\$ 1,932,168	\$ 2,016,401	\$ 2,010,883	\$ 1,970,106	\$ 1,969,680
Capital Bond Authorizations.....	\$ 1,288,173	\$ 0	\$ 0	\$ 835	\$ 884	\$ 933	\$ 982
Program Total.....	\$ 3,139,524	\$ 2,307,823	\$ 1,932,168	\$ 2,017,236	\$ 2,011,767	\$ 1,971,039	\$ 1,970,662
Transportation and Communication							
General Fund.....	\$ 319,720	\$ 374,183	\$ 334,087	\$ 407,236	\$ 419,968	\$ 432,419	\$ 444,487
Special Funds.....	1,466,169	1,509,189	1,488,218	1,449,704	1,469,088	1,486,230	1,507,245
Federal Funds.....	1,140,961	1,328,897	1,704,369	1,629,518	1,632,310	1,593,436	1,554,516
Other Funds.....	1,176,202	1,159,860	1,198,790	1,201,456	1,175,758	1,190,908	1,211,908
Total Operating.....	\$ 4,103,052	\$ 4,372,129	\$ 4,725,464	\$ 4,687,914	\$ 4,697,124	\$ 4,702,993	\$ 4,718,156
Capital Bond Authorizations.....	\$ 1,234,579	\$ 64,869	\$ 158,681	\$ 230,743	\$ 260,786	\$ 280,830	\$ 280,874
Program Total.....	\$ 5,337,631	\$ 4,436,998	\$ 4,884,145	\$ 4,918,657	\$ 4,957,910	\$ 4,983,823	\$ 4,999,030
Recreation and Cultural Enrichment							
General Fund.....	\$ 282,725	\$ 293,540	\$ 281,273	\$ 294,575	\$ 294,132	\$ 294,081	\$ 293,950
Special Funds.....	198,295	229,192	143,635	144,656	160,574	139,573	145,732
Federal Funds.....	27,060	50,672	37,775	37,555	37,580	37,605	37,625
Other Funds.....	81,402	96,860	93,871	93,610	93,668	93,733	93,798
Total Operating.....	\$ 589,482	\$ 670,264	\$ 556,554	\$ 570,396	\$ 585,954	\$ 564,992	\$ 571,105
Capital Bond Authorizations.....	\$ 193,640	\$ 119,508	\$ 68,294	\$ 60,405	\$ 45,752	\$ 47,101	\$ 48,948
Program Total.....	\$ 783,122	\$ 789,772	\$ 624,848	\$ 630,801	\$ 631,706	\$ 612,093	\$ 620,053
COMMONWEALTH TOTALS							
General Fund.....	\$ 19,861,696	\$ 20,769,553	\$ 20,888,263	\$ 21,168,474	\$ 21,878,460	\$ 22,352,582	\$ 22,929,656
Special Funds.....	3,257,446	4,137,579	3,912,217	3,975,199	4,042,871	4,062,720	4,196,774
Federal Funds.....	11,688,650	13,653,800	14,713,274	14,241,458	14,184,869	14,601,757	14,827,083
Other Funds.....	5,111,606	5,787,624	6,051,239	5,960,882	5,140,337	5,029,321	4,914,963
Total Operating.....	\$ 39,919,398	\$ 44,348,556	\$ 45,564,993	\$ 45,346,013	\$ 45,246,537	\$ 46,046,380	\$ 46,868,476
Capital Bond Authorizations.....	\$ 3,633,575	\$ 401,980	\$ 411,759	\$ 430,805	\$ 453,300	\$ 482,630	\$ 492,000
Program Total.....	\$ 43,552,973	\$ 44,750,536	\$ 45,976,752	\$ 45,776,818	\$ 45,699,837	\$ 46,529,010	\$ 47,360,476

Program Budget Summary

Direction and Supportive Services

The goal of this Commonwealth program is to provide an 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 of Reinventing 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)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimatec
Administrative and Support Services.....	\$ 217,721	\$ 354,228	\$ 289,945	\$ 224,686	\$ 195,309	\$ 206,003	\$ 193,302
Executive Direction.....	199,960	345,806	283,590	219,758	190,381	201,075	188,374
Personnel Selection.....	1	1	1	1	1	1	1
State Retirement System.....	11,001	0	0	0	0	0	0
Legal Services.....	6,759	8,421	6,354	4,927	4,927	4,927	4,927
Fiscal Management.....	\$ 515,193	\$ 537,787	\$ 635,435	\$ 636,001	\$ 641,200	\$ 646,905	\$ 652,670
Revenue Collection and Administration.....	427,951	444,863	542,598	544,939	550,588	556,293	562,058
Disbursement.....	41,593	45,890	45,477	43,977	43,527	43,527	43,527
Auditing.....	45,649	47,034	47,360	47,085	47,085	47,085	47,085
Physical Facilities and Commodities Management....	\$ 125,964	\$ 131,519	\$ 138,563	\$ 138,362	\$ 138,563	\$ 138,362	\$ 138,563
Facility, Property and Commodity Management.....	125,964	131,519	138,563	138,362	138,563	138,362	138,563
Legislative Processes.....	\$ 233,652	\$ 245,386	\$ 251,173	\$ 241,088	\$ 241,073	\$ 241,088	\$ 241,073
Legislature.....	233,652	245,386	251,173	241,088	241,073	241,088	241,073
Interstate Relations.....	\$ 846	\$ 866	\$ 895	\$ 895	\$ 895	\$ 895	\$ 895
Interstate Relations.....	846	866	895	895	895	895	895
Debt Service.....	\$ 35,951	\$ 50,078	\$ 38,290	\$ 71,559	\$ 70,419	\$ 70,393	\$ 70,157
Debt Service.....	35,951	50,078	38,290	71,559	70,419	70,393	70,157
PROGRAM TOTAL.....	\$ 1,129,327	\$ 1,319,864	\$ 1,354,301	\$ 1,312,591	\$ 1,287,459	\$ 1,303,646	\$ 1,296,660

Program Budget Summary

Protection of Persons and Property

The goal of this Commonwealth program is to provide an environment and a social system in which the lives of individuals and the property of individuals and organizations are protected from natural and man-made disasters and from illegal and unfair actions. This Commonwealth program supports the Administration's goal of Protecting our Homes and Communities as well as the goal of Building an Environmental Partnership.

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, State Judicial System, 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)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimatec
General Administration and Support.....	\$ 64,456	\$ 74,579	\$ 76,909	\$ 76,909	\$ 76,909	\$ 76,909	\$ 76,909
Criminal and Juvenile Justice Planning.....	43,015	50,894	54,151	54,151	54,151	54,151	54,151
Environmental Support Services.....	21,441	23,685	22,758	22,758	22,758	22,758	22,758
Public Protection and Law Enforcement.....	\$ 664,482	\$ 726,068	\$ 752,729	\$ 750,499	\$ 757,600	\$ 764,069	\$ 771,505
State Police.....	470,187	522,618	554,129	552,315	559,362	566,585	573,988
Attorney General.....	71,756	75,058	75,058	74,642	74,696	73,942	73,975
Highway Safety Administration and Licensing.....	122,539	128,392	123,542	123,542	123,542	123,542	123,542
Control and Reduction of Crime.....	\$ 1,249,309	\$ 1,266,415	\$ 1,399,470	\$ 1,418,511	\$ 1,445,010	\$ 1,481,984	\$ 1,499,792
Institutionalization of Offenders.....	1,160,504	1,164,745	1,295,214	1,314,513	1,341,012	1,377,986	1,395,794
Reintegration of Adult Offenders.....	88,805	101,670	104,256	103,998	103,998	103,998	103,998
Juvenile Crime Prevention.....	\$ 20,895	\$ 23,729	\$ 23,941	\$ 23,941	\$ 23,941	\$ 23,941	\$ 23,941
Reintegration of Juvenile Delinquents.....	20,895	23,729	23,941	23,941	23,941	23,941	23,941
Adjudication of Defendants.....	\$ 215,102	\$ 231,211	\$ 240,613	\$ 240,386	\$ 240,386	\$ 240,386	\$ 240,386
State Judicial System.....	215,102	231,211	240,613	240,386	240,386	240,386	240,386
Public Order and Community Safety.....	\$ 31,739	\$ 42,265	\$ 42,225	\$ 34,329	\$ 33,204	\$ 32,942	\$ 32,758
Emergency Management.....	12,063	20,679	21,758	15,032	13,907	13,645	13,461
State Military Readiness.....	19,676	21,586	20,467	19,297	19,297	19,297	19,297
Protection From Natural Hazards and Disasters.....	\$ 376,380	\$ 370,636	\$ 300,167	\$ 368,998	\$ 357,778	\$ 217,760	\$ 217,760
Environmental Protection and Management.....	376,380	370,636	300,167	368,998	357,778	217,760	217,760
Consumer Protection.....	\$ 147,715	\$ 269,506	\$ 269,692	\$ 279,328	\$ 267,544	\$ 254,791	\$ 257,188
Consumer Protection.....	5,946	18,420	6,680	6,480	6,502	6,480	6,480
Financial Institution Regulation.....	9,546	11,801	12,075	10,548	10,548	10,548	10,548
Securities Industry Regulation.....	2,093	2,233	2,233	2,233	2,233	2,233	2,233
Insurance Industry Regulation.....	20,231	133,961	151,997	158,525	151,151	153,847	156,029
Horse Racing Regulation.....	29,943	23,226	16,798	17,145	16,946	17,143	17,142
Milk Industry Regulation.....	2,393	2,495	2,522	2,545	2,596	2,648	2,701
Protection and Development of Agricultural Industries.....	77,563	77,370	77,387	81,852	77,568	61,892	62,055
Community and Occupational Safety and Stability.....	\$ 64,587	\$ 35,765	\$ 34,787	\$ 34,787	\$ 34,787	\$ 34,787	\$ 34,787

Program Budget Summary

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

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimatec
Community and Occupational Safety and Stability.....	34,626	32,725	32,697	32,697	32,697	32,697	32,697
Fire Prevention and Safety.....	29,961	3,040	2,090	2,090	2,090	2,090	2,090
Prevention & Elimination of Discriminatory Practices \$	12,691 \$	12,989 \$	11,883 \$	11,883 \$	11,883 \$	11,883 \$	11,883
Prevention & Elimination of Discriminatory Practices.....	12,691	12,989	11,883	11,883	11,883	11,883	11,883
Debt Service..... \$	90,362 \$	114,655 \$	80,626 \$	156,124 \$	154,069 \$	154,953 \$	154,329
Debt Service.....	90,362	114,655	80,626	156,124	154,069	154,953	154,329
PROGRAM TOTAL..... \$	2,937,718 \$	3,167,818 \$	3,233,042 \$	3,395,695 \$	3,403,111 \$	3,294,405 \$	3,321,238

Program Budget Summary

Education

The goal of this program is to provide a system of learning experiences and opportunities that will permit each individual to achieve his or her maximum potential intellectual development. This Commonwealth program supports the Administration's goal of Lifelong Learning.

Services are provided through this program in the areas of preschool, elementary and secondary, vocational, higher and continuing adult education. This Commonwealth program is financed primarily through the Department of Education. Other agencies providing support are the Department of Revenue, the Higher Education Assistance Agency and the Tax Equalization Board.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimate
Educational Support Services.....	\$ 32,095	\$ 36,512	\$ 36,402	\$ 36,402	\$ 36,402	\$ 36,402	\$ 36,402
Education Support Services.....	32,095	36,512	36,402	36,402	36,402	36,402	36,402
Basic Education.....	\$ 6,485,019	\$ 6,757,354	\$ 7,022,925	\$ 7,088,360	\$ 7,089,070	\$ 7,091,070	\$ 7,009,070
Basic Education.....	6,450,173	6,729,511	7,001,869	7,067,304	7,068,014	7,070,014	6,988,014
Public Utility Realty Payments.....	34,846	27,843	21,056	21,056	21,056	21,056	21,056
Higher Education.....	\$ 1,868,946	\$ 1,925,214	\$ 1,854,986	\$ 1,858,828	\$ 1,863,516	\$ 1,867,414	\$ 1,868,467
Higher Education.....	1,488,965	1,514,139	1,447,248	1,451,090	1,455,778	1,459,676	1,460,729
Financial Assistance to Students.....	338,632	368,486	367,278	367,278	367,278	367,278	367,278
Financial Assistance to Institutions.....	41,349	42,589	40,460	40,460	40,460	40,460	40,460
Debt Service.....	\$ 77,070	\$ 106,633	\$ 81,053	\$ 151,424	\$ 149,016	\$ 148,958	\$ 148,459
Debt Service.....	77,070	106,633	81,053	151,424	149,016	148,958	148,459
PROGRAM TOTAL.....	\$ 8,463,130	\$ 8,825,713	\$ 8,995,366	\$ 9,135,014	\$ 9,138,004	\$ 9,143,844	\$ 9,062,398

Program Budget Summary

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 of Strengthening Families and Communities.

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)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimatec
Human Services Support.....	\$ 84,180	\$ 101,021	\$ 122,823	\$ 122,337	\$ 118,286	\$ 111,802	\$ 111,427
Human Services Support.....	84,180	101,021	122,823	122,337	118,286	111,802	111,427
Social Development of Individuals.....	\$ 713,425	\$ 810,158	\$ 858,167	\$ 869,039	\$ 881,367	\$ 893,942	\$ 906,768
Human Services.....	713,425	810,158	858,167	869,039	881,367	893,942	906,768
Support of Older Pennsylvanians.....	\$ 770,244	\$ 941,282	\$ 993,796	\$ 1,035,099	\$ 1,115,172	\$ 1,199,693	\$ 1,288,096
Community Services for Older Pennsylvanians.....	228,816	271,736	278,528	270,497	269,959	267,035	263,517
Older Pennsylvanians Transit.....	128,040	142,945	164,922	167,704	170,543	173,438	176,391
Homeowners and Renters Assistance.....	123,388	140,000	122,180	120,958	119,748	118,851	117,365
Pharmaceutical Assistance.....	290,000	386,601	428,166	475,940	554,922	640,369	730,823
Income Maintenance.....	\$ 827,637	\$ 840,430	\$ 867,358	\$ 864,406	\$ 864,249	\$ 864,336	\$ 864,428
Income Maintenance.....	816,302	826,120	851,884	848,932	848,775	848,862	848,954
Workers Compensation and Assistance.....	3,803	3,510	2,502	2,502	2,502	2,502	2,502
Military Compensation and Assistance.....	7,532	10,800	12,972	12,972	12,972	12,972	12,972
Physical Health Treatment.....	\$ 3,674,132	\$ 3,980,098	\$ 3,955,667	\$ 3,781,090	\$ 4,432,294	\$ 4,931,396	\$ 5,561,517
Medical Assistance.....	3,363,802	3,462,879	3,485,654	3,308,410	3,975,261	4,472,631	5,100,992
Health Treatment Services.....	19,824	39,802	19,105	19,105	19,105	19,105	19,105
Health Support Services.....	43,510	48,545	52,092	52,358	52,283	52,283	52,283
Health Research.....	15,921	110,751	89,283	90,523	80,978	82,040	83,119
Emergency Food Assistance.....	17,456	18,935	17,935	17,935	17,935	17,935	17,935
Prevention and Treatment of Drug and Alcohol Abuse....	39,589	41,078	40,360	40,360	40,360	40,360	40,360
Preventive Health.....	115,589	190,033	176,153	177,314	171,287	171,957	172,638
Veterans Homes and School.....	58,441	68,075	75,085	75,085	75,085	75,085	75,085
Mental Health.....	\$ 645,585	\$ 676,015	\$ 674,905	\$ 675,314	\$ 674,372	\$ 674,372	\$ 674,372
Mental Health.....	645,585	676,015	674,905	675,314	674,372	674,372	674,372
Mental Retardation.....	\$ 856,974	\$ 928,589	\$ 969,895	\$ 980,071	\$ 982,681	\$ 985,779	\$ 988,877
Mental Retardation.....	856,974	928,589	969,895	980,071	982,681	985,779	988,877
Debt Service.....	\$ 19,800	\$ 27,115	\$ 20,398	\$ 37,764	\$ 36,679	\$ 36,666	\$ 36,543
Debt Service.....	19,800	27,115	20,398	37,764	36,679	36,666	36,543
PROGRAM TOTAL.....	\$ 7,591,977	\$ 8,304,708	\$ 8,463,009	\$ 8,365,120	\$ 9,105,100	\$ 9,697,986	\$ 10,432,028

Program Budget Summary

Economic Development

The goal of this program is to provide a system in which the employment opportunities of individuals, the economic growth and development of communities and the overall economic development of the Commonwealth will be maximized, including optimum use of natural resources to support economic growth. This Commonwealth program supports the Administration's goal of Creating Economic Opportunity.

This program is concerned with the Commonwealth's efforts in business attraction and retention, industrial development, employability development, community improvement, resource development, labor-management relations and job training.

The total efforts of the Department of Community and Economic Development 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)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimate
Economic Development Support Services..... \$	90,935	89,268	80,995	80,995	80,995	80,995	80,995
Economic Development Support Services.....	90,935	89,268	80,995	80,995	80,995	80,995	80,995
Commonwealth Economic Development..... \$	299,947	412,355	215,350	231,200	224,090	198,731	198,731
Business and Job Development.....	197,293	309,178	122,881	126,881	126,881	126,881	126,881
Technology Development.....	70,900	81,350	71,850	71,850	71,850	71,850	71,850
Environmental Infrastructure.....	31,754	21,827	20,619	32,469	25,359	0	0
Workforce Investment..... \$	69,442	74,625	68,132	67,965	67,050	67,079	66,827
Workforce Development.....	28,003	29,589	22,221	22,054	21,139	21,168	20,916
Vocational Rehabilitation.....	41,439	45,036	45,911	45,911	45,911	45,911	45,911
Community Development..... \$	154,631	156,089	51,220	51,220	51,220	51,220	51,220
Community Development.....	129,404	135,932	35,976	35,976	35,976	35,976	35,976
Public Utility Realty Payments.....	25,227	20,157	15,244	15,244	15,244	15,244	15,244
Local Government Assistance..... \$	424	479	331	331	0	0	0
Municipal Pension Systems.....	424	479	331	331	0	0	0
Debt Service..... \$	114,702	150,109	91,521	207,371	220,540	225,093	224,919
Debt Service.....	114,702	150,109	91,521	207,371	220,540	225,093	224,919
PROGRAM TOTAL..... \$	730,081	882,925	507,549	639,082	643,895	623,118	622,692

Program Budget Summary

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 of establishing 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.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimate
Transportation Systems and Services.....	\$ 1,684,426	\$ 1,747,247	\$ 1,737,746	\$ 1,708,442	\$ 1,743,906	\$ 1,761,347	\$ 1,782,913
State Highway and Bridge Construction and Reconstruct	416,922	444,950	436,776	423,170	420,368	423,676	424,991
Local Highway and Bridge Assistance.....	184,302	185,772	189,879	192,440	195,483	198,576	201,719
Mass Transportation.....	272,461	272,474	271,483	271,483	271,483	271,483	271,483
Intercity Transportation.....	14,130	14,823	10,763	10,763	10,763	10,763	10,763
State Highway and Bridge Maintenance.....	720,422	751,102	757,273	741,130	777,353	788,418	805,501
Transportation Support Services.....	76,189	78,126	71,572	69,456	68,456	68,431	68,456
Debt Service.....	\$ 101,463	\$ 136,125	\$ 84,559	\$ 148,498	\$ 145,150	\$ 157,302	\$ 168,819
Debt Service.....	101,463	136,125	84,559	148,498	145,150	157,302	168,819
PROGRAM TOTAL.....	\$ 1,785,889	\$ 1,883,372	\$ 1,822,305	\$ 1,856,940	\$ 1,889,056	\$ 1,918,649	\$ 1,951,732

Program Budget Summary

Recreation and Cultural Enrichment

The goal of this program is to make available sufficient opportunities for individual and group recreation and cultural growth. This Commonwealth program supports the Administration's goal of Strengthening Families and Communities.

In working toward this broad Commonwealth program goal, 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)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimatec
Recreation.....	\$ 296,897	\$ 319,705	\$ 245,932	\$ 249,134	\$ 260,598	\$ 238,956	\$ 244,197
Parks and Forests Management.....	214,754	232,457	162,354	163,924	173,724	150,383	153,893
Recreational Fishing and Boating.....	33,916	37,010	33,417	34,086	34,767	35,463	36,172
Wildlife Management.....	48,227	50,238	50,161	51,124	52,107	53,110	54,132
Cultural Enrichment.....	\$ 160,257	\$ 176,673	\$ 162,548	\$ 159,589	\$ 164,043	\$ 164,684	\$ 165,602
State Historical Preservation.....	24,218	25,710	26,858	26,525	26,525	26,525	26,525
Local Museum Assistance.....	21,983	21,705	13,036	11,028	14,434	14,924	15,626
Development of Artists and Audiences.....	15,037	16,569	15,182	15,182	15,182	15,182	15,182
State Library Services.....	83,620	99,626	95,986	95,368	96,416	96,567	96,783
Public Television Services.....	15,399	13,063	11,486	11,486	11,486	11,486	11,486
Debt Service.....	\$ 23,866	\$ 26,354	\$ 16,428	\$ 30,508	\$ 30,065	\$ 30,014	\$ 29,883
Debt Service.....	23,866	26,354	16,428	30,508	30,065	30,014	29,883
PROGRAM TOTAL.....	\$ 481,020	\$ 522,732	\$ 424,908	\$ 439,231	\$ 454,706	\$ 433,654	\$ 439,682



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 2000-01 actual year, 2001-02 available year and 2002-03 budget year. The financial statement excludes augmentations and Federal funds that are detailed in subsequent tables.

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
	<u> </u>	<u> </u>	<u> </u>
Beginning Balance	\$ 610,536	\$ 335,467	\$ 300,314
Adjustment to Beginning Balance.....	<u>0</u>	<u>1,000</u>	<u>0</u>
Adjusted Beginning Balance.....	\$ 610,536	\$ 336,467	\$ 300,314
 Revenue:			
Revenue Receipts.....	\$20,561,745	\$20,650,600	\$21,416,900
Tobacco Fund Lapses to General Fund.....	0	66,000	115,800
Less Homeowners Property Tax Rebate.....	-249,000	0	0
Less Refunds Reserve.....	-870,000	-967,200	-830,800
Less Proposed Tax Changes.....	<u>0</u>	<u>0</u>	<u>-103,400</u>
Total Revenue.....	\$19,442,745	\$19,749,400	\$ 20,598,500
Prior Year Lapses.....	<u>143,882</u>	<u>100,000</u>	<u>0</u>
Funds Available.....	\$20,197,163	\$20,185,867	\$ 20,898,814
 Expenditures:			
Appropriations.....	\$19,980,672	\$20,690,851	\$20,888,263
Supplemental Appropriations.....	0	78,702	0
Less Current Year Lapses.....	<u>-118,976</u>	<u>-334,000</u>	<u>0</u>
Total Expenditures.....	<u>\$19,861,696</u>	<u>\$20,435,553</u>	<u>\$ 20,888,263</u>
Preliminary Balance.....	\$ 335,467	\$ -249,686	\$ 10,551
Transfer from Tax Stabilization Reserve Fund.	0	550,000	0
Less Transfer to Tax Stabilization Reserve Fund.....	<u>0</u>	<u>0</u>	<u>-1,055</u>
Ending Balance	<u><u>\$ 335,467</u></u>	<u><u>\$ 300,314</u></u>	<u><u>\$ 9,496</u></u>

NOTES ON FINANCIAL STATEMENT
(Dollar Amounts in Thousands)

PROPOSED TAX REDUCTIONS

	2002-03 Estimated
Personal Income Tax:	
Expand Tax Forgiveness	\$ -12,400
<p>A claimant's eligibility income limit to qualify for full tax forgiveness under the special tax provisions is proposed to be increased from \$8,500 to \$9,000 for each dependent, effective January 1, 2002. A qualifying family of four with two claimants and two dependents will owe no tax on taxable income up to \$31,000.</p>	

CONTINUED TAX PHASE-OUT

Capital Stock and Franchise Tax:	
Phase Out Tax.....	\$ -91,000
<p>The tax will continue to be phased out although at a temporarily modified rate. Beginning January 1, 2002 the tax rate will be reduced by one-half mill per year through the end of 2003. For 2002, the rate will be 6.99 mills and in 2003 the rate will be 6.49 mills. Beginning January 1, 2004 the tax will be phased out through a one mill reduction of the tax rate that year and each year thereafter until the tax is eliminated. The 0.25 mill portion of the tax dedicated to the Hazardous Sites Cleanup Fund will be eliminated with the last mill of the tax rate.</p>	

TOTAL PROPOSED TAX REDUCTIONS **\$ -103,400**

NOTES ON FINANCIAL STATEMENT

(Dollar Amounts in Thousands)

SUPPLEMENTAL APPROPRIATIONS

	2001-02 Available
Education	
Non-Public and Charter School Pupil Transportation.....	\$ 1,697
Early Intervention.....	3,632
<i>Education Total</i>	<u>\$ 5,329</u>
Emergency Management Agency	
Security.....	\$ 5,226
June 2001 Storm Disaster - Hazard Mitigation.....	470
<i>Emergency Management Agency Total</i>	<u>\$ 5,696</u>
General Services	
General Government Operations.....	\$ 243
Capitol Police Operations.....	1,600
<i>General Services Total</i>	<u>\$ 1,843</u>
Military and Veterans Affairs	
Education - National Guard.....	<u>\$ 2,100</u>
Public Welfare	
Child Support Enforcement.....	\$ (666)
Cash Grants.....	15,156
Supplemental Grants - Aged, Blind and Disabled.....	15,563
Medical Assistance - Outpatient.....	17,925
Medical Assistance - Inpatient.....	13,524
Medical Assistance - Capitation.....	4,514
Long Term Care.....	-7,256
Early Intervention.....	3,174
<i>Public Welfare Total</i>	<u>\$ 61,934</u>
State	
Publishing Reapportionment Maps.....	\$ 1,400
Publishing Federal Reapportionment Maps.....	400
<i>State Total</i>	<u>\$ 1,800</u>
TOTAL	<u>\$ 78,702</u>

TAX STABILIZATION RESERVE FUND

Executive Offices	
Transfer to General Fund.....	<u>\$ 550,000</u>

General Fund

STATE FUNDS BY DEPARTMENT

The following is a summary, by department, of 2000-01 actual expenditures, the 2001-02 amounts available and the 2002-03 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	2000-01 Actual	2001-02 Available	2002-03 Budget
Governor's Office.....	\$ 7,689	\$ 8,027	\$ 8,034
Executive Offices.....	284,761	321,930	342,446
Lieutenant Governor's Office.....	950	1,114	1,114
Attorney General.....	71,756	75,058	75,058
Auditor General.....	46,073	47,513	47,691
Treasury.....	413,999	583,810	403,133
Aging.....	36,132	39,363	38,297
Agriculture.....	80,028	81,625	75,893
Civil Service Commission.....	1	1	1
Community and Economic Development.....	488,532	455,728	311,702
Conservation and Natural Resources.....	115,002	109,603	110,185
Corrections.....	1,160,504	1,164,745	1,295,214
Education*.....	8,040,835	8,357,091	8,570,735
Emergency Management Agency.....	42,024	23,719	23,848
Environmental Protection**.....	343,711	355,877	286,387
Fish and Boat Commission.....	11	11	12
Game Commission.....	80	0	0
General Services.....	105,377	110,939	117,968
Health.....	234,433	278,254	248,475
Higher Education Assistance Agency.....	379,981	403,075	407,738
Historical and Museum Commission.....	32,769	33,963	33,853
Insurance.....	20,231	56,223	58,717
Labor and Industry.....	107,871	110,860	103,331
Military and Veterans Affairs.....	85,649	100,461	108,524
Probation and Parole Board.....	88,805	101,670	104,256
Public Television Network.....	15,399	13,063	11,486
Public Welfare.....	6,480,268	6,713,915	6,872,032
Revenue***.....	248,462	240,244	230,067
Securities Commission.....	2,093	2,233	2,233
State.....	5,946	18,420	6,680
State Employees' Retirement System.....	11,001	0	0
State Police.....	153,790	170,737	182,354
Tax Equalization Board.....	1,338	1,388	1,402
Transportation.....	307,441	312,296	317,611
Legislature****.....	233,652	245,386	251,173
Judiciary.....	215,102	231,211	240,613
GRAND TOTAL.....	\$ 19,861,696	\$ 20,769,553	\$ 20,888,263

* 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 2000-01 actual expenditures, the 2001-02 amounts available and the 2002-03 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	2000-01 Actual	2001-02 Available	2002-03 Budget
Executive Offices.....	\$ 76,739	\$ 144,948	\$ 149,471
Attorney General.....	10,320	12,901	13,192
Aging.....	11,786	24,048	23,358
Agriculture.....	5,975	9,954	9,210
Community and Economic Development.....	155,056	239,652	239,209
Conservation and Natural Resources.....	6,823	27,043	17,043
Corrections.....	66,909	29,489	22,608
Education.....	1,116,691	1,429,943	1,483,573
Emergency Management Agency.....	50,871	29,693	52,477
Environmental Protection*.....	78,138	124,211	135,519
Health.....	285,167	380,660	388,600
Higher Education Assistance Agency.....	1,500	3,156	3,164
Historical and Museum Commission.....	2,130	3,854	1,990
Infrastructure Investment Authority.....	113,202	105,636	107,658
Insurance.....	105,391	106,418	120,720
Labor and Industry.....	367,020	506,673	511,782
Liquor Control Board.....	802	539	195
Military and Veterans Affairs.....	71,331	77,897	81,815
Probation and Parole Board.....	2,511	3,142	1,566
Public Utility Commission.....	1,005	1,225	1,210
Public Welfare.....	7,915,473	8,854,825	9,405,712
State Police.....	13,874	29,564	22,933
Transportation.....	21,032	84,017	85,760
Legislature.....	0	0	203
GRAND TOTAL.....	\$ 10,479,746	\$ 12,229,488	\$ 12,878,968

* Includes Environmental Hearing Board.

AUGMENTATIONS BY DEPARTMENT

The following is a summary of augmentations, by department, of 2000-01 actual expenditures, the 2001-02 amounts available and the 2002-03 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	2000-01 Actual	2001-02 Available	2002-03 Budget
Executive Offices.....	\$ 60,283	\$ 76,074	\$ 61,047
Attorney General*.....	11,965	11,229	11,026
Auditor General.....	6,598	6,435	6,355
Treasury.....	14,854	13,530	14,437
Aging.....	907	1,117	3,055
Agriculture.....	3,105	3,167	3,616
Civil Service Commission.....	14,762	14,704	15,342
Community and Economic Development*.....	15,163	15,854	15,772
Conservation and Natural Resources.....	46,136	54,869	51,619
Corrections.....	1,290	1,366	1,709
Education.....	10,119	12,846	12,294
Emergency Management Agency.....	147	357	145
Environmental Protection* **.....	27,403	29,326	28,263
General Services.....	5,961	5,274	5,187
Health.....	4,082	3,733	2,311
Historical and Museum Commission.....	759	760	785
Insurance.....	2,107	2,249	2,283
Labor and Industry*.....	45,172	46,636	46,636
Military and Veterans Affairs.....	22,028	21,583	23,237
Probation and Parole Board.....	10,587	10,106	11,006
Public Utility Commission*.....	43,137	43,964	44,739
Public Welfare.....	1,126,709	1,453,736	1,701,343
Revenue.....	17,089	18,402	17,934
Securities Commission.....	4,901	5,160	5,659
State*.....	25,705	27,945	28,088
State Police*.....	33,457	34,960	36,664
Transportation*.....	81,177	85,839	79,996
Judiciary*.....	19,595	27,171	39,104
GRAND TOTAL.....	<u>\$ 1,655,198</u>	<u>\$ 2,028,392</u>	<u>\$ 2,269,652</u>

* Includes funds appropriated from restricted revenues.

** Includes Environmental Hearing Board.

General Fund Revenue Summary

Seven Year Summary of Revenues

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

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimated	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
TAX REVENUE							
Corporation Taxes							
Corporate Net Income Tax.....	\$ 1,603,375	\$ 1,461,400	\$ 1,453,900	\$ 1,615,400	\$ 1,681,000	\$ 1,727,300	\$ 1,776,100
Capital Stock and Franchise Taxes..	1,063,046	917,000	997,500	1,005,100	1,074,700	1,168,200	1,266,100
Selective Business:							
Gross Receipts Tax.....	663,551	765,600	762,300	754,100	779,800	764,000	762,000
Public Utility Realty Tax.....	42,292	27,500	41,900	40,500	42,300	44,000	45,700
Insurance Premiums Tax.....	291,421	292,800	311,900	327,700	351,300	383,600	402,800
Financial Institutions Tax.....	189,900	191,900	204,800	216,700	225,400	238,300	251,200
Other Selective Business Taxes....	10,011	12,500	12,500	12,500	12,500	12,500	12,500
Total — Corporation Taxes.....	\$ 3,863,596	\$ 3,668,700	\$ 3,784,800	\$ 3,972,000	\$ 4,167,000	\$ 4,337,900	\$ 4,516,400
Consumption Taxes							
Sales and Use Tax.....	\$ 7,203,756	\$ 7,318,100	\$ 7,629,600	\$ 7,998,700	\$ 8,342,700	\$ 8,636,900	\$ 8,970,300
Cigarette Tax.....	269,339	265,200	260,400	255,900	251,400	247,000	242,700
Malt Beverage Tax.....	25,530	25,700	25,700	25,700	25,700	25,700	25,700
Liquor Tax.....	162,083	170,900	175,200	179,600	184,100	188,700	193,400
Total — Consumption Taxes.....	\$ 7,660,708	\$ 7,779,900	\$ 8,090,900	\$ 8,459,900	\$ 8,803,900	\$ 9,098,300	\$ 9,432,100
Other Taxes							
Personal Income Tax.....	\$ 7,491,462	\$ 7,612,900	\$ 7,884,300	\$ 8,315,800	\$ 8,728,600	\$ 9,127,200	\$ 9,542,000
Realty Transfer Tax.....	268,816	283,200	314,300	305,900	325,600	356,700	390,600
Inheritance Tax.....	799,800	778,100	800,700	773,500	778,900	807,700	840,000
Minor and Repealed Taxes.....	6,620	-7,300	17,100	7,200	7,300	7,400	7,500
Total — Other Taxes.....	\$ 8,566,698	\$ 8,666,900	\$ 9,016,400	\$ 9,402,400	\$ 9,840,400	\$ 10,299,000	\$ 10,780,100
TOTAL TAX REVENUE.....	\$ 20,091,002	\$ 20,115,500	\$ 20,892,100	\$ 21,834,300	\$ 22,811,300	\$ 23,735,200	\$ 24,728,600
NONTAX REVENUE							
State Stores Fund Transfer.....	\$ 50,000	\$ 120,000	\$ 155,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Licenses, Fees and Miscellaneous:							
Licenses and Fees.....	86,581	92,900	94,700	94,700	94,700	94,700	94,700
Miscellaneous.....	301,080	294,600	247,500	266,000	266,000	266,000	266,000
Fines, Penalties and Interest:							
On Taxes.....	29,885	26,000	26,000	26,000	26,000	26,000	26,000
Other.....	3,197	1,600	1,600	1,600	1,600	1,600	1,600
TOTAL NONTAX REVENUES.....	\$ 470,743	\$ 535,100	\$ 524,800	\$ 438,300	\$ 438,300	\$ 438,300	\$ 438,300
GENERAL FUND TOTAL.....	\$ 20,561,745	\$ 20,650,600	\$ 21,416,900	\$ 22,272,600	\$ 23,249,600	\$ 24,173,500	\$ 25,166,900

Adjustments to Revenue Estimate

On June 22, 2001, the Official Estimate for fiscal year 2001-02 was certified to be \$21,328,250,000. The adjustments detailed below take into account actual revenue collections through the first six months of the fiscal year and projected collections for the remainder of the fiscal year based on current expectations for the economy and revenue trends.

	(Dollar Amounts in Thousands)		
	2001-02 Official Estimate	Adjustments	2001-02 Revised Estimate
TAX REVENUE			
Corporation Taxes			
Corporate Net Income Tax.....	\$ 1,636,400	\$ -175,000	\$ 1,461,400
Capital Stock and Franchise Taxes.....	992,000	-75,000	917,000
Selective Business:			
Gross Receipts Tax.....	805,100	-39,500	765,600
Public Utility Realty Tax.....	28,800	-1,300	27,500
Insurance Premiums Tax.....	292,800	0	292,800
Financial Institutions Tax.....	192,800	-900	191,900
Other Selective Business Taxes.....	12,500	0	12,500
Total — Corporation Taxes.....	<u>\$ 3,960,400</u>	<u>\$ -291,700</u>	<u>\$ 3,668,700</u>
Consumption Taxes			
Sales and Use Tax.....	\$ 7,351,500	\$ -33,400	\$ 7,318,100
Cigarette Tax.....	265,200	0	265,200
Malt Beverage Tax.....	25,700	0	25,700
Liquor Tax.....	173,500	-2,600	170,900
Total — Consumption Taxes.....	<u>\$ 7,815,900</u>	<u>\$ -36,000</u>	<u>\$ 7,779,900</u>
Other Taxes			
Personal Income Tax.....	\$ 7,877,400	\$ -264,500	\$ 7,612,900
Realty Transfer Tax.....	275,700	7,500	283,200
Inheritance Tax.....	758,100	20,000	778,100
Minor and Repealed Taxes.....	-750	-6,550	-7,300
Total — Other Taxes.....	<u>\$ 8,910,450</u>	<u>\$ -243,550</u>	<u>\$ 8,666,900</u>
TOTAL TAX REVENUE.....	<u>\$ 20,686,750</u>	<u>\$ -571,250</u>	<u>\$ 20,115,500</u>
NONTAX REVENUE			
State Stores Fund Transfer.....	\$ 120,000	\$ 0	\$ 120,000
Licenses Fees and Miscellaneous:			
Licenses and Fees.....	85,800	7,100	92,900
Miscellaneous.....	408,100	-113,500	294,600
Fines, Penalties and Interest:			
On Taxes.....	26,000	0	26,000
Other.....	1,600	0	1,600
TOTAL NONTAX REVENUES.....	<u>\$ 641,500</u>	<u>\$ -106,400</u>	<u>\$ 535,100</u>
GENERAL FUND TOTAL.....	<u>\$ 21,328,250</u>	<u>\$ -677,650</u>	<u>\$ 20,650,600</u>

General Fund Revenue Sources

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

Corporate Net Income Tax

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

Tax Rates:	January 1, 2000 through December 31, 2001....	The tax rate was reduced to 8.99 mills in 2000, and 7.49 mills in 2001 (including 0.25 mill for transfer semiannually to the Hazardous Sites Cleanup Fund).
	January 1, 1999 to December 31, 1999	10.99 mills (including 0.25 mill for transfer semiannually to the Hazardous Sites Cleanup Fund).
	January 1, 1998 to December 31, 1998	11 mills plus a 0.99 mill surtax (including 0.5 mill for transfer semiannually to the Hazardous Sites Cleanup Fund).
	January 1, 1992 to December 31, 1997	11 mills plus a 1.75 mill surtax (including 0.5 mill for transfer semiannually to the Hazardous Sites Cleanup Fund).
	January 1, 1991 to December 31, 1991	11 mills plus a 2 mill surtax (including 0.5 mill for transfer semiannually to the Hazardous Sites Cleanup Fund 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 the Hazardous Sites Cleanup Fund).
	January 1, 1987 to December 31, 1987	9 mills.
	Prior to January 1, 1987	10 mills.

Proposed Change: The scheduled phase out of the tax will be extended by one year through a one-half mill tax rate reduction in 2002 and 2003 and a one mill cut in 2004 and each year thereafter until the tax is eliminated in 2010.

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

General Fund Revenue Sources

Gross Receipts Tax

Tax Base: This tax is levied on the gross receipts from business transacted wholly within Pennsylvania by specified companies owned, operated or leased by corporations, associations or individuals. 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. Beginning with fiscal year 1998-99, 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 calculation).
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 Public Transportation Assistance Fund.

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

General Fund Revenue Sources

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. The portion of the tax applicable to periodicals is transferred to the Public Transportation Assistance Fund. An additional transfer is made from this tax to the Public Transportation Assistance Fund representing the revenue forgone from the exclusion of certain trucks from the lease tax. 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. The revenues shown for the General Fund are net of these transfers.

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

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

Cigarette Tax

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

Tax Rates: The rate is 1.55 cents per cigarette. Beginning in fiscal year 1992-93, two thirty-firsts of receipts are transferred semiannually to the Children's Health Insurance Program (CHIP). After January 1, 1997, the transfer amount was increased to three thirty-firsts of receipts. Beginning in fiscal year 1993-94, two thirty-firsts of receipts are transferred semiannually to the Agricultural Conservation Easement Purchase Fund. The revenues shown for the General Fund are net of these transfers.

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

Malt Beverage Tax

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

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

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

General Fund Revenue Sources

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; and income from the rental, ownership or disposition of any real or personal property. 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 \$7,500 in 2000 to \$8,500 in 2001.

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

1993 to current.....	2.80%
1992	2.95%
1991	2.60%
1987 to 1990.....	2.10%
1986	2.16%
1985	2.35%

Proposed Change: The eligibility income limit for each qualifying dependent of a claimant for tax forgiveness under the special tax provisions for poverty is proposed to be increased. The exemption for each dependent is proposed to rise by \$500 to \$9,000. The increased exemption is proposed to be effective January 1, 2002.

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 and thereafter, fifteen (15) percent of the revenues are transferred to the Keystone Recreation, Park and Conservation Fund. 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.

Proposed Change: A portion of the amount transferred to the Keystone Recreation, Park and Conservation Fund in 2001-02 and 2002-03 is proposed to be retained in the General Fund.

General Fund Revenue Sources

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.

Fines, Penalties and Interest

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

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

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimated	2002-03 Budget
TAX REVENUE			
Corporate Net Income Tax	\$ 1,603,375	\$ 1,461,400	\$ 1,453,900
Capital Stock and Franchise Taxes			
Capital Stock Taxes — Domestic.....	\$ 431,738	\$ 372,424	\$ 405,118
Franchise Taxes — Foreign.....	631,308	544,576	592,382
SUBTOTAL	\$ 1,063,046	\$ 917,000	\$ 997,500
Gross Receipts Tax			
Electric, Hydroelectric and Water Power.....	\$ 462,481	\$ 557,600	\$ 552,800
Motor Transportation.....	534	0	0
Telephone and Telegraph.....	197,778	204,700	206,100
Transportation.....	2,758	3,300	3,400
SUBTOTAL	\$ 663,551	\$ 765,600	\$ 762,300
Public Utility Realty Tax	\$ 42,292	\$ 27,500	\$ 41,900
Insurance Premiums Tax			
Domestic Casualty.....	\$ 52,999	\$ 53,250	\$ 56,723
Domestic Fire.....	20,891	20,990	22,359
Domestic Life and Previously Exempted Lines.....	53,887	54,142	57,674
Excess Insurance Brokers.....	8,502	8,542	9,099
Foreign Excess Casualty.....	4,404	4,425	4,713
Foreign Excess Fire.....	6,188	6,217	6,623
Foreign Life.....	138,828	139,485	148,584
Marine.....	109	110	117
Title Insurance.....	2,737	2,750	2,929
Unauthorized Insurance.....	2,876	2,889	3,079
SUBTOTAL	\$ 291,421	\$ 292,800	\$ 311,900
Financial Institutions Taxes			
Federal Mutual Thrift Institutions.....	\$ 1,346	\$ 1,356	\$ 1,573
National Banks.....	135,252	136,717	144,832
State Banks.....	25,894	26,175	27,729
State Mutual Thrift Institutions.....	13,550	13,644	15,827
Trust Companies.....	13,858	14,008	14,839
SUBTOTAL	\$ 189,900	\$ 191,900	\$ 204,800
Other Selective Business Taxes			
Corporate Loans — Domestic.....	\$ 7,269	\$ 8,412	\$ 8,412
Corporate Loans — Foreign.....	3,241	3,750	3,750
Miscellaneous Business Taxes.....	292	338	338
Corporation Taxes — Clearing Accounts Undistributed.....	-791	0	0
SUBTOTAL	\$ 10,011	\$ 12,500	\$ 12,500
Sales and Use Tax			
Motor Vehicle.....	\$ 1,080,012	\$ 1,112,300	\$ 1,157,000
Non-Motor Vehicle.....	6,123,744	6,205,800	6,472,600
SUBTOTAL	\$ 7,203,756	\$ 7,318,100	\$ 7,629,600
Cigarette Tax	\$ 269,339	\$ 265,200	\$ 260,400
Malt Beverage Tax	\$ 25,530	\$ 25,700	\$ 25,700
Liquor Tax	\$ 162,083	\$ 170,900	\$ 175,200

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimated	2002-03 Budget
Personal Income Tax			
Non-Withholding.....	\$ 1,892,918	\$ 1,907,200	\$ 1,936,700
Withholding.....	5,598,544	5,705,700	5,947,600
SUBTOTAL.....	\$ 7,491,462	\$ 7,612,900	\$ 7,884,300
Realty Transfer Tax.....	\$ 268,816	\$ 283,200	\$ 314,300
Inheritance Tax			
Nonresident Inheritance and Estate Tax.....	\$ 4,247	\$ 4,132	\$ 4,252
Resident Inheritance and Estate Tax.....	795,553	773,968	796,448
SUBTOTAL.....	\$ 799,800	\$ 778,100	\$ 800,700
Minor and Repealed Taxes			
Spirituous and Vinous Liquors Tax.....	\$ 49	\$ 0	\$ 0
Unallocated EFT Payments.....	15	0	0
Excess Vehicle Rental Tax.....	6,505	6,000	6,100
Job Creation Tax Credit.....	-1,367	-14,300	10,000
Payments of Intergrated Taxes (KITS).....	59	0	0
Tax on Writs, Wills and Deeds.....	1,359	1,000	1,000
SUBTOTAL.....	\$ 6,620	\$ -7,300	\$ 17,100
TOTAL TAX REVENUE.....	\$ 20,091,002	\$ 20,115,500	\$ 20,892,100
NONTAX REVENUES			
State Stores Fund Transfer.....	\$ 50,000	\$ 120,000	\$ 155,000
Licenses, Fees and Miscellaneous			
Governor's Offices			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 1	\$ 0	\$ 0
Refunds of Expenditures Not Credited to Appropriations.....	12	0	0
SUBTOTAL.....	\$ 13	\$ 0	\$ 0
Executive Offices			
LICENSES AND FEES			
Attorney Continuing Legal Education.....	\$ *	\$ 0	\$ 0
MISCELLANEOUS REVENUE			
Contra Revenue Code 001710-018499-103.....	\$ -39,490	\$ -8,264	\$ -2,000
Interest Transferred to Employee Benefits.....	-8,005	-7,490	-7,000
Interest from Federal Government - CMIA - 90.....	0	-812	-800
Interest Transferred to Federal JAIBG Program.....	-618	-525	-500
Miscellaneous.....	3,000	90	90
Refunds Of Expenditures Not Credited To Appropriations.....	873	710	600
SUBTOTAL.....	\$ -44,240	\$ -16,291	\$ -9,610
Lieutenant Governor's Office			
LICENSES AND FEES			
Board Of Pardons Fees.....	\$ 6	\$ 5	\$ 5
Board Of Pardons — Filing Fees.....	7	7	7
SUBTOTAL.....	\$ 13	\$ 12	\$ 12
Auditor General			
LICENSES AND FEES			
Filing Fees — Board of Arbitration of Claims.....	\$ 7	\$ 12	\$ 12

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimated	2002-03 Budget
Attorney General			
MISCELLANEOUS REVENUE			
Assessed Civil Penalties Payments.....	\$ 277	\$ 196	\$ 201
Miscellaneous Interest Offset for Appropriation 611.....	-120	-77	-79
Miscellaneous.....	*	28	28
Refunds Of Expenditures Not Credited To Appropriations.....	6	7	8
SUBTOTAL.....	\$ 163	\$ 154	\$ 158
Treasury Department			
MISCELLANEOUS REVENUE			
Allocation Of Treasury Costs.....	\$ 2,557	\$ 2,500	\$ 2,500
Depository Adjustments.....	-25	2	0
Dividend Income Reinvested - Long Term.....	1,505	6,066	6,050
Interest Transferred to Asbestos/Lead Account.....	-121	0	0
Interest Transferred to Hodge Trust Fund.....	-11	-11	-10
Interest Transferred to PA Tech Invest Authority.....	-134	-100	-100
Interest Income Reinvested - Long Term.....	3,185	17,033	17,000
Interest on Average Collected Balance - WIC Program.....	64	70	50
Interest On Deposits.....	326	376	300
Interest On Securities — Liquor License Fund.....	118	90	0
Interest On Securities.....	226,107	111,007	89,982
Miscellaneous.....	127	50	50
Realized Gain or Loss on Sale of Investments - Long Term.....	-14,988	-10,000	10,000
Redeposit Of Checks.....	3,369	4,500	1,500
Refunds Of Expenditures Not Credited To Appropriations.....	0	3	3
Unclaimed Property — Administration Cost Reimbursements.....	-11,185	-8,500	-9,000
Unclaimed Property — Claim Payments.....	-16,587	-20,000	-18,000
Unclaimed Property — Financial Institution Deposits.....	26,141	24,000	23,500
Unclaimed Property — Other Holder Deposits.....	51,543	46,000	54,000
SUBTOTAL.....	\$ 271,991	\$ 173,086	\$ 177,825
Department of Agriculture			
LICENSES AND FEES			
Abattoir Licenses.....	\$ 6	\$ 5	\$ 5
Approved Inspectors Certificate And Registration Fees.....	4	4	4
Domestic Animal Dealers' Licenses.....	47	44	47
Eating & Drinking Licenses.....	1,178	1,187	1,187
Egg Certification Fees.....	13	11	11
Egg Opening Licenses.....	0	*	*
Farm Products Inspection Fees.....	76	68	58
Garbage Feeders Licenses.....	*	1	1
Ice Cream Licenses.....	156	164	164
Livestock Branding Fees.....	*	*	*
Maple Syrup Program.....	*	1	1
Miscellaneous Licenses And Fees.....	17	17	17
Poultry Technician Licenses.....	2	2	2
Public Weighmasters' Liquid Fuel License — State Share.....	118	100	100
Registration Fee — Food Establishment.....	220	235	235
Rendering Plant Licenses.....	2	2	4
Lab Directors Exam Fees.....	1	1	1
Seed Testing And Certification Fees.....	66	60	60
Veterinarian Diagnostic Laboratory Fees.....	343	370	380
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 1	\$ 0	\$ 0
Refunds Of Expenditures Not Credited To Appropriations.....	49	0	0
Sale of Surplus Products.....	4	0	0
Telephone Commissions.....	*	0	0
SUBTOTAL.....	\$ 2,303	\$ 2,272	\$ 2,277

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimated	2002-03 Budget
Civil Service Commission			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ *	\$ *	\$ *
Refunds of Expend Not Credited to Appropriations.....	*	0	0
SUBTOTAL.....	\$ 0	\$ 0	\$ 0
Department of Community and Economic Development			
LICENSES AND FEES			
Municipal Indebtedness Fees.....	\$ 192	\$ 200	\$ 205
MISCELLANEOUS REVENUE			
Infrastructure Developer - Loan Repayments.....	\$ 324	\$ 300	\$ 305
Interest From Grantees.....	146	140	140
Housing and Redevelopment Loan Repayments.....	578	575	550
Miscellaneous.....	876	5,305	804
Nursing Home Loans — Repayments.....	52	50	45
PNHLA Portfolio Sale Proceeds.....	408	200	200
PNHLA Prior Year In-Transit.....	5,385	5,000	4,900
Refunds of Expenditures Not Credited to Appropriations.....	629	625	600
Repayable Grant Payments.....	1,515	1,500	1,500
SUBTOTAL.....	\$ 10,105	\$ 13,895	\$ 9,249
Department of Conservation and Natural Resources			
MISCELLANEOUS REVENUE			
Camp Leases.....	\$ 786	\$ 800	\$ 800
Ground Rents.....	12	13	13
Housing Rents.....	25	25	25
Minerals Sales.....	4	4	4
Miscellaneous.....	48	50	50
Refunds Of Expenditures Not Credited To Appropriations.....	304	310	310
Rights-Of-Way.....	382	385	385
Sales Tax Escrow Account.....	8	9	9
Telephone Commissions.....	2	2	2
Water Leases.....	16	17	17
SUBTOTAL.....	\$ 1,587	\$ 1,615	\$ 1,615
Department of Corrections			
MISCELLANEOUS REVENUE			
Antitrust Case Payments.....	\$ 311	\$ 320	\$ 325
Miscellaneous.....	3	4	5
Restitution Payments.....	610	720	725
Telephone Commissions.....	7,697	7,100	7,350
SUBTOTAL.....	\$ 8,621	\$ 8,144	\$ 8,405
Department of Education			
LICENSES AND FEES			
Fees For GED Transcripts.....	\$ 32	\$ 32	\$ 32
Fees For Licensing Private Schools.....	213	225	200
PDE Fees Transcripts — Closed Private Schools.....	*	*	*
Private Academic School Teacher Certification Fees.....	11	11	12
Fees For Licensing Private Driver Training Schools.....	52	75	77
Secondary Education Evaluation Fees.....	5	4	4
Teacher Certification Fees.....	560	567	516
MISCELLANEOUS REVENUE			
Miscellaneous.....	*	0	0
Refunds of Expenditures Not Credited to Appropriations.....	*	0	0
SUBTOTAL.....	\$ 873	\$ 914	\$ 841

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimated	2002-03 Budget
Emergency Management Agency			
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Appropriations.....	\$ 0	\$ 35	\$ 35
Department of Environmental Protection			
LICENSES AND FEES			
Anthracite Miners' Examination and Certification Fees.....	\$ *	\$ 0	\$ 0
Bituminous Miners' Examination and Certification Fees.....	1	1	1
Bituminous Shot Firers and Machine Runners Exam A.....	2	2	3
Blasters' Examination and Licensing Fees.....	52	53	54
Dams And Encroachment Fees.....	135	138	141
Examination and Certification Fees.....	3	3	3
Explosives Storage Permit Fees.....	63	64	66
Hazardous Waste Facility Annual Permit Administration Fees.....	55	56	57
Hazardous Waste Facility Permit Application Fees.....	52	53	54
Hazardous Waste Transporter License and Fees.....	53	54	55
Hazardous Waste Storage-Disposal Fac-Fee.....	3	3	3
Infectious and Chemical Waste Transport Fees.....	7	7	7
Municipal Waste Annual Permit Administration Fees.....	154	157	160
Municipal Waste Permit Application Fees.....	227	231	236
Residual Waste Permit Administration Fees.....	186	190	193
Residual Waste Permit Application/Modification Fees.....	63	64	65
Residual Waste Closure Admin Fees.....	7	7	8
Restaurant Licenses.....	*	0	0
Sewage Permit Fees.....	461	470	479
Submerged Land Fees.....	54	55	56
Water Bacteriological Examination Fees.....	32	33	34
Water Power and Supply Permit Fees.....	83	85	87
MISCELLANEOUS REVENUE			
Ground Rentals.....	10	10	11
Interest Income - Water Facilities.....	0	100	100
Interest on Loan Payments.....	431	900	900
Interest Payments — Mine Subsidence.....	4	4	4
Miscellaneous.....	13	13	14
Payment To Occupy Submerged Lands.....	247	252	257
Penalty Charges — Delinquent Interest.....	1	10	10
Refunds of Expenditures Not Credited to Appropriations.....	22	23	23
Repayment Of Loans — Water Facilities.....	1,047	1,200	1,200
Rights-of-Way.....	14	14	14
Royalties for Recovery Of Materials — Schuylkill River.....	138	141	143
Sales Tax Escrow Account.....	*	*	*
Sewage Treatment And Waterworks Application Fees.....	74	76	77
Surface Subsidence Assistance Loans — Repayments.....	21	21	21
Telephone Commissions.....	1	1	1
SUBTOTAL.....	\$ 3,716	\$ 4,491	\$ 4,537
Department of General Services			
MISCELLANEOUS REVENUE			
Allocation Of Purchasing Costs Job 7.....	\$ 3,412	\$ 3,412	\$ 3,412
Allocation Of Purchasing Costs Job 19.....	1,039	1,039	1,039
Miscellaneous.....	466	466	466
Real Estate Services.....	294	294	294
Refunds of Expenditures Not Credited to Appropriations.....	15	0	0
Rental Of State Property.....	144	150	106
Sale Of Publications.....	30	53	36
Sale Of State Property.....	413	2,500	18,900
Sale Of Unserviceable Property.....	397	400	400
SUBTOTAL.....	\$ 6,210	\$ 8,314	\$ 24,653

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimated	2002-03 Budget
Department of Health			
LICENSES AND FEES			
Bathing Place Program — Application Fees.....	\$ 2	\$ 2	\$ 2
Hospice Licensing Fees.....	29	28	28
Immunization Service Fees.....	45	48	47
Life Safety Code Inspection Fees.....	261	300	300
Miscellaneous Licensure Fees.....	83	80	80
Nursing Home Licenses.....	377	350	350
Pediatric Extended Care Licensing Fees.....	1	2	2
Profit Making Hospital Licenses.....	158	170	200
Organized Camps Program Fees.....	4	5	5
Registration Fees — Hearing Aid Act.....	100	100	110
Registration Fees — Drugs Devices and Cosmetics Act.....	351	350	350
Vital Statistics Fees.....	2,975	3,006	3,050
Wholesale Prescription Drug Distribution Licenses.....	49	50	50
MISCELLANEOUS REVENUE			
Interest Transferred to Share Loan Program.....	-8	-8	-8
Miscellaneous.....	104	110	115
Refunds of Expenditures Not Credited to Appropriations.....	*	2	2
SUBTOTAL.....	\$ 4,531	\$ 4,595	\$ 4,683
Historical and Museum Commission			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ *	\$ 0	\$ 0
Refunds of Expenditures Not Credited to Appropriations.....	34	0	0
SUBTOTAL.....	\$ 34	\$ 0	\$ 0
Insurance Department			
LICENSES AND FEES			
Agents' and Brokers' Certification Fees.....	\$ 793	\$ 720	\$ 400
Agents' Licenses.....	10,747	11,000	11,200
Brokers' Licenses.....	56	28	25
Division of Companies Certification — Certificates and Filing Fees.....	803	825	825
Examination Fees and Expenses.....	2,312	2,400	2,500
Market Conduct Examination Fees.....	327	375	400
Miscellaneous Fees.....	10	3	3
Miscellaneous Licenses.....	12	15	14
New Applicants.....	1,290	1,100	1,300
Physical Damage Appraiser License.....	18	20	22
Renewals.....	1,415	2,000	2,500
Valuation of Policies Fees.....	5,020	5,000	5,000
MISCELLANEOUS REVENUE			
Contra to Revenue Code 001780-009696-102.....	\$ -7	\$ 0	\$ 0
Miscellaneous.....	437	430	430
Refunds of Expenditures Not Credited to Appropriations.....	*	0	0
SUBTOTAL.....	\$ 23,233	\$ 23,916	\$ 24,619
Department of Labor and Industry			
LICENSES AND FEES			
Approval of Building Plan Fees.....	\$ 5,500	\$ 5,000	\$ 5,000
Approval of Elevator Plan Fees.....	501	400	400
Bedding And Upholstery Fees.....	604	550	550
Boiler Inspection Fees.....	3,243	2,500	2,500
Elevator Inspection Fees.....	2,093	1,900	1,700
Employment Agency Licenses.....	36	34	34

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimated	2002-03 Budget
Department of Labor and Industry (continued)			
Employment Agents' Registration Fees.....	6	4	4
Flammable Liquids Storage Fees.....	49	50	50
Industrial Homework Permit Fees.....	0	*	*
Liquefied Petroleum Gas Registration Fees.....	210	200	200
Projectionists' Examination And License Fees.....	7	6	3
Stuffed Toys Manufacturers' Registration Fees.....	72	60	60
MISCELLANEOUS REVENUE			
Act 64-Contra Miscellaneous Revenue Code.....	*	0	0
CETA Audit Settlement.....	1	0	0
Miscellaneous.....	5	3	3
Refunds of Expenditures Not Credited to Appropriations.....	21	0	0
SUBTOTAL.....	\$ 12,348	\$ 10,707	\$ 10,504
Department of Military and Veterans Affairs			
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Appropriations.....	\$ 53	\$ 63	\$ 63
Telephone Commissions.....	9	2	2
SUBTOTAL.....	\$ 62	\$ 65	\$ 65
Board of Probation and Parole			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 1	\$ 0	\$ 0
Refunds of Expenditures Not Credited to Appropriations.....	1	0	0
SUBTOTAL.....	\$ 2	\$ 0	\$ 0
Department of Public Welfare			
LICENSES AND FEES			
Private Mental Hospital Licenses.....	\$ 54	\$ 57	\$ 57
MISCELLANEOUS REVENUE			
Miscellaneous.....	8,872	27	27
Refunds of Expenditures Not Credited to Appropriations.....	67	50	50
Telephone Commissions.....	47	47	47
SUBTOTAL.....	\$ 9,040	\$ 181	\$ 181
Department of Revenue			
LICENSES AND FEES			
Certification And Copy Fees.....	\$ 30	\$ 36	\$ 36
Cigarette Permit Fees.....	154	700	700
Domestic Violence and Rape Crisis Program Fee.....	2,128	2,200	2,500
Uniform Commercial Fee Act 1992-67.....	8,410	8,600	8,800
MISCELLANEOUS REVENUE			
Exempt Collections Per Act 1992-67.....	13,129	13,322	13,622
District Justice Costs.....	7,631	8,500	8,500
Miscellaneous.....	135	15	15
Distribution Due Absentee.....	261	50	50
Income Tax Check-Offs — Olympics.....	*	15	15
Refunds of Expenditures Not Credited to Appropriations.....	3	15	15
SUBTOTAL.....	\$ 31,881	\$ 33,453	\$ 34,253
Securities Commission			
LICENSES AND FEES			
Associated Persons — Initial.....	\$ 40	\$ 45	\$ 45
Associated Persons — Renewal.....	118	117	116
Associated Persons — Transfer.....	2	4	4

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimated	2002-03 Budget
Securities Commission (continued)			
Brokers, Dealers Registration Fees — Initial.....	88	76	76
Brokers, Dealers Registration Fees — Renewal.....	639	660	682
Costs — Examination, Auditing, Investigation, Prosecution — Except Takeover Costs.....	*	*	*
Investment Advisors Filing Fees — Initial.....	21	22	22
Investment Advisors Filing Fees — Renewal.....	98	92	92
Investment Advisors — Notice Filings Initial.....	73	34	70
Investment Advisors — Notice Filings Renewal.....	215	231	231
Mutual Funds — Increase in Amount of Filing.....	640	450	640
Mutual Funds — Initial Filing.....	1,097	1,000	1,100
Mutual Funds — Renewal Filing.....	4,355	4,300	4,355
Mutual Funds — Unregistered Sales.....	0	1	1
506 RD Filings.....	1,105	1,200	1,110
Section 203 (D) — Increase in Amount of Filing.....	*	1	*
Section 203 (D) — Initial Filing.....	35	45	35
Section 203 (I) (O) (II) — Initial Filing.....	1	2	3
Section 203(P) — Initial Filing.....	*	*	*
Section 203(S) — Initial Filing.....	15	10	15
Section 203(T) — Filing.....	7	20	10
Section 205 — Security Registration and Amendment Fees.....	42	55	50
Section 206 — Qualification Filing — Initial.....	108	100	110
Securities Agents Filing Fees — Initial.....	2,751	3,013	2,600
Securities Agents Filing Fees — Renewal.....	6,962	7,514	8,236
Securities Agents Filing Fees — Transfer.....	328	155	155
Takeover Disclosure Filing Fees.....	*	3	3
Takeover Disclosure Filing Fees.....	0	1	1
SUBTOTAL.....	\$ 18,740	\$ 19,151	\$ 19,762
Department of State			
LICENSES AND FEES			
Charities Bureau Registration Fees.....	\$ 1,158	\$ 1,127	\$ 1,150
Commission and Filing Fees — Bureau Of Elections.....	581	290	300
Commission and Filing Fees — Corporation Bureau.....	9,678	15,778	15,858
Commission Fees.....	53	64	64
Notary Public Commission Fees.....	1,009	1,080	1,100
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Appropriations.....	3	0	0
SUBTOTAL.....	\$ 12,482	\$ 18,339	\$ 18,472
State Police			
MISCELLANEOUS REVENUE			
Act 64 - Contra Miscellaneous Revenue	\$ -1	\$ 0	\$ 0
Miscellaneous.....	119	200	205
Reimbursement For Lost Property.....	11	10	12
Refunds of Expenditures Not Credited to Appropriations.....	218	225	230
Telephone Commissions.....	6	5	5
SUBTOTAL.....	\$ 353	\$ 440	\$ 452
Department of Transportation			
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Interest	\$ 1	\$ 0	\$ 0
Other			
MISCELLANEOUS REVENUE			
Conscience Money.....	\$ 1	\$ 0	\$ 0
Payments in Lieu of Taxes — SWIF.....	1,596	1,500	1,500

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimated	2002-03 Budget
Other (continued)			
Public Television Network - Refunds of Expend not credited to approp	25	0	0
Transfers From Special Funds.....	11,970	78,500	7,700
SUBTOTAL.....	\$ 13,592	\$ 80,000	\$ 9,200
Total Licenses, Fees and Miscellaneous.....	\$ 387,661	\$ 387,500	\$ 342,200
Fines, Penalties and Interest on Taxes			
Corporation Net Income Tax.....	\$ 11,796	\$ 10,263	\$ 10,263
Interest on Excise Taxes — Corporations (Department of Revenue)....	16,684	14,515	14,515
Penalties on Excise Taxes — Corporations.....	1,405	1,222	1,222
SUBTOTAL.....	\$ 29,885	\$ 26,000	\$ 26,000
Other Fines and Penalties			
Executive Offices			
PA Human Relations Commission - Civil Penalties.....	\$ 1	\$ 2	\$ 2
Department of Agriculture			
Amusement Rides and Attractions — Fines.....	3	3	3
Egg Fines.....	*	*	*
General Food Fines.....	2	3	3
Harness Racing Fines and Penalties.....	64	38	38
Horse Racing Fines and Penalties.....	38	42	42
Marking Law Fines.....	0	*	*
Miscellaneous Fines.....	2	0	0
Seasonal Farm Laborers Fines & Penalties.....	1	1	1
Weights & Mearsures Division - Fines.....	0	27	13
Department of Conservation and Natural Resources			
Miscellaneous Fines.....	1	3	3
Ethics Commission			
Violations - Act 1978-170.....	67	20	20
Department of General Services			
Traffic Violation Fines.....	31	27	27
Department of Insurance			
Miscellaneous Fines.....	2,163	796	750
Department of Labor and Industry			
Minor Labor Law Fines.....	1	0	0
Miscellaneous Fines.....	102	0	0
Public Utility Commission			
Violation Of Order Fines.....	386	325	379
Department of Revenue			
Malt Liquor Fines and Penalties.....	2	0	0
Department of State			
Penalties and Fines - Charities Bureau.....	333	313	319
SUBTOTAL.....	\$ 3,197	\$ 1,600	\$ 1,600
Total Fines, Penalties and Interest.....	\$ 33,082	\$ 27,600	\$ 27,600
TOTAL NONTAX REVENUES.....	\$ 470,743	\$ 535,100	\$ 524,800
TOTAL GENERAL FUND REVENUES.....	\$ 20,561,745	\$ 20,650,600	\$ 21,416,900

* Less than \$500.

General Fund Revenue Summary

Revenue History

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

	(Dollar Amounts in Thousands)					
	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	2000-01 Actual
TAX REVENUE						
Corporation Taxes						
Corporate Net Income Tax.....	\$ 1,625,889	\$ 1,697,077	\$ 1,703,241	\$ 1,724,945	\$ 1,860,184	\$ 1,603,375
Capital Stock and Franchise Taxes..	879,543	954,503	1,030,450	1,100,318	1,083,505	1,063,046
Selective Business:						
Gross Receipts Tax.....	665,606	717,508	729,378	670,238	657,260	663,551
Public Utility Realty Tax.....	151,003	137,164	102,342	124,588	104,855	42,292
Insurance Premiums Tax.....	228,256	202,157	217,701	261,895	263,879	291,421
Financial Institutions Tax.....	176,529	187,719	202,393	193,293	211,983	189,900
Other Selective Business Taxes.....	12,417	12,992	12,848	12,592	11,065	10,011
Total — Corporation Taxes.....	<u>\$ 3,739,243</u>	<u>\$ 3,909,120</u>	<u>\$ 3,998,353</u>	<u>\$ 4,087,869</u>	<u>\$ 4,192,731</u>	<u>\$ 3,863,596</u>
Consumption Taxes						
Sales and Use Tax.....	\$ 5,682,355	\$ 6,036,480	\$ 6,152,191	\$ 6,605,756	\$ 7,018,332	\$ 7,203,756
Cigarette Tax.....	297,660	291,590	278,994	275,786	272,418	269,339
Malt Beverage Tax.....	25,464	25,216	25,276	25,483	25,776	25,530
Liquor Tax.....	124,044	130,660	136,115	144,990	153,831	162,083
Total — Consumption Taxes.....	<u>\$ 6,129,523</u>	<u>\$ 6,483,946</u>	<u>\$ 6,592,576</u>	<u>\$ 7,052,015</u>	<u>\$ 7,470,357</u>	<u>\$ 7,660,708</u>
Other Taxes						
Personal Income Tax.....	\$ 5,374,301	\$ 5,745,633	\$ 6,236,383	\$ 6,683,575	\$ 7,066,013	\$ 7,491,462
Realty Transfer Tax.....	178,164	200,927	241,458	257,959	271,858	268,816
Inheritance Tax.....	553,477	615,495	710,904	760,698	819,110	799,800
Minor and Repealed Taxes.....	1,055	3,047	-4,921	-7,786	-9,163	6,620
Total — Other Taxes.....	<u>\$ 6,106,997</u>	<u>\$ 6,565,102</u>	<u>\$ 7,183,824</u>	<u>\$ 7,694,446</u>	<u>\$ 8,147,818</u>	<u>\$ 8,566,698</u>
TOTAL TAX REVENUE.....	<u>\$ 15,975,763</u>	<u>\$ 16,958,168</u>	<u>\$ 17,774,753</u>	<u>\$ 18,834,330</u>	<u>\$ 19,810,906</u>	<u>\$ 20,091,002</u>
NONTAX REVENUE						
State Stores Fund Transfer.....	\$ 42,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Licenses, Fees and Miscellaneous:						
Licenses and Fees.....	68,665	72,830	76,994	81,212	86,765	86,581
Miscellaneous.....	231,051	207,539	193,064	233,172	281,954	301,080
Fines, Penalties and Interest:						
On Taxes.....	20,474	29,463	26,095	26,691	24,776	29,885
Other.....	585	2,554	2,262	1,250	2,326	3,197
TOTAL NONTAX REVENUES.....	<u>\$ 362,775</u>	<u>\$ 362,386</u>	<u>\$ 348,415</u>	<u>\$ 392,325</u>	<u>\$ 445,821</u>	<u>\$ 470,743</u>
GENERAL FUND TOTAL.....	<u>\$ 16,338,538</u>	<u>\$ 17,320,554</u>	<u>\$ 18,123,168</u>	<u>\$ 19,226,655</u>	<u>\$ 20,256,727</u>	<u>\$ 20,561,745</u>



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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Beginning Balance	\$ 112,136	\$ 114,861	\$ 67,395
Revenue:			
Revenue Receipts.....	\$ 1,951,816	\$ 1,978,560	\$ 1,998,900
Prior Year Lapses	24,345	30,500	0
Funds Available	<u>\$ 2,088,297</u>	<u>\$ 2,123,921</u>	<u>\$ 2,066,295</u>
Expenditures:			
Appropriations.....	\$ 1,998,216	\$ 2,061,026	\$ 2,058,277
Less Current Year Lapses	-24,780	-4,500	0
Estimated Expenditures	<u>\$ -1,973,436</u>	<u>\$ -2,056,526</u>	<u>\$ -2,058,277</u>
Ending Balance	<u><u>\$ 114,861</u></u>	<u><u>\$ 67,395</u></u>	<u><u>\$ 8,018</u></u>

* Excludes restricted revenue.

Summary by Department

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Executive Offices			
General Government			
Office of the Budget.....	\$ 4,345	\$ 4,485	\$ 4,485
Statewide Public Safety Radio System.....	612	960	5,856
TOTAL STATE FUNDS	<u>\$ 4,957</u>	<u>\$ 5,445</u>	<u>\$ 10,341</u>
Augmentations.....	\$ 615	\$ 785	\$ 785
DEPARTMENT TOTAL.....	<u>\$ 5,572</u>	<u>\$ 6,230</u>	<u>\$ 11,126</u>
Treasury Department			
General Government			
Replacement Checks.....	\$ 53	\$ 300	\$ 300
Refunding Liquid Fuel Tax — Agricultural	3,449	4,500	4,500
Administration of Refunding Liquid Fuel Tax.....	372	448	455
Refunding Liquid Fuel Tax — State Share.....	650	650	650
Refunding Emergency Liquid Fuel Tax.....	0	1	1
Refunding Liquid Fuel Tax — Political Subdivisions.....	3,200	3,800	3,800
Refunding Liquid Fuel Tax — Volunteer Services.....	284	450	450
Refunding Liquid Fuel Tax — Boat Fund.....	2,315	3,000	3,000
Subtotal.....	<u>\$ 10,323</u>	<u>\$ 13,149</u>	<u>\$ 13,156</u>
Debt Service Requirements			
Capital Debt — Transportation Projects.....	\$ 79,840	\$ 59,113	\$ 40,965
General Obligation Debt Service.....	1,442	1,473	1,798
Loan and Transfer Agent.....	28	135	50
Subtotal.....	<u>\$ 81,310</u>	<u>\$ 60,721</u>	<u>\$ 42,813</u>
TOTAL STATE FUNDS	<u>\$ 91,633</u>	<u>\$ 73,870</u>	<u>\$ 55,969</u>
Restricted Revenue.....	\$ 26,367	\$ 24,247	\$ 23,874
DEPARTMENT TOTAL.....	<u>\$ 118,000</u>	<u>\$ 98,117</u>	<u>\$ 79,843</u>
Department of Conservation and Natural Resources			
Dirt and Gravel Roads.....	\$ 1,000	\$ 1,000	\$ 1,000
TOTAL STATE FUNDS	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>
Restricted Revenue.....	\$ 3,913	\$ 3,191	\$ 3,656
DEPARTMENT TOTAL.....	<u>\$ 4,913</u>	<u>\$ 4,191</u>	<u>\$ 4,656</u>
Department of Education			
Grants and Subsidies			
Safe Driving Course.....	\$ 1,077	\$ 1,620	\$ 1,230
DEPARTMENT TOTAL.....	<u>\$ 1,077</u>	<u>\$ 1,620</u>	<u>\$ 1,230</u>
Department of Environmental Protection			
Dirt and Gravel Roads.....	\$ 4,000	\$ 4,000	\$ 4,000
DEPARTMENT TOTAL.....	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>
Department of General Services			
Tort Claims Payments.....	\$ 20,000	\$ 20,000	\$ 20,000
Harristown Rental Charges.....	95	91	95
Harristown Utility and Municipal Charges.....	150	149	158
DEPARTMENT TOTAL.....	<u>\$ 20,245</u>	<u>\$ 20,240</u>	<u>\$ 20,253</u>

Summary by Department (continued)

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Department of Revenue			
General Government			
Collections — Liquid Fuels Tax.....	\$ 12,453	\$ 13,157	\$ 13,032
Refunding Liquid Fuels Tax.....	8,490	9,000	9,200
TOTAL STATE FUNDS	\$ 20,943	\$ 22,157	\$ 22,232
Augmentations.....	\$ 15	\$ 25	\$ 25
DEPARTMENT TOTAL.....	\$ 20,958	\$ 22,182	\$ 22,257
State Police			
General Government			
General Government Operations.....	\$ 288,632	\$ 306,695	\$ 310,144
Municipal Police Training.....	3,733	5,158	5,731
Patrol Vehicles.....	5,937	6,052	6,481
CLEAN System.....	18,095	33,976	49,419
DEPARTMENT TOTAL.....	\$ 316,397	\$ 351,881	\$ 371,775
Department of Transportation			
General Government			
General Government Operations.....	\$ 32,221	\$ 46,471	\$ 48,067
Highway Systems Technology.....	34,735	25,000	17,100
Refunding Collected Monies.....	3,619	4,500	4,250
Relocation of Transportation and Safety Operations.....	3,565	0	0
Highway and Safety Improvement.....	174,022	196,750	188,000
Highway Capital Projects.....	203,900	210,200	210,776
Security Walls Pilot Project.....	11,000	10,000	10,000
Highway Maintenance.....	634,819	662,750	666,000
Secondary Roads — Maintenance and Resurfacing.....	62,279	61,870	64,373
Highway Maintenance Safety Projects.....	15,000	15,000	15,000
Reinvestment — Facilities.....	6,140	9,148	9,540
Safety Administration and Licensing.....	106,182	119,252	120,492
Enhanced Titling and Registration.....	13,400	6,100	0
Subtotal.....	\$ 1,300,882	\$ 1,367,041	\$ 1,353,598
Grants and Subsidies			
Local Road Maintenance and Construction Payments.....	\$ 179,302	\$ 180,772	\$ 184,879
Supplemental Local Road Maintenance and Construction Payments.....	5,000	5,000	5,000
Payment to Turnpike Commission.....	28,000	28,000	28,000
Subtotal.....	\$ 212,302	\$ 213,772	\$ 217,879
TOTAL STATE FUNDS	\$ 1,513,184	\$ 1,580,813	\$ 1,571,477
Federal Funds.....	\$ 1,120,054	\$ 1,247,780	\$ 1,621,059
Augmentations.....	44,318	44,846	47,160
Restricted Revenue.....	675,726	690,126	712,376
DEPARTMENT TOTAL.....	\$ 3,353,282	\$ 3,563,565	\$ 3,952,072
Fund Summary			
State Funds — Transportation.....	\$ 1,513,184	\$ 1,580,813	\$ 1,571,477
State Funds — Other Departments.....	460,252	480,213	486,800
TOTAL STATE FUNDS	\$ 1,973,436	\$ 2,061,026	\$ 2,058,277
Motor License Fund Total—All Funds			
State Funds.....	\$ 1,973,436	\$ 2,061,026	\$ 2,058,277
Federal Funds.....	1,120,054	1,247,780	1,621,059
Augmentations.....	44,948	45,656	47,970
Restricted Revenue.....	706,006	717,564	739,906
FUND TOTAL.....	\$ 3,844,444	\$ 4,072,026	\$ 4,467,212

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2000-01 Actual	2001-02 Estimated	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
Liquid Fuels Taxes.....	\$ 1,070,185	\$ 1,088,270	\$ 1,110,190	\$ 1,128,090	\$ 1,146,290	\$ 1,164,780	\$ 1,183,580
Motor Licenses and Fees.....	795,371	803,410	811,730	821,670	823,430	827,960	832,450
Other Motor License Fund Revenues.....	86,260	86,880	76,980	77,500	78,030	78,560	79,100
TOTAL MOTOR LICENSE FUND REVENUES.....	<u>\$ 1,951,816</u>	<u>\$ 1,978,560</u>	<u>\$ 1,998,900</u>	<u>\$ 2,027,260</u>	<u>\$ 2,047,750</u>	<u>\$ 2,071,300</u>	<u>\$ 2,095,130</u>
Aviation Restricted Revenues.....	\$ 14,921	\$ 14,210	\$ 13,900	\$ 13,990	\$ 14,080	\$ 14,170	\$ 14,260
Highway Bridge Improvement Restricted Revenues.....	\$ 80,613	\$ 83,620	\$ 86,980	\$ 88,400	\$ 89,850	\$ 91,330	\$ 92,840
State Highway Transfer Restricted Revenues.....	\$ 17,070	\$ 17,280	\$ 17,940	\$ 18,230	\$ 18,520	\$ 18,820	\$ 19,120
Oil Company Franchise Tax Restricted Revenues.....	\$ 312,946	\$ 316,810	\$ 328,920	\$ 334,190	\$ 339,540	\$ 344,990	\$ 350,510
Supplemental Maintenance Restricted Revenues.....	\$ 219,062	\$ 221,770	\$ 230,240	\$ 233,930	\$ 237,680	\$ 241,490	\$ 245,360

Adjustments to 2001-02 Revenue Estimate

On June 22, 2001, an official estimate for the 2001-02 fiscal year of \$1,955,790,000 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.

	2001-02 Official Estimate	Adjustments	2001-02 Revised Estimate
Liquid Fuels Taxes.....	\$ 1,064,450	\$ 23,820	\$ 1,088,270
Motor Licenses and Fees.....	790,300	13,110	803,410
Other Motor License Fund Revenues.....	101,040	-14,160	86,880
TOTAL.....	<u>\$ 1,955,790</u>	<u>\$ 22,770</u>	<u>\$ 1,978,560</u>

Revenue Sources

Liquid Fuels Taxes

Actual	Estimated
1995-96..... \$ 982,117	2001-02..... \$ 1,088,270
1996-97..... 1,011,427	2002-03..... 1,110,190
1997-98..... 1,022,355	2003-04..... 1,128,090
1998-99..... 1,034,899	2004-05..... 1,146,290
1999-00..... 1,054,027	2005-06..... 1,164,780
2000-01..... 1,070,185	2006-07..... 1,183,580

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	
1995-96.....	\$ 506,555	2001-02.....	\$ 803,410
1996-97.....	519,578	2002-03.....	811,730
1997-98.....	703,051	2003-04.....	821,670
1998-99.....	755,430	2004-05.....	823,430
1999-00.....	807,859	2005-06.....	827,960
2000-01.....	795,371	2006-07.....	832,450

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	
1995-96.....	\$ 78,183	2001-02.....	\$ 86,880
1996-97.....	78,124	2002-03.....	76,980
1997-98.....	87,290	2003-04.....	77,500
1998-99.....	94,680	2004-05.....	78,030
1999-00.....	97,478	2005-06.....	78,560
2000-01.....	86,260	2006-07.....	79,100

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)

	<u>2000-01 Actual</u>	<u>2001-02 Estimate</u>	<u>2002-03 Budget</u>
LIQUID FUELS TAXES			
Liquid Fuels Tax			
Liquid Fuels Tax.....	\$ 566,599	\$ 581,901	\$ 587,719
Liquid Fuels Tax Interest.....	649	666	673
Liquid Fuels Tax Penalties.....	538	553	558
Subtotal.....	<u>\$ 567,786</u>	<u>\$ 583,120</u>	<u>\$ 588,950</u>
Fuel Use Tax			
Fuel Use Tax.....	\$ 146,170	\$ 148,362	\$ 151,332
Fuel Use Tax Interest.....	5	5	5
Fuel Use Tax Penalties.....	3	3	3
Subtotal.....	<u>\$ 146,178</u>	<u>\$ 148,370</u>	<u>\$ 151,340</u>
Alternative Fuel Tax			
Alternative Fuel Tax.....	\$ 942	\$ 950	\$ 970
Alternative Fuel Tax Interest.....	0	0	0
Alternative Fuel Tax Penalties.....	0	0	0
Subtotal.....	<u>\$ 942</u>	<u>\$ 950</u>	<u>\$ 970</u>
Motor Carriers Road Tax — International Fuel Tax Agreement			
Motor Carriers Road/IFTA — Fuels Tax.....	\$ 29,852	\$ 26,663	\$ 27,196
Motor Carriers Road/IFTA— Registration Fees, Special Permit Fees and Fines.....	937	837	854
Subtotal.....	<u>\$ 30,789</u>	<u>\$ 27,500</u>	<u>\$ 28,050</u>
Oil Company Franchise Tax.....	<u>\$ 324,490</u>	<u>\$ 328,330</u>	<u>\$ 340,880</u>
TOTAL LIQUID FUELS TAXES.....	<u><u>\$ 1,070,185</u></u>	<u><u>\$ 1,088,270</u></u>	<u><u>\$ 1,110,190</u></u>
MOTOR LICENSES AND FEES			
Operators' Licenses.....	\$ 53,570	\$ 53,170	\$ 52,690
Other Fees Collected by Bureau of Motor Vehicles.....	22,152	23,920	24,520
Registration Fees Received From Other States/IRP.....	68,047	57,840	59,000
Special Hauling Permit Fees.....	16,659	17,660	18,190
Vehicle Registration and Titling.....	634,943	650,820	657,330
TOTAL MOTOR LICENSES AND FEES.....	<u><u>\$ 795,371</u></u>	<u><u>\$ 803,410</u></u>	<u><u>\$ 811,730</u></u>
OTHER MOTOR LICENSE FUND REVENUES			
Gross Receipts Tax.....	<u>\$ 46</u>	<u>\$ 50</u>	<u>\$ 50</u>
Fines and Penalties			
Department of Revenue			
Vehicle Code Fines.....	\$ 29,111	\$ 29,770	\$ 29,920
Department of Transportation			
Vehicle Code Fines.....	754	500	500
Subtotal.....	<u>\$ 29,865</u>	<u>\$ 30,270</u>	<u>\$ 30,420</u>

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Miscellaneous Revenues			
Treasury Department			
Dividend Income Reinvested - Long Term.....	\$ 852	\$ 837	\$ 567
Interest on Deposits - Cash Advancement Accounts.....	53	52	35
Interest Income Reinvested - Long Term.....	1,259	1,236	838
Interest on Securities.....	38,606	37,914	25,698
Interest on Securities - Liquid Fuels Tax Fund.....	585	575	389
Premiums - Sale of Securities - Liquid Fuel Tax Fund.....	1	1	1
Realized Gain or Loss on Sale of Invest - Long Term.....	-8,589	-8,435	-5,717
Redeposit of Checks.....	163	160	109
Subtotal.....	\$ 32,930	\$ 32,340	\$ 21,920
Department of General Services			
Rent of State Property.....	\$ 18	\$ 0	\$ 0
Sale of Unserviceable Property.....	514	\$ 420	\$ 430
Subtotal.....	\$ 532	\$ 420	\$ 430
Department of Transportation			
Fees for Reclaiming Abandoned Vehicles.....	\$ 27	\$ 28	\$ 29
Highway Bridge Income.....	131	136	138
Highway Encroachment Permits.....	1,089	1,132	1,149
Interest Earned - Restricted Revenue.....	-1,695 ^a	-1,763 ^a	-1,789 ^a
Miscellaneous Revenues.....	486	505	513
Recovered Damages.....	3	3	3
Refunds of Expenditures Not Credited to			
Appropriations or Allocations.....	355	369	375
Sale of Bid Proposals and Contract Specifications.....	828	861	874
Sale of Inspection Stickers.....	21,187	22,034	22,366
Sale of Maps and Plans.....	476	495	502
Subtotal.....	\$ 22,887	\$ 23,800	\$ 24,160
TOTAL OTHER MOTOR LICENSE FUND REVENUES.....	\$ 86,260	\$ 86,880	\$ 76,980
TOTAL MOTOR LICENSE FUND REVENUES.....	\$ 1,951,816	\$ 1,978,560	\$ 1,998,900

^a Amounts transferred to restricted revenue account.

Restricted Revenues Not Included in Department Total

Aviation Revenues

Actual		Estimated	
1995-96.....	\$ 17,653	2001-02.....	\$ 14,210
1996-97.....	18,603	2002-03.....	13,900
1997-98.....	19,314	2003-04.....	13,990
1998-99.....	11,085	2004-05.....	14,080
1999-00.....	11,658	2005-06.....	14,170
2000-01.....	14,921	2006-07.....	14,260

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, 2002, 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.

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
AVIATION REVENUES			
Aviation Liquid Fuels Tax.....	\$ 13,219	\$ 12,500	\$ 12,200
State Airport Operations.....	9	10	0
Interest.....	1,693	1,700	1,700
TOTAL AVIATION REVENUES.....	\$ 14,921	\$ 14,210	\$ 13,900

Highway Bridge Improvement Revenues

Actual		Estimated	
1995-96.....	\$ 62,573	2001-02.....	\$ 83,620
1996-97.....	77,349	2002-03.....	86,980
1997-98.....	101,393	2003-04.....	88,400
1998-99.....	76,777	2004-05.....	89,850
1999-00.....	85,118	2005-06.....	91,330
2000-01.....	80,613	2006-07.....	92,840

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.

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
HIGHWAY BRIDGE IMPROVEMENT REVENUES			
Motor Carrier Surcharge.....	\$ -12	\$ 40	\$ 0
Registration Fee Portion-PA-Based Motor Vehicles.....	17,603	17,600	17,640
Temporary Permit Fees.....	180	170	170
Oil Company Franchise Tax.....	62,842	65,810	69,170
TOTAL HIGHWAY BRIDGE REVENUES.....	\$ 80,613	\$ 83,620	\$ 86,980

Restricted Revenues Not Included in Department Total (continued)

State Highway Transfer Revenues

Actual	Estimated
1995-96..... \$ 15,833	2001-02..... \$ 17,280
1996-97..... 16,919	2002-03..... 17,940
1997-98..... 15,194	2003-04..... 18,230
1998-99..... 16,988	2004-05..... 18,520
1999-00..... 17,255	2005-06..... 18,820
2000-01..... 17,070	2006-07..... 19,120

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
1995-96..... \$ 289,676	2001-02..... \$ 316,810
1996-97..... 309,530	2002-03..... 328,920
1997-98..... 278,481	2003-04..... 334,190
1998-99..... 311,443	2004-05..... 339,540
1999-00..... 316,342	2005-06..... 344,990
2000-01..... 312,946	2006-07..... 350,510

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
1995-96..... \$ 0	2001-02..... \$ 221,770
1996-97..... 0	2002-03..... 230,240
1997-98..... 215,210	2003-04..... 233,930
1998-99..... 217,871	2004-05..... 237,680
1999-00..... 221,401	2005-06..... 241,490
2000-01..... 219,062	2006-07..... 245,360

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Beginning Balance	\$ 15,061	\$ 18,967	\$ 20,529
Receipts:			
Revenue Estimate.....	\$ 13,761	\$ 13,708	\$ 13,913
Prior Year Lapses.....	33	0	0
Total Receipts.....	<u>\$ 13,794</u>	<u>\$ 13,708</u>	<u>\$ 13,913</u>
Funds Available	<u>\$ 28,855</u>	<u>\$ 32,675</u>	<u>\$ 34,442</u>
Expenditures:			
Appropriated.....	\$ 9,888	\$ 12,146	\$ 12,422
Estimated Expenditures.....	<u>-9,888</u>	<u>-12,146</u>	<u>-12,422</u>
Ending Balance	<u><u>\$ 18,967</u></u>	<u><u>\$ 20,529</u></u>	<u><u>\$ 22,020</u></u>

Summary by Department

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 0	\$ 5	\$ 5
Banking Department			
General Government			
General Government Operations.....	\$ 9,546	\$ 11,801	\$ 12,075
Department of General Services			
General Government			
Harristown Rental Charges.....	\$ 140	\$ 139	\$ 145
Harristown Utility and Municipal Charges.....	202	201	197
DEPARTMENT TOTAL.....	<u>\$ 342</u>	<u>\$ 340</u>	<u>\$ 342</u>
FUND TOTAL.....	<u><u>\$ 9,888</u></u>	<u><u>\$ 12,146</u></u>	<u><u>\$ 12,422</u></u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2000-01 Actual	2001-02 Estimated	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
Licenses and Fees.....	\$ 12,544	\$ 12,656	\$ 12,856	\$ 13,128	\$ 13,419	\$ 13,763	\$ 14,100
Fines and Penalties.....	53	50	55	60	66	72	79
Miscellaneous.....	1,164	1,002	1,002	1,002	1,002	1,002	1,002
TOTAL BANKING DEPARTMENT FUND REVENUES.....	\$ 13,761	\$ 13,708	\$ 13,913	\$ 14,190	\$ 14,487	\$ 14,837	\$ 15,181

Revenue Sources

Licenses and Fees

Actual		Estimated	
1995-96.....	\$ 10,721	2001-02.....	\$ 12,656
1996-97.....	10,063	2002-03.....	12,856
1997-98.....	11,161	2003-04.....	13,128
1998-99.....	11,653	2004-05.....	13,419
1999-00.....	11,640	2005-06.....	13,763
2000-01.....	12,544	2006-07.....	14,100

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	
1995-96.....	\$ 146	2001-02.....	\$ 50
1996-97.....	50	2002-03.....	55
1997-98.....	63	2003-04.....	60
1998-99.....	86	2004-05.....	66
1999-00.....	65	2005-06.....	72
2000-01.....	53	2006-07.....	79

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
1995-96.....	\$ 297	2001-02.....	\$ 1,002
1996-97.....	404	2002-03.....	1,002
1997-98.....	537	2003-04.....	1,002
1998-99.....	637	2004-05.....	1,002
1999-00.....	862	2005-06.....	1,002
2000-01.....	1,164	2006-07.....	1,002

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)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Licenses and Fees			
Banking — Application Fees	\$ 76	\$ 79	\$ 72
Banking — Interstate Application Fees	13	20	13
Savings Associations — Examinations	231	240	200
Savings Associations — Overhead Assessments	73	65	67
Savings Associations — Application Fees	4	1	1
Check Cashers — Examinations	51	32	35
Check Cashers — Licenses	201	205	205
Consumer Credit — Examinations	214	160	148
Consumer Credit — Pawnbroker Licenses	15	15	15
Consumer Credit — Installment Seller Licenses	969	988	988
Consumer Credit — Consumer Discount			
Company Licenses	235	225	225
Consumer Credit — Money Transmitter Licenses	60	60	60
Consumer Credit — Sales Finance Licenses	368	290	290
Consumer Credit — Collector-Repossessor Licenses	38	38	38
Credit Unions — Overhead Assessments	457	466	462
Secondary Mortgage Broker Licenses	987	997	997
Examinations — Credit Union	463	480	460
Examinations — Mortgage Banker Brokers	1	100	102
Examinations — Pawnbrokers	14	14	13
Examinations — First Mortgage	26	40	38
Examinations — Second Mortgage	111	140	147
Examinations — Trust Companies	219	170	180
Examinations — Money Transmitters	77	81	87
Examinations — Secondary Mortgage Broker	64	72	68
Loan Correspondent Examinations	0	4	7
Receiverships.....	778	0	0
Overhead Assessments — Trust Companies	88	95	90
Total Assessment Charges — Banks	5,698	6,559	6,819
First Mortgage Company — Licenses	998	1,009	1,009
Mutual Holding Company Reorganization Application Fees.....	0	0	10
Loan Broker Registrations.....	5	5	5
Publications - Licensing.....	5	0	0
Miscellaneous	5	6	5
TOTAL	\$ 12,544	\$ 12,656	\$ 12,856

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Fines and Penalties			
Banking Law--Fines and Penalties.....	\$ 53	\$ 50	\$ 55
Miscellaneous Revenue			
Interest on Securities.....	\$ 1,162	\$ 1,002	\$ 1,002
Miscellaneous.....	2	0	0
TOTAL.....	\$ 1,164	\$ 1,002	\$ 1,002
TOTAL REVENUES.....	\$ 13,761	\$ 13,708	\$ 13,913



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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Beginning Balance	\$ 8,929	\$ 10,546	\$ 9,258
Receipts:			
Revenue Estimate.....	\$ 10,926	\$ 10,305	\$ 10,648
Prior Year Lapses ^a	1,290	0	0
Total Receipts.....	\$ 12,216	\$ 10,305	\$ 10,648
Funds Available	\$ 21,145	\$ 20,851	\$ 19,906
Expenditures:			
Appropriated.....	\$ 10,599	\$ 11,593	\$ 10,752
Estimated Expenditures.....	-10,599	-11,593	-10,752
Ending Balance	\$ 10,546	\$ 9,258	\$ 9,154

^a Reflected in Report of Revenues and Receipts as a transfer from Fish Fund.

Summary by Department

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 0	\$ 5	\$ 5
Fish and Boat Commission			
General Government			
General Operations.....	\$ 8,457	\$ 9,094	\$ 8,629
TOTAL STATE FUNDS	\$ 8,457	\$ 9,099	\$ 8,634
Federal Funds.....	\$ 2,102	\$ 2,458	\$ 2,098
Other Funds.....	40	36	20
FUND TOTAL	\$ 10,599	\$ 11,593	\$ 10,752

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2000-01 Actual	2001-02 Estimated	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
Licenses and Fees.....	\$ 5,462	\$ 4,928	\$ 5,346	\$ 5,533	\$ 5,639	\$ 5,746	\$ 5,846
Fines and Penalties.....	241	175	175	175	175	175	175
Miscellaneous.....	3,081	2,708	3,009	3,009	3,019	3,019	3,019
TOTAL BOAT FUND REVENUES.....	\$ 8,784	\$ 7,811	\$ 8,530	\$ 8,717	\$ 8,833	\$ 8,940	\$ 9,040
Augmentations.....	\$ 2,142	\$ 2,494	\$ 2,118	\$ 2,043	\$ 2,043	\$ 1,943	\$ 1,943
TOTAL BOAT FUND RECEIPTS.....	\$ 10,926	\$ 10,305	\$ 10,648	\$ 10,760	\$ 10,876	\$ 10,883	\$ 10,983

Revenue Sources

Licenses and Fees

Actual	Estimated
1995-96..... \$ 4,583	2001-02..... \$ 4,928
1996-97..... 4,231	2002-03..... 5,346
1997-98..... 4,104	2003-04..... 5,533
1998-99..... 5,123	2004-05..... 5,639
1999-00..... 5,100	2005-06..... 5,746
2000-01..... 5,462	2006-07..... 5,846

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
1995-96..... \$ 133	2001-02..... \$ 175
1996-97..... 161	2002-03..... 175
1997-98..... 171	2003-04..... 175
1998-99..... 164	2004-05..... 175
1999-00..... 122	2005-06..... 175
2000-01..... 241	2006-07..... 175

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

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
1995-96.....	\$ 672	2001-02.....	\$ 2,708
1996-97.....	4,565	2002-03.....	3,009
1997-98.....	2,084	2003-04.....	3,009
1998-99.....	2,699	2004-05.....	3,019
1999-00.....	2,699	2005-06.....	3,019
2000-01.....	3,081	2006-07.....	3,019

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)		
	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Licenses and Fees			
Motor Boat Registration Fees.....	\$ 4,933	\$ 4,607	\$ 4,900
Boat Mooring Permits — Walnut Creek Access.....	37	38	35
Boating Safety Curriculum Fees.....	5	1	5
Boat Capacity Plate Fees.....	7	7	6
Boat Titling Fees.....	480	275	400
TOTAL.....	\$ 5,462	\$ 4,928	\$ 5,346
Fines and Penalties			
Motor Boat Fines.....	\$ 241	\$ 175	\$ 175
TOTAL.....	\$ 241	\$ 175	\$ 175
Miscellaneous Revenues			
Transfer from Motor License and Liquid Fuels			
Tax Funds.....	\$ 2,415	\$ 2,176	\$ 2,400
Miscellaneous.....	14	20	15
Interest on Securities.....	586	450	525
Sale of Unserviceable Property.....	0	2	1
Sales Tax Agent Fee PFC Share.....	58	55	58
North East Marina.....	8	5	10
TOTAL.....	\$ 3,081	\$ 2,708	\$ 3,009
Augmentations			
Sale of Automobiles.....	\$ 40	\$ 20	\$ 20
Transportation - Boating Under the Influence (BU).....	0	16	0
U.S. Coast Guard Grant for Boating Safety.....	1,427	1,341	1,380
Boating Infrastructure Grant (BIG).....	0	338	100
National Marine Fisheries - Investigations.....	0	8	0
Land and Water Conservation Fund.....	0	60	0
Sport Fish Restoration.....	637	611	518
Clean Vessel Act.....	38	100	100
TOTAL.....	\$ 2,142	\$ 2,494	\$ 2,118
TOTAL RECEIPTS.....	\$ 10,926	\$ 10,305	\$ 10,648



ENVIRONMENTAL STEWARDSHIP FUND

The Environmental Stewardship Fund is a special revenue fund composed of monies transferred from the General Fund as appropriated by the General Assembly, 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.

Environmental Stewardship Fund

Financial Statement

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Beginning Balance	\$ -1,165 ^a	\$ 5,096	\$ 0
Receipts:			
Revenue Estimate.....	\$ 9,993	\$ 7,000	\$ 7,000
Transfer from General Fund.....	100,000	50,000	50,000
Transfer from Hazardous Sites Cleanup Fund.....	5,000	5,000	5,000
Transfer from Recycling Fund.....	25,000	25,000	25,000
Prior Year Lapses	250	0	0
Total Receipts.....	<u>\$ 140,243</u>	<u>\$ 87,000</u>	<u>\$ 87,000</u>
Funds Available	<u>\$ 139,078</u>	<u>\$ 92,096</u>	<u>\$ 87,000</u>
Expenditures:			
Appropriated.....	\$ 133,982	\$ 92,096	\$ 87,000
Estimated Expenditures.....	-133,982	-92,096	-87,000
Ending Balance	<u><u>\$ 5,096</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Summary by Department

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Department of Agriculture			
Grants and Subsidies			
Transfer to Agricultural Conservation Easement Purchase Fund.....	\$ 19,828	\$ 13,630 ^b	\$ 12,876
Department of Conservation and Natural Resources			
General Government			
Parks & Forest Facility Rehabilitation.....	\$ 23,790	\$ 13,502 ^c	\$ 12,967
Grants and Subsidies			
Community Conservation Grants.....	\$ 8,200	\$ 8,193	\$ 7,500
Natural Diversity Conservation Grants.....	300	500	500
Subtotal.....	<u>\$ 8,500</u>	<u>\$ 8,693</u>	<u>\$ 8,000</u>
DEPARTMENT TOTAL.....	<u>\$ 32,290</u>	<u>\$ 22,195</u>	<u>\$ 20,967</u>
Department of Environmental Protection			
General Government			
Oil and Gas Well Plugging.....	\$ 3,000	\$ 3,000	\$ 0
Abandoned Mine Reclamation and Remediation.....	9,226	7,285 ^d	0
Subtotal.....	<u>\$ 12,226</u>	<u>\$ 10,285</u>	<u>\$ 0</u>
Grants and Subsidies			
Watershed Protection and Restoration.....	\$ 34,462	\$ 23,159 ^e	\$ 32,538
Sewage and Drinking Water Grants.....	3,422	1,000	0
Subtotal.....	<u>\$ 37,884</u>	<u>\$ 24,159</u>	<u>\$ 32,538</u>
DEPARTMENT TOTAL.....	<u>\$ 50,110</u>	<u>\$ 34,444</u>	<u>\$ 32,538</u>

Summary by Department (continued)

	(Dollar Amounts in Thousands)		
	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Infrastructure Investment Authority			
Grants and Subsidies			
Stormwater, Water and Sewer Grants.....	\$ 31,754	\$ 21,827 ^f	\$ 20,619
TOTAL STATE FUNDS	<u>\$ 133,982</u>	<u>\$ 92,096</u>	<u>\$ 87,000</u>

^a Negative balance results from lag in revenue receipts in this new fund.

^b The reduced current year General Fund Transfer amount will result in reducing this current year executive authorization from \$21,030,000 to \$13,630,000.

^c The reduced current year General Fund Transfer amount will result in reducing this current year executive authorization from \$25,552,000 to \$13,502,000.

^d The reduced current year General Fund Transfer amount will result in reducing this current year executive authorization from \$11,773,000 to \$7,285,000.

^e The reduced current year General Fund Transfer amount will result in reducing this current year executive authorization from \$37,371,000 to \$23,159,000.

^f The reduced current year General Fund Transfer amount will result in reducing this current year executive authorization from \$33,677,000 to \$21,827,000.

Environmental Stewardship Fund

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2000-01 Actual	2001-02 Estimated	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
Licenses and Fees.....	\$ 5,951	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 0	\$ 0
Miscellaneous.....	4,042	2,000	2,000	2,000	2,000	0	0
TOTAL ENVIRONMENTAL STEWARDSHIP FUND REVENUES.....	\$ 9,993	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 0	\$ 0
Transfers from Other							
State Funds.....	\$ 130,000	\$ 80,000	\$ 80,000	\$ 130,000	\$ 100,000	\$ 0	\$ 0
TOTAL ENVIRONMENTAL STEWARDSHIP FUND RECEIPTS.....	\$ 139,993	\$ 87,000	\$ 87,000	\$ 137,000	\$ 107,000	\$ 0	\$ 0

Revenue Sources

Licenses and Fees

Actual	Estimated
1995-96..... \$ 0	2001-02..... \$ 5,000
1996-97..... 0	2002-03..... 5,000
1997-98..... 0	2003-04..... 5,000
1998-99..... 0	2004-05..... 5,000
1999-00..... 1,310	2005-06..... 0
2000-01..... 5,951	2006-07..... 0

The Environmental Stewardship Fund receives 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. It is proposed that this fee be continued until 2005, one year past the expiration date in Act 68 of 1999 .

Miscellaneous Revenues

Actual	Estimated
1995-96..... \$ 0	2001-02..... \$ 2,000
1996-97..... 0	2002-03..... 2,000
1997-98..... 0	2003-04..... 2,000
1998-99..... 0	2004-05..... 2,000
1999-00..... 119	2005-06..... 0
2000-01..... 4,042	2006-07..... 0

Miscellaneous revenues are earned interest.

Environmental Stewardship Fund

Revenue Sources (continued)

Transfers from Other State Funds

Actual		Estimated	
1995-96.....	\$ 0	2001-02.....	\$ 80,000
1996-97.....	0	2002-03.....	80,000
1997-98.....	0	2003-04.....	130,000
1998-99.....	0	2004-05.....	100,000
1999-00.....	83,375	2005-06.....	0
2000-01.....	130,000	2006-07.....	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. With the reduced \$50 million General Fund contribution in 2001-02 and the proposed \$50 million contribution in 2002-03, it is proposed that the General Fund transfers be extended a sixth year at the \$100 million level.

Revenue Detail

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

	(Dollar Amounts in Thousands)		
	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Licenses and Fees			
Landfill Fees.....	\$ 5,951	\$ 5,000	\$ 5,000
Miscellaneous Revenues			
Miscellaneous.....	\$ 4,042	\$ 2,000	\$ 2,000
Transfers from Other State Funds			
Transfer from General Fund.....	\$ 100,000	\$ 50,000	\$ 50,000
Transfer from Hazardous Sites Cleanup Fund.....	5,000	5,000	5,000
Transfer from Recycling Fund.....	25,000	25,000	25,000
TOTAL.....	\$ 130,000	\$ 80,000	\$ 80,000
TOTAL RECEIPTS.....	\$ 139,993	\$ 87,000	\$ 87,000



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.

Farm Products Show Fund

Financial Statement

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Beginning Balance	\$ 1,951	\$ 1,317	\$ 1,643
Receipts:			
Revenue Estimate.....	\$ 4,092	\$ 6,186	\$ 6,986
Transfer from General Fund.....	1,000	1,000	1,000
Prior Year Lapses.....	255	0	0
Total Receipts.....	\$ 5,347	\$ 7,186	\$ 7,986
Funds Available	\$ 7,298	\$ 8,503	\$ 9,629
Expenditures:			
Appropriated.....	\$ 6,085	\$ 6,860	\$ 7,358
Less Current Year Lapses.....	-104	0	0
Estimated Expenditures.....	5,981	6,860	7,358
Ending Balance	\$ 1,317	\$ 1,643	\$ 2,271

Summary by Department

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 0	\$ 5	\$ 5
Department of Agriculture			
General Government			
General Operations.....	\$ 4,981	\$ 5,855	\$ 6,353
TOTAL STATE FUNDS	\$ 4,981	\$ 5,860	\$ 6,358
Augmentations.....	\$ 1,000	\$ 1,000	\$ 1,000
FUND TOTAL	\$ 5,981	\$ 6,860	\$ 7,358

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2000-01 Actual	2001-02 Estimated	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
Licenses and Fees.....	\$ 208	\$ 204	\$ 204	\$ 204	\$ 204	\$ 204	\$ 204
Miscellaneous.....	3,884	5,982	6,782	6,782	6,782	6,782	6,782
TOTAL FARM PRODUCTS SHOW FUND REVENUES.....	\$ 4,092	\$ 6,186	\$ 6,986	\$ 6,986	\$ 6,986	\$ 6,986	\$ 6,986
Augmentations.....	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
TOTAL FARM PRODUCTS SHOW FUND RECEIPTS.....	\$ 5,092	\$ 7,186	\$ 7,986	\$ 7,986	\$ 7,986	\$ 7,986	\$ 7,986

Revenue Sources

Licenses and Fees

Actual	Estimated
1995-96..... \$ 282	2001-02..... \$ 204
1996-97..... 282	2002-03..... 204
1997-98..... 275	2003-04..... 204
1998-99..... 252	2004-05..... 204
1999-00..... 251	2005-06..... 204
2000-01..... 208	2006-07..... 204

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
1995-96..... \$ 3,367	2001-02..... \$ 5,982
1996-97..... 3,418	2002-03..... 6,782
1997-98..... 3,487	2003-04..... 6,782
1998-99..... 5,816	2004-05..... 6,782
1999-00..... 3,692	2005-06..... 6,782
2000-01..... 3,884	2006-07..... 6,782

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

Farm Products Show Fund

Revenue Detail

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

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Licenses and Fees			
Exhibit Fees — Competitive--Farm Show.....	\$ 26	\$ 24	\$ 24
Exhibit — Commercial.....	182	180	180
TOTAL.....	<u>\$ 208</u>	<u>\$ 204</u>	<u>\$ 204</u>
Miscellaneous Revenue			
Concession Revenue.....	\$ 1,041	\$ 1,250	\$ 1,550
Service Charges.....	478	463	463
Rentals.....	1,596	1,500	1,500
Miscellaneous Revenue.....	88	81	81
Interest on Securities, Deposits, Returned Checks.....	141	96	96
Parking Fees.....	476	2,525	3,025
Salary Reimbursement — Dairy and Livestock Association.....	49	52	52
Sign Shop Sales.....	15	15	15
TOTAL.....	<u>\$ 3,884</u>	<u>\$ 5,982</u>	<u>\$ 6,782</u>
Augmentations			
Transfer from General Fund.....	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>
TOTAL RECEIPTS.....	<u><u>\$ 5,092</u></u>	<u><u>\$ 7,186</u></u>	<u><u>\$ 7,986</u></u>



FISH FUND

The Fish Fund is a special revenue fund composed of monies from fishing license fees, fines, penalties, Federal contributions and other miscellaneous sources. It provides for the administration and enforcement of the fish laws and the protection and propagation of aquatic life.

Financial Statement

(Dollar Amounts in Thousands)

	<u>2000-01</u> Actual	<u>2001-02</u> Available	<u>2002-03</u> Estimated
Beginning Balance	\$ 14,503	\$ 13,923	\$ 8,694
Receipts:			
Revenue Estimate.....	\$ 39,487	\$ 40,868	\$ 39,358
Prior Year Lapses.....	2,005	0	0
Total Receipts	<u>\$ 41,492</u>	<u>\$ 40,868</u>	<u>\$ 39,358</u>
Funds Available	\$ 55,995	\$ 54,791	\$ 48,052
Expenditures:			
Appropriated.....	\$ 42,072	\$ 46,097	\$ 41,623
Estimated Expenditures.....	-42,072	-46,097	-41,623
Ending Balance	<u>\$ 13,923</u>	<u>\$ 8,694</u>	<u>\$ 6,429</u>

Summary by Department

(Dollar Amounts in Thousands)

	<u>2000-01</u> Actual	<u>2001-02</u> Estimate	<u>2002-03</u> Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 0	\$ 5	\$ 5
Fish and Boat Commission			
General Government			
General Operations.....	\$ 25,448	\$ 27,905	\$ 24,776
TOTAL STATE FUNDS	<u>\$ 25,448</u>	<u>\$ 27,910</u>	<u>\$ 24,781</u>
Federal Funds.....	\$ 5,714	\$ 6,479	\$ 5,627
Other Funds.....	10,910	11,708	11,215
FUND TOTAL	<u>\$ 42,072</u>	<u>\$ 46,097</u>	<u>\$ 41,623</u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
	Actual	Estimated	Budget	Estimated	Estimated	Estimated	Estimated
Licenses and Fees.....	\$ 19,608	\$ 19,408	\$ 19,616	\$ 19,616	\$ 19,616	\$ 19,616	\$ 19,616
Fines and Penalties.....	481	375	400	400	400	400	400
Miscellaneous.....	2,774	2,898	2,500	2,599	2,670	2,640	2,611
TOTAL FISH FUND REVENUES.....	\$ 22,863	\$ 22,681	\$ 22,516	\$ 22,615	\$ 22,686	\$ 22,656	\$ 22,627
Augmentations.....	\$ 16,624	\$ 18,187	\$ 16,842	\$ 16,599	\$ 16,819	\$ 17,042	\$ 17,271
TOTAL FISH FUND RECEIPTS.....	\$ 39,487	\$ 40,868	\$ 39,358	\$ 39,214	\$ 39,505	\$ 39,698	\$ 39,898

Revenue Sources

Licenses and Fees

Actual		Estimated	
1995-96.....	\$ 19,100	2001-02.....	\$ 19,408
1996-97.....	19,908	2002-03.....	19,616
1997-98.....	20,428	2003-04.....	19,616
1998-99.....	19,994	2004-05.....	19,616
1999-00.....	19,229	2005-06.....	19,616
2000-01.....	19,608	2006-07.....	19,616

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	
1995-96.....	\$ 314	2001-02.....	\$ 375
1996-97.....	323	2002-03.....	400
1997-98.....	332	2003-04.....	400
1998-99.....	292	2004-05.....	400
1999-00.....	224	2005-06.....	400
2000-01.....	481	2006-07.....	400

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

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
1995-96.....	\$ 1,940	2001-02.....	\$ 2,898
1996-97.....	1,993	2002-03.....	2,500
1997-98.....	2,208	2003-04.....	2,599
1998-99.....	3,368	2004-05.....	2,670
1999-00.....	3,369	2005-06.....	2,640
2000-01.....	2,774	2006-07.....	2,611

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)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Licenses and Fees			
Resident Fishing Licenses.....	\$ 13,607	\$ 13,533	\$ 13,610
Resident Senior Fishing Licenses.....	53	53	53
Nonresident Fishing Licenses.....	1,682	1,622	1,685
Tourist Fishing Licenses - 3 Day.....	507	463	510
Tourist Fishing Licenses - 7 Day.....	95	85	95
Lake Erie Licenses.....	1	1	1
Fishing Lake Licenses.....	26	25	26
Miscellaneous Permits and Fees.....	26	24	26
Scientific Collector's Permits.....	7	7	7
Lifetime Fishing Licenses - Senior Resident.....	175	179	175
Membership Fees - Pennsylvania League of Angling Youth.....	3	6	0
H.R. Stackhouse Facilities User Fees.....	3	4	3
Trout/Salmon Stamp.....	3,423	3,406	3,425
TOTAL.....	\$ 19,608	\$ 19,408	\$ 19,616
Fines and Penalties			
Fish Law Fines.....	\$ 481	\$ 375	\$ 400
TOTAL.....	\$ 481	\$ 375	\$ 400

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimated	2002-03 Budget
Miscellaneous Revenue			
Sale of Publications.....	\$ 49	\$ 35	\$ 40
Sale of Unserviceable Property.....	1	5	2
Miscellaneous Revenue.....	42	40	45
Interest on Securities and Deposits.....	1,185	960	950
Rental of Fish and Boat Commission Property.....	26	30	30
Income from Sand and Gravel Dredging.....	873	1,073	900
In Lieu of Payments for Fishways.....	0	0	0
Sale of <i>Pennsylvania Angler & Boater</i>	190	225	150
Pollution and Stream Disturbance Settlements.....	337	350	300
Sale of Recreational Fishing Promotional Items.....	5	5	3
Royalty Payments.....	16	35	35
Refunds of Expenditures.....	13	20	15
Sale of Patches.....	34	20	30
Sale of Timber.....	3	100	0
TOTAL.....	\$ 2,774	\$ 2,898	\$ 2,500
TOTAL REVENUES.....	\$ 22,863	\$ 22,681	\$ 22,516
Augmentations			
Sale of Automobiles and Other Vehicles.....	\$ 49	\$ 50	\$ 50
Reimbursement for Services - Boat Fund.....	10,598	11,334	10,747
Reimbursement for Services - Department of Transportation.....	155	50	52
Reimbursement for Services - DEP/EPA Projects.....	100	110	104
Federal Reimbursement - Sport Fish Restoration.....	5,383	5,272	5,050
Federal Reimbursement - Wildlife Conservation.....	0	459	0
Federal Reimbursement - Surface Mine Regulation.....	40	40	40
Federal Reimbursement - NOAA.....	291	599	527
Purchasing Card Rebate.....	8	8	8
USFWS - Partner for Wildlife.....	0	7	10
National Marine Fisheries - Investigations.....	0	12	0
Land and Water Conservation Fund.....	0	90	0
Transportation - Boating Under the Influence.....	0	24	0
Transportation - Environmental Assessment.....	0	82	82
Transportation - Endangered/Threatened Species.....	0	50	52
Economic/Angler Use Study - Delaware River.....	0	0	120
TOTAL.....	\$ 16,624	\$ 18,187	\$ 16,842
TOTAL RECEIPTS.....	\$ 39,487	\$ 40,868	\$ 39,358



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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Beginning Balance	\$ 25,126	\$ 26,921	\$ 23,038
Receipts:			
Revenue Estimate.....	\$ 57,658	\$ 55,326	\$ 56,042
Prior Year Lapses.....	1,653	0	0
Total Receipts.....	\$ 59,311	\$ 55,326	\$ 56,042
Funds Available	\$ 84,437	\$ 82,247	\$ 79,080
Expenditures:			
Appropriated.....	\$ 57,516	\$ 59,209	\$ 59,551
Estimated Expenditures.....	-57,516	-59,209	-59,551
Ending Balance	\$ 26,921	\$ 23,038	\$ 19,529

Summary by Department

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 0	\$ 5	\$ 5
Game Commission			
General Government			
General Operations.....	\$ 46,025	\$ 47,205	\$ 48,161
Land Acquisition and Development.....	2,122	3,000	2,000
DEPARTMENT TOTAL.....	\$ 48,147	\$ 50,205	\$ 50,161
TOTAL STATE FUNDS	\$ 48,147	\$ 50,210	\$ 50,166
Federal Funds.....	\$ 8,393	\$ 8,201	\$ 8,570
Other Funds.....	976	798	815
FUND TOTAL.....	\$ 57,516	\$ 59,209	\$ 59,551

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2000-01 Actual	2001-02 Estimated	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
Licenses and Fees.....	\$ 27,030	\$ 28,528	\$ 28,308	\$ 28,308	\$ 28,308	\$ 28,308	\$ 28,308
Fines and Penalties.....	1,503	1,502	1,502	1,502	1,502	1,502	1,502
Miscellaneous.....	19,756	16,297	16,847	16,847	16,847	16,847	16,847
TOTAL GAME FUND REVENUES.....	\$ 48,289	\$ 46,327	\$ 46,657	\$ 46,657	\$ 46,657	\$ 46,657	\$ 46,657
Augmentations.....	\$ 9,369	\$ 8,999	\$ 9,385	\$ 8,880	\$ 8,880	\$ 8,880	\$ 8,880
TOTAL GAME FUND RECEIPTS.....	\$ 57,658	\$ 55,326	\$ 56,042	\$ 55,537	\$ 55,537	\$ 55,537	\$ 55,537

Revenue Sources

Licenses and Fees

Actual		Estimated	
1995-96.....	\$ 25,087	2001-02.....	\$ 28,528
1996-97.....	22,290	2002-03.....	28,308
1997-98.....	21,370	2003-04.....	28,308
1998-99.....	21,878	2004-05.....	28,308
1999-00.....	28,394	2005-06.....	28,308
2000-01.....	27,030	2006-07.....	28,308

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 1996-97 through 2006-07 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	
1995-96.....	\$ 2,140	2001-02.....	\$ 1,502
1996-97.....	1,500	2002-03.....	1,502
1997-98.....	1,534	2003-04.....	1,502
1998-99.....	1,240	2004-05.....	1,502
1999-00.....	1,076	2005-06.....	1,502
2000-01.....	1,503	2006-07.....	1,502

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

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
1995-96.....	\$ 16,774	2001-02.....	\$ 16,297
1996-97.....	15,870	2002-03.....	16,847
1997-98.....	17,053	2003-04.....	16,847
1998-99.....	17,975	2004-05.....	16,847
1999-00.....	20,296	2005-06.....	16,847
2000-01.....	19,756	2006-07.....	16,847

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)		
	2000-01	2001-02	2002-03
	Actual	Estimate	Budget
Licenses and Fees			
Resident Hunting Licenses.....	\$ 14,777	\$ 14,800	\$ 15,000
Resident Junior Hunting Licenses.....	290	285	285
Nonresident Hunting Licenses.....	5,978	6,300	6,500
Special Game Permits.....	257	250	250
Antlerless Deer Licenses.....	3,955	4,000	4,000
Archery Licenses.....	4,047	4,000	4,000
Landowner Hunting Licenses.....	15	7	7
Resident Senior Hunting Licenses.....	507	520	520
Muzzleloading Hunting Licenses.....	1,301	1,300	1,300
Right-of-Way Licenses.....	510	450	450
Resident Bear Licenses.....	1,423	1,490	1,490
Nonresident Bear Licenses.....	89	95	95
Hunting License Issuing Agents' Application Fees.....	15	20	20
Nonresident Junior Hunting License.....	103	100	100
Nonresident 7-Day Hunting License.....	91	91	91
Senior Resident - Lifetime Hunting License.....	203	200	200
Adult Resident Furtaker License.....	317	320	320
Junior Resident Furtaker License.....	1	2	2
Senior Resident Furtaker License.....	10	10	10
Nonresident Senior Furtaker License.....	383	25	25
Senior Lifetime Furtaker License.....	2	1	1
Junior Nonresident Furtaker.....	0	0	0
Junior Combination License.....	343	345	345
Nonresident Archery License.....	397	400	400
Nonresident Muzzleloading Hunting License.....	128	130	130
Nonresident Migratory Game Bird.....	31	30	30
Nonresident Antlerless Deer License.....	564	565	565
Senior Resident - Lifetime Combination License.....	308	310	310
Nonresident Junior Combination License.....	37	37	37
Elk License & Bobcat Permit Applications.....	48	1,000	500
Migratory Game Bird License.....	225	225	225
TOTAL.....	\$ 36,355	\$ 37,308	\$ 37,208
Restricted Revenue			
Transfer to General Habitat Improvement.....	\$ -2,311	\$ -1,841	\$ -2,200
Transfer to Deer Food and Cover.....	-2,440	-2,800	-2,900
Transfer to Natural Propagation of Game.....	-4,574	-4,139	-3,800
TOTAL.....	\$ -9,325	\$ -8,780	\$ -8,900
Net Licenses and Fees			
TOTAL.....	\$ 27,030	\$ 28,528	\$ 28,308

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Fines and Penalties			
Game Law Fines.....	\$ 1,503	\$ 1,502	\$ 1,502
TOTAL.....	<u>\$ 1,503</u>	<u>\$ 1,502</u>	<u>\$ 1,502</u>
Miscellaneous Revenue			
Sports Promotional Publications and Materials.....	\$ 6	\$ 6	\$ 6
Sale of Coal.....	228	175	175
Sale of Stone, Sand, Gravel & Limestone.....	26	0	0
Sale of Wood Products.....	13,241	11,000	11,500
Interest on Deposits.....	122	105	105
Sale of Unserviceable Property.....	1	21	21
Sale of Skins and Guns.....	38	25	25
Rental of State Property.....	6	6	6
Miscellaneous Revenue.....	146	120	120
Interest on Securities.....	2,302	2,100	2,100
Gas and Oil Ground Rentals and Royalties.....	1,231	1,050	1,050
Refund of Expenditures Not Credited to Appropriations.....	0	1	1
Miscellaneous Revenue License Division.....	53	35	35
Sale of Game News.....	802	797	797
Condemnation Awards Received.....	5	5	5
Sale of Grain and Hay.....	13	13	13
Sale of Maps.....	17	17	17
Wildlife Management Promotional Revenue.....	90	150	200
Sale of Wood Products - PR Tracts.....	1,262	500	500
Sale of Centennial Commemorative Items.....	1	0	0
Working Together For Wildlife - Non-Game Fund.....	117	120	120
Migratory Bird Harvest Information Card Program.....	1	1	1
Oil and Gas Recovery Support.....	3	4	4
Waterfowl Management Stamp Sales and Royalties.....	42	43	43
Sales Tax.....	3	3	3
TOTAL.....	<u>\$ 19,756</u>	<u>\$ 16,297</u>	<u>\$ 16,847</u>
TOTAL REVENUES.....	<u>\$ 48,289</u>	<u>\$ 46,327</u>	<u>\$ 46,657</u>
Augmentations			
Sale of Automobiles.....	\$ 229	\$ 215	\$ 250
Federal Reimbursement - Pittman Robinson Act.....	8,286	8,000	8,000
Endangered Species Program.....	53	46	10
Pennsylvania Conservation Corps.....	188	190	200
Federal Reimbursement - Surface Mine Regulation.....	43	45	45
Federal Reimbursement - Harvest Information Program....	11	10	10
Federal Reimbursement - WCRA.....	0	100	505
Private Donations.....	158	138	135
Youth Hunter Education Challenge.....	5	5	5
PennDot Reimbursement - Deer Roadkill.....	142	145	145
PennDot Reimbursement - Road Projects and Mitigation..	135	10	0
Becoming an Outdoors Woman.....	19	20	20
Wildlife Conservation.....	90	65	50
Purchasing Card Rebate.....	10	10	10
	<u>\$ 9,369</u>	<u>\$ 8,999</u>	<u>\$ 9,385</u>
TOTAL RECEIPTS.....	<u>\$ 57,658</u>	<u>\$ 55,326</u>	<u>\$ 56,042</u>



KEYSTONE RECREATION, PARK AND CONSERVATION FUND

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

Keystone Recreation, Park and Conservation Fund

Financial Statement

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Beginning Balance	\$ 80,754	\$ 78,487	\$ 40,145
Receipts:			
Revenue Estimate.....	\$ 55,122	\$ 46,463	\$ 31,023
Prior Year Lapses.....	34,108	48,028	0
Total Receipts	\$ 89,230	\$ 94,491	\$ 31,023
Funds Available	\$ 169,984	\$ 172,978	\$ 71,168
Expenditures:			
Appropriated.....	\$ 91,497	\$ 132,833	\$ 44,381
Estimated Expenditures.....	-91,497	-132,833	-44,381
Ending Balance	\$ 78,487	\$ 40,145	\$ 26,787

Summary by Department

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Department of Conservation and Natural Resources			
General Government			
Park and Forest Facility Rehabilitation — Realty			
Transfer Tax.....	\$ 18,609	\$ 36,129	\$ 13,939
Grants and Subsidies			
Grants for Local Recreation — Realty Transfer Tax.....	\$ 35,423	\$ 48,339	\$ 11,616
Grants to Land Trusts — Realty Transfer Tax.....	12,430	15,191	4,647
Grants to Zoos — Bond Proceeds.....	0	0	0
Subtotal	\$ 47,853	\$ 63,530	\$ 16,263
DEPARTMENT TOTAL	\$ 66,462	\$ 99,659	\$ 30,202
Department of Education			
Grants and Subsidies			
Local Libraries Rehabilitation and Development —			
Realty Transfer Tax.....	\$ 3,059	\$ 5,649	\$ 1,859
State System of Higher Education —			
Deferred Maintenance — Realty Transfer Tax.....	8,544	14,040	6,279
DEPARTMENT TOTAL	\$ 11,603	\$ 19,689	\$ 8,138
Game Commission			
General Government			
Land Acquisition and Development — Bond Proceeds.....	\$ 0	\$ 33	\$ 0
Historical and Museum Commission			
Grants and Subsidies			
Historic Site Development — Realty Transfer Tax.....	\$ 13,432	\$ 13,452	\$ 6,041
FUND TOTAL	\$ 91,497	\$ 132,833	\$ 44,381

Keystone Recreation, Park and Conservation Fund

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2000-01 Actual	2001-02 Estimated	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
Realty Transfer Tax.....	\$ 47,048	\$ 41,200	\$ 25,500	\$ 54,000	\$ 57,500	\$ 62,900	\$ 68,900
Miscellaneous.....	8,074	5,263	5,523	3,225	3,489	3,489	3,489
TOTAL KEYSTONE RECREATION, PARK AND CONSERVATION FUND RECEIPTS.....	<u>\$ 55,122</u>	<u>\$ 46,463</u>	<u>\$ 31,023</u>	<u>\$ 57,225</u>	<u>\$ 60,989</u>	<u>\$ 66,389</u>	<u>\$ 72,389</u>

Revenue Sources

Sale of Bonds

Actual		Estimated	
1995-96.....	\$ 23,684	2001-02.....	\$ 0
1996-97.....	0	2002-03.....	0
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

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	
1995-96.....	\$ 31,620	2001-02.....	\$ 41,200
1996-97.....	35,092	2002-03.....	25,500
1997-98.....	41,237	2003-04.....	54,000
1998-99.....	45,577	2004-05.....	57,500
1999-00.....	48,321	2005-06.....	62,900
2000-01.....	47,048	2006-07.....	68,900

Act 50 of 1993 approves the transfer of 15% of the revenues from the State Realty Transfer Tax to this fund. It is proposed that the amount of the transfer be reduced 25% in 2001-02 (effective 1/1/02) and 50% in 2002-03. These monies are distributed to programs according to the formula contained in the act.

Keystone Recreation, Park and Conservation Fund

Revenue Sources (continued)

Miscellaneous Revenues

Actual		Estimated	
1995-96.....	\$ 2,562	2001-02.....	\$ 5,263
1996-97.....	4,056	2002-03.....	5,523
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

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)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Realty Transfer Tax.....	\$ 47,048	\$ 41,200	\$ 25,500
Miscellaneous Revenues.....	8,074	5,263	5,523
TOTAL RECEIPTS.....	<u>\$ 55,122</u>	<u>\$ 46,463</u>	<u>\$ 31,023</u>



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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Beginning Balance	\$ 200,965	\$ 175,716	\$ 186,871
Reserve from Previous Year.....	<u>190,000</u>	<u>160,000</u>	<u>100,000</u>
Total Beginning Balance.....	<u>\$ 390,965</u>	<u>\$ 335,716</u>	<u>\$ 286,871</u>
Receipts:			
Revenue Estimate.....	\$ 881,489	\$ 985,085	\$ 1,150,312
Prior Year Lapses.....	<u>2,130</u>	<u>6,000</u>	<u>0</u>
Total Receipts.....	<u>\$ 883,619</u>	<u>\$ 991,085</u>	<u>\$ 1,150,312</u>
Funds Available	<u>\$ 1,274,584</u>	<u>\$ 1,326,801</u>	<u>\$ 1,437,183</u>
Expenditures:			
Appropriated.....	\$ 994,180	\$ 1,057,930	\$ 1,185,851
Less Current Year Lapses.....	<u>-55,312</u>	<u>-18,000</u>	<u>0</u>
Estimated Expenditures.....	<u>-938,868</u>	<u>-1,039,930</u>	<u>-1,185,851</u>
Reserve for Current Year.....	<u>\$ -160,000</u>	<u>\$ -100,000</u>	<u>\$ -28,000</u>
Ending Balance	<u><u>\$ 175,716</u></u>	<u><u>\$ 186,871</u></u>	<u><u>\$ 223,332</u></u>

Summary by Department

(Dollar Amounts in Thousands)

	<u>2000-01</u> Actual	<u>2001-02</u> Estimate	<u>2002-03</u> Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 18	\$ 100	\$ 100
Department of Aging			
General Government			
Auditor General's Audit Costs.....	\$ 105	\$ 105	\$ 105
Grants and Subsidies			
PENNCARE.....	\$ 192,579	\$ 203,016	\$ 204,976
Pharmaceutical Assistance Fund.....	290,000	359,000	395,000
Subtotal.....	<u>\$ 482,579</u>	<u>\$ 562,016</u>	<u>\$ 599,976</u>
TOTAL STATE FUNDS	<u>\$ 482,684</u>	<u>\$ 562,121</u>	<u>\$ 600,081</u>
Federal Funds.....	\$ 72,641	\$ 78,983	\$ 80,402
Augmentations.....	7,518	7,369	7,369
DEPARTMENT TOTAL.....	<u>\$ 562,843</u>	<u>\$ 648,473</u>	<u>\$ 687,852</u>
Department of Revenue			
General Government			
Lottery Advertising.....	\$ 0	\$ 0	\$ 15,262
On-line Vendor Commissions.....	38,570	41,575	45,840
Instant Vendor Commissions.....	13,854	15,119	19,007
Auditor General's Audit Costs.....	86	86	86
Payment of Prize Money.....	165,888	173,454	246,173
Subtotal.....	<u>\$ 218,398</u>	<u>\$ 230,234</u>	<u>\$ 326,368</u>
Grants and Subsidies			
Property Tax and Rent Assistance for Older Pennsylvanians.....	\$ 123,388	\$ 140,000	\$ 122,180
DEPARTMENT TOTAL.....	<u>\$ 341,786</u>	<u>\$ 370,234</u>	<u>\$ 448,548</u>
Department of Transportation			
Grants and Subsidies			
Older Pennsylvanians Free Transit.....	\$ 52,173	\$ 58,845	\$ 66,059
Older Pennsylvanians Shared Rides.....	62,207	66,630	71,063
DEPARTMENT TOTAL.....	<u>\$ 114,380</u>	<u>\$ 125,475</u>	<u>\$ 137,122</u>
TOTAL STATE FUNDS	<u>\$ 938,868</u>	<u>\$ 1,057,930</u>	<u>\$ 1,185,851</u>
Federal Funds.....	\$ 72,641	\$ 78,983	\$ 80,402
Other Funds.....	7,518	7,369	7,369
FUND TOTAL.....	<u>\$ 1,019,027</u>	<u>\$ 1,144,282</u>	<u>\$ 1,273,622</u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2000-01 Actual	2001-02 Estimated	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
Collections.....	\$ 858,531	\$ 963,519	\$ 1,131,306	\$ 1,152,592	\$ 1,174,125	\$ 1,195,921	\$ 1,217,980
Miscellaneous Revenue.....	22,958	21,566	19,006	16,378	11,080	5,000	5,000
TOTAL LOTTERY FUND REVENUES.....	\$ 881,489	\$ 985,085	\$ 1,150,312	\$ 1,168,970	\$ 1,185,205	\$ 1,200,921	\$ 1,222,980

Revenue Sources

Net Lottery Collections

Actual	Estimated
1995-96..... \$ 856,428	2001-02..... \$ 963,519
1996-97..... 928,259	2002-03..... 1,131,306
1997-98..... 909,844	2003-04..... 1,152,592
1998-99..... 899,691	2004-05..... 1,174,125
1999-00..... 908,760	2005-06..... 1,195,921
2000-01..... 858,531	2006-07..... 1,217,980

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 five 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. 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.

In 2002-03, the State Lottery will begin participation in the multi-state Powerball game. Currently, 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)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Ticket Sales.....	\$ 1,779,906	\$ 1,905,000	\$ 2,156,330	\$ 2,202,360	\$ 2,249,020	\$ 2,296,360	\$ 2,344,320
Commissions.....	-88,995	-95,250	-107,817	-110,118	-112,452	-114,819	-117,216
Field Paid Prizes.....	<u>-832,380</u>	<u>-846,231</u>	<u>-917,207</u>	<u>-939,650</u>	<u>-962,443</u>	<u>-985,620</u>	<u>-1,009,124</u>
NET LOTTERY COLLECTIONS.....	\$ 858,531	\$ 963,519	\$ 1,131,306	\$ 1,152,592	\$ 1,174,125	\$ 1,195,921	\$ 1,217,980

Revenue Sources (continued)

Capital Stock and Franchise Tax

Actual		Estimated	
1995-96.....	\$ 91	2001-02.....	\$ 0
1996-97.....	82	2002-03.....	0
1997-98.....	-47	2003-04.....	0
1998-99.....	0	2004-05.....	0
1999-00.....	0	2005-06.....	0
2000-01.....	0	2006-07.....	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	
1995-96.....	\$ 6,259	2001-02.....	\$ 21,566
1996-97.....	15,524	2002-03.....	19,006
1997-98.....	17,016	2003-04.....	16,378
1998-99.....	26,359	2004-05.....	11,080
1999-00.....	20,533	2005-06.....	5,000
2000-01.....	22,958	2006-07.....	5,000

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)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Collections.....	\$ 858,531	\$ 963,519	\$ 1,131,306
Miscellaneous.....	22,958	21,566	19,006
TOTAL LOTTERY FUND REVENUES.....	\$ 881,489	\$ 985,085	\$ 1,150,312



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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Beginning Balance	\$ 1,487	\$ 1,639	\$ 1,425
Receipts:			
Revenue Estimate.....	\$ 2,497	\$ 2,291	\$ 2,291
Prior Year Lapses.....	48	0	0
Total Receipts.....	<u>\$ 2,545</u>	<u>\$ 2,291</u>	<u>\$ 2,291</u>
Funds Available	<u>\$ 4,032</u>	<u>\$ 3,930</u>	<u>\$ 3,716</u>
Expenditures:			
Appropriated.....	\$ 2,432	\$ 2,505	\$ 2,532
Less Current Year Lapses.....	-39	0	0
Estimated Expenditures.....	<u>-2,393</u>	<u>-2,505</u>	<u>-2,532</u>
Ending Balance	<u><u>\$ 1,639</u></u>	<u><u>\$ 1,425</u></u>	<u><u>\$ 1,184</u></u>

Summary by Department

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 0	\$ 5	\$ 5
Refund Milk Marketing Licenses and Fees.....	0	5	5
DEPARTMENT TOTAL.....	<u>\$ 0</u>	<u>\$ 10</u>	<u>\$ 10</u>
Milk Marketing Board			
General Government			
General Operations.....	<u>\$ 2,393</u>	<u>\$ 2,495</u>	<u>\$ 2,522</u>
FUND TOTAL.....	<u><u>\$ 2,393</u></u>	<u><u>\$ 2,505</u></u>	<u><u>\$ 2,532</u></u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2000-01 Actual	2001-02 Estimated	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
Licenses and Fees.....	\$ 2,344	\$ 2,167	\$ 2,167	\$ 2,922	\$ 2,922	\$ 2,922	\$ 2,922
Fines and Penalties.....	10	10	10	10	10	10	10
Miscellaneous Revenue.....	143	114	114	114	114	114	114
TOTAL MILK MARKETING FUND REVENUES.....	\$ 2,497	\$ 2,291	\$ 2,291	\$ 3,046	\$ 3,046	\$ 3,046	\$ 3,046

Revenue Sources

Licenses and Fees

Actual	Estimated
1995-96..... \$ 2,139	2001-02..... \$ 2,167
1996-97..... 2,007	2002-03..... 2,167
1997-98..... 2,147	2003-04..... 2,922
1998-99..... 2,158	2004-05..... 2,922
1999-00..... 2,121	2005-06..... 2,922
2000-01..... 2,344	2006-07..... 2,922

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.

Fines and Penalties

Actual	Estimated
1995-96..... \$ 2	2001-02..... \$ 10
1996-97..... 31	2002-03..... 10
1997-98..... 4	2003-04..... 10
1998-99..... 20	2004-05..... 10
1999-00..... 6	2005-06..... 10
2000-01..... 10	2006-07..... 10

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
1995-96..... \$ 152	2001-02..... \$ 114
1996-97..... 148	2002-03..... 114
1997-98..... 156	2003-04..... 114
1998-99..... 135	2004-05..... 114
1999-00..... 128	2005-06..... 114
2000-01..... 143	2006-07..... 114

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)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Licenses and Fees			
Milk Dealers Licenses.....	\$ 1,674	\$ 1,500	\$ 1,500
Milk Testers Certificate Fees.....	3	3	3
Milk Weighers Certificate Fees.....	29	30	30
Milk Testers and Weighers Examination Fees.....	4	4	4
Milk Haulers License Fees.....	604	600	600
Milk Sub Dealers Licenses.....	15	15	15
Service Contract Fees.....	15	15	15
TOTAL.....	\$ 2,344	\$ 2,167	\$ 2,167
Fines and Penalties			
Milk Marketing Act Fines.....	\$ 10	\$ 10	\$ 10
Miscellaneous Revenues			
Interest on Securities.....	\$ 143	\$ 113	\$ 113
General Operations.....	0	1	1
TOTAL.....	\$ 143	\$ 114	\$ 114
TOTAL REVENUES.....	\$ 2,497	\$ 2,291	\$ 2,291



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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Beginning Balance	\$ 11,478	\$ 8,695	\$ 7,127
Receipts:			
Revenue Estimate.....	\$ 17,293	\$ 17,091	\$ 17,296
Prior Year Lapses.....	273	0	0
Total Receipts.....	<u>\$ 17,566</u>	<u>\$ 17,091</u>	<u>\$ 17,296</u>
Funds Available	<u>\$ 29,044</u>	<u>\$ 25,786</u>	<u>\$ 24,423</u>
Expenditures:			
Appropriated.....	\$ 20,349	\$ 18,659	\$ 17,239
Estimated Expenditures.....	-20,349	-18,659	-17,239
Ending Balance	<u><u>\$ 8,695</u></u>	<u><u>\$ 7,127</u></u>	<u><u>\$ 7,184</u></u>

Summary by Department

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 3	\$ 10	\$ 10
Department of Agriculture			
General Government			
State Racing Commissions.....	\$ 6,572	\$ 7,457	\$ 7,606
Equine Toxicology and Research Laboratory.....	1,893	2,073	2,065
Payments to Pennsylvania Fairs--Administration.....	182	195	200
Subtotal.....	<u>\$ 8,647</u>	<u>\$ 9,725</u>	<u>\$ 9,871</u>
Grants and Subsidies			
Transfer to the General Fund.....	\$ 11,478	\$ 8,696	\$ 7,127
DEPARTMENT TOTAL.....	<u>\$ 20,125</u>	<u>\$ 18,421</u>	<u>\$ 16,998</u>
Department of Revenue			
General Government			
Collections--Racing.....	\$ 221	\$ 228	\$ 231
FUND TOTAL.....	<u><u>\$ 20,349</u></u>	<u><u>\$ 18,659</u></u>	<u><u>\$ 17,239</u></u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2000-01 Actual	2001-02 Estimated	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
Tax Revenues.....	\$ 13,125	\$ 13,513	\$ 13,715	\$ 13,715	\$ 13,715	\$ 13,715	\$ 13,715
Licenses and Fees.....	409	364	364	364	364	364	364
Miscellaneous Revenue.....	3,759	3,214	3,217	3,217	3,217	3,217	3,217
TOTAL RACING FUND REVENUES.....	\$ 17,293	\$ 17,091	\$ 17,296	\$ 17,296	\$ 17,296	\$ 17,296	\$ 17,296

Revenue Sources

Tax Revenues

Actual	Estimated
1995-96..... \$ 13,336	2001-02..... \$ 13,513
1996-97..... 14,783	2002-03..... 13,715
1997-98..... 15,461	2003-04..... 13,715
1998-99..... 14,535	2004-05..... 13,715
1999-00..... 15,301	2005-06..... 13,715
2000-01..... 13,125	2006-07..... 13,715

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
1995-96..... \$ 425	2001-02..... \$ 364
1996-97..... 431	2002-03..... 364
1997-98..... 426	2003-04..... 364
1998-99..... 357	2004-05..... 364
1999-00..... 360	2005-06..... 364
2000-01..... 409	2006-07..... 364

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.

Miscellaneous Revenue

Actual		Estimated	
1995-96.....	\$ 2,983	2001-02.....	\$ 3,214
1996-97.....	3,526	2002-03.....	3,217
1997-98.....	3,782	2003-04.....	3,217
1998-99.....	3,649	2004-05.....	3,217
1999-00.....	3,792	2005-06.....	3,217
2000-01.....	3,759	2006-07.....	3,217

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)

	2000-01 <u>Actual</u>	2001-02 <u>Estimate</u>	2002-03 <u>Budget</u>
Tax Revenues			
State Admission Tax.....	\$ 108	\$ 119	\$ 119
Wagering Tax.....	11,861	12,164	12,366
Breakage Tax.....	<u>1,156</u>	<u>1,230</u>	<u>1,230</u>
TOTAL.....	<u>\$ 13,125</u>	<u>\$ 13,513</u>	<u>\$ 13,715</u>
Licenses and Fees			
License Fees.....	<u>\$ 409</u>	<u>\$ 364</u>	<u>\$ 364</u>
Miscellaneous Revenues			
Uncashed Tickets.....	\$ 3,098	\$ 3,000	\$ 3,000
Interest on Securities.....	660	212	211
Interest on Deposits.....	<u>1</u>	<u>2</u>	<u>6</u>
TOTAL.....	<u>\$ 3,759</u>	<u>\$ 3,214</u>	<u>\$ 3,217</u>
TOTAL REVENUES.....	<u><u>\$ 17,293</u></u>	<u><u>\$ 17,091</u></u>	<u><u>\$ 17,296</u></u>



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)

	<u>2000-01</u> Actual	<u>2001-02</u> Available	<u>2002-03</u> Estimated
Beginning Balance	\$ 322,292 *	\$ 667,305	\$ 414,576
Receipts:			
Revenue Estimate.....	\$ 345,013 *	\$ 414,576	\$ 424,255
Prior Year Lapses.....	<u>0</u>	<u>0</u>	<u>0</u>
Total Receipts.....	<u>345,013</u>	<u>414,576</u>	<u>424,255</u>
Funds Available	<u>\$ 667,305</u>	<u>\$ 1,081,881</u>	<u>\$ 838,831</u>
Expenditures:			
Appropriated.....	\$ 0	\$ 667,305 **	\$ 414,576
Less Current Year Lapses.....	<u>0</u>	<u>-66,000</u>	<u>-115,800</u>
Estimated Expenditures.....	<u>0</u>	<u>601,305</u>	<u>298,776</u>
Closing Balance	\$ 667,305	\$ 480,576	\$ 540,055
Less Transfer to the General Fund.....	<u>0</u>	<u>-66,000</u>	<u>-115,800</u>
Ending Balance	<u><u>\$ 667,305</u></u>	<u><u>\$ 414,576</u></u>	<u><u>\$ 424,255</u></u>

* Excludes restricted revenue receipts deposited to the Health Endowment Account for Long-Term Hope (\$142,262,000 initial payment and interest through 06/30/01 of \$41,794,000 earned on receipts). Includes \$667,305,000 temporarily held in a restricted receipt account.

**Includes \$25,783,000 and \$27,601,000 as appropriated in the fund as transfers to the Health Endowment Account for Long-Term Hope.

Summary by Department

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Governor's Office			
General Government			
Tobacco Endowment Account	\$ 0	\$ 25,783	\$ 0
DEPARTMENT TOTAL.....	\$ 0	\$ 25,783	\$ 0
Executive Offices			
General Government			
Transfer to the General Fund.....	\$ 0	\$ 68,508	\$ 0
Transfer to the Health Endowment Account.....	0	27,601	33,166 ^a
DEPARTMENT TOTAL.....	\$ 0	\$ 96,109	\$ 33,166
Department of Aging			
Grants and Subsidies			
Home and Community-Based Services.....	\$ 0	\$ 29,252 ^b	\$ 35,150
PACenet Transfer.....	0	27,601	33,166
TOTAL STATE FUNDS	\$ 0	\$ 56,853	\$ 68,316
Federal Funds.....	\$ 0	\$ 6,542	\$ 4,115
DEPARTMENT TOTAL.....	\$ 0	\$ 63,395	\$ 72,431
Department of Community and Economic Development			
Grants and Subsidies			
Health Venture Investment Account.....	\$ 0	\$ 60,000	\$ 0
Regional Biotechnology Research Centers.....	0	100,000	0
DEPARTMENT TOTAL.....	\$ 0	\$ 160,000	\$ 0
Department of Health			
Grants and Subsidies			
Medical and Surgical Equipment Grants.....	\$ 0	\$ 20,000	\$ 0
Community-Based Health Care Assistance.....	0	25,000	0
Health Research - Health Priorities.....	0	62,103	74,623
Health Research - National Cancer Institute.....	0	3,450	4,146
Tobacco Use Prevention and Cessation.....	0	41,402 ^c	49,749
DEPARTMENT TOTAL.....	\$ 0	\$ 151,955	\$ 128,518
Higher Education Assistance Agency			
Grants and Subsidies			
Biomedicine and Life Sciences Student Loans.....	\$ 0	\$ 5,000	\$ 0
Nursing School Student Loans.....	0	3,000	0
DEPARTMENT TOTAL.....	\$ 0	\$ 8,000	\$ 0
Department of Insurance			
Grants and Subsidies			
Adult Health Insurance Program.....	\$ 0	\$ 77,738 ^d	\$ 93,280 ^e
DEPARTMENT TOTAL.....	\$ 0	\$ 77,738	\$ 93,280

Summary by Department (continued)

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Department of Public Welfare			
Grants and Subsidies			
Medical Care for Workers with Disabilities.....	\$ 0	\$ 25,766 ^f	\$ 31,093 ^g
Hospital Uncompensated Care.....	0	15,000	0
Uncompensated Care.....	0	34,501	41,458
Home and Community-Based Services.....	0	15,600 ^h	18,745
Subtotal.....	\$ 0	\$ 90,867	\$ 91,296
TOTAL STATE FUNDS	\$ 0	\$ 90,867	\$ 91,296
Federal Funds.....	\$ 0	\$ 73,869	\$ 112,435
Augmentations.....	0	318	3,074
DEPARTMENT TOTAL.....	\$ 0	\$ 165,054	\$ 206,805
TOTAL STATE FUNDS	\$ 0	\$ 667,305	\$ 414,576
Federal Funds.....	\$ 0	\$ 80,411	\$ 116,550
Other Funds.....	0	318	3,074
FUND TOTAL.....	\$ 0	\$ 748,034	\$ 534,200

^a Funds are actually deposited to the Endowment Account for Long-Term Hope upon deposit of settlement payments into the fund.

^b Estimated lapse and subsequent transfer to the General Fund will result in reducing this executive authorization from \$29,252,000 to \$20,431,000.

^c Estimated lapse and subsequent transfer to the General Fund will result in reducing this executive authorization from \$41,402,000 to \$14,876,000.

^d Estimated lapse and subsequent transfer to the General Fund will result in reducing this executive authorization from \$77,738,000 to \$201,000.

^e Estimated lapse and subsequent transfer to the General Fund will result in reducing this executive authorization from \$93,280,000 to \$76,346,000.

^f Estimated lapse and subsequent transfer to the General Fund will result in reducing this executive authorization from \$25,766,000 to \$870,000.

^g Estimated lapse and subsequent transfer to the General Fund will result in reducing this executive authorization from \$31,093,000 to \$9,764,000.

^h Estimated lapse and subsequent transfer to the General Fund will result in reducing this executive authorization from \$15,600,000 to \$9,682,000.

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2000-01 Actual	2001-02 Estimated	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
Tobacco Settlement Revenue.....	\$ 345,013	\$ 414,576	\$ 424,255	\$ 374,024	\$ 379,612	\$ 385,285	\$ 391,044
TOTAL TOBACCO FUND REVENUES.....	<u>\$ 345,013</u>	<u>\$ 414,576</u>	<u>\$ 424,255</u>	<u>\$ 374,024</u>	<u>\$ 379,612</u>	<u>\$ 385,285</u>	<u>\$ 391,044</u>

Revenue Sources

Tobacco Settlement Revenue

Actual	Estimated
1995-96..... \$ 0	2001-02..... \$ 414,576
1996-97..... 0	2002-03..... 424,255
1997-98..... 0	2003-04..... 374,024
1998-99..... 0	2004-05..... 379,612
1999-00..... 464,554	2005-06..... 385,285
2000-01..... 345,013	2006-07..... 391,044

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 actual year receipts were held in a restricted receipt account.

Revenue Detail

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

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Gross Settlements	\$ 345,013	\$ 414,576	\$ 424,255
NET TOBACCO SETTLEMENT REVENUE.....	<u>\$ 345,013</u>	<u>\$ 414,576</u>	<u>\$ 424,255</u>

Restricted Revenues Not Included in Department Total

Health Endowment Account for Long-Term Hope Revenue

(Dollar Amounts in Thousands)

Actual		Estimated	
1995-96.....	\$ 0	2001-02.....	\$ 54,249
1996-97.....	0	2002-03.....	77,847
1997-98.....	0	2003-04.....	74,692
1998-99.....	0	2004-05.....	80,917
1999-00.....	170,349	2005-06.....	82,307
2000-01.....	67,091	2006-07.....	78,729

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, eight percent of each Annual Payment and lapses from the appropriations in the fund for the first five years 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; \$2,304,000 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 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. These estimates exclude other investment earnings as stipulated in the enacting legislation until sufficient historical data has accumulated to reflect those revenues.

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Initial Payment.....	\$ 0	\$ 0	\$ 0
8% of Annual Tobacco Settlement Payments.....	27,601	33,166	33,940
Interest	39,490	21,083	43,907
Lapses.....	0	0	0
Total Health Endowment Account for Long-Term Hope.....	<u>\$ 67,091</u>	<u>\$ 54,249</u>	<u>\$ 77,847</u>

Tobacco Settlement Investment Board Account

(Dollar Amounts in Thousands)

Actual		Estimated	
1995-96.....	\$ 0	2001-02.....	\$ 326
1996-97.....	0	2002-03.....	326
1997-98.....	0	2003-04.....	326
1998-99.....	0	2004-05.....	326
1999-00.....	0	2005-06.....	326
2000-01.....	93	2006-07.....	326

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.

	2000-01 Actual	2001-02 Estimate	2002-03 Budget
Revenue.....	\$ 0	\$ 93	\$ 326
Distribution.....	0	-93	-326
Total Tobacco Settlement Board Account Investment...	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>



TAX EXPENDITURES

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

TAX EXPENDITURE ANALYSIS

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

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

Act 180 of 1992 revised the requirements for the Governor's Executive Budget tax expenditure analysis. This act stipulated that the tax expenditure data be revised and updated every two years. Therefore, consistent with this provision, tax expenditures presented in this and subsequent budget documents will be updated and revised biennially. Exceptions include tax expenditures initiated, deleted or amended by statute, expenditures where improved data allow significant revisions or items of significant policy interest.

The 2002-03 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 which could be gained if the tax expenditure provision were to be rescinded. No attempt has been made to account for changes in taxpayer behavior which 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 which 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.

General Fund Tax Expenditures

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 taken by all taxpayers cannot exceed \$18,000,000 in fiscal year 1999-00 and later.

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	Corporate Net Income Tax						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 3.5	\$ 4.2	\$ 4.7	\$ 5.1	\$ 5.4	\$ 5.7	\$ 5.9
	Capital Stock / Foreign Franchise Tax						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 5.4	\$ 5.2	\$ 4.7	\$ 4.3	\$ 4.0	\$ 3.7	\$ 3.5
	Selective Business Taxes						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 5.2	\$ 5.6	\$ 5.6	\$ 5.6	\$ 5.6	\$ 5.6	\$ 5.6

Beneficiaries: Approximately 1,800 companies doing business in Pennsylvania benefit from this tax expenditure.

General Fund Tax Expenditures

EMPLOYMENT INCENTIVE PAYMENTS

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

Description: Any bank, thrift institution, title insurance and trust company, or insurance company, as well as any corporation or person subject to the corporate net income tax or the personal income tax, employing persons formerly receiving welfare benefits may claim an employment incentive payment as credit against any tax liability in selected taxes. The credit is for a portion of wages paid to a qualifying employee in the first three years of employment. Employment incentive payment credits are available for employees hired up to December 31, 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)

<i>Estimates:</i>	Corporate Taxes						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 8.4	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0
	Personal Income Tax						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 3.2	\$ 7.0	\$ 7.0	\$ 7.0	\$ 7.0	\$ 7.0	\$ 7.0

Beneficiaries: Employers of approximately 8,300 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 2000-01. Limited participation in this program is expected in the future.

Beneficiaries: NA

General Fund Tax Expenditures

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, gross 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 \$22,500,000, effective July 1, 2001. Prior to this, the credit was capped at \$20,000,000 per year.

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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 20.0	\$ 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, 2004.

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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 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.

General Fund Tax Expenditures

KEYSTONE OPPORTUNITY ZONE

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

Description: Economic activity in a defined geographic area of deteriorated property designated by the Department of Community and Economic Development to be a keystone opportunity zone is exempt from all local and certain state taxes for a maximum of fifteen years beginning January 1, 1999. In addition to benefiting from a limited sales and use tax exemption, zone residents and qualified businesses are exempt from the corporate net income, capital stock / foreign franchise and personal income taxes. In addition, qualified businesses may receive credits against the insurance premiums, bank and trust company shares, and mutual thrift institutions taxes. The tax expenditure is the value of all state taxes waived within the zone.

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 10.0	\$ 14.2	\$ 14.6	\$ 15.0	\$ 15.2	\$ 15.5	\$ 15.5

Beneficiaries: Qualified businesses and residents of the 12 Keystone Opportunity Zones designated 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, capital stock / foreign franchise tax and employer withholding 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 minimal.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

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

General Fund Tax Expenditures

EDUCATIONAL IMPROVEMENT TAX CREDIT

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

Description: A tax credit is available to banks, thrift institutions, title insurance and trust companies, and insurance companies, as well as corporations doing business in Pennsylvania and subject to the corporate net income tax and the capital stock / foreign franchise tax that contribute to non-profit 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 \$30,000,000 in a fiscal year, with no less than \$20,000,000 for contributions to scholarship organizations, and no less than \$10,000,000 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	--	\$ 30.0	\$ 30.0	\$ 30.0	\$ 30.0	\$ 30.0	\$ 30.0

Beneficiaries Approximately 850 companies and 180 scholarship organizations and educational improvement organizations benefit from this tax expenditure.

General Fund Tax Expenditures

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)

<i>Estimates:</i>	Corporate Net Income Tax and Capital Stock / Foreign Franchise Tax						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 2.8	\$ 2.9	\$ 3.0	\$ 3.1	\$ 3.2	\$ 3.3	\$ 3.4
	Selective Business Taxes						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

CORPORATE NET INCOME TAX

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

The Pennsylvania corporate net income tax is imposed on domestic and foreign corporations for the privilege of doing business, carrying on activities, having capital or property employed or used, or owning property in Pennsylvania. Certain corporations are exempt from the tax.

The tax is based on federal taxable income before net operating loss deduction and special deductions (line 28 of page 1 of federal IRS form 1120) modified by additions and subtractions to arrive at Pennsylvania taxable income. Taxes based on income and certain tax items are added back to federal taxable income. The tax rate is 9.99 percent for tax years 1995 and thereafter.

Any deductions, exemptions or types of special treatment which 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 which 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 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.

General Fund Tax Expenditures

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 4 of 1999 increased the annual cap on deductions to \$2,000,000 in each of the ten years following the loss, effective January 1, 1999. 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.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 189.3	\$ 181.8	\$ 190.2	\$ 199.8	\$ 207.7	\$ 218.6	\$ 233.4

Beneficiaries: Approximately 33,000 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 CNI 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 75.6	\$ 70.7	\$ 73.0	\$ 74.8	\$ 76.2	\$ 79.5	\$ 84.4

Beneficiaries: Approximately 10,000 corporations operating in Pennsylvania may benefit from this tax expenditure.

General Fund Tax Expenditures

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 which are perceived as providing social benefits.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 11.0	\$ 12.2	\$ 13.1	\$ 14.0	\$ 15.0	\$ 16.0	\$ 17.1

Beneficiaries: Approximately 900 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 488.6	\$ 472.1	\$ 500.7	\$ 528.8	\$ 554.6	\$ 595.1	\$ 649.9

Beneficiaries: Approximately 110,000 sub-chapter S corporations doing business in Pennsylvania could benefit from this tax expenditure.

General Fund Tax Expenditures

LIMITED LIABILITY COMPANIES (LLCs)

Description: 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. Owners of the LLC must include their share of corporate income for Pennsylvania personal income tax purposes. The tax expenditure is the difference between what is paid by the owners under the personal income tax and what the LLCs would have paid under the corporate net income tax.

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 at the personal income tax rate, Pennsylvania is a more attractive place for these new companies.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 83.2	\$ 119.8	\$ 159.2	\$ 183.5	\$ 204.4	\$ 231.6	\$ 267.1

Beneficiaries: Approximately 26,000 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

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

FICA TAX ON TIPS

Description: Eating and drinking establishments can claim a deduction from their Pennsylvania taxable income equal to the amount of 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8

Beneficiaries: Approximately 7,000 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 two 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. The proceeds resulting from 0.25 mill of the tax are transferred to the Hazardous Sites Cleanup Fund. The estimates in this analysis include only the General Fund portion of the tax and reflect the phaseout. Act 23 of 2000 also eliminated the minimum payment.

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 which are perceived as providing social benefits.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-05</u>
	\$ 9.2	\$ 8.1	\$ 7.2	\$ 6.3	\$ 5.3	\$ 4.2	\$ 3.0

Beneficiaries: Approximately 2,050 nonprofit corporations benefit from this tax expenditure.

General Fund Tax Expenditures

FAMILY FARM CORPORATIONS

Description: Family farm corporations are exempt from the capital stock / foreign franchise tax. A family farm corporation is one which 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 3.4	\$ 3.3	\$ 3.1	\$ 2.6	\$ 2.0	\$ 1.6	\$ 1.1

Beneficiaries: Approximately 450 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 or 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, research or development activities from the numerator of the sales factor and expanding the exemption by excluding property and payroll attributable to manufacturing, processing, research or 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 which improves the Commonwealth's economic position.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 350.9	\$ 305.1	\$ 270.9	\$ 238.9	\$ 202.3	\$ 161.5	\$ 115.6

Beneficiaries: Approximately 8,800 corporations operating in Pennsylvania benefit from this tax expenditure.

General Fund Tax Expenditures

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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 92.8	\$ 80.9	\$ 71.8	\$ 63.2	\$ 53.5	\$ 42.7	\$ 30.4

Beneficiaries: Approximately 8,500 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 5.3	\$ 4.6	\$ 4.1	\$ 3.6	\$ 3.1	\$ 2.5	\$ 1.7

Beneficiaries: Approximately 15 companies doing business in Pennsylvania benefit from this tax expenditure.

General Fund Tax Expenditures

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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 58.2	\$ 49.9	\$ 43.2	\$ 36.7	\$ 30.0	\$ 23.1	\$ 16.0

Beneficiaries: Approximately 167,000 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 which computes the taxable portion of capital stock value by taking 10 percent of the total capital stock value. The single-factor apportionment formula was used as the standard apportionment formula in the estimating process. Holding companies are corporations (1) which derive at least 90 percent of their income from stock or securities and the rendering of administrative or management services to subsidiary corporations and (2) whose assets are at least 60 percent comprised of securities or indebtedness of subsidiary corporations. Act 45 of 1998 clarified that limited liability companies and business trusts are eligible to receive holding company tax treatment.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 68.4	\$ 59.7	\$ 53.0	\$ 46.7	\$ 39.9	\$ 31.5	\$ 22.5

Beneficiaries: Approximately 300 companies doing business in Pennsylvania benefit from this tax expenditure.

General Fund Tax Expenditures

REGULATED INVESTMENT COMPANIES/REAL ESTATE INVESTMENT TRUSTS

Description: Regulated investment companies 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; therefore, the estimates below reflect the special valuation for capital stock / foreign franchise tax for regulated investment companies only.

Purpose: Regulated investment companies are corporations which derive at least 90 percent of their income from dividends, interest, and gains on disposition of stock and securities. This special treatment provides tax relief to these companies thereby allowing them to earn higher rates of return on their investments which, in turn, are passed on to their shareholders. The higher earnings rates may result in higher investment in the economy which is channeled through these companies.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 37.7	\$ 29.5	\$ 25.0	\$ 21.5	\$ 18.1	\$ 14.3	\$ 10.1

Beneficiaries: Approximately 60 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

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

General Fund Tax Expenditures

LIMITED LIABILITY AND RESTRICTED PROFESSIONAL COMPANIES

Description: Limited Liability Companies (LLCs) and Restricted Professional Companies (RPCs) are hybrid business entities that combine the corporate characteristic of limited liability for all owners (members) with the tax treatment of a partnership. 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. Also an insurance agency may be organized as an LLC.

RPCs are limited liability companies performing restricted professional services. Restricted professional services include chiropractic, dentistry, law, medicine and surgery, optometry, osteopathic medicine, podiatry medicine, public accounting, psychology and veterinary medicine. These types of business entities 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 \$330 per resident member is imposed under the Associations Code, \$25 of which is credited to the Corporation Bureau's restricted account.

LLCs generally are subject to the tax. For the fixed formula valuation, the net worth of an LLC is defined as an entity's assets minus its liabilities as of the close of the tax year. The average net income of an LLC classified as a partnership for federal income tax purposes is calculated by allowing a reduction in the income or loss in any given year for distributions to materially participating members. Act 45 of 1998 clarified that LLCs may utilize the single taxable asset apportionment fraction.

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.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 26,000 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 in promoting higher education.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

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.

General Fund Tax Expenditures

BUSINESS TRUSTS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

UTILITY 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. 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. These estimates do not reflect the impact of gross receipts tax rate changes caused by the revenue neutral reconciliation (RNR) rate.

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 3.7	\$ 4.0	\$ 3.9	\$ 3.8	\$ 3.9	\$ 3.7	\$ 3.6

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

General Fund Tax Expenditures

NUCLEAR GENERATING FACILITY DAMAGE

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: 61 electric suppliers could potentially benefit from this tax expenditure.

ELECTRIC COOPERATIVES

Description: Gross receipts of electric cooperatives are exempt from the tax. These estimates do not reflect the impact of gross receipts tax rate changes caused by the revenue neutral reconciliation (RNR) rate.

Purpose: These cooperatives are nonprofit corporations organized to engage in rural electrification and are perceived to provide public benefit. This exemption permits this service to be rendered at a reduced cost to the rate payers.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 9.5	\$ 10.4	\$ 10.1	\$ 9.8	\$ 10.1	\$ 9.7	\$ 9.3

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 utility 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 utility gross receipts tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 8.0	\$ 8.8	\$ 9.7	\$ 10.1	\$ 10.5	\$ 10.9	\$ 11.3

Beneficiaries: Approximately 475 telecommunication companies could benefit from this tax expenditure.

General Fund Tax Expenditures

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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 2.6	\$ 2.7	\$ 2.8	\$ 2.9	\$ 3.0	\$ 3.1	\$ 3.3

Beneficiaries: The 419 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 which entitles the public utility company to limited use related to the provision of utility service.

Purpose: PURTA is intended as a tax on real property, and not as a tax on property such as these rights.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 2.3	\$ 2.4	\$ 2.5	\$ 2.6	\$ 2.7	\$ 2.8	\$ 2.9

Beneficiaries: The 419 public utilities could benefit from this tax expenditure.

General Fund Tax Expenditures

RAILROAD RIGHTS-OF-WAY

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 5.3	\$ 5.5	\$ 5.7	\$ 6.0	\$ 6.2	\$ 6.4	\$ 6.7

Beneficiaries: The 68 railroad public utilities could benefit from this tax expenditure.

SEWAGE SERVICES

Description: Public utilities furnishing sewage services are exempt from tax.

Purpose: This provides tax relief to companies that are in the business of sewage treatment and encourages investment in sewage treatment facilities that provide public environmental benefits. It also benefits consumers to the extent the tax relief is reflected in lower utility rates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 4.7	\$ 4.9	\$ 5.0	\$ 5.2	\$ 5.5	\$ 5.7	\$ 5.9

Beneficiaries: The 86 public utilities that provide sewage services benefit from this tax expenditure.

MUNICIPALITIES

Description: Municipalities or municipal authorities furnishing electric, natural gas, telephone or water public utility services are exempt from tax.

Purpose: The realty used for municipally-furnished utility services is public property used for public purposes. Moreover, taxing such property would result in the municipal government funding the realty tax equivalent distributed to local taxing authorities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 2.9	\$ 3.0	\$ 3.1	\$ 3.2	\$ 3.4	\$ 3.5	\$ 3.6

Beneficiaries: The 454 municipal authorities and the 33 municipal public utilities benefit from this tax expenditure.

General Fund Tax Expenditures

ELECTRIC GENERATION FACILITIES

Description: After December 31, 1999, land and improvements indispensable to the generation of electricity 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 23.9	\$ 24.8	\$ 25.8	\$ 26.9	\$ 27.9	\$ 29.1	\$ 30.2

Beneficiaries: The 23 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 who had a significant increase in their PURTA tax base as a result of Act 4 of 1999.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 2.1	\$ 0.6	\$ 0.5	--	--	--	--

Beneficiaries: Approximately 150 taxpayers benefit from this tax expenditure.

General Fund Tax Expenditures

INSURANCE PREMIUMS TAX

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

The insurance premiums tax is imposed on domestic and foreign insurance companies that transact business in Pennsylvania. Certain types of insurance companies are exempt from the tax.

The tax is levied on gross premiums received from business done within Pennsylvania during each calendar year. A retaliatory tax is also imposed on taxable insurance companies incorporated in other states that impose a higher burden on Pennsylvania companies doing business there.

The basic tax rate is 2 percent of gross premiums plus any retaliatory tax. A 3 percent rate is imposed on insurance premiums for policies written with unlicensed insurers by a surplus lines agent. Marine insurance companies are subject to a 5 percent tax on their underwriting profits in lieu of the insurance premiums tax.

The estimates in this analysis include the full amount of revenues and the retaliatory charges that would be received from affected insurance companies.

MUTUAL BENEFICIAL ASSOCIATIONS

Description: Purely mutual beneficial associations, whose funds benefit members, families or heirs and are made up entirely of member contributions and accumulated interest, are exempt from the insurance premiums tax. For the purpose of this tax expenditure, these associations are treated as life insurance companies.

Purpose: Mutual beneficial associations are charitable and benevolent organizations that provide life, accident and health benefits for their members. The exemption indirectly benefits subscribers to the extent that it is reflected in reduced premiums.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 5.9	\$ 6.5	\$ 7.9	\$ 8.4	\$ 8.8	\$ 9.3	\$ 10.0

Beneficiaries: The 78 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., Medical Service Association of Pennsylvania (Blue Shield), 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 224.5	\$ 236.4	\$ 247.9	\$ 266.1	\$ 286.8	\$ 306.8	\$ 329.4

Beneficiaries: The 15 nonprofit hospital and medical care service organizations doing business in Pennsylvania benefit from this tax expenditure.

General Fund Tax Expenditures

EXTRAORDINARY MEDICAL BENEFIT

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.5	\$ 0.5	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.7

Beneficiaries: The 790 automobile insurance companies licensed to do business in Pennsylvania may benefit from this tax expenditure.

LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION CREDIT

Description: A tax credit is available to companies that are members of the Pennsylvania Life and Health Insurance Guaranty Association. These companies may offset a proportionate part of assessment payments made to the association against the insurance premiums tax. The credit is for the portion of the assessment that is unrecoverable through premiums and must be taken over five years.

Purpose: The Pennsylvania Life and Health Insurance Guaranty Association protects policyholders and claimants by providing for the payment of benefits and the continuation of coverage under life, health and accident, and annuity policies under certain circumstances. Members are assessed to provide funds to carry out the purpose of the association. This credit provides relief to member companies by allowing them to recoup a portion of their assessment payments in the form of tax credits. This credit also provides indirect relief to subscribers to the extent that lower premium rates are maintained.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 19.9	\$ 4.5	\$ 4.5	\$ 5.4	\$ 2.1	\$ 2.7	\$ 3.6

Beneficiaries: The 552 life, accident and health insurance companies doing business in Pennsylvania may benefit from this tax expenditure.

General Fund Tax Expenditures

PROPERTY INSURANCE GUARANTY ASSOCIATION (PIGA) CREDIT

Description: A tax credit is available to companies that are members of the Pennsylvania Property and Casualty Insurance Guaranty Association (PIGA). Companies may claim a credit for assessments paid to the association in a calendar year that exceed one percent of gross premiums collected from policyholders. The credit must be taken proportionately over five years, beginning the year after the assessment is paid. This tax credit was enacted as part of Act 23 of 2000 to allow member companies to recoup a portion of assessments paid to the association in the form of tax credits.

Purpose: The Pennsylvania Property and Casualty Insurance Guaranty Association protects policyholders and claimants by providing for the payment of benefits and claims for property and casualty policies under certain circumstances. Members are assessed to provide funds to carry out the purpose of the association. This credit also provides indirect relief to property and casualty policyholders to the extent that lower premium rates are maintained.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 8.2	\$ 16.7	\$ 25.5	\$ 34.8	\$ 39.5	\$ 31.3	\$ 22.9

Beneficiaries: The 978 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 1.8	\$ 1.8	\$ 2.0	\$ 2.2	\$ 1.9	\$ 2.0	\$ 2.1

Beneficiaries: The 216 mutual thrift companies could benefit from this tax expenditure.

CREDIT UNIONS

Description: Credit unions are exempt from taxation. The tax expenditure is determined by applying the appropriate mutual thrift institutions tax rate to their net earnings.

Purpose: Credit unions are cooperative associations incorporated to promote thrift and to provide a source of credit for their members. This program provides tax relief to credit unions as well as their members to the extent that it is reflected in higher rates earned on savings and lower rates charged for loans.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 13.4	\$ 15.3	\$ 16.2	\$ 17.2	\$ 18.1	\$ 19.2	\$ 20.3

Beneficiaries: The 776 state and federal credit unions operating in Pennsylvania benefit from this tax expenditure.

General Fund Tax Expenditures

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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 11.1	\$ 11.3	\$ 11.5	\$ 11.6	\$ 11.8	\$ 12.0	\$ 12.2

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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$1,140.9	\$1,179.7	\$1,210.5	\$1,237.9	\$1,271.1	\$1,307.4	\$1,345.4

Beneficiaries: Virtually all 4.6 million households benefit from this tax expenditure.

General Fund Tax Expenditures

CANDY AND GUM

Description: The purchase at retail or use of candy and gum, regardless of where sold, is exempt from taxation.

Purpose: Candy and gum are considered to be food. Exempting candy and gum regardless of where sold provides for uniformity in the taxation of these items.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 29.3	\$ 30.3	\$ 31.1	\$ 31.8	\$ 32.6	\$ 33.5	\$ 34.5

Beneficiaries: NA

PERSONAL HYGIENE PRODUCTS

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

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

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 36.8	\$ 39.0	\$ 41.5	\$ 44.3	\$ 47.1	\$ 50.0	\$ 53.0

Beneficiaries: Virtually all 4.6 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 which qualify as a "newspaper of general circulation qualified to carry a legal advertisement," not including magazines, is exempt from taxation.

Purpose: The purpose of this tax exemption is to encourage citizens to be well informed.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 28.1	\$ 28.8	\$ 29.5	\$ 30.1	\$ 30.9	\$ 31.6	\$ 32.3

Beneficiaries: NA

General Fund Tax Expenditures

MAGAZINES

Description: The purchase at retail or use of subscriptions for magazines is exempt from taxation. A "magazine" is a periodical published at regular intervals not exceeding three months and circulated among the general public. The exclusion includes any printed advertising material circulated with the periodical. This tax expenditure became effective July 1, 1994, under Act 48 of 1994.

Purpose: The purpose of this tax exemption is to encourage citizens to be well informed.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 20.4	\$ 20.7	\$ 21.0	\$ 21.3	\$ 21.7	\$ 22.0	\$ 22.4

Beneficiaries: Approximately 3.8 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 use a disproportionate share of income purchasing these products.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 941.8	\$ 963.2	\$1,001.3	\$1,048.0	\$1,090.4	\$1,134.3	\$1,179.2

Beneficiaries: Virtually all 4.6 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 17.7	\$ 17.3	\$ 16.8	\$ 16.4	\$ 16.0	\$ 15.6	\$ 15.2

Beneficiaries: Approximately 1.8 million persons may benefit from this tax expenditure.

General Fund Tax Expenditures

PRESCRIPTION DRUGS AND ORTHOPEDIC EQUIPMENT

Description: The purchase at retail or use of prescription drugs and orthopedic equipment is exempt from taxation. Such equipment includes crutches, wheelchairs, false teeth and dental materials, eyeglasses, artificial limbs and eyes, hearing devices, braces and supports. Also included are devices to alleviate a physical incapacity such as a hospital bed or dialysis machine.

Purpose: Prescription drugs and orthopedic equipment are considered essential for maintaining a basic standard of life. This provision reduces the regressive nature of the tax and eases the tax burden on families who must spend a disproportionate share of income on these products.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 314.8	\$ 336.0	\$ 359.8	\$ 386.0	\$ 413.7	\$ 443.6	\$ 476.1

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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 124.1	\$ 132.5	\$ 141.9	\$ 152.2	\$ 163.1	\$ 174.9	\$ 187.7

Beneficiaries: Virtually all 4.6 million households benefit from this tax expenditure.

LIQUOR OR MALT BEVERAGE PURCHASED FROM RETAIL DISPENSER

Description: Alcoholic beverages purchased in a drinking place or bar are exempt from taxation. Purchases from a state liquor store or a beer distributor are taxed, despite the wholesale nature of a portion of these sales. The estimates represent the difference in the tax that would be collected at the retail level and the tax presently collected on the bulk sale.

Purpose: Taxing container sales rather than per drink sales reduces overall administrative and reporting burdens for vendors and audit efforts by the Department of Revenue.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 199.0	\$ 205.0	\$ 212.1	\$ 220.9	\$ 229.6	\$ 238.9	\$ 248.0

Beneficiaries: Approximately 4.4 million people benefit from this tax expenditure.

General Fund Tax Expenditures

CHARGES FOR RETURNABLE CONTAINERS

Description: Separately stated deposit charges for returnable containers are excluded from the purchase price and are exempt from taxation.

Purpose: Deposit charges usually represent a security in the event a container is not returned. For this reason, a true exchange of property is not considered to have occurred.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 9.3	\$ 9.7	\$ 10.1	\$ 10.6	\$ 11.1	\$ 11.7	\$ 12.4

Beneficiaries: Approximately 188,800 business establishments and an unknown number of households may benefit from this tax expenditure.

WRAPPING AND PACKING SUPPLIES

Description: The purchase or use of wrapping paper, twine, bags, cartons, tape, rope, labels, nonreturnable containers and all other wrapping supplies which are incidental to the delivery of personal property is exempt from taxation. This exclusion applies to retailers only. A separately stated charge for wrapping or packaging is taxable.

Purpose: Exemption of these items prevents double taxation since the cost of wrapping supplies, as a final input of the product, is included in the price charged by the retailer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 82,700 retail and wholesale establishments benefit from this tax expenditure.

CASKETS AND BURIAL VAULTS

Description: The purchase or use of caskets, burial vaults, markers, cremation urns and tombstones for human graves, including foundations, is exempt from taxation.

Purpose: These items are considered to be the final basic necessity of life. Additionally, this exemption reduces the regressive nature of the tax and eases the burden on low-income families.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 23.7	\$ 24.9	\$ 26.1	\$ 27.5	\$ 29.1	\$ 30.9	\$ 32.8

Beneficiaries: As many as 131,200 households benefit from this tax expenditure annually.

General Fund Tax Expenditures

FLAGS

Description: The purchase or use of Pennsylvania and United States flags is exempt from taxation.

Purpose: The exemption of flags may be based on the perception that governmental support of national and state symbols is a worthy public policy objective.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 1.2	\$ 1.2	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.4	\$ 1.4

Beneficiaries: Approximately 2.3 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 citizenry is a major policy objective of state government. This exemption helps to reduce the overall cost of obtaining an education.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 22.7	\$ 23.8	\$ 25.0	\$ 26.2	\$ 27.5	\$ 28.9	\$ 30.3

Beneficiaries: As many as 601,000 college students may benefit from this tax expenditure.

CATALOGS AND DIRECT MAIL ADVERTISING

Description: The purchase or use of a mail order catalog or direct mail advertising literature and materials is exempt from taxation. Effective July 1, 1998, this exemption was extended to the purchase or use of electoral literature or material and certain mailing lists.

Purpose: The purchase of these items may be perceived as an information service because the tangible nature of the document is incidental to the information being provided.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 56.8	\$ 60.2	\$ 63.9	\$ 67.8	\$ 71.9	\$ 76.2	\$ 80.8

Beneficiaries: NA

General Fund Tax Expenditures

FOOD STAMP PURCHASES

Description: The purchase at retail or use of tangible personal property in accordance with the federal Food Stamp Act of 1977 is exempt from taxation. Primarily, exempt items are soft drinks, certain drink mixes, vegetable and fruit seeds and plants, and certain prepared cold foods.

Purpose: This provision is mandated by federal law for continued state participation in the federally funded food stamp program.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 2.6	\$ 2.5	\$ 2.3	\$ 2.2	\$ 2.1	\$ 1.9	\$ 1.8

Beneficiaries: Approximately 343,800 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 accompanying non-taxable services.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 65.9	\$ 67.7	\$ 69.6	\$ 71.6	\$ 73.7	\$ 75.8	\$ 78.0

Beneficiaries: Approximately 4.4 million households and an unknown number of businesses benefit from this tax expenditure.

PERSONAL COMPUTER SALES TAX HOLIDAY

Description: The purchase at retail or use of personal computers and connected equipment by individuals for non-business use is exempt from tax if purchased during August 6 through August 13, 2000 or from February 18 through February 25, 2001. In addition, the purchase at retail or use of personal computers, peripheral equipment, Internet access devices and single-user licensed software purchased with a personal computer by individuals for non-business use is exempt from tax if purchased during August 5 through August 12, 2001 or from February 17 through February 24, 2002. The leasing, rental, repair, or alteration of computers and peripheral equipment do not qualify for the exemption.

Purpose: The personal computer sales tax holiday is intended to increase household ownership and use of personal computers in the Commonwealth.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 8.3	\$ 10.7	--	--	--	--	--

Beneficiaries: Approximately 80,000 households may benefit from this expenditure.

General Fund Tax Expenditures

FUELS AND UTILITIES

COAL

Description: The purchase or use of coal is exempt from taxation.

Purpose: This exemption provides special tax treatment of coal versus alternative energy forms. Other major energy sources are exempt only when used directly by the purchaser for residential use. Encouragement of coal consumption may have been perceived as providing or preserving employment when mining was a major employer within the Commonwealth.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 87.4	\$ 83.4	\$ 79.6	\$ 76.0	\$ 72.5	\$ 69.2	\$ 66.0

Beneficiaries: Approximately 65,900 households and 8,500 businesses benefit from this tax expenditure.

FIREWOOD

Description: The purchase or use of firewood cut into lengths for burning or wood pellets is exempt from taxation when used as fuel for cooking, or for heating water or residential dwellings.

Purpose: Alternative energy sources such as heating oil, natural gas, coal and electricity are exempt when used for residential purposes. The extension of this exemption to firewood provides consistency among all major energy sources.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.3	\$ 0.9	\$ 1.0	\$ 1.1	\$ 1.2	\$ 1.2	\$ 1.3

Beneficiaries: Approximately 655,000 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 which may benefit from this tax expenditure.

General Fund Tax Expenditures

RESIDENTIAL UTILITIES

Description: As defined by law, "tangible personal property" specifies taxable items. Specifically omitted from this definition are electricity, steam, natural, manufactured and bottled gas and fuel oil, basic local telecommunications service when purchased directly by the user solely for his residential use and charges for coin-operated telephone calls. Court decisions have expanded the electricity exemption to include purchases for residential use, through an agent, where there is no commercial interest.

Purpose: Residential utilities are considered essential for maintaining a basic standard of life. Additionally, this provision reduces the regressive nature of the tax and reduces the tax burden on families who use a disproportionate share of income on these services.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Electric:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 251.6	\$ 251.6	\$ 249.0	\$ 250.3	\$ 250.3	\$ 253.3	\$ 256.3
	Fuel Oil/Gas:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 252.4	\$ 240.2	\$ 244.6	\$ 262.8	\$ 275.2	\$ 278.8	\$ 283.2
	Telephone:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 110.5	\$ 114.3	\$ 120.3	\$ 128.7	\$ 136.8	\$ 144.8	\$ 153.1

Beneficiaries: Approximately 4.3 million households (electricity), 3.6 million households (fuel oil/gas) and 4.3 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 use a disproportionate share of income on this product.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 144.3	\$ 153.9	\$ 165.3	\$ 179.0	\$ 191.9	\$ 206.1	\$ 219.4

Beneficiaries: Approximately 3.9 million households and about 274,300 businesses benefit from this tax expenditure.

General Fund Tax Expenditures

GASOLINE AND MOTOR FUELS

Description: The purchase or use of gasoline and other motor fuels, taxed under the Liquid Fuels and Fuels Tax Act, is exempt from the sales and use tax.

Purpose: Because these items are already subject to fuels taxes, the legislature has provided for their exemption from the sales and use tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 554.6	\$ 523.8	\$ 531.4	\$ 539.9	\$ 548.5	\$ 557.3	\$ 566.3

Beneficiaries: Approximately 4.2 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 which are considered to be basic necessities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 272.2	\$ 282.0	\$ 292.1	\$ 302.6	\$ 313.5	\$ 324.7	\$ 336.4

Beneficiaries: Approximately 6,000 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 3.2	\$ 3.3	\$ 3.3	\$ 3.4	\$ 3.4	\$ 3.5	\$ 3.6

Beneficiaries: NA

General Fund Tax Expenditures

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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 2.2	\$ 2.2	\$ 2.2	\$ 2.3	\$ 2.3	\$ 2.3	\$ 2.3

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 which allow this exemption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

General Fund Tax Expenditures

SCHOOL BUSES

Description: The purchase at retail or use of school buses is exempt from taxation. These buses must be used exclusively for the transportation of children for school purposes. The provision is extended to persons who have contracts with school districts to transport children.

Purpose: The costs of transporting school children are directly borne by school districts and indirectly by state government through subsidy programs. This exemption, while limiting state sales and use tax revenues, also decreases state educational subsidy costs.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 13.3	\$ 13.8	\$ 14.3	\$ 14.8	\$ 15.3	\$ 15.8	\$ 16.4

Beneficiaries: Approximately 900 private contractors and 5,700 schools benefit from this tax expenditure.

REAL ESTATE

REAL ESTATE

Description: A person constructing, repairing, or altering real estate, or applying or installing personal property as a repair or replacement part of real estate is not making a taxable "sale at retail." Also, the person obtaining such services is not making a taxable "use" of such personal property or services. Materials and supplies consumed by the persons providing these services are taxable.

Purpose: Generally, construction and repairs are nontaxable because they do not directly involve the sale or use of tangible personal property.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$1,114.4	\$1,119.3	\$1,123.3	\$1,175.6	\$1,224.6	\$1,269.1	\$1,327.6

Beneficiaries: Approximately 900,000 households and owners of 85,000 non-residential buildings benefit from this tax expenditure.

General Fund Tax Expenditures

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 which could occur in the production of a finished good for consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 678.8	\$ 661.9	\$ 667.4	\$ 703.6	\$ 737.2	\$ 768.7	\$ 800.6

Beneficiaries: Approximately 18,000 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 which could occur in the production of an agricultural commodity for sale and consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 160.7	\$ 168.4	\$ 176.6	\$ 185.0	\$ 193.8	\$ 203.0	\$ 212.7

Beneficiaries: Approximately 45,000 farm operators benefit from this tax expenditure.

General Fund Tax Expenditures

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 which could occur in providing the service. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	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 which could occur in the production of a finished good for consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.8	\$ 2.0	\$ 2.1	\$ 2.2

Beneficiaries: Approximately 70,000 entities 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 business to operate in Pennsylvania.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.7	\$ 0.8	\$ 0.8	\$ 0.9	\$ 0.9	\$ 1.0	\$ 1.1

Beneficiaries: Approximately eight film companies annually benefit from this tax expenditure.

General Fund Tax Expenditures

OTHER

AIRLINE CATERING

Description: Airline purchases of catered food and non-alcoholic beverages served to passengers in connection with the airline service 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 3.9	\$ 4.0	\$ 4.2	\$ 4.3	\$ 4.4	\$ 4.5	\$ 4.7

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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 1.9	\$ 2.0	\$ 2.1	\$ 2.3	\$ 2.4	\$ 2.6	\$ 2.7

Beneficiaries: As many as 840 vending machine operators may benefit from this tax expenditure.

HOTEL-PERMANENT RESIDENT

Description: An exemption is provided, under the hotel occupancy tax, for a person occupying or having the right to occupy a room in a hotel, inn, tourist home, lodging house, rooming house, summer camp, apartment hotel, resort lodging or cabin for 30 consecutive days or more. This exemption does not extend to prepared meals or other taxable items.

Purpose: Residency of this length is felt to approximate permanent dwelling rental, which is non-taxable as a basic necessity of life.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5

Beneficiaries: Approximately 2,300 persons benefit from this tax expenditure.

General Fund Tax Expenditures

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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 55.6	\$ 56.5	\$ 58.9	\$ 61.6	\$ 64.3	\$ 66.6	\$ 69.2

Beneficiaries: Approximately 220,000 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

TRADE-IN VALUE

Description: A deduction is allowed against the gross purchase price for the value of personal property actually taken in trade or exchange. The trade-in property does not have to be of like kind to the purchased property. The reduction in purchase price is considered to be the value of the trade-in.

Purpose: Usually, tangible personal property taken as a trade-in is resold. Therefore, it is treated as a sale for resale.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 279.3	\$ 280.1	\$ 292.3	\$ 310.2	\$ 316.9	\$ 324.4	\$ 332.2

Beneficiaries: Approximately 90 purchasers of aircraft, 113,100 purchasers of computers, 8,100 purchasers of boats and 460,000 purchasers of cars and trucks annually benefit from this tax expenditure.

General Fund Tax Expenditures

ISOLATED SALES

Description: Infrequent personal property sales of a non-recurring nature by persons not in the business of selling such items are exempt from taxation. By regulation, exempt entity sales can occur no more than three times nor more than a total of seven days in a year. These sales may include the sale of a lawn mower to a neighbor, liquidation of an estate, sale of a used typewriter by an insurance company or yard sale items. Motor vehicles and property which must be registered or licensed are not granted this exemption.

Purpose: The exclusion of isolated sales from taxation greatly reduces compliance and administration burdens for the seller and the Commonwealth.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 77.4	\$ 78.4	\$ 81.8	\$ 85.5	\$ 89.4	\$ 92.6	\$ 96.3

Beneficiaries: NA

TEMPORARY USAGE

Description: Property purchased outside Pennsylvania by a nonresident and temporarily used in Pennsylvania for seven days or less or any length of time by a tourist or vacationer is exempt from taxation. If the property is consumed in the state it becomes taxable.

Purpose: Providing an exemption for temporary usage of taxable property in Pennsylvania does not discourage entry into the state by vacationers, tourists or others who attend or are involved in specific short term events or activities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

HORSES

Description: The sale of a horse is exempt from taxation if the seller is directed to deliver the horse to an out-of-state location. A horse may be temporarily delivered to a resident or agent prior to being delivered out-of-state.

Purpose: This exemption provides preferential treatment of horses relative to other tangible personal property by permitting temporary location in Pennsylvania before being delivered out-of-state.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 2.9	\$ 3.2	\$ 3.4	\$ 3.4	\$ 3.4	\$ 3.4	\$ 3.4

Beneficiaries: Approximately 1,700 Standardbred horse purchasers and an unknown number of purchasers of other types of horses benefit from this tax expenditure.

General Fund Tax Expenditures

YOUTH SPORTS PROGRAMS

Description: The purchase of food and beverages from nonprofit associations which support sports programs for participants aged 18 or younger or for persons with a physical or mental handicap regardless of age is exempt from taxation.

Purpose: The exemption of these items encourages such organizations to support programs which provide activities beneficial to young people and the handicapped.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	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 which are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Charitable Organizations:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 223.7	\$ 228.6	\$ 233.3	\$ 239.3	\$ 245.7	\$ 252.3	\$ 259.9
	Volunteer Fireman's Organizations:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 53.1	\$ 54.3	\$ 55.4	\$ 56.8	\$ 58.3	\$ 59.9	\$ 61.7
	Nonprofit Educational Institutions:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 69.0	\$ 70.6	\$ 72.0	\$ 73.8	\$ 75.8	\$ 77.9	\$ 80.2
	Religious Organizations:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 45.1	\$ 46.1	\$ 47.1	\$ 48.3	\$ 49.6	\$ 50.9	\$ 52.4

Beneficiaries: Currently, approximately 33,200 organizations benefit from this tax expenditure.

General Fund Tax Expenditures

EXEMPT GOVERNMENTAL UNITS

Description: The sale of tangible personal property or services to or for use by the federal government, the Commonwealth, or its instrumentalities or political subdivisions is exempt from taxation. Act 45 of 1998 extended this exemption to include the purchase or use of certain machinery or equipment used in a construction contract with a governmental unit. The purchase or use may be by a contractor or governmental unit. Based on the criteria adopted to define tax expenditures, federal transactions are not included in this study. Commonwealth transactions are also excluded because revenues would offset expenditures with no net effect. The estimates, therefore, represent the tax on local government expenditures and construction contractors.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 113.3	\$ 120.2	\$ 125.5	\$ 132.2	\$ 138.7	\$ 144.9	\$ 151.1

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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 1.3	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.5	\$ 1.5	\$ 1.5

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 which most closely approximates current taxable value.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

General Fund Tax Expenditures

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 being imposed when a person moves to Pennsylvania.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	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 which raise fish intended for human consumption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The 176 cooperative nurseries and an unknown number of other entities benefit from this tax expenditure.

General Fund Tax Expenditures

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 which receive state grants reduces the cost of performing promotional activities. The need for direct support to these agencies is decreased by providing this exemption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.8	\$ 0.8	\$ 0.9	\$ 1.0	\$ 1.1	\$ 1.2	\$ 1.3

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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Less than 74 entities benefit from this tax expenditure.

CONSTRUCTION OF MEMORIALS

Description: The purchase or use of materials used in the construction or erection of objects commemorating or memorializing historical events is exempt from taxation. These objects must be purchased by not-for-profit organizations and erected on publicly owned property.

Purpose: This exemption has been provided because these memorials are presumably erected for public benefit and gratification.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

Beneficiaries: NA

General Fund Tax Expenditures

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 to be an integral part of the production and distribution of tangible personal property.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 32.1	\$ 34.9	\$ 38.0	\$ 41.3	\$ 44.8	\$ 48.7	\$ 53.0

Beneficiaries: NA

PUBLIC TRANSPORTATION (Local)

Description: Expenditures for public transportation fares are not taxable.

Purpose: State and local governments are primary financial contributors to public transportation systems. Taxing these services would be contrary to public policy of supporting public transportation.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 149.4	\$ 154.7	\$ 164.3	\$ 174.4	\$ 184.6	\$ 195.2	\$ 206.4

Beneficiaries: Approximately 5.2 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 which prevents them from ascending or descending stairs. This exemption reduces the regressive nature of the tax and eases the tax burden on people requiring the devices.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.4	\$ 0.4	\$ 0.4

Beneficiaries: Approximately 432,000 disabled persons could benefit from this tax expenditure.

General Fund Tax Expenditures

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 2000-01 cost of this expenditure reflects actual refund amounts approved by the Department. The estimates for fiscal years 2001-02 and beyond represent the full potential costs based on bad debt amounts written off federal returns by licensed sales tax vendors.

Purpose: The bad debt refund provision lessens the economic impact experienced by vendors when they extend credit to customers for taxable purchases and subsequently incur uncollectible accounts receivable (bad debts).

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 1.2	\$ 13.7	\$ 17.9	\$ 19.3	\$ 18.6	\$ 17.4	\$ 17.5

Beneficiaries: Any of the 262,000 licensed vendors could benefit from this tax expenditure, if they extend credit or accept checks for payment.

General Fund Tax Expenditures

SERVICES

Description: Expenditures for services are not taxable under the sales and use tax except when specifically taxed by law.

Purpose: Because the primary basis for the sales and use tax is tangible personal property, the majority of services are not taxed unless they are related to taxable property. Legislation adopted in 1991 imposed the tax on charges for selected business services. Act 7 of 1997 removed computer services from the list of taxable services.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
LODGING							
Trailer parks and camps	\$ 12.9	\$ 14.0	\$ 15.2	\$ 16.6	\$ 18.1	\$ 19.7	\$ 21.5
PERSONAL SERVICES							
Cleaning, storage & repair of clothing & shoes ⁽¹⁾	\$ 11.0	\$ 11.5	\$ 12.1	\$ 12.7	\$ 13.3	\$ 13.9	\$ 14.6
Dry-cleaning ⁽¹⁾	17.3	18.3	19.3	20.4	21.6	22.8	24.1
Barber and beauty shops.....	50.4	53.3	56.3	59.5	62.9	66.5	70.3
Funeral parlors and crematories	32.1	32.6	33.1	33.6	34.2	34.8	35.4
All other personal services.....	11.7	12.9	14.2	15.6	17.2	18.9	20.8
BUSINESS SERVICES							
Advertising (local).....	\$ 357.2	\$ 382.2	\$ 409.1	\$ 437.9	\$ 468.8	\$ 501.9	\$ 537.4
Interior office building services.....	32.4	36.3	40.7	45.6	51.1	57.3	64.2
Management, consulting & public relations.....	406.3	450.3	499.1	553.2	613.1	679.5	753.1
Research.....	131.5	148.5	167.7	189.4	213.9	241.5	272.7
Detective agencies	56.6	60.8	65.3	70.1	75.2	80.7	86.6
COMPUTER SERVICES							
Computer and data processing	\$ 365.6	\$ 343.6	\$ 352.2	\$ 383.0	\$ 413.6	\$ 446.6	\$ 484.7
AUTOMOTIVE SERVICES							
Automobile parking.....	\$ 24.7	\$ 27.9	\$ 31.5	\$ 35.5	\$ 40.1	\$ 45.3	\$ 51.1
RECREATION SERVICES							
Commercial sports admissions	\$ 70.1	\$ 74.0	\$ 78.1	\$ 82.5	\$ 87.1	\$ 92.0	\$ 97.1
Entertainers	17.1	18.1	19.1	20.2	21.3	22.5	23.8
Memberships.....	26.4	27.9	29.5	31.2	32.9	34.7	36.6
Other admissions.....	102.7	108.4	114.5	120.9	127.7	134.8	142.3
HEALTH SERVICES							
Health, except hospitals, physicians and dentists	\$ 976.4	\$ 1,054.0	\$ 1,137.8	\$ 1,228.3	\$ 1,326.0	\$ 1,431.4	\$ 1,545.2
Hospitals	923.8	982.1	1,051.6	1,127.4	1,206.8	1,291.5	1,390.1
Physician office services.....	607.4	655.0	706.3	761.6	821.3	891.5	955.1
Dental office services	159.6	172.1	185.6	200.1	215.8	232.7	250.9
PROFESSIONAL SERVICES							
Legal	\$ 415.7	\$ 439.9	\$ 465.5	\$ 492.6	\$ 521.2	\$ 551.5	\$ 583.6
Engineering	454.9	505.7	562.1	624.8	694.5	772.0	858.1
Surveying, architectural	100.4	110.1	120.7	132.4	145.2	159.2	174.6
Accounting, auditing and bookkeeping services.....	169.6	181.0	193.1	206.0	219.3	234.5	250.2
Graphic design	29.0	31.5	34.2	37.2	40.4	43.9	47.7
MISCELLANEOUS SERVICES							
Basic television ⁽¹⁾	\$ 81.4	\$ 84.0	\$ 87.9	\$ 93.8	\$ 100.0	\$ 106.6	\$ 112.7
Educational services.....	67.2	70.6	74.0	78.1	82.7	87.8	93.1
Electrical, plumbing, heating & air conditioning service fees	NA	NA	NA	NA	NA	NA	NA
Veterinary fees	35.5	36.6	38.3	40.9	43.6	46.5	49.2
Stockbroker fees.....	NA	NA	NA	NA	NA	NA	NA
Real estate agent fees.....	NA	NA	NA	NA	NA	NA	NA
Financial institution fees	301.0	310.6	324.9	346.6	369.5	393.8	416.3
Pilots fees.....	NA	NA	NA	NA	NA	NA	NA
Other	219.6	244.6	272.3	303.2	337.6	375.0	418.6

⁽¹⁾ These services are specifically exempt by statute.

Beneficiaries: Virtually all 4.6 million households benefit from one or more of these service tax expenditures.

General Fund 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 1.55 cents per cigarette, levied on the sale or possession of cigarettes in Pennsylvania. Only one sale of cigarettes, whether individual cigarettes, packages, cartons or cases, is taxable. Beginning July 1, 1992, two thirty-firsts of cigarette tax receipts are transferred into the Children's Health Fund; beginning January 1, 1997, an additional one thirty-firsts of cigarette receipts (total of three thirty-firsts) is transferred into the Children's Health Fund. Beginning July 1, 1993, two thirty-firsts of cigarette tax receipts are transferred into the Agricultural Conservation Easement Purchase Fund. 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 veterans home or hospital.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Residents in three 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

General Fund Tax Expenditures

COMMISSIONS ON SALES OF STAMPS

Description: Cigarette stamping agents are permitted a commission of three 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. The commission does not apply to purchases of stamps by a cigarette stamping agent in amounts of less than one hundred dollars (\$100).

Purpose: This commission is paid to the cigarette stamping agent as compensation for services and expenses incurred while acting as an agent of the Commonwealth in affixing tax stamps.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 8.2	\$ 8.0	\$ 7.9	\$ 7.8	\$ 7.6	\$ 7.5	\$ 7.4

Beneficiaries: Approximately 148 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.2	NA	NA	NA

Beneficiaries: Approximately 17 manufacturers of malt or brewed beverages may benefit from this tax expenditure.

General Fund Tax Expenditures

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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 2.9	\$ 3.0	\$ 3.1	\$ 3.2	\$ 3.3	\$ 3.4	\$ 3.5

EXCLUSIONS FROM INCOME

RETIREMENT INCOME

Description: Payments commonly recognized as old age or retirement benefits paid to persons retired from service after reaching a specific age or after a stated period of service are exempt from taxation.

Purpose: The exemption limits the impact of the tax on retired persons. It also prevents taxation of previously taxed employee contributions to retirement plans.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$1,388.6	\$1,490.6	\$1,600.0	\$1,717.5	\$1,843.6	\$1,978.9	\$2,124.2

Beneficiaries: As many as 1.9 million retired residents benefit from this tax expenditure.

General Fund Tax Expenditures

RETIREMENT CONTRIBUTIONS BY EMPLOYERS

Description: Payments made by employers for programs covering employee retirement and employer social security contributions are exempt from taxation.

Purpose: This provision lessens the burden of the tax on Pennsylvania wage-earners and maintains fairness, since the employee often does not have the right to possess the funds in the retirement plan except upon retirement or separation from the company after a set number of years of service.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 495.1	\$ 519.6	\$ 545.8	\$ 577.5	\$ 604.3	\$ 625.9	\$ 648.6

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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 560.0	\$ 587.6	\$ 617.3	\$ 653.1	\$ 683.5	\$ 707.8	\$ 733.5

Beneficiaries: Approximately 3.6 million employees benefit from this tax expenditure.

CAFETERIA PLANS

Description: Payments made by employers, on behalf of employees, into a qualifying cafeteria plan are exempt from taxation if the program does not discriminate in favor of highly compensated individuals. This exemption parallels the limited exemption treatment of employee benefit programs covering hospitalization, sickness, disability or death, supplemental unemployment benefits, or strike benefits. Effective January 1, 1998, this expenditure also includes payments made on behalf of employees for personal use of employer provided property and services.

Purpose: This provision lessens the burden of the tax upon Pennsylvania wage-earners, along with maintaining fairness, since these payments are not usually based on actual use by each wage-earner.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 20.4	\$ 21.6	\$ 22.7	\$ 23.9	\$ 25.2	\$ 26.4	\$ 27.4

Beneficiaries: NA

General Fund Tax Expenditures

LIFE INSURANCE PROCEEDS

Description: Amounts paid to beneficiaries or the estate of a decedent due to the death of the decedent are exempt from tax.

Purpose: Life insurance proceeds are not considered compensation for services rendered. Also, premiums are often paid with after-tax dollars.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 62.5	\$ 66.3	\$ 70.4	\$ 74.8	\$ 79.5	\$ 84.4	\$ 89.6

Beneficiaries: The death payment beneficiaries of approximately 201,600 life insurance policies benefit from this tax expenditure.

SICKNESS OR DISABILITY PROCEEDS

Description: Payments, other than regular wages or salary, received for periods of sickness or disability are excluded from compensation.

Purpose: These payments are excluded because they do not take the place of an employee's regular wages or salary. However, sick pay in the form of regular wages or salary is taxable.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

UNEMPLOYMENT AND SUPPLEMENTAL UNEMPLOYMENT COMPENSATION

Description: Amounts received as unemployment compensation or supplemental unemployment compensation are excluded from taxable income.

Purpose: This exemption assists unemployed persons in providing the basic necessities of life.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 49.2	\$ 54.3	\$ 57.6	\$ 61.7	\$ 67.1	\$ 73.0	\$ 79.4

Beneficiaries: Approximately 497,900 people benefit from this tax expenditure.

General Fund Tax Expenditures

WORKER'S COMPENSATION

Description: Disability, retirement or other payments arising under workmen's compensation acts, occupational disease acts, and similar legislation are exempt from taxation.

Purpose: These benefits are not related to services rendered and are intended to provide income or subsistence during periods of disability when the taxpayer was injured on the job and also to pay workers' medical bills for injuries sustained on the job. These benefits more closely resemble insurance payments, which are not taxable.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 65.9	\$ 64.5	\$ 63.1	\$ 61.8	\$ 60.4	\$ 59.1	\$ 57.9

Beneficiaries: As many as 86,200 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

PUBLIC ASSISTANCE

Description: Public assistance payments from governmental entities are excluded from taxable income.

Purpose: This provision limits the impact of the tax on the poor and increases the effectiveness of state payments under this program.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 12.0	\$ 11.4	\$ 12.0	\$ 13.1	\$ 13.1	\$ 13.1	\$ 13.1

Beneficiaries: Approximately 316,000 people benefit from this tax expenditure.

General Fund Tax Expenditures

SALE OF A PRINCIPAL RESIDENCE

Description: Beginning January 1, 1998, the gain from a sale of principal residence is excludable from income. Prior to January 1, 1998, this expenditure was a once in a lifetime exclusion of up to \$100,000 for those 55 and over.

Purpose: A principal residence is typically sold to meet the changing needs of the taxpayer and not in an effort to recognize a capital gain.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 50.4	\$ 52.1	\$ 53.4	\$ 54.6	\$ 56.0	\$ 57.3	\$ 58.7

Beneficiaries: The owners of approximately 168,000 principal residences that are sold each year in Pennsylvania benefit from this tax expenditure.

COMPENSATION FOR MILITARY SERVICE

Description: Compensation for military service by a Pennsylvania resident in a combat zone is excludable from tax. Income received for military service outside the Commonwealth (whether or not it is in a combat zone) while on active duty as a member of the armed forces is excludable from compensation.

Purpose: This provision reduces tax on members of the armed forces while on active duty in service of the country.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 59.1	\$ 59.0	\$ 58.7	\$ 58.9	\$ 59.0	\$ 58.9	\$ 59.0

Beneficiaries: Approximately 60,000 residents benefit from this tax expenditure.

SCHOLARSHIPS, GRANTS, FELLOWSHIPS, AND STIPENDS

Description: Scholarships, grants, fellowships, and stipends awarded on the basis of need or academic achievement for the purpose of encouraging or allowing the recipient to further his educational development are not taxable. Fellowships and stipends are taxable if they are awarded as compensation for past, present, or future services.

Purpose: Awards made on the basis of detached generosity are considered to be gifts and are not taxable as income.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 44.8	\$ 49.0	\$ 53.5	\$ 58.5	\$ 63.9	\$ 69.8	\$ 76.2

Beneficiaries: The recipients of approximately 152,000 state grants and scholarships, 164,000 federal grants and scholarships, and an unknown number of private scholarships, grants, fellowships, and stipends, benefit from this tax expenditure.

General Fund Tax Expenditures

REIMBURSEMENTS FOR ACTUAL EXPENSES

Description: Payments by an employer to an employee to reimburse actual expenses incurred by the employee in the conduct of the employer's business are excludable from compensation.

Purpose: This provision insures that employees incurring business expenses, for which they are later reimbursed in the actual amount of the expenses, are not taxed on the reimbursements. Such expenses and reimbursements are treated as if the employer had made the expenditure directly.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 57.4	\$ 60.3	\$ 63.3	\$ 66.5	\$ 69.8	\$ 73.3	\$ 76.9

Beneficiaries: Individuals filing approximately 1.1 million returns benefit from this tax expenditure.

BUSINESS INCOME DEDUCTIONS

Description: Ordinary and reasonable expenses necessary to operate a business or profession may be deducted from the gross receipts of that business or profession. This expenditure does not measure the cost of sales and operations or wages and salaries deductions.

Purpose: Businesses and professions are taxed on "net" profits; therefore, expenses necessary to produce the income may be deducted before tax is computed.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<i>Depreciation:</i>						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 68.1	\$ 68.2	\$ 69.4	\$ 70.7	\$ 73.9	\$ 76.1	\$ 78.7
	<i>Other:</i>						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 809.0	\$ 810.3	\$ 825.4	\$ 840.5	\$ 878.2	\$ 904.6	\$ 936.1

Beneficiaries: Approximately 1.1 million businesses and professions benefit from this tax expenditure.

General Fund Tax Expenditures

FOSTER CARE

Description: Payments received by foster parents are explicitly excluded from the definition of compensation.

Purpose: This exemption provides an incentive for families to bear the burden of caring for foster children.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 3.1	\$ 3.3	\$ 3.5	\$ 3.7	\$ 4.0	\$ 4.2	\$ 4.5

Beneficiaries: The foster parents of approximately 21,200 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.3	\$ 0.3	\$ 0.3

Beneficiaries: Individuals filing approximately 9,500 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

General Fund Tax Expenditures

EXEMPTION FOR ELECTION OFFICIALS

Description: Compensation and other payments received by county election officials are exempt from taxation.

Purpose: This exemption provides an incentive to serve as a county election official.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 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 FY 1999-00, an amount equal to total Lottery prizes paid multiplied by the current PIT rate was transferred from the Lottery Fund to the General Fund. Since the General Fund was reimbursed for the exemption of Lottery prizes, this transfer was considered a Lottery expenditure. Act 4 of 1999 eliminated the transfer, creating an actual General Fund expenditure. Since Pennsylvania Lottery winnings paid (if they were reported on a taxpayer return) could be offset by lottery and other gambling losses on a taxpayer's return, an estimate of this expenditure is not available.

Purpose: This provision provides an additional benefit to individuals winning lottery prizes.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	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 2001, 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 \$8,500 for each dependent.

Purpose: This provision provides tax relief for taxpayers with low incomes.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 225.1	\$ 234.6	\$ 227.1	\$ 220.5	\$ 214.4	\$ 208.4	\$ 202.6

Beneficiaries: Individuals filing approximately 1.2 million returns benefit from this tax expenditure.

General Fund Tax Expenditures

OUT-OF-STATE CREDIT

Description: Pennsylvania residents who have income which is subject to both Pennsylvania personal income tax and the income or wage tax of another state (excluding compensation earned in states with reciprocal agreements) or country may claim the lesser of the actual tax paid to the other state or country or the tax calculated using PA taxable income earned in the other state or country multiplied by the current PA tax rate as a credit against the personal income tax.

Purpose: This provision prevents the double taxation of income earned by a Pennsylvania resident in another state or country.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 140.6	\$ 146.9	\$ 150.0	\$ 159.7	\$ 168.2	\$ 175.9	\$ 184.7

Beneficiaries: Individuals filing approximately 111,100 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: Farmers operating approximately 50,000 farms benefit from this tax expenditure.

ESTIMATED PAYMENTS FOR SMALL AMOUNTS

Description: Individuals with taxable income of \$8,000 or less not subject to withholding are not required to pay estimated taxes. The threshold was changed from \$2,500 effective January 1, 2000.

Purpose: These provisions reduce paperwork for the Department of Revenue and taxpayers with small amounts of income not subject to withholding.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.3

Beneficiaries: Approximately 1.6 million Pennsylvania residents benefit from this tax expenditure.

General Fund Tax Expenditures

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.

Administrative Costs: Costs to administer the realty transfer tax expenditures are approximately \$0.3 million annually.

TRANSFERS TO GOVERNMENTAL UNITS

Description: A transfer to the Commonwealth, the federal government, or their agencies, political subdivisions or instrumentalities by gift, dedication, condemnation or in lieu of condemnation is exempt from taxation.

Purpose: This exemption provides tax relief to the grantor of property to a governmental entity. Without an exemption, the grantor would be required to pay the tax. The exemption may encourage donation of property to a governmental entity.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.1	\$ 1.2	\$ 1.3	\$ 1.4

Beneficiaries: Approximately 3,200 local governmental units could benefit from this tax expenditure.

PARTITION OF REALTY BY CO-TENANTS

Description: A partition of realty, passed by testate or intestate succession and held by co-tenants, into two or more distinctive portions with each party taking shares equal to their undivided interest is an excluded transaction.

Purpose: Tax relief is given to the heirs to assist in the equitable settlement of the estate. Heirs to realty do not always want joint ownership in the realty willed to them as co-tenants. This exemption enables the parties to partition the realty into two or more distinct portions with each party taking shares equal to their undivided interest without incurring tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: NA

General Fund Tax Expenditures

TRANSFERS AMONG FAMILY MEMBERS

Description: Transfers between husband and wife, parent and child or the spouse of such child, siblings and/or the spouse of a sibling, and a grandparent and grandchild or the spouse of such a grandchild are exempt from taxation.

Purpose: This exemption reduces the tax burden on families by exempting transfers to family members.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 44.7	\$ 48.9	\$ 47.9	\$ 48.0	\$ 50.5	\$ 53.2	\$ 55.5

Beneficiaries: NA

TRANSFERS TO SHAREHOLDERS OR PARTNERS

Description: A transfer from a corporation or association to its shareholder or member, where the grantee owns stock or holds an interest in the same proportion as his interest in the real estate being conveyed is an excluded transaction. The stock or interest must be held by the grantee for more than two years.

Purpose: This exemption recognizes that the grantee has an ownership interest in the realty conveyed to him in the same proportion as stock owned in the corporation or interest in the association.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.8	\$ 0.8	\$ 0.9	\$ 1.0

Beneficiaries: NA

TRANSFERS TO OR FROM A NON-PROFIT 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 which may contribute to economic development in the Commonwealth.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 1.8	\$ 1.8	\$ 1.9	\$ 2.0	\$ 2.2	\$ 2.4	\$ 2.6

Beneficiaries: NA

General Fund Tax Expenditures

TRANSFERS BETWEEN RELIGIOUS ORGANIZATIONS

Description: A transfer between religious organizations or persons holding title for a religious organization, with both parties possessing tax exempt status under the Internal Revenue Code, is an excluded transaction. The real estate cannot have been used by such transferor for commercial purposes.

Purpose: This exemption provides tax relief to religious organizations which are perceived to provide social benefits.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 1.3	\$ 1.4	\$ 1.4	\$ 1.5	\$ 1.6	\$ 1.8	\$ 1.9

Beneficiaries: Approximately 18,900 religious organizations could benefit from this tax expenditure.

TRANSFERS TO A CONSERVANCY

Description: A transfer to or from a conservancy which possesses a tax-exempt status pursuant to the Internal Revenue Code and which has as its primary purpose preservation of land for historic, recreational, scenic, agricultural or open space opportunities is an excluded transaction.

Purpose: This exemption encourages the preservation of realty with historic, recreational, scenic, or agricultural value.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

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 farm land as long as it is used for farming.

Purpose: This exemption provides tax relief for the establishment or expansion of the family farm corporation or family farm partnership thereby recognizing the importance of the family-owned farm.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 4,450 family farm corporations or partnerships could benefit from this tax expenditure.

General Fund Tax Expenditures

OWNERSHIP INTEREST IN REAL ESTATE COMPANY OR FAMILY FARM _____

Description: A transfer between members of the same family of an ownership interest in a real estate company, family farm corporation or family farm partnership is an excluded transaction.

Purpose: A transfer of ownership interest between members of the same family is not considered a change in ownership of the business. This exemption encourages the preservation of family farm corporations, family farm partnerships, and family-owned real estate businesses by allowing transfers of ownership interests between members of the same family not to count toward the corporation becoming an acquired company.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: NA

PRODUCTION OR EXTRACTION OF COAL, OIL, NATURAL GAS, OR MINERALS _____

Description: Leases for the production or extraction of coal, oil, natural gas or minerals and assignments thereof are excluded transactions.

Purpose: This exemption gives tax relief to the mining and extracting industries to produce and extract coal, oil, natural gas, and minerals at a lower cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 1,400 companies may benefit from this tax expenditure.

General Fund Tax Expenditures

PUBLIC UTILITY EASEMENTS

Description: A transfer of an easement to a person furnishing public utility service is an excluded transaction if the easement is used in, or useful for, furnishing public utility services.

Purpose: Public utility easements are numerous and the majority of them are conveyed for a small consideration. The administrative costs of collecting the revenue from an easement to a provider of public utility services are thought to be greater than the revenue.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The 419 public utilities could benefit from this tax expenditure.

STANDING TIMBER OR CROPS

Description: Standing timber and crops are not deemed to actually pass with the conveyance of realty when the instrument provides for severance and removal within an immediate ascertainable date.

Purpose: Timber and crops are personal property in this instance, the transfer of which is not subject to realty transfer tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

INHERITANCE TAX

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

Administrative Costs: Costs to administer the inheritance tax expenditures are approximately \$0.3 million annually. Costs incurred to administer the multiple tax expenditures associated with inheritance tax cannot be separately identified.

FAMILY RELATED EXEMPTIONS AND EXCLUSIONS

PREFERENTIAL RATE FOR TRANSFERS TO LINEAL BENEFICIARIES

Description: Effective July 1, 2000, assets transferred to lineal beneficiaries are taxed at a 4.5 percent rate rather than the 15 percent rate for assets transferred to non-lineal heirs. Lineal beneficiaries include grandparents, parents, and lineal descendants (including adopted or step children). Prior to July 1, 2000, transfers to lineal beneficiaries were taxed at a rate of 6 percent.

Purpose: This provision lowers the tax burden on immediate family members of the decedent.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 640.3	\$ 705.0	\$ 732.8	\$ 758.4	\$ 789.6	\$ 815.1	\$ 839.8

Beneficiaries: Approximately 27,500 estates benefit from this tax expenditure.

General Fund Tax Expenditures

TRANSFERS OF PROPERTY TO SPOUSE

Description: Property passing to a spouse of a decedent is exempt from inheritance tax.

Purpose: This provision prevents an undue tax burden on a surviving spouse especially when assets cannot be jointly owned. It allows spouses to maintain homes and other assets without being subject to inheritance tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$1,079.7	\$1,006.8	\$1,041.0	\$1,087.3	\$1,137.3	\$1,189.6	\$1,244.3

Beneficiaries: Approximately 35,000 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.

Purpose: This provision reduces the tax burden on families receiving assets due to the untimely death of a child. The transfer of assets to parents was previously taxed as a lineal transfer. This rate change, authorized by Act 23 of 2000, is effective for decedents dying July 1, 2000 or later.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 4.7	\$ 8.1	\$ 8.1	\$ 8.5	\$ 8.8	\$ 9.1	\$ 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 13.6	\$ 33.0	\$ 35.6	\$ 35.6	\$ 36.5	\$ 38.3	\$ 40.0

Beneficiaries: Approximately 5,000 estates benefit from this tax expenditure.

General Fund Tax Expenditures

LIFE INSURANCE PROCEEDS

Description: Life insurance proceeds, whether or not payable to the estate of the decedent, are exempt from inheritance tax.

Purpose: This provision lessens the tax burden on the insurance beneficiaries of the decedent, who are likely to be family members. A common reason for purchasing life insurance is to assist with the payment of inheritance and estate taxes.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 169.2	\$ 169.4	\$ 178.4	\$ 188.8	\$ 199.9	\$ 211.7	\$ 224.2

Beneficiaries: Estates of the decedents associated with approximately 201,600 life insurance policies benefit from this expenditure.

FEDERAL WAR RISK INSURANCE AND NATIONAL SERVICE LIFE INSURANCE PROCEEDS

Description: Proceeds of federal war risk insurance, national service life insurance, or other similar governmental insurance are exempt from inheritance tax.

Purpose: This provision lessens the tax burden on beneficiaries of U.S. military personnel and dependents who receive increased insurance when stationed in an area where military conflict is possible.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

FAMILY EXEMPTION

Description: A \$3,500 family exemption from inheritance tax is permitted for the decedent's surviving spouse, children, or parents living in the decedent's household at the time of death.

Purpose: This provision allows a small tax-free transfer of property to immediate family members residing with the decedent. Smaller taxable estates benefit to a greater extent.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 1.8	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4

Beneficiaries: Approximately 9,000 families benefit from this tax expenditure.

General Fund Tax Expenditures

PERSONAL EXCLUSIONS AND DEDUCTIONS

EMPLOYMENT BENEFITS

Description: Employment benefits that the decedent did not have the right to possess, enjoy, assign or anticipate before death are exempt from inheritance tax. Exempt benefits include pensions, stock-bonuses, profit-sharing plans, Keoghs, Individual Retirement Accounts and other retirement plans. If the decedent did have the right to possess, enjoy, assign or anticipate the benefits, they are exempt from Pennsylvania inheritance tax only to the same extent they are exempt from the federal estate tax.

Purpose: This provision limits inheritance tax on employment benefits to which the decedent did not have full rights. An individual is presumed to have full rights to these employment benefits after age 59 ½ -- the age at which someone may utilize at least a portion of these funds without penalty under the Internal Revenue Code.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 15.6	\$ 15.1	\$ 16.2	\$ 17.3	\$ 18.5	\$ 19.8	\$ 21.2

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 gravemarkers, and other expenses incurred in administering the estate are deductible from the taxable estate.

Purpose: This provision allows for the deduction of reasonable and necessary expenses associated with managing the estate.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 67.7	\$ 66.0	\$ 68.6	\$ 71.7	\$ 75.0	\$ 78.4	\$ 82.0

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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 38.2	\$ 37.3	\$ 38.7	\$ 40.5	\$ 42.3	\$ 44.3	\$ 46.3

Beneficiaries: Approximately 30,000 estates benefit from this tax expenditure.

General Fund Tax Expenditures

SOCIAL SECURITY DEATH PAYMENTS

Description: The lump-sum social security death benefit is exempt from inheritance tax.

Purpose: This provision helps limit the impact of the tax on poorer beneficiaries. The social security death benefit could comprise the majority of assets for many small taxable estates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 56,000 estates might benefit from this tax expenditure.

General Fund Tax Expenditures

PROPERTY SUBJECT TO POWER OF APPOINTMENT

Description: Property left to a trust by the decedent (grantor) subject to a power of appointment (by a grantee), whether or not exercised and notwithstanding any blending of such property with property of the grantee, is exempt from inheritance tax in the estate of the grantee.

Purpose: Pennsylvania taxes the transfer of these assets subject to a power of appointment at the time the interest is created (when the grantor dies). The grantee may have a life interest in the estate with any remainder passing to some other person. This provision prevents taxation when the property is subsequently distributed upon the death of the grantee, having already been taxed in the estate of the grantor.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

General Fund Tax Expenditures

BUSINESS RELATED EXCLUSIONS AND DEDUCTIONS

PREFERENTIAL VALUATION OF FARMLAND

Description: Farmland which was devoted to agricultural use for the three years preceding the death of the decedent and is not less than ten contiguous acres or has an anticipated yearly gross income derived from agricultural use of \$2,000 or more, is valued based on its current use rather than its highest use.

Purpose: This provision helps to maintain family farms since land currently devoted to agricultural use is often more valuable if developed.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

SMALL BUSINESS INTEREST TRANSFER EXTENDED PAYMENT SCHEDULE

Description: The inheritance tax due on the transfer of a qualified small business interest may be paid in 20 consecutive quarterly installments beginning nine months after the decedent's death. Each installment payment bears interest of 9 percent per annum.

Purpose: This provision helps protect small 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7

Beneficiaries: Approximately 3,100 governmental units could benefit from this tax expenditure.

General Fund Tax Expenditures

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 which are believed to benefit citizens. This exemption represents an indirect means of assistance to these entities and may increase the money available for charitable purposes.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 95.7	\$ 93.3	\$ 97.0	\$ 101.3	\$ 106.0	\$ 110.9	\$ 116.0

Beneficiaries: An estimated 34,700 charitable and fraternal organizations might benefit from this tax expenditure.

Motor License Fund Tax Expenditures

LIQUID FUELS AND FUELS TAX

Authorization: Chapter 90 of Title 75 of the Pennsylvania Consolidated Statutes. The 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 2002 is 14.6 cents per gallon for liquid fuels and 19.8 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.7	\$ 0.7	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8

Motor License Fund Tax Expenditures

POLITICAL SUBDIVISIONS

Description: Fuels purchased by political subdivisions of the Commonwealth are exempt from the tax.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 6.1	\$ 6.3	\$ 6.4	\$ 6.5	\$ 6.5	\$ 6.6	\$ 6.7
	Jet Fuel & Aviation Gasoline:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 3.1	\$ 3.2	\$ 3.2	\$ 3.3	\$ 3.4	\$ 3.4	\$ 3.5
	Oil Company Franchise:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 12.1	\$ 12.6	\$ 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 which are perceived to benefit citizens. This exemption permits these services to be rendered at a reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 1.1	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.3
	Jet Fuel & Aviation Gasoline:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 1.7	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.9	\$ 1.9	\$ 2.0
	Oil Company Franchise:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 4.1	\$ 4.2	\$ 4.4	\$ 4.5	\$ 4.6	\$ 4.6	\$ 4.7

Beneficiaries: Approximately 2,200 volunteer fire departments and an unknown number of other volunteer organizations benefit from these tax expenditures.

Motor License Fund Tax Expenditures

NONPROFIT NONPUBLIC SCHOOLS

Description: Fuel purchased by any nonprofit nonpublic school in which a Commonwealth resident may legally fulfill compulsory school attendance requirements is granted an exemption from the tax.

Purpose: Since state government indirectly subsidizes transporting public school children, this exemption provides similar treatment to nonprofit nonpublic schools.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
	Jet Fuel & Aviation Gasoline:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Oil Company Franchise:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

Beneficiaries: As many as 2,470 nonprofit nonpublic schools may benefit from these tax expenditures.

SECOND CLASS COUNTY PORT AUTHORITIES

Description: Purchases of fuel by second class county port authorities are exempt from the tax.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA
	Jet Fuel & Aviation Gasoline:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA
	Oil Company Franchise:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: One second class county port authority benefits from these tax expenditures.

Motor License Fund Tax Expenditures

ELECTRIC COOPERATIVES

Description: Fuel purchases for vehicles operated by electric cooperatives are exempt from the tax.

Purpose: These cooperatives are nonprofit corporations organized to engage in rural electrification and are perceived to provide a public benefit. This exemption permits this service to be rendered at a reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Jet Fuel & Aviation Gasoline:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Oil Company Franchise:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 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)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 1.4	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.6	\$ 1.6
	Jet Fuel & Aviation Gasoline:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2
	Oil Company Franchise:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 1.9	\$ 2.0	\$ 2.1	\$ 2.1	\$ 2.1	\$ 2.2	\$ 2.2

Beneficiaries: Individuals operating approximately 45,000 farms benefit from these tax expenditures.

Motor License Fund Tax Expenditures

TRUCK REFRIGERATION UNITS

Description: A full refund of tax paid is granted for undyed diesel fuel used in truck refrigeration units when the tank that fuels the refrigeration unit is used solely for that purpose and is separate from that which powers the vehicle.

Purpose: This provision allows a refund for fuel consumed in an off-road manner when such use can be clearly documented.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA
	Fuels:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.2	\$ 1.2	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8
	Oil Company Franchise:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.3	\$ 1.9	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.3

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)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	--	\$ 0.4	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8
	Fuels:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	--	\$ 0.0	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
	Oil Company Franchise:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	--	\$ 0.5	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1

Beneficiaries: Fewer than 200 taxpayers are expected to benefit from this tax expenditure.

Motor License Fund Tax Expenditures

DISCOUNT

Description: A distributor is permitted a variable percentage discount based on gross tax due provided the liquid fuels and fuels tax return and payment due are timely filed. Returns and payments are due on or before the 20th day of each month for the preceding month's sales.

Purpose: This discount is intended to defray the cost of preparing and remitting the liquid fuels and fuels tax reports and payments.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 4.6	\$ 4.7	\$ 4.7	\$ 4.8	\$ 4.9	\$ 5.0	\$ 5.0
	Jet Fuel & Aviation Gasoline:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
	Fuels:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 1.5	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.7	\$ 1.7

Beneficiaries: Approximately 550 distributors benefit from these tax expenditures.

FOREIGN DIPLOMATS

Description: Fuel purchased by foreign diplomats whose country has entered into a treaty with the United States is exempt from payment of the tax.

Purpose: The Commonwealth grants this exemption administratively at the request of the federal government.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA
	Jet Fuel & Aviation Gasoline:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA
	Oil Company Franchise:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of foreign diplomats benefiting from these tax expenditures is unknown but presumed to be nominal.

Motor License Fund Tax Expenditures

BUSES

Description: A bus company is entitled to a refund equal to 55 mills of the oil company franchise tax imposed on fuels consumed by motorbuses within this Commonwealth.

Purpose: Act 3 of 1997 repealed the 6 cent surtax imposed on all motor carriers and replaced it with a 55 mill increase in the oil company franchise tax imposed on fuels. Since buses were historically exempt from the surtax, they have been granted a refund for the 55-mill surtax replacement effective January 1, 1999.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: Approximately 100 bus companies benefit from this tax expenditure.

MOTOR CARRIERS ROAD TAX / IFTA

Authorization: Chapter 96 of Title 75 of the Pennsylvania Consolidated Statutes. The motor carriers road tax is equal to the current Pennsylvania liquid fuels and fuels or alternative fuels tax rate per gallon plus the oil franchise tax currently in effect. Prior to October 1, 1997, an additional tax of 6 cents per gallon was collected through the motor carriers road tax. Effective October 1, 1997, this tax was repealed and replaced by a tax of 55 mills on each gallon of fuels and collected through the oil franchise tax. Effective January 1, 1996, under Act 75 of 1995, Pennsylvania implemented the provisions of the International Fuel Tax Agreement (IFTA). Under IFTA, fuel consumed in "qualified motor vehicles" is subject to taxation at current rates. A qualified motor vehicle is a motor vehicle, other than a recreational vehicle, which is used, designed or maintained for transportation of persons or property and which has two axles and a registered gross weight exceeding 26,000 pounds, three axles or more regardless of weight or used in combination when the registered gross weight exceeds 26,000 pounds. IFTA provisions do not distinguish taxable use by vehicle types, only by weight and axle configuration. Therefore, Act 75 of 1995 repealed the motorbus road tax effective January 1, 1996. The following estimates reflect the full tax rate imposed.

Administrative Costs: Costs to administer the multiple tax expenditures associated with motor carrier road tax/IFTA cannot be identified separately. Tax expenditures are not believed to be a significant factor associated with the need for more compliance audits and contribute minimally to the length of time necessary to complete such audits.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8

Motor License Fund Tax Expenditures

POLITICAL SUBDIVISIONS

Description: Vehicles operated by political subdivisions are exempt from the requirements of the motor carriers road tax.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 11.2	\$ 11.6	\$ 11.9	\$ 12.1	\$ 12.3	\$ 12.5	\$ 12.7

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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 3.2	\$ 3.3	\$ 3.4	\$ 3.5	\$ 3.5	\$ 3.6	\$ 3.7

Beneficiaries: Individuals operating approximately 45,000 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 which are perceived to benefit citizens. This exemption permits these services to be rendered at a reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 6.0	\$ 6.2	\$ 6.4	\$ 6.5	\$ 6.6	\$ 6.7	\$ 6.8

Beneficiaries: Approximately 2,200 fire departments and an unknown number of other organizations benefit from this tax expenditure.

Motor License Fund Tax Expenditures

SPECIAL MOBILE EQUIPMENT

Description: Vehicles not designed or used primarily for the transportation of persons or property which only incidentally operate or move over a highway, such as ditch digging apparatus, well-boring apparatus, earth moving and road construction machinery, are exempt from the motor carriers road tax.

Purpose: Exemption is granted to these vehicles because of their specialized off-highway use.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.9	\$ 1.1	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.1	\$ 1.1

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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 1.3	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.5	\$ 1.5	\$ 1.5

Beneficiaries: Approximately 34,700 charitable and religious organizations may benefit from this tax expenditure.

Motor License Fund Tax Expenditures

CHURCHES

Description: A motorbus owned by and registered to a church, exempt under section 1901 of Title 75, is exempt from the motor carriers road tax.

Purpose: These organizations provide services which are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: As many as 14,200 churches may benefit from this tax expenditure.

ELECTRIC COOPERATIVES

Description: Qualified motor vehicles operated by electric cooperatives are exempt from the motor carriers road tax.

Purpose: These cooperatives are nonprofit corporations organized to engage in rural electrification and are perceived to provide public benefit. This exemption permits this service to be rendered at a reduced cost to the rate payers.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

Motor License Fund Tax Expenditures

VEHICLES SECURING REPAIRS OR RECONDITIONING

Description: Exemption from the motor carriers road tax is provided for unladen or towed motor vehicles or unladen trailers entering Pennsylvania solely for the purpose of securing repairs or reconditioning.

Purpose: This exemption was granted so as to not discourage vehicle owners from obtaining repairs or reconditioning of a vehicle from a Pennsylvania business.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

SCHOOL BUS

Description: Buses designed to carry 11 or more passengers used for the transportation of preprimary, primary or secondary school students to or from public, private or parochial schools or school-related activities or events are exempt from the motor carriers road tax.

Purpose: Since state government indirectly subsidizes transporting school children, this exemption decreases state educational subsidy costs.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 6.9	\$ 7.0	\$ 7.1	\$ 7.3	\$ 7.4	\$ 7.6	\$ 7.7

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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: NA

Motor License Fund Tax Expenditures

MOTOR VEHICLE CODE

Authorization: The Motor Vehicle Code, contained in Title 75 of the Act of June 17, 1976 (P.L. 162, No. 81), became effective July 1, 1977. This amended the Act of April 29, 1959 (P.L. 58, No. 32) known as "The Vehicle Code." Contained in the Motor Vehicle Code are provisions for the titling, registration and licensing of vehicles, operation of vehicles, vehicle characteristics and the administration and enforcement of the code.

Administrative Costs: Costs to administer motor vehicle code tax expenditures are borne by the Department of Transportation and cannot be separately identified.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

VEHICLE REGISTRATIONS

Description: Specific entities that request the authority to operate are granted a full or partial exemption from the registration fee. Not shown below are exempt categories with unknown numbers of vehicles which include, for example, mobile/modular homes and off road construction vehicles.

Purpose: This exemption provides relief to the organizations or individuals cited below. Many of those cited are dependent upon charitable contributions or augmented incomes. This exemption is also an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<i>Disabled/Severely Disabled Veterans:</i>						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.2

Beneficiaries: The owners of approximately 9,000 vehicles benefit from this tax expenditure.

Charitable Organizations:

	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 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:

	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The owners of approximately 1,400 vehicles benefit from this tax expenditure.

Motor License Fund Tax Expenditures

Farm Trucks:

<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
\$ 3.6	\$ 3.6	\$ 3.7	\$ 3.7	\$ 3.7	\$ 3.8	\$ 3.8

Beneficiaries: The owners of approximately 12,800 farm trucks benefit from this tax expenditure.

Emergency Vehicles:

<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
\$ 2.7	\$ 3.0	\$ 3.0	\$ 3.0	\$ 3.1	\$ 3.1	\$ 3.1

Beneficiaries: Approximately 2,200 fire departments and an unknown number of other organizations benefit from this tax expenditure.

Fire Department Vehicles:

<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
\$ 4.1	\$ 4.2	\$ 4.2	\$ 4.3	\$ 4.3	\$ 4.3	\$ 4.4

Beneficiaries: Approximately 2,500 fire departments benefit from this tax expenditure.

Political Subdivisions:

<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
\$ 14.2	\$ 14.4	\$ 14.5	\$ 14.7	\$ 14.8	\$ 14.9	\$ 15.1

Beneficiaries: Approximately 3,100 governmental units benefit from this tax expenditure.

Older Pennsylvanians:

<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
\$ 5.3	\$ 5.5	\$ 5.8	\$ 6.1	\$ 6.4	\$ 6.7	\$ 7.1

Beneficiaries: Older Pennsylvanians owning approximately 173,000 vehicles benefit from this tax expenditure.

CARNIVAL TRUCKS/TRUCK TRACTORS

Description: Owners who document with the Department of Transportation that the truck or tractor is used exclusively for the purpose of transporting circus or carnival personnel, equipment, or machinery are granted a reduced registration fee.

Purpose: The reduced registration fee provides partial relief for those vehicles being used only between April 1 and September 30.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The owners of approximately 200 carnival vehicles benefit from this tax expenditure.

Motor License Fund Tax Expenditures

CERTIFICATES OF TITLE

Description: Ownership of a particular vehicle is recorded by the issuance of a certificate of title for which a fee is charged. Specific entities exempt from this title fee are political subdivisions, totally disabled veterans, emergency vehicles and foreign nationals.

Purpose: This exemption provides relief to the organizations or individuals cited above. The General Assembly has provided exemption for these entities due to their perceived special status.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: The owners of approximately 10,400 vehicles benefit from this tax expenditure.

INSPECTION STICKERS

Description: All vehicles registered in Pennsylvania are required to have periodic safety inspections to insure their roadworthiness. A certificate of inspection is issued for a fee to show the vehicle meets specified safety standards. The Commonwealth administratively grants an exemption from the certificate fee to vehicles operated by political subdivisions.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: Approximately 3,100 governmental units benefit from this tax expenditure.

BRIDGE PERMITS

Description: Bridges on state owned rights-of-way need periodic maintenance and construction work. Permits are issued, for a fee, by the state to perform such work. The Commonwealth administratively grants an exemption from the permit fee to political subdivisions who are performing work for the state.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: As many as 3,100 political subdivisions may benefit from this tax expenditure.

Motor License Fund Tax Expenditures

HAULING PERMITS

Description: Permits, for which a fee is charged, are issued to firms who wish to haul loads that exceed the maximum size or weight specifications of certain highways and bridges. The Commonwealth administratively grants an exemption from the permit fee to political subdivisions.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: As many as 3,100 political subdivisions may benefit from this tax expenditure.

POLICE ACCIDENT REPORTS

Description: Traffic accident reports are generated as a result of any accident where there is bodily injury or death or if one or more vehicles must be towed from the scene. A fee is charged to obtain a copy of the police accident report. The Commonwealth administratively grants an exemption for paying an accident report fee to political subdivisions.

Purpose: This exemption provides local prosecuting officials an aid in law enforcement.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: As many as 3,100 political subdivisions may benefit from this tax expenditure.

Racing Fund Tax Expenditures

The Racing Fund, a special revenue fund, is comprised of monies received from taxes, licenses and fees and miscellaneous revenues collected by the State Racing Commissions derived from the regulation of harness and horse racing. Prior to December 30, 1983, thoroughbred racing tax revenues consisted of wagering, breakage and admissions taxes 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Any racing corporation licensed after the cited date will benefit from this tax expenditure.

ADMISSIONS TAX

Authorization: Department of Revenue letter ruling with concurrence of counsel for Racing Commission.

DARK DAY SIMULCASTS

Description: The minimum admissions tax, currently 5 percent of 50 cents, is waived at events where no admission charge is levied and where simulcasts of races from other facilities are featured rather than live races.

Purpose: This provision may have been perceived as a way to promote simulcast attendance at Commonwealth racing facilities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: All seven racing associations benefit from this tax expenditure.

Recycling Fund Tax Expenditure

WASTE TIRE RECYCLING TAX CREDIT

Administrative Costs: Administrative costs are believed to be nominal.

Authorization: Act 190 of 1996.

Description: A tax credit is available to a taxpayer who makes a qualified investment in buildings, equipment or facilities for the purpose of reducing, reusing or recycling whole used or waste tires. The tax credit is equal to 30 percent of the cost of the investment in the first year and 10 percent thereafter. The credit may be applied to the corporate net income tax, capital stock / foreign franchise tax or personal income tax. The total amount of tax credits in each calendar year may not exceed \$2,000,000. The investment tax credits are available for three years. No tax credits are available beyond January 1, 2000.

Purpose: The tax credit encourages reduction, reuse or recycling of whole used tires or waste tires.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	--	--	--	--	--

Beneficiaries: A small number of taxpayers benefit from this credit program.

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 which would occur to the tax rates as a result of tax base changes. Projected tax rates were used to estimate contributions based on currently taxable wages. The same tax rates were used to estimate contributions based on total wages paid by contributory employers.

Purpose: The limitation on taxable wages limits growth in employer tax liabilities that would otherwise occur as wages rise.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$4,127.8	\$4,321.8	\$4,544.8	\$4,824.8	\$5,082.0	\$5,281.5	\$5,491.5

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 2001 there were 275,384 contributory employers to the Unemployment Compensation Fund. The following is a breakdown of these employers according to major industry division:

Agriculture, Forestry and Fisheries.....	6,664	Wholesale Trade	24,463
Mining.....	846	Retail Trade.....	52,868
Construction	31,746	F.I.R.E.	19,160
Manufacturing.....	18,035	Services.....	108,897
Transportation and Public Utilities	10,682	Local Government	796

^{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 FY 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.

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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.8	\$ 0.9	\$ 0.9	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.1

Beneficiaries: The 419 public utilities could benefit from this tax expenditure.

Special Fund Tax Expenditures

EASEMENTS

Description: Easements or similar interests are excluded from the PURTA base. An easement is an interest in land owned by another entity which entitles the public utility company to limited use related to the provision of utility service.

Purpose: PURTA is intended as a tax on real property, and not as a tax on property such as these rights.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.9	\$ 0.9	\$ 1.0

Beneficiaries: The 419 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 which benefits the economy.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 1.7	\$ 1.8	\$ 1.9	\$ 2.0	\$ 2.0	\$ 2.1	\$ 2.2

Beneficiaries: The 68 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 which provide public environmental benefits. It also benefits consumers to the extent the tax relief is reflected in lower utility rates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 1.5	\$ 1.6	\$ 1.7	\$ 1.7	\$ 1.8	\$ 1.9	\$ 1.9

Beneficiaries: The 86 public utilities that provide sewage services benefit from this tax expenditure.

Special Fund Tax Expenditures

MUNICIPALITIES

Description: Municipalities or municipal authorities furnishing electric, natural gas, telephone or water public utility services are exempt from tax.

Purpose: The realty used for municipally-furnished utility services is public property used for public purposes. Moreover, taxing such property would result in the municipal government funding the realty tax equivalent distributed to local taxing authorities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.9	\$ 1.0	\$ 1.0	\$ 1.1	\$ 1.1	\$ 1.2	\$ 1.2

Beneficiaries: The 454 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 7.9	\$ 8.2	\$ 8.5	\$ 8.9	\$ 9.2	\$ 9.6	\$ 10.0

Beneficiaries: The 23 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.

Special Fund Tax Expenditures

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 which are considered to be basic necessities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA
	Motor Vehicle Rentals:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 6,000 common carriers could benefit from this tax expenditure.

SCHOOL BUSES

Description: The lease or rental of school buses is exempt from taxation. These buses must be used exclusively for the transportation of children for school purposes. The provision is extended to persons who have contracts with school districts to transport children. For the purposes of this analysis, the majority of these contracts are assumed to be leases.

Purpose: The costs of transporting school children are directly borne by school districts and indirectly by state government through subsidy programs. This exemption, while limiting state Public Transportation Assistance Fund revenues, decreases state educational subsidy costs.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 3.6	\$ 3.7	\$ 3.8	\$ 4.0	\$ 4.1	\$ 4.3	\$ 4.4
	Motor Vehicle Rentals:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

Beneficiaries: Approximately 5,700 schools benefit from this tax expenditure.

Special Fund Tax Expenditures

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 which are normally treated as a utility service.

(Dollar Amounts in Millions)

Estimates: **Motor Vehicle Leases:**

<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The owners of 296,300 motor carrier vehicles (class 4 and above) benefit from this tax expenditure.

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 which are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

Estimates: **Motor Vehicle Leases:**

<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
NA	NA	NA	NA	NA	NA	NA

Motor Vehicle Rentals:

<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 34,700 organizations might benefit from this tax expenditure.

Special Fund Tax Expenditures

EXEMPT GOVERNMENTAL UNITS

Description: The lease or rental of personal property to or for use by the federal government, the Commonwealth, or its instrumentalities or political subdivisions is exempt from taxation. Based on the criteria adopted to define tax expenditures, federal transactions are not included in this study. Commonwealth transactions are also excluded because revenues would offset expenditures with no net effect. The estimates, therefore, represent local government tax expenditures.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.8
	Motor Vehicle Rentals:						
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	\$ 0.4	\$ 0.5	\$ 0.5	\$ 0.5	\$ 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)

<i>Estimates:</i>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 3,100 political subdivisions may benefit from this tax expenditure.



GOVERNOR'S OFFICE

The Governor directs and coordinates the work of State Government and guides the programs of the agencies in the direction that assures compliance with existing law, definable needs and administration goals.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
Governor's Office.....	\$ 7,689	\$ 8,027	\$ 8,027
Portrait of Former Governor.....	0	0	7
Total - General Government.....	\$ 7,689	\$ 8,027	\$ 8,034
GENERAL FUND TOTAL.....	\$ 7,689	\$ 8,027	\$ 8,034
<u>TOBACCO SETTLEMENT FUND:</u>			
<i>Grants and Subsidies:</i>			
Tobacco Endowment Account.....	\$ 0	\$ 25,783	\$ 0
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 7,689	\$ 8,027	\$ 8,034
SPECIAL FUNDS.....	0	25,783	0
TOTAL ALL FUNDS.....	\$ 7,689	\$ 33,810	\$ 8,034

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND.....	\$ 7,689	\$ 8,027	\$ 8,034	\$ 8,034	\$ 8,027	\$ 8,027	\$ 8,027
SPECIAL FUNDS.....	0	25,783	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 7,689	\$ 33,810	\$ 8,034	\$ 8,034	\$ 8,027	\$ 8,027	\$ 8,027
ALL PROGRAMS:							
GENERAL FUND.....	\$ 7,689	\$ 8,027	\$ 8,034	\$ 8,034	\$ 8,027	\$ 8,027	\$ 8,027
SPECIAL FUNDS.....	0	25,783	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 7,689	\$ 33,810	\$ 8,034	\$ 8,034	\$ 8,027	\$ 8,027	\$ 8,027

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.

The Governor maintains a liaison office in Washington, D.C. to ensure that the Commonwealth obtains its maximum fair share of block grants, grants-in-aid, contracts and services available from the Federal Government. The Washington office assists the Pennsylvania Congressional delegation in these areas, works with the offices of other

states on matters of common interest, and assists the Governor's Office in coordinating the Federal liaison work of the departments and agencies.

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)

<p>GENERAL FUND Portrait of Former Governor \$ 7 —to provide for a portrait of the former Governor.</p>	<p>TOBACCO SETTLEMENT FUND Tobacco Endowment Account \$ -25,783 —nonrecurring appropriation. Future deposits to the Tobacco Endowment Account will occur in accordance with the provisions of the Tobacco Settlement Act.</p>
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The Governor's Office appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Governor's Office	\$ 7,689	\$ 8,027	\$ 8,027	\$ 8,027	\$ 8,027	\$ 8,027	\$ 8,027
Portrait of Former Governor	0	0	7	7	0	0	0
TOTAL GENERAL FUND	\$ 7,689	\$ 8,027	\$ 8,034	\$ 8,034	\$ 8,027	\$ 8,027	\$ 8,027
TOBACCO SETTLEMENT FUND:							
Tobacco Endowment Account	\$ 0	\$ 25,783	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0



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 employee retirement plans to assure their actuarial viability. The Medical Professional Liability Catastrophe Loss Fund processes claim payments in certain medical malpractice cases.

PROGRAM REVISION

Budgeted Amounts Include the Following Program Revision:

Title	Appropriation	2002-03 State Funds (in thousands)
Protecting Public Safety		
	Partnership for Safe Children.....	\$ 1,050
	Weed and Seed.....	<u>1,200</u>
	Program Revision Subtotal.....	<u><u>\$ 2,250</u></u>

This Program Revision provides resources to continue community-based violence and delinquency prevention programs and assist communities in eliminating drug-related crime. This is part of the \$16.5 million Protecting Public Safety Program Revision. Please see the Program Revision following the Institutionalization of Offenders program in the Department of Corrections for additional information on this Program Revision.

	Department Total.....	<u><u>\$ 2,250</u></u>
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Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
General Government:			
Office of Administration.....	\$ 8,514^a	\$ 8,751^a	\$ 8,914
(A) Classification and Pay Services.....	2,381	2,451	2,451
(A) State Employee Assistance Program.....	1,535	1,259	1,259
(A) Clerical Testing Program.....	55	57	57
(A) Temporary Clerical Pool.....	4,153	4,607	4,607
(A) Bureau of Management Consulting.....	1,649	1,524	1,524
(A) Executive Board/Directives Management.....	257	279	279
(A) Labor Relations.....	139	140	140
(A) Managing for Government Responsiveness Training.....	256	435	435
(A) Recycling Fund.....	95	95	95
(A) Group Life Insurance Program Commissions.....	148	80	80
(A) Leadership Development Institute.....	57	30	30
Subtotal.....	<u>\$ 19,239</u>	<u>\$ 19,708</u>	<u>\$ 19,871</u>
Medicare Part B Penalties.....	460	450	440
Information Communication.....	24,000	26,248	13,326
Technology Investment Program.....	17,141	25,870	19,106
(A) Miscellaneous Revenues.....	949	0	0
Subtotal.....	<u>\$ 18,090</u>	<u>\$ 25,870</u>	<u>\$ 19,106</u>
Commonwealth Technology Services.....	11,705	13,780	34,566
(A) Commonwealth Technology Center.....	12,484	12,484	12,484
Subtotal.....	<u>\$ 24,189</u>	<u>\$ 26,264</u>	<u>\$ 47,050</u>
Electronic Government.....	19,997	10,000	3,500
Communications Management.....	2,634	4,479	5,495
Integrated Management Systems.....	35,399	46,470	71,870
(A) Miscellaneous Revenues.....	0	15,000	0
Subtotal.....	<u>\$ 35,399</u>	<u>\$ 61,470</u>	<u>\$ 71,870</u>
Integrated Criminal Justice System.....	12,016	15,024	12,633
(F) Justice Information Technology Integration Implementation.....	0	795 ^b	395
(F) DCSI - Electronic Reporting (EA).....	0	1,337	1,334
Subtotal.....	<u>\$ 12,016</u>	<u>\$ 17,156</u>	<u>\$ 14,362</u>
Office of Inspector General.....	2,847	3,225	3,263
(A) Reimbursements for Special Fund Investigations.....	1,023	1,023	1,050
Subtotal.....	<u>\$ 3,870</u>	<u>\$ 4,248</u>	<u>\$ 4,313</u>
Inspector General - Welfare Fraud.....	11,350	12,061	12,913
(F) TANFBG-Program Accountability.....	1,451	2,010	2,722
(F) Food Stamps - Program Accountability.....	4,683	6,430 ^c	6,613
(F) Medical Assistance - Program Accountability.....	1,866	2,213	2,914
(F) Subsidized Day Care Fraud.....	150	136	253
Subtotal.....	<u>\$ 19,500</u>	<u>\$ 22,850</u>	<u>\$ 25,415</u>
Office of the Budget.....	30,452	31,329	31,329
(F) WIA - Program Accountability.....	390	400	400
(A) Support for Commonwealth Payroll Operations.....	6,604	6,909	6,909
(A) Support for PLCB Comptroller's Office.....	7,316	7,764	7,764
(A) Support for Comptroller Services.....	20,415	21,329	21,329
Subtotal.....	<u>\$ 65,177</u>	<u>\$ 67,731</u>	<u>\$ 67,731</u>
Audit of the Auditor General.....	0	0	80
Health Insurance Portability and Accountability Act.....	0	3,000	12,600
Office of General Counsel.....	6,759	8,421	6,354
(A) CLE Registration Fees.....	80	100	100
(A) Legal Intern Program.....	429	0	0

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
Subtotal.....	\$ 7,268	\$ 8,521	\$ 6,454
Rural Development Council.....	180	218	218
(F)Rural Development.....	116	116	116
(F)Rural Development Through Forestry.....	10	0	0
Subtotal.....	\$ 306	\$ 334	\$ 334
Human Relations Commission.....	11,855	12,118	11,001
(F)EEOC - Special Project Grant.....	1,599	1,600	2,000
(F)HUD - Special Project Grant.....	688	1,500	1,500
(A)Miscellaneous Revenues.....	9	25	25
Subtotal.....	\$ 14,151	\$ 15,243	\$ 14,526
Latino Affairs Commission.....	220	228	232
African American Affairs Commission.....	344	361	363
Council on the Arts.....	1,037	1,169	1,182
(F)NEA - Grants to the Arts - Administration.....	175	175	175
Subtotal.....	\$ 1,212	\$ 1,344	\$ 1,357
Commission for Women.....	272	282	287
Juvenile Court Judges Commission.....	1,849	2,073	2,285
(F)DCSI - Enhanced Data Collecting and Reporting (EA).....	228	276	40
(F)DCSI - Specialized Probation Technical Assistance (EA).....	137	147	139
(F)Juvenile-Adult System Interface (EA).....	325	216	0
Subtotal.....	\$ 2,539	\$ 2,712	\$ 2,464
Public Employee Retirement Commission.....	649	673	682
Commission on Crime and Delinquency.....	4,516	4,486	5,075
(F)Plan for Juvenile Justice.....	329	350	350
(F)DCSI - Administration.....	1,419	1,600	1,600
(F)DCSI - Program Grants.....	24,000	25,000 ^d	25,000
(F)DCSI - Criminal History Records.....	10	10	10
(F)Juvenile Justice - Title V.....	0	3,000 ^e	4,000
(F)Juvenile Justice - Title V - Administration.....	60	60	60
(F)Statistical Analysis Center.....	75	150	150
(F)Criminal Identification Technology.....	5,800 ^f	5,800 ^f	5,800
(F)Crime Victims Compensation Services.....	1,324	3,144 ^g	5,000
(F)Crime Victims Assistance.....	0	15,600 ^h	18,000
(F)Violence Against Women.....	7,655	8,200	8,200
(F)Violence Against Women - Administration.....	124	290	290
(F)Juvenile Justice State Challenge Grants.....	571	1,200	1,200
(F)Local Law Enforcement Block Grant.....	2,152	3,000	3,200
(F)Truth in Sentencing Incentive Grants.....	2,000	10,000 ⁱ	10,000
(F)Residential Substance Abuse Treatment Program.....	2,002	3,000	3,000
(F)DFSC - Special Programs.....	3,233	5,200	5,200
(F)Crime Victims Assistance (VOCA) - Admin/Operations.....	489	600	600
(F)Byrne Evaluation Partnership Program.....	0	200	200
(F)Juvenile Accountability Incentive Program.....	9,521	18,000	18,000
(F)Juvenile Accountability Incentive Program - Administration.....	320	400	400
(F)Combat Underage Drinking Program.....	450	450	450
(F)Training and Education Assistance Program.....	0	100	100
(F)Rural Domestic Violence & Child Victimization.....	415	415	415
(F)Pennsylvanians Against Underage Drinking.....	400	400	400
(F)Victim Assistance Training Academy.....	135	120	120
(F)Juvenile Justice and Delinquency Prevention.....	0	3,500	4,500
(F)TANFBG -Stop Violence Against Women.....	0	0	1,500
(F)VOCA - Flight 93 Disaster - Victims Assistance (EA).....	0	1,100	1,100 ^j
(F) Incident Preparedness (EA).....	0	5,000 ^k	0
(F)TANFBG-Victims Assistance.....	0	1,500	0
(F)Symposium on Aggressive Driving (EA).....	0	8	0

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
(A)Deputy Sheriff's Education and Training.....	240	266	285
(A)PCCD - Special Projects.....	9	217	144
Subtotal.....	\$ 67,249	\$ 122,366	\$ 124,349
Legal Advocacy.....	314	0	0
Juvenile Accountability Incentive Program.....	1,206	250	0
Partnership for Safe Children.....	3,294	5,170	6,373
Victims of Juvenile Crime.....	3,798	3,805	3,838
Weed and Seed Program.....	1,155	2,326	3,584
(F)TANFBG - Weed and Seed.....	0	0	2,000
Subtotal.....	\$ 1,155	\$ 2,326	\$ 5,584
State Match for DCSI Subgrants.....	0	1,576	1,750
Subtotal - State Funds.....	\$ 213,963	\$ 243,843	\$ 273,259
Subtotal - Federal Funds.....	74,302	134,748	139,446
Subtotal - Augmentations.....	60,283	76,074	61,047
Total - General Government.....	\$ 348,548	\$ 454,665	\$ 473,752
Grants and Subsidies:			
Intermediate Punishment Programs.....	\$ 5,252	\$ 5,331	\$ 5,331
Intermediate Punishment Drug and Alcohol Treatment.....	13,000	13,000	13,000
Drug Education and Law Enforcement.....	4,000	5,200	5,200
Research-Based Violence Prevention.....	8,000	10,000	10,000
(F)TANFBG - Nurse Home Visitation.....	0	7,200	7,200
Improvement of Juvenile Probation Services.....	5,779	6,033	6,033
(F)TANFBG - Juvenile Probation Emergency Services.....	2,000	2,000	2,000
Specialized Probation Services.....	13,267	15,623	15,623
Law Enforcement Activities.....	7,500	7,500	0
Grants to the Arts.....	14,000	15,400	14,000
(F)NEA - Grants to the Arts.....	437	1,000	825
Subtotal - State Funds.....	\$ 70,798	\$ 78,087	\$ 69,187
Subtotal - Federal Funds.....	2,437	10,200	10,025
Total - Grants and Subsidies.....	\$ 73,235	\$ 88,287	\$ 79,212
STATE FUNDS.....	\$ 284,761	\$ 321,930	\$ 342,446
FEDERAL FUNDS.....	76,739	144,948	149,471
AUGMENTATIONS.....	60,283	76,074	61,047
GENERAL FUND TOTAL.....	\$ 421,783	\$ 542,952	\$ 552,964
<u>MOTOR LICENSE FUND:</u>			
General Government:			
Office of the Budget.....	\$ 4,345	\$ 4,485	\$ 4,485
(A)Reimbursement for Comptroller Services.....	615	785	785
Subtotal.....	\$ 4,960	\$ 5,270	\$ 5,270
Statewide Public Safety Radio System.....	612	960	5,856
Subtotal - State Funds.....	\$ 4,957	\$ 5,445	\$ 10,341
Subtotal - Augmentations.....	615	785	785
Total - General Government.....	\$ 5,572	\$ 6,230	\$ 11,126
STATE FUNDS.....	\$ 4,957	\$ 5,445	\$ 10,341
AUGMENTATIONS.....	615	785	785
MOTOR LICENSE FUND TOTAL.....	\$ 5,572	\$ 6,230	\$ 11,126

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
TOBACCO SETTLEMENT FUND:			
<i>Grants and Subsidies:</i>			
Transfer to General Fund.....	\$ 0	\$ 68,508	\$ 0
Transfer to Health Endowment Account (EA).....	0	27,601	33,166
Total - Grants and Subsidies.....	\$ 0	\$ 96,109	\$ 33,166
TOBACCO SETTLEMENT FUND TOTAL.....	\$ 0	\$ 96,109	\$ 33,166
OTHER FUNDS:			
GENERAL FUND:			
Victim/Witness Services.....	\$ 4,633	\$ 4,500	\$ 4,500
Crime Victims Reimbursements.....	6,986	5,300	5,300
Constables Education and Training Account.....	1,371	1,500	1,500
Drug Abuse Resistance Education.....	90	150	0
Federal Juvenile Justice and Delinquency Prevention.....	2,867	0	0
Federal Crime Victim Assistance.....	13,876	0	0
Federal Juvenile Justice - Title V.....	1,522	0	0
GENERAL FUND TOTAL.....	\$ 31,345	\$ 11,450	\$ 11,300
MEDICAL PROFESSIONAL LIABILITY CATASTROPHE LOSS FUND:			
General Government Operations (EA).....	\$ 21,193	\$ 23,470	\$ 23,954
Payment of Claim Settlements (EA).....	341,314	323,005	325,000
MEDICAL PROFESSIONAL LIABILITY CATASTROPHE LOSS FUND TOTAL.....	\$ 362,507	\$ 346,475	\$ 348,954
TOBACCO SETTLEMENT FUND:			
Tobacco Settlement Investment Board (R).....	\$ 0	\$ 93	\$ 326
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 284,761	\$ 321,930	\$ 342,446
SPECIAL FUNDS.....	4,957	101,554	43,507
FEDERAL FUNDS.....	76,739	144,948	149,471
AUGMENTATIONS.....	60,898	76,859	61,832
OTHER FUNDS.....	393,852	358,018	360,580
TOTAL ALL FUNDS.....	\$ 821,207	\$ 1,003,309	\$ 957,836

^a 2000-01 Actual includes \$287,000 actually appropriated as a part of Lieutenant Governor's Office and 2001-02 Available includes \$302,000 actually appropriated as a part of Lieutenant Governor's Office.

^b Includes recommended supplemental appropriation of \$795,000.

^c Includes recommended supplemental appropriation of \$1,300,000.

^d Includes recommended supplemental appropriation of \$1,000,000.

^e Includes recommended supplemental appropriation of \$1,600,000.

^f Formerly named National Criminal History Improvement Program.

^g Includes recommended supplemental appropriation of \$1,344,000.

^h Includes recommended supplemental appropriation of \$4,600,000.

ⁱ Actually appropriated as \$30,000,000. Amount shown is the best current estimate of the amount available for 2001-02. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^j 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.

^k Recommended supplemental executive authorization from the Federal Government's Emergency Response Fund. Additional revisions may occur as the Federal Government provides more information on these funds.

^l Actually appropriated as \$1,955,000. Amount shown is net of transfers to other State agencies.

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND.....	\$ 186,364	\$ 209,328	\$ 230,935	\$ 166,326	\$ 140,981	\$ 151,228	\$ 138,073
SPECIAL FUNDS.....	4,957	101,554	43,507	44,284	40,266	40,713	41,167
FEDERAL FUNDS.....	8,666	13,437	14,747	14,352	13,298	13,306	13,320
OTHER FUNDS.....	422,638	422,819	410,558	411,314	411,629	412,007	412,340
SUBCATEGORY TOTAL.....	\$ 622,625	\$ 747,138	\$ 699,747	\$ 636,276	\$ 606,174	\$ 617,254	\$ 604,900
LEGAL SERVICES							
GENERAL FUND.....	\$ 6,759	\$ 8,421	\$ 6,354	\$ 4,927	\$ 4,927	\$ 4,927	\$ 4,927
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	509	100	100	100	100	100	100
SUBCATEGORY TOTAL.....	\$ 7,268	\$ 8,521	\$ 6,454	\$ 5,027	\$ 5,027	\$ 5,027	\$ 5,027
PREVENTION AND ELIMINATION OF DISCRIMINATORY PRACTICES							
GENERAL FUND.....	\$ 12,691	\$ 12,989	\$ 11,883	\$ 11,883	\$ 11,883	\$ 11,883	\$ 11,883
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,287	3,100	3,500	3,500	3,500	3,500	3,500
OTHER FUNDS.....	9	25	25	25	25	25	25
SUBCATEGORY TOTAL.....	\$ 14,987	\$ 16,114	\$ 15,408	\$ 15,408	\$ 15,408	\$ 15,408	\$ 15,408
DEVELOPMENT OF ARTISTS AND AUDIENCES							
GENERAL FUND.....	\$ 15,037	\$ 16,569	\$ 15,182	\$ 15,182	\$ 15,182	\$ 15,182	\$ 15,182
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	612	1,175	1,000	1,000	1,000	1,000	1,000
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 15,649	\$ 17,744	\$ 16,182	\$ 16,182	\$ 16,182	\$ 16,182	\$ 16,182
CRIMINAL AND JUVENILE JUSTICE PLANNING AND COORDINATION							
GENERAL FUND.....	\$ 43,015	\$ 50,894	\$ 54,151	\$ 54,151	\$ 54,151	\$ 54,151	\$ 54,151
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	62,484	124,597	128,045	126,825	126,825	126,825	126,825
OTHER FUNDS.....	31,594	11,933	11,729	11,729	11,729	11,729	11,729
SUBCATEGORY TOTAL.....	\$ 137,093	\$ 187,424	\$ 193,925	\$ 192,705	\$ 192,705	\$ 192,705	\$ 192,705
REINTEGRATION OF JUVENILE DELINQUENTS							
GENERAL FUND.....	\$ 20,895	\$ 23,729	\$ 23,941	\$ 23,941	\$ 23,941	\$ 23,941	\$ 23,941
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,690	2,639	2,179	2,000	2,000	2,000	2,000
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 23,585	\$ 26,368	\$ 26,120	\$ 25,941	\$ 25,941	\$ 25,941	\$ 25,941

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
ALL PROGRAMS:							
GENERAL FUND.....	\$ 284,761	\$ 321,930	\$ 342,446	\$ 276,410	\$ 251,065	\$ 261,312	\$ 248,157
SPECIAL FUNDS.....	4,957	101,554	43,507	44,284	40,266	40,713	41,167
FEDERAL FUNDS.....	76,739	144,948	149,471	147,677	146,623	146,631	146,645
OTHER FUNDS.....	454,750	434,877	422,412	423,168	423,483	423,861	424,194
DEPARTMENT TOTAL.....	\$ 821,207	\$ 1,003,309	\$ 957,836	\$ 891,539	\$ 861,437	\$ 872,517	\$ 860,163

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 (OA) provides policy direction and administrative support. Centralized personnel services ensure equity by maintaining the classification, pay, benefits and workers compensation systems, and negotiating and administering collective bargaining agreements between the Commonwealth and the various unions representing State employees under the provisions of the Public Employee Relations Act of 1970. OA is also responsible for recruiting for all non-civil service positions, training in management and supervisory skills, and administering the Commonwealth's affirmative action process and programs. The Office of Administration also conducts management studies of State programs in order to improve their operation, administration and organization.

The Office of Administration administers a State Employee Assistance Program (SEAP) to educate and promote early intervention for alcohol, drug, emotional and other personal problems that adversely affect employee performance. The program involves an established referral, evaluation and treatment process and intervention as appropriate.

Also, OA conducts the AIDS Education Program that provides and coordinates basic, advanced and specialized education to all Commonwealth employees on HIV/AIDS and other infectious diseases.

Within OA is the PRIME Council that is responsible for re-engineering State Government to better serve its customers and to promote employee performance and effectiveness.

OA is responsible for developing and promulgating Statewide policies and standards governing the management and use of the Commonwealth's information technology (IT) investments. These responsibilities are carried out through the Office for Information Technology (OIT) which is comprised of four organizational units: the Commonwealth Technology Center, the Bureau of Consolidated Computer Services, the Bureau of Desktop Technology, and the Office for IT Planning and Support.

The Commonwealth Technology Center is responsible for providing direction and support for the Commonwealth in three areas: enterprise application development, enterprise IT support operations and oversight for special enterprise-wide projects. The center develops and maintains the Commonwealth's central administrative applications; provides management support for enterprise disaster

recovery planning and IT security; plans and manages the Commonwealth's data networks, wide area networks (WANs), Metropolitan Area Network (MAN), and cable television (CATV) resources; develops Statewide telecommunications policy; manages the OA's video conferencing facilities; and coordinates the development of Statewide IT contracts.

The Bureau of Consolidated Computer Services was created to implement the outsourcing of 17 agency data centers and to manage the service, performance and financial requirements of the outsourcing contracts. This bureau is responsible for ensuring customer service meets established benchmarks, developing methods for agency charge backs, measuring and reporting on contract compliance, overseeing data center outsource contract(s), providing technical support to agencies, and planning changes for capacity requirements.

The Bureau of Desktop Technology is responsible for developing and implementing an IT modernization plan to re-invest savings from the Commonwealth's outsourcing initiative into an enterprise-wide expansion of desktop computing and network-based technology. This bureau's responsibilities encompass policy, planning and operational areas, including: enterprise-wide IT asset tracking; developing programs to reduce total cost of IT ownership; reviewing major agency IT initiatives through the OA's Investment Review Program; developing, implementing and coordinating enterprise-wide IT education programs; managing OA internet/intranet applications; managing OA networks and providing technical support to end-users; supporting enterprise client/server applications; and providing consulting services to Commonwealth agencies on client/server, UNIX, LAN and desktop technologies.

Commonwealth Connect is Pennsylvania State Government's enterprise-wide initiative to establish software standards for desktop computing and establish an e-mail network that will provide a consistent and reliable platform for State agency communication and collaboration. As of November 2001, 40 of 47 agencies with over 58,500 users have migrated to **Commonwealth Connect**. The bureau is also responsible for the development, implementation and on-going management and evolution of the **PA PowerPort**, Pennsylvania's State Government web portal.

The Office for IT Planning and Support is responsible for the overall management of enterprise IT policies developed by the OIT's other bureaus and Centers for Technology Excellence as well as for identifying new enterprise IT initiatives that can bring significant return on investments and benefits to State Government and its customers. It

Program: Executive Direction (continued)

serves as the catalyst for bringing the appropriate agencies together and getting the projects started, and continues to play a facilitation and supportive role until the effort reaches a level of management sustainability. The Electronic Government Program provides for the continual redesign and improvements of the Commonwealth's website to enable businesses, local governments and citizens to participate in the benefits of electronic government applications.

The Office of Information Technology is responsible for the development and management of three enterprise projects. The Statewide Public Safety Radio System is expected to be operational during 2002-03. It replaces the antiquated proprietary systems of several Commonwealth agencies with an 800 Mhz digital system that will facilitate radio communications among all State agencies. The Integrated Criminal Justice System (JNET) will allow for the sharing of information among all law enforcement agencies in the Commonwealth. The system is currently in various stages of implementation in all 67 counties. The Integrated Management Systems project is an enterprise resource planning (ERP) initiative entitled ImaginePA. Its goal is the redesign and integration of the Commonwealth's administrative management systems including budgeting, accounting, human resources, payroll and procurement. The modules of the system are expected to be phased into operation during 2002-03.

Program Element: Fraud Detection and Prevention

The purpose of the Office of Inspector General is to detect, deter and eradicate fraud and waste of State resources, and misconduct by State employees; keep the Governor fully informed of problems and deficiencies in executive agencies; and help ensure that executive agencies operate efficiently, with integrity, and in accordance with applicable laws and regulations. The Office of Inspector General is designed to maintain public confidence, integrity and efficiency in State Government.

The Office of 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, employment compensation, workers' compensation and veterans' benefits.

Program Element: Commonwealth Budget and Accounting

The Office of the Budget assists the Governor in formulating fiscal policies and procedures, and in preparing

the Commonwealth Budget for delivery to the General Assembly. The establishment of authorized complement levels for those agencies within the scope of authority of the Governor is the responsibility of the Office of the Budget. The office also prepares fiscal notes and reviews proposed regulations as mandated by Act 149 of 1978.

In addition, the Office of the Budget provides accounting, auditing and financial advisory and supportive services to all Commonwealth agencies and is responsible for maintenance of the Integrated Central Systems accounting module. The Office of the Budget has also provided 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. Activities are: 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. For policies issued or renewed in calendar year 2001 and beyond, coverage increased to \$500,000 per occurrence for individuals and hospitals, \$1,500,000 per annual aggregate for individuals and \$2,500,000 for hospitals. Funding for this program is provided by levying an annual surcharge on all health care providers. In addition, the fund has full responsibility to defend and/or settle any claim filed more than four years after the tort or breach of contract occurred which is not otherwise barred by the statute of limitations. A Statement of Cash Receipts and Disbursements for the fund is included in the Special Funds Appendix. The fund expenditures are also reflected as other funds in the Executive Offices Summary by Fund and Appropriation.

Program: Executive Direction (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		
	Office of Administration	\$ 1,000	Integrated Criminal Justice System
\$ 163	—to continue current program.		—Initiative — Juvenile Tracking System Expansion and Enhancement. To continue implementation and enhancement of the Juvenile Tracking System.
	Medicare Part B Penalties	\$ 219	—Initiative — County Connectivity Support. To support the connectivity of 18 counties to the Justice Network (JNET).
\$ -10	—to continue current program based on the latest enrollment projection.		—nonrecurring development costs.
	Information Communication	-3,610	
-12,922	—nonrecurring expenditures.	\$ -2,391	<i>Appropriation Decrease</i>
	Technology Investment Program		Office of Inspector General
\$ -6,764	—nonrecurring projects.	\$ 38	—to continue current program.
	Commonwealth Technology Services		Inspector General – Welfare Fraud
\$ 11,619	—to continue current program.	\$ 599	—to continue current program.
6,481	—Initiative — Operating the Statewide Public Safety Radio System. To provide administrative support and operating resources for the first full year of implementation of the Statewide Public Safety Radio System.	253	—Initiative — Information Technology Enhancement. To rewrite and convert the referral management system to ensure compliance with Federal guidelines in the Food Stamp program.
2,686	—Initiative — Data Security Enhancements. To enhance data security and conduct disaster recovery assessments at the Commonwealth Technology Center and Willow Oak facilities.	\$ 852	<i>Appropriation Increase</i>
		\$ 80	Audit of the Auditor General
\$ 20,786	<i>Appropriation Increase</i>		—to provide for an independent review of the Auditor General.
	Electronic Government		Health Insurance Portability and Accountability Act
\$ -6,500	—nonrecurring projects.	\$ 12,600	—Initiative — Health Insurance Portability and Accountability. To provide initial resources for agency operational changes to ensure compliance with Federal HIPAA guidelines on transaction codes and privacy.
	Communications Management	-3,000	—nonrecurring costs.
\$ 16	—to continue current program.	\$ 9,600	<i>Appropriation Increase</i>
1,000	—operation of Keystone Building communications systems.		Public Employee Retirement Commission
\$ 1,016	<i>Appropriation Increase</i>	\$ 9	—to continue current program.
	Integrated Management Systems		Juvenile Accountability Incentive Program
\$ 69,524	—to provide resources for continued consulting and systems implementation services for the Commonwealth's administrative systems.	\$ -250	—nonrecurring project.
-44,124	—nonrecurring development costs.		Law Enforcement Activities
\$ 25,400	<i>Appropriation Increase</i>	\$ -7,500	—nonrecurring project.

In addition, the Data Security Enhancements initiative provides \$5,039,000 in capital funds to enhance data security at the Commonwealth Technology Center and Willow Oak facilities.

In addition, the Information Technology Enhancement initiative within this program recommends \$197,000 in Federal funds to rewrite and convert the referral management system to ensure compliance with Federal guidelines in the Food Stamp program.

In addition, the Incident Preparedness initiative provides \$5,000,000 in Federal funds for major incident preparedness.

In addition, the Incident Preparedness initiative provides \$1,100,000 in Federal funds for continued disaster counseling assistance.

All other appropriations are recommended at the current year funding levels.

Program: Executive Direction (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

	MOTOR LICENSE FUND		TOBACCO SETTLEMENT FUND
	Statewide Public Safety Radio System		Transfer to General Fund for Health-Related Programs
\$ 203	—to continue current program.		—nonrecurring appropriation. Future deposits to the Tobacco Endowment Account will occur in accordance with the provisions of the Tobacco Settlement Act.
4,693	—Initiative — Operating the Statewide Public Safety Radio System. To provide administrative support and operating resources for the first full year of implementation of the Statewide Public Safety Radio System.	\$ -68,508	
			Transfer to Health Endowment Account
		\$ 5,565	—to continue transfers to the Tobacco Endowment Account in accordance with the provisions of the Tobacco Settlement Act.
<u>\$ 4,896</u>	<i>Appropriation Increase</i>		

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Office of Administration	\$ 8,514	\$ 8,751	\$ 8,914	\$ 8,914	\$ 8,914	\$ 8,914	\$ 8,914
Medicare Part B Penalties	460	450	440	440	430	430	420
Information Communication	24,000	26,248	13,326	0	0	0	0
Technology Investment Program	17,141	25,870	19,106	9,106	0	0	0
Commonwealth Technology Services	11,705	13,780	34,566	33,067	32,771	32,682	32,379
Electronic Government	19,997	10,000	3,500	2,000	0	0	0
Communications Management	2,634	4,479	5,495	5,495	5,495	5,495	5,495
Integrated Management Systems	35,399	46,470	71,870	47,266	32,973	43,197	30,439
Integrated Criminal Justice System	12,016	15,024	12,633	11,633	11,633	11,633	11,633
Office of Inspector General	2,847	3,225	3,263	3,263	3,263	3,263	3,263
Inspector General - Welfare Fraud	11,350	12,061	12,913	12,913	13,273	13,285	13,301
Office of the Budget	30,452	31,329	31,329	31,329	31,329	31,329	31,329
Audit of the Auditor General	0	0	80	0	0	100	0
Health Insurance Portability and Accountability Act	0	3,000	12,600	0	0	0	0
Rural Development Council	180	218	218	218	218	218	218
Public Employee Retirement Commission ..	649	673	682	682	682	682	682
Legal Advocacy	314	0	0	0	0	0	0
Juvenile Accountability Incentive Program	1,206	250	0	0	0	0	0
Law Enforcement Activities	7,500	7,500	0	0	0	0	0
TOTAL GENERAL FUND	<u>\$ 186,364</u>	<u>\$ 209,328</u>	<u>\$ 230,935</u>	<u>\$ 166,326</u>	<u>\$ 140,981</u>	<u>\$ 151,228</u>	<u>\$ 138,073</u>
MOTOR LICENSE FUND:							
Office of the Budget	\$ 4,345	\$ 4,485	\$ 4,485	\$ 4,485	\$ 4,485	\$ 4,485	\$ 4,485
Statewide Public Safety Radio System	612	960	5,856	5,859	5,859	5,859	5,859
TOTAL MOTOR LICENSE FUND	<u>\$ 4,957</u>	<u>\$ 5,445</u>	<u>\$ 10,341</u>	<u>\$ 10,344</u>	<u>\$ 10,344</u>	<u>\$ 10,344</u>	<u>\$ 10,344</u>
TOBACCO SETTLEMENT FUND:							
Transfer to General Fund for Health-Related Programs	\$ 0	\$ 68,508	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfer to Health Endowment Account (EA)	0	27,601	33,166	33,940	29,922	30,369	30,823
TOTAL TOBACCO SETTLEMENT FUND	<u>\$ 0</u>	<u>\$ 96,109</u>	<u>\$ 33,166</u>	<u>\$ 33,940</u>	<u>\$ 29,922</u>	<u>\$ 30,369</u>	<u>\$ 30,823</u>

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 project will create a knowledge management system for all OGC personnel. The system, known as OGC LawNet, includes an Intranet Portal through which every OGC employee is 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. It is expected that the project will be completed during 2001-02.

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	
\$ 106	—to continue current program.
1,927	—to enhance and complete an intranet-based litigation management software system.
-4,100	—nonrecurring litigation management project costs.
\$ -2,067	<i>Appropriation Decrease</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Office of General Counsel	\$ 6,759	\$ 8,421	\$ 6,354	\$ 4,927	\$ 4,927	\$ 4,927	\$ 4,927

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, to be completed during 2001-02, 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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Human Relations Commission:							
Formal complaint investigation:							
Complaints pending at beginning of year ...	9,033	8,396	8,006	7,406	6,806	6,206	5,606
New complaints filed	6,172	6,570	6,600	6,600	6,600	6,600	6,600
Complaints closed	6,809	6,960	7,200	7,200	7,200	7,200	7,200
Complaints pending at end of year	8,396	8,006	7,406	6,806	6,206	5,606	5,006
Informal complaints received	37,023	38,000	38,000	38,000	38,000	38,000	38,000

Complaints pending at beginning and end of year closed are expected to decrease in future years due to improved case processing and management and improved public information about discrimination and bias which has reduced the number of unfounded complaints.

Program: Prevention and Elimination of Discriminatory Practices (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 568 -1,685 <hr style="width: 50%; margin-left: 0;"/> \$ -1,117	Human Relations Commission —to continue current program. —nonrecurring design and development costs for Case Tracking and Management System. <i>Appropriation Decrease</i>	\$ 4 \$ 2 \$ 5	Latino Affairs Commission —to continue current program. African American Affairs Commission —to continue current program. Commission for Women —to continue current program.
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Appropriations within this Program:

(Dollar Amounts in Thousands)

		2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:								
Human Relations Commission	\$	11,855	\$ 12,118	\$ 11,001	\$ 11,001	\$ 11,001	\$ 11,001	\$ 11,001
Latino Affairs Commission		220	228	232	232	232	232	232
African American Affairs Commission		344	361	363	363	363	363	363
Commission for Women		272	282	287	287	287	287	287
TOTAL GENERAL FUND	\$	12,691	\$ 12,989	\$ 11,883	\$ 11,883	\$ 11,883	\$ 11,883	\$ 11,883

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.

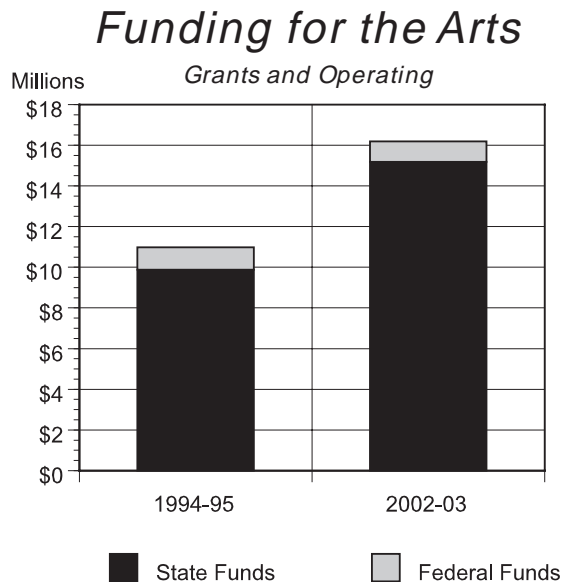
Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Site visits and consultations	2,500	2,500	2,600	2,700	2,800	2,900	3,000
Grant applications reviewed	2,597	2,700	2,750	2,800	2,850	2,900	2,950
Awards made	1,759	1,800	1,800	1,800	1,800	1,800	1,800

Attendance at supported events is estimated at 36,000,000 annually. Artists participating in projects are estimated at 124,000 annually.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

- \$ 13 **Council on the Arts**
—to continue current program.
- \$ -1,400 **Grants to the Arts**
—nonrecurring grants.



Funding for the arts has increased since 1994-95 from \$11.0 million to \$16.2 million, a 47% increase.

Program: Development of Artists and Audiences (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Council on the Arts	\$ 1,037	\$ 1,169	\$ 1,182	\$ 1,182	\$ 1,182	\$ 1,182	\$ 1,182
Grants to the Arts	14,000	15,400	14,000	14,000	14,000	14,000	14,000
TOTAL GENERAL FUND	\$ 15,037	\$ 16,569	\$ 15,182	\$ 15,182	\$ 15,182	\$ 15,182	\$ 15,182

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 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 emerging opportunities and demonstrations.

PCCD administers a training program for deputy sheriffs that is financed through a surcharge on fees levied by the sheriffs for legal services executed. The 560-hour basic training provides for certification of deputy sheriffs and biennial continuing education provides re-certification. Similarly, PCCD provides training and certification for constables. The 80-hour basic and up to 40-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)

PCCD administers the Governor's Community Partnership for Safe Children, which seeks to reduce youth violence by facilitating public/private partnerships among State Government, educators, business and community leaders, clergy and parents; as well as the Weed and Seed Program that assists communities in which high levels of crime, especially drug crime, have severely undermined the quality of life. Both programs continue to be expanded into communities throughout Pennsylvania.

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 Bureau 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 payor of last resort for crime victims' losses and the bureau 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. The restricted revenue account is listed as Other Funds in the Executive Offices Summary by Fund and Appropriation.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Planning and Coordination							
Persons attending crime prevention course and in-service instructors' workshop	196	225	225	225	225	225	225
Communities implementing risk-focused juvenile delinquency prevention programs ..	108	128	128	128	128	128	128
New law enforcement officers certified as drug education and law enforcement program instructors	189	260	260	260	260	260	260
New deputy sheriffs certified through completion of training	266	240	240	240	240	240	240

The average Crime Victim's Compensation program reimbursement per claim in 2000-01 was \$2,280.

Persons attending crime prevention course and in-service instructors' workshops decreased in 2000-01 from the projection shown in last year's budget based on actual activity.

Communities implementing risk-focused juvenile delinquency prevention programs increase from the projections shown in last year's budget due to increased funding.

New deputy sheriffs certified through completion of training increased in 2000-01 from the projection shown in last year's budget due to deferral of some classes originally scheduled to be held in 1999-2000 until 2000-01.

Program: Criminal and Juvenile Justice Planning and Coordination (continued)

Program Measures: (continued)	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Victim Services							
Crime Victims Compensation:							
New claims received, reviewed and							
accepted	3,516	3,750	3,938	4,135	4,342	4,559	4,787
Claims paid	2,601	2,731	2,868	3,011	3,162	3,320	3,486
Claims denied	211	221	232	244	256	269	282
Claims administratively closed*	719	754	792	832	873	917	963
Claims reopened for additional losses	1,257	1,320	1,386	1,455	1,528	1,604	1,684

Claims paid increased in 2000-01 from the projection shown in last year's budget based on actual activity.

* New measure: The claims administratively closed measure has been added to separate from the claims denied measure those claims that were administratively closed with no actual losses to be reimbursed. The claims denied measure has been adjusted accordingly.

Claims reopened for additional losses increase due to increased public awareness for submitting partial claims.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

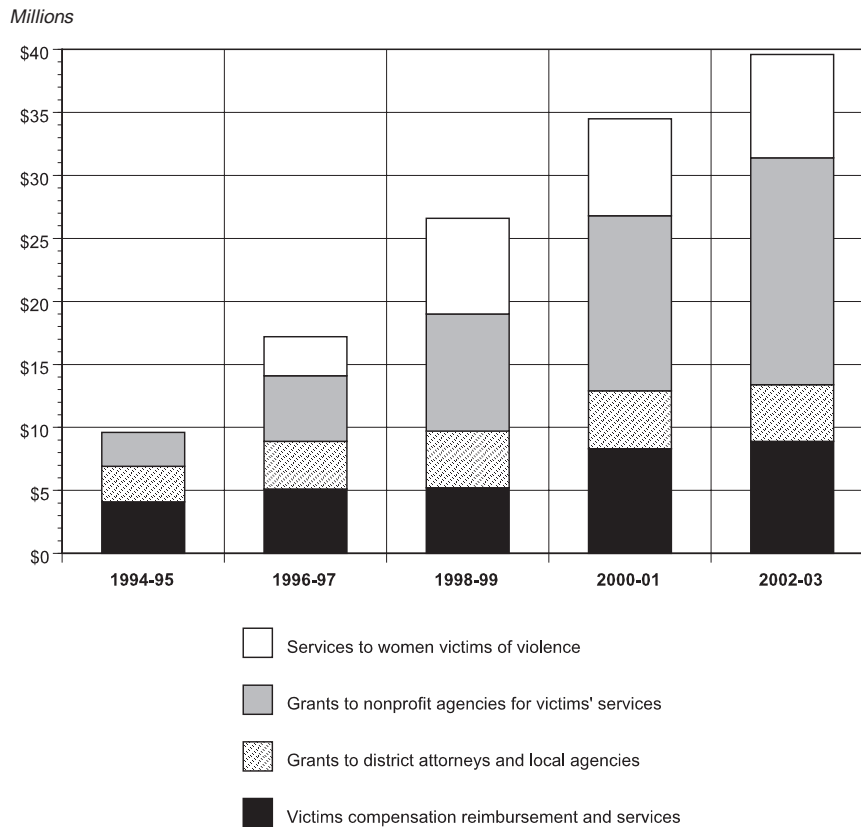
<table border="0"> <tr> <td style="width: 50px;">\$</td> <td style="width: 50px;">210</td> <td>Commission on Crime and Delinquency</td> <td></td> <td style="width: 50px;">\$</td> <td style="width: 50px;">33</td> <td>Victims of Juvenile Crime</td> </tr> <tr> <td></td> <td>379</td> <td>—to continue current program.</td> <td></td> <td></td> <td></td> <td>—to continue current program.</td> </tr> <tr> <td></td> <td></td> <td>—to provide enhanced support for the Crime Victims Compensation Program.</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="border-top: 1px solid black;">\$</td> <td style="border-top: 1px solid black;">589</td> <td><i>Appropriation Increase</i></td> <td></td> <td style="border-top: 1px solid black;">\$</td> <td style="border-top: 1px solid black;">58</td> <td>Weed and Seed Program</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>1,200</td> <td>—to continue current program.</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>—PRR — Protecting Public Safety. This Program Revision provides resources to expand crime prevention and juvenile violence prevention activities to four new sites and expand programming at seven existing sites. See the Program Revision following the Institutionalization of Offenders program in the Department of Corrections for additional information.</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="border-top: 1px solid black;">\$</td> <td style="border-top: 1px solid black;">1,258</td> <td><i>Appropriation Increase</i></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="border-top: 1px solid black;">\$</td> <td style="border-top: 1px solid black;">1,203</td> <td><i>Appropriation Increase</i></td> <td></td> <td style="border-top: 1px solid black;">\$</td> <td style="border-top: 1px solid black;">174</td> <td>State Match for DCSI Subgrants</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>—to continue current program.</td> </tr> </table>	\$	210	Commission on Crime and Delinquency		\$	33	Victims of Juvenile Crime		379	—to continue current program.				—to continue current program.			—to provide enhanced support for the Crime Victims Compensation Program.					\$	589	<i>Appropriation Increase</i>		\$	58	Weed and Seed Program						1,200	—to continue current program.							—PRR — Protecting Public Safety. This Program Revision provides resources to expand crime prevention and juvenile violence prevention activities to four new sites and expand programming at seven existing sites. See the Program Revision following the Institutionalization of Offenders program in the Department of Corrections for additional information.					\$	1,258	<i>Appropriation Increase</i>								\$	1,203	<i>Appropriation Increase</i>		\$	174	State Match for DCSI Subgrants							—to continue current program.	<table border="0"> <tr> <td style="width: 50px;">\$</td> <td style="width: 50px;">153</td> <td>Partnership for Safe Children</td> <td></td> <td style="width: 50px;">\$</td> <td style="width: 50px;">58</td> <td>Victims of Juvenile Crime</td> </tr> <tr> <td></td> <td>1,050</td> <td>—to continue current program.</td> <td></td> <td></td> <td></td> <td>—to continue current program.</td> </tr> <tr> <td></td> <td></td> <td>—PRR — Protecting Public Safety. This Program Revision provides first year implementation grants to the 21 new Communities That Care sites started in 2001-02. See the Program Revision following the Institutionalization of Offenders program in the Department of Corrections for additional information.</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="border-top: 1px solid black;">\$</td> <td style="border-top: 1px solid black;">1,203</td> <td><i>Appropriation Increase</i></td> <td></td> <td style="border-top: 1px solid black;">\$</td> <td style="border-top: 1px solid black;">174</td> <td>State Match for DCSI Subgrants</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>—to continue current program.</td> </tr> </table>	\$	153	Partnership for Safe Children		\$	58	Victims of Juvenile Crime		1,050	—to continue current program.				—to continue current program.			—PRR — Protecting Public Safety. This Program Revision provides first year implementation grants to the 21 new Communities That Care sites started in 2001-02. See the Program Revision following the Institutionalization of Offenders program in the Department of Corrections for additional information.					\$	1,203	<i>Appropriation Increase</i>		\$	174	State Match for DCSI Subgrants							—to continue current program.
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In addition, the Protecting Public Safety Program Revision following the Institutionalization of Offenders program in the Department of Corrections provides \$2,000,000 in Federal funds to expand crime prevention and juvenile violence prevention activities.

All other appropriations are recommended at the current year funding levels.

Program: Criminal and Juvenile Justice Planning and Coordination (continued)

Crime Victims' Compensation and Services



Funds for programs and services to crime victims have increased from \$9.6 million in 1994-95 to \$39.6 million in 2002-03 - an increase of 313%.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Commission on Crime and Delinquency	\$ 4,516	\$ 4,486	\$ 5,075	\$ 5,075	\$ 5,075	\$ 5,075	\$ 5,075
Partnership for Safe Children	3,294	5,170	6,373	6,373	6,373	6,373	6,373
Victims of Juvenile Crime	3,798	3,805	3,838	3,838	3,838	3,838	3,838
Weed and Seed Program	1,155	2,326	3,584	3,584	3,584	3,584	3,584
State Match for DCSI Subgrants	0	1,576	1,750	1,750	1,750	1,750	1,750
Intermediate Punishment Programs	5,252	5,331	5,331	5,331	5,331	5,331	5,331
Intermediate Punishment Drug and Alcohol Treatment	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Drug Education and Law Enforcement	4,000	5,200	5,200	5,200	5,200	5,200	5,200
Research-Based Violence Prevention	8,000	10,000	10,000	10,000	10,000	10,000	10,000
TOTAL GENERAL FUND	\$ 43,015	\$ 50,894	\$ 54,151	\$ 54,151	\$ 54,151	\$ 54,151	\$ 54,151

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. As of June 2001, 392 juvenile justice professionals have graduated from 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 569 specialized probation officers pursuant to JCJC standards. Of these positions, 260 are for school-based probation, 98 for community-based probation, 118 for intensive probation, 83 for aftercare services and 10 specialized probation services supervisors. The commission will continue this program during 2002-03.

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) increased from 4,953 in 1999 to 5,336 in 2000. The arrest rate per 100,000 juveniles increased from 370 in 1999 to 390 in 2000.

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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Children referred to court	40,824	40,824	40,824	40,824	40,824	40,824	40,824
Commitments as a percent of referrals	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Children arrested for violent crime	4,983	5,331	5,331	5,331	5,331	5,331	5,331
Full-time equivalent juvenile probation officer positions	1,365	1,409	1,409	1,409	1,409	1,409	1,409

Program: Reintegration of Juvenile Delinquents (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Juvenile Court Judges Commission
 \$ 212 —to continue current program.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Juvenile Court Judges Commission	\$ 1,849	\$ 2,073	\$ 2,285	\$ 2,285	\$ 2,285	\$ 2,285	\$ 2,285
Improvement of Juvenile Probation Services	5,779	6,033	6,033	6,033	6,033	6,033	6,033
Specialized Probation Services	13,267	15,623	15,623	15,623	15,623	15,623	15,623
TOTAL GENERAL FUND	\$ 20,895	\$ 23,729	\$ 23,941	\$ 23,941	\$ 23,941	\$ 23,941	\$ 23,941



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)
 2000-01 2001-02 2002-03
 ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

Lieutenant Governor's Office.....	\$	636 ^a	\$	758 ^a	\$	758
Portrait - Former Lieutenant Governor.....		0		0		7
Board of Pardons.....		314		356		349
		950		1,114		1,114
Total - General Government.....	\$	950	\$	1,114	\$	1,114
GENERAL FUND TOTAL.....	\$	950	\$	1,114	\$	1,114

^a 2000-01 actually appropriated as \$923,000 and 2001-02 actually appropriated as \$1,060,000. Amount shown is net of transfers to Office of Administration.

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND.....	\$ 950	\$ 1,114	\$ 1,114	\$ 1,114	\$ 1,107	\$ 1,107	\$ 1,107
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.....	\$ 950	\$ 1,114	\$ 1,114	\$ 1,114	\$ 1,107	\$ 1,107	\$ 1,107
ALL PROGRAMS:							
GENERAL FUND.....	\$ 950	\$ 1,114	\$ 1,114	\$ 1,114	\$ 1,107	\$ 1,107	\$ 1,107
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.....	\$ 950	\$ 1,114	\$ 1,114	\$ 1,114	\$ 1,107	\$ 1,107	\$ 1,107

Lieutenant Governor

PROGRAM OBJECTIVE: To provide an effective administrative system through which substantive programs of the agency can be accomplished.

Program: Executive Direction

This program provides for the execution of duties relating to the Office of the Lieutenant Governor. These duties, as prescribed by the Constitution, include presiding over the Senate; assuming the Office of the Governor for the remainder of the Governor's term, if necessary, as a result of the death, conviction or impeachment, failure to qualify or resignation of the Governor; and serving as Chairman

of the Pennsylvania Board of Pardons which reviews applications for reprieve, commutation of sentences and pardons. Through statute, the Lieutenant Governor also serves as Chairman of the Local Government Advisory Committee, which advises the Governor's Center for Local Government Services and the Administration on the needs and concerns of local government entities.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Portrait — Former Lieutenant Governor</p> <p>\$ 7 —to provide for a portrait of the former Lieutenant Governor.</p>	<p>Board of Pardons</p> <p>\$ -7 —to continue current program.</p>
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The Lieutenant Governor's Office appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Lieutenant Governor's Office	\$ 636	\$ 758	\$ 758	\$ 758	\$ 758	\$ 758	\$ 758
Portrait — Former Lieutenant Governor	0	0	7	7	0	0	0
Board of Pardons	314	356	349	349	349	349	349
TOTAL GENERAL FUND	\$ 950	\$ 1,114	\$ 1,114	\$ 1,114	\$ 1,107	\$ 1,107	\$ 1,107



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)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	\$ 36,645	\$ 37,796^a	\$ 37,796
(F)Medicaid Fraud.....	3,102	3,348	3,501
(F)MAGLOCLEN.....	4,241	5,067	5,652
(F)DCSI-Elder Abuse Advisory Board (EA).....	13	25	0
(F)DCSI-Child Sexual Exploitation Prevention (EA).....	19	17	4
(F)DCSI - Senior Crime Prevention University (EA).....	0	141	116
(A)Legal Fees Reimbursement.....	276	160	165
(A)Grand Jury Reimbursements.....	561	545	545
(A)Medicaid Fraud Reimbursements.....	297	200	200
(A)Collections - Legal.....	104	100	100
(A)Department Services.....	2,856	3,158	3,158
(A)Investigative Costs Reimbursements.....	68	23	23
(A)Environmental Crimes Investigative Costs.....	209	15	15
(A)Public Protection Law Enforcement.....	2,275	1,700	1,700
(A)Continuing Legal Education.....	4	5	0
Subtotal.....	\$ 50,670	\$ 52,300	\$ 52,975
(R)Office of Consumer Advocate.....	4,273	4,356	4,466
Computer Enhancements	790	2,216	2,216
Statewide Radio System	668	0	0
Drug Law Enforcement	21,264	22,334	22,334
(F)High Intensity Drug Trafficking Areas.....	2,120	3,068	3,101
(F)DCSI-Monitoring Prescription Abuse (EA).....	16	0	0
(F)DCSI-Financial Investigations and Money Laundering (EA).....	198	127	0
(F)DCSI-Pennsylvania Drug Law Enforcement Coordinating System.....	218	288	252
(F)DCSI-Computer Forensics (EA).....	109	326	299
(F)DCSI - Witness Protection (EA).....	0	400	267
(A)Recovery of Narcotics Investigation Overtime Costs.....	47	40	40
(A)Seized/Forfeited Property - State Court Awarded.....	512	927	614
(A)Asset Forfeitures.....	483	0	0
Subtotal.....	\$ 24,967	\$ 27,510	\$ 26,907
Local Drug Task Forces	8,488	8,788	8,788
(F)DCSI-Organized Crime and Drug Enforcement (EA).....	284	94	0
Drug Strike Task Force	1,710	1,700	1,700
Capital Appeals Case Unit	614	612	612
Charitable Nonprofit Conversions	927	949	949
Tobacco Law Enforcement	500	513	513
Subtotal - State Funds.....	\$ 71,606	\$ 74,908	\$ 74,908
Subtotal - Federal Funds.....	10,320	12,901	13,192
Subtotal - Augmentations.....	7,692	6,873	6,560
Subtotal - Restricted Revenues.....	4,273	4,356	4,466
Total - General Government.....	\$ 93,891	\$ 99,038	\$ 99,126
Grants and Subsidies:			
County Trial Reimbursement	\$ 150	\$ 150	\$ 150
STATE FUNDS.....	\$ 71,756	\$ 75,058	\$ 75,058
FEDERAL FUNDS.....	10,320	12,901	13,192
AUGMENTATIONS.....	7,692	6,873	6,560
RESTRICTED REVENUES.....	4,273	4,356	4,466
GENERAL FUND TOTAL	\$ 94,041	\$ 99,188	\$ 99,276

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
Seized/Forfeited Property - State Court Awarded.....	\$ 2,473	\$ 2,127	\$ 1,814
Seized/Forfeited Property - U.S. Department of Justice.....	143	771	215
Seized/Forfeited Property - PSP-OAG Agreement.....	898	1,010	1,000
OAG Investigative Funds - Outside Sources.....	2,733	3,076	3,185
Seized/Forfeited Property - U.S. Treasury Department.....	71	90	10
Public Protection Law Enforcement.....	2,630	2,188	2,050
Coroner's Education Board.....	0	20	21
GENERAL FUND TOTAL.....	<u>\$ 8,948</u>	<u>\$ 9,282</u>	<u>\$ 8,295</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 71,756	\$ 75,058	\$ 75,058
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	10,320	12,901	13,192
AUGMENTATIONS.....	7,692	6,873	6,560
RESTRICTED.....	4,273	4,356	4,466
OTHER FUNDS.....	8,948	9,282	8,295
TOTAL ALL FUNDS.....	<u>\$ 102,989</u>	<u>\$ 108,470</u>	<u>\$ 107,571</u>

^a Includes \$47,000 actually appropriated as part of the Executive Offices State Match for DCSI Subgrants appropriation.

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
PUBLIC PROTECTION AND LAW ENFORCEMENT							
GENERAL FUND.....	\$ 71,756	\$ 75,058	\$ 75,058	\$ 74,642	\$ 74,696	\$ 73,942	\$ 73,975
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	10,320	12,901	13,192	12,702	12,278	12,254	12,254
OTHER FUNDS.....	20,913	20,511	19,321	19,229	19,245	19,261	19,278
SUBCATEGORY TOTAL.....	\$ 102,989	\$ 108,470	\$ 107,571	\$ 106,573	\$ 106,219	\$ 105,457	\$ 105,507
ALL PROGRAMS:							
GENERAL FUND.....	\$ 71,756	\$ 75,058	\$ 75,058	\$ 74,642	\$ 74,696	\$ 73,942	\$ 73,975
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	10,320	12,901	13,192	12,702	12,278	12,254	12,254
OTHER FUNDS.....	20,913	20,511	19,321	19,229	19,245	19,261	19,278
DEPARTMENT TOTAL.....	\$ 102,989	\$ 108,470	\$ 107,571	\$ 106,573	\$ 106,219	\$ 105,457	\$ 105,507

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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Cases presented to the Statewide Investigating Grand Jury	42	50	50	50	50	50	50
Local drug task force arrests	5,256	5,300	5,300	5,300	5,300	5,300	5,300
Drug arrests resulting from Grand Jury presentments	235	230	230	230	230	230	230
Review of estates, charities, nonprofits, and healthcare conversions for compliance with rules and regulations	2,364	2,400	2,400	2,400	2,400	2,400	2,400
Consumer complaints concerning business practices investigated and mediated.	37,965	32,000	32,000	32,000	32,000	32,000	32,000
Dollar value of recoupment to consumers regarding business practices (in thousands)	\$10,052	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
Rate cases argued by the Consumer Advocate	20	20	N/A	N/A	N/A	N/A	N/A

Cases presented to the Statewide investigating Grand Jury decreased from those shown in last year's budget because the number of operating Grand Juries declined from three to two.

Local drug task force arrests decrease from the projections shown in last year's budget based on recent arrest rates.

The review of estates, charities, nonprofits, and healthcare conversions for compliance with rules and regulations decreased from those shown in last year's budget because of a reduction in health care conversions requiring review.

Consumer complaints concerning business practices investigated and mediated increased in 2000-01 from the projection shown in last year's budget due to an extremely large number of complaints generated by two individual cases.

The dollar value of recoupment to consumers regarding business practices increased in 2000-01 from the projection shown in last year's budget because of additional resources applied to health care cases.

Rate cases argued by the Consumer Advocate increased in 2000-01 from the projection shown in last year's budget due to an increase in utility requests for rate increases.

Program: Public Protection and Law Enforcement (continued)

Program Measures: (continued)	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Other cases argued by the Consumer Advocate	289	289	N/A	N/A	N/A	N/A	N/A
Antitrust investigations opened with or without court action	3	20	20	20	20	20	20
Antitrust cases: dollars paid or agreed to be paid to the Commonwealth or directly to its citizens (in thousands)	\$1,803	\$8,600	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

Other cases argued by the Consumer Advocate increased in 2000-01 from the projection shown in last year's budget because of an unexpected increase in bankruptcy cases of energy suppliers affecting consumers.

Antitrust investigations opened with or without court action decreased in 2000-01 from the projection shown in last year's budget due to an increase in large and complicated merger cases handled.

Antitrust cases: dollars paid or agreed to be paid to the Commonwealth or directly to its citizens decreased in 2000-01 from the projection shown in last year's budget due to a delay in receiving a \$5.8 million settlement that is now expected to be received in 2001-02.

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
 \$ 110 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 36,645	\$ 37,796	\$ 37,796	\$ 37,796	\$ 37,796	\$ 37,796	\$ 37,796
Computer Enhancements	790	2,216	2,216	1,800	1,854	1,100	1,133
Statewide Radio System	668	0	0	0	0	0	0
Drug Law Enforcement	21,264	22,334	22,334	22,334	22,334	22,334	22,334
Local Drug Task Forces	8,488	8,788	8,788	8,788	8,788	8,788	8,788
Drug Strike Task Force	1,710	1,700	1,700	1,700	1,700	1,700	1,700
Capital Appeals Case Unit	614	612	612	612	612	612	612
Charitable Nonprofit Conversions	927	949	949	949	949	949	949
Tobacco Law Enforcement	500	513	513	513	513	513	513
County Trial Reimbursement	150	150	150	150	150	150	150
TOTAL GENERAL FUND	\$ 71,756	\$ 75,058	\$ 75,058	\$ 74,642	\$ 74,696	\$ 73,942	\$ 73,975



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)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
<u>GENERAL FUND:</u>			
General Government:			
Auditor General's Office.....	\$ 44,030	\$ 45,351	\$ 45,351
(A) Reimbursement Auditing Services.....	6,392	6,435	6,355
(A) Sale of Autos.....	206	0	0
Transition - Governor.....	0	0	175
Security and Other Expenses - Outgoing Governor.....	0	0	100
Subtotal.....	\$ 50,628	\$ 51,786	\$ 51,981
Board of Claims.....	1,619	1,683	1,734
Subtotal - State Funds.....	\$ 45,649	\$ 47,034	\$ 47,360
Subtotal - Augmentations.....	6,598	6,435	6,355
Total - General Government.....	\$ 52,247	\$ 53,469	\$ 53,715
Grants and Subsidies:			
Municipal Pension System State Aid.....	\$ 424	\$ 479	\$ 331
STATE FUNDS.....	\$ 46,073	\$ 47,513	\$ 47,691
AUGMENTATIONS.....	6,598	6,435	6,355
GENERAL FUND TOTAL.....	\$ 52,671	\$ 53,948	\$ 54,046
<u>OTHER FUNDS:</u>			
MUNICIPAL PENSION AID FUND:			
Municipal Pension Aid.....	\$ 142,000	\$ 140,000	\$ 140,000
SUPPLEMENTAL STATE ASSISTANCE FUND:			
Supplemental State Assistance (EA).....	\$ 424	\$ 479	\$ 331
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 46,073	\$ 47,513	\$ 47,691
SPECIAL FUNDS.....	0	0	0
AUGMENTATIONS.....	6,598	6,435	6,355
OTHER FUNDS.....	142,424	140,479	140,331
TOTAL ALL FUNDS.....	\$ 195,095	\$ 194,427	\$ 194,377

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
AUDITING							
GENERAL FUND.....	\$ 45,649	\$ 47,034	\$ 47,360	\$ 47,085	\$ 47,085	\$ 47,085	\$ 47,085
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	6,598	6,435	6,355	6,355	6,355	6,355	6,355
SUBCATEGORY TOTAL.....	\$ 52,247	\$ 53,469	\$ 53,715	\$ 53,440	\$ 53,440	\$ 53,440	\$ 53,440
MUNICIPAL PENSION SYSTEMS							
GENERAL FUND.....	\$ 424	\$ 479	\$ 331	\$ 331	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	142,424	140,479	140,331	140,331	140,000	140,000	140,000
SUBCATEGORY TOTAL.....	\$ 142,848	\$ 140,958	\$ 140,662	\$ 140,662	\$ 140,000	\$ 140,000	\$ 140,000
ALL PROGRAMS:							
GENERAL FUND.....	\$ 46,073	\$ 47,513	\$ 47,691	\$ 47,416	\$ 47,085	\$ 47,085	\$ 47,085
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	149,022	146,914	146,686	146,686	146,355	146,355	146,355
DEPARTMENT TOTAL.....	\$ 195,095	\$ 194,427	\$ 194,377	\$ 194,102	\$ 193,440	\$ 193,440	\$ 193,440

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. 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 by the Auditor General and an independent certified public accounting firm.

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, 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)

		Transition - Governor			
\$	175	—to provide transition costs for the new Governor.	\$	51	Board of Claims
					—to continue current program.
		Security and Other Expenses - Outgoing Governor			
\$	100	—to provide transition costs for the outgoing Governor.			

The Auditor General's Office appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Auditor General's Office	\$ 44,030	\$ 45,351	\$ 45,351	\$ 45,351	\$ 45,351	\$ 45,351	45,351
Transition – Governor	0	0	175	0	0	0	0
Security and Other Expenses –							
Outgoing Governor	0	0	100	0	0	0	0
Board of Claims	1,619	1,683	1,734	1,734	1,734	1,734	1,734
TOTAL GENERAL FUND	\$ 45,649	\$ 47,034	\$ 47,360	\$ 47,085	\$ 47,085	\$ 47,085	\$ 47,085

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 which cannot exceed \$35 million annually. This program and fund shall terminate in 2003 or in the first year in which there are no municipalities entitled to receive Supplemental State Assistance, whichever occurs earlier.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$	-148	<p>Municipal Pension System State Aid — to provide the amount certified by the Public Employee Retirement Commission for a recovery program for financially distressed municipal pension systems.</p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Municipal Pension System State Aid	\$ 424	\$ 479	\$ 331	\$ 331	\$ 0	\$ 0	\$ 0
	<u>424</u>	<u>479</u>	<u>331</u>	<u>331</u>	<u>0</u>	<u>0</u>	<u>0</u>



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)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
GENERAL FUND:			
General Government:			
State Treasurer's Office.....	\$ 22,791	\$ 23,475	\$ 23,475
(A)Expenses - Unemployment Compensation.....	1,460	1,950	2,025
(A)Fees - Federal Savings Bonds.....	21	25	25
(A)Receipts From SWIF.....	600	280	290
(A)Sale of Automobiles.....	0	2	2
(A)Unclaimed Property - Reimbursement.....	11,185	9,707	10,500
(A)Photocopy Services.....	1	5	5
(A)Unclaimed Property - Reference Fees.....	0	5	5
(A)Administrative Fees.....	627	554	580
(A)Miscellaneous.....	9	2	5
Homeowners Property Tax Rebates.....	248	0	0
Computer Integration Program.....	0	2,200	1,950
Subtotal.....	\$ 36,942	\$ 38,205	\$ 38,862
Board of Finance and Revenue.....	2,256	2,334	2,374
Tuition Account Program Advertising.....	2,000	2,000	2,000
Intergovernmental Organizations.....	846	866	895
Publishing Monthly Statements.....	16	25	25
Replacement Checks (EA).....	3,195	1,500	1,500
Subtotal.....	\$ 8,313	\$ 6,725	\$ 6,794
Subtotal - State Funds.....	\$ 31,352	\$ 32,400	\$ 32,219
Subtotal - Augmentations.....	13,903	12,530	13,437
Total - General Government.....	\$ 45,255	\$ 44,930	\$ 45,656
Grants and Subsidies:			
Law Enforcement Officers Death Benefits.....	\$ 675	\$ 702	\$ 727
Debt Service:			
Loan and Transfer Agents.....	\$ 40	\$ 225	\$ 75
General Obligation Debt Service.....	381,932	550,483	370,112
(A)Student Community Building Fees.....	951	1,000	1,000
Subtotal - State Funds.....	\$ 381,972	\$ 550,708	\$ 370,187
Subtotal - Augmentations.....	951	1,000	1,000
Total - Debt Service.....	\$ 382,923	\$ 551,708	\$ 371,187
STATE FUNDS.....	\$ 413,999	\$ 583,810	\$ 403,133
AUGMENTATIONS.....	14,854	13,530	14,437
GENERAL FUND TOTAL.....	\$ 428,853	\$ 597,340	\$ 417,570
MOTOR LICENSE FUND:			
General Government:			
Administration Refunding Liquid Fuels Tax.....	\$ 372	\$ 448	\$ 455
Replacement Checks - Motor License Fund (EA).....	53	300	300
Total - General Government.....	\$ 425	\$ 748	\$ 755
Refunds:			
Refunding Liquid Fuels Tax - Agriculture.....	\$ 3,449	\$ 4,500	\$ 4,500
Refunding Liquid Fuels Tax - State Share.....	650	650	650
Refunding Emergency Liquid Fuels Tax.....	0	1	1
Refunding Liquid Fuels Tax - Political Subdivisions.....	3,200	3,800	3,800
Refunding Liquid Fuels Tax - Volunteer Services.....	284	450	450

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
Refunding Marine Liquid Fuels Tax - Boat Fund.....	2,315	3,000	3,000
Total - Refunds.....	\$ 9,898	\$ 12,401	\$ 12,401
Debt Service:			
Capital Debt Transportation Projects.....	\$ 79,840	\$ 59,113	\$ 40,965
General Obligation Debt Service.....	1,442	1,473	1,798
(R)Capital Bridge Debt (EA).....	26,340	24,220	23,874
(R)Aviation Debt Service.....	27	27	0
Loan and Transfer Agent.....	28	135	50
Subtotal - State Funds.....	\$ 81,310	\$ 60,721	\$ 42,813
Subtotal - Restricted Revenues.....	26,367	24,247	23,874
Total - Debt Service.....	\$ 107,677	\$ 84,968	\$ 66,687
STATE FUNDS.....	\$ 91,633	\$ 73,870	\$ 55,969
RESTRICTED REVENUES.....	26,367	24,247	23,874
MOTOR LICENSE FUND TOTAL.....	\$ 118,000	\$ 98,117	\$ 79,843
<u>BANKING DEPARTMENT FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Banking Department Fund (EA).....	\$ 0	\$ 5	\$ 5
<u>BOAT FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Boat Fund (EA).....	\$ 0	\$ 5	\$ 5
<u>FARM PRODUCTS SHOW FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Farm Products Show Fund (EA).....	\$ 0	\$ 5	\$ 5
<u>FISH FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Fish Fund (EA).....	\$ 0	\$ 5	\$ 5
<u>GAME FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Game Fund (EA).....	\$ 0	\$ 5	\$ 5
<u>LOTTERY FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Lottery Fund (EA).....	\$ 18	\$ 100	\$ 100
<u>MILK MARKETING FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Milk Marketing Fund (EA).....	\$ 0	\$ 5	\$ 5
<i>Refunds:</i>			
Refunding Licenses and Fees-Milk Marketing Fund (EA).....	\$ 0	\$ 5	\$ 5
MILK MARKETING FUND TOTAL.....	\$ 0	\$ 10	\$ 10

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
<u>RACING FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Racing Fund (EA).....	\$ 3	\$ 10	\$ 10
<u>OTHER FUNDS:</u>			
TUITION PAYMENT FUND:			
Tuition Account Program Bureau.....	\$ 1,227	\$ 1,560	\$ 1,578
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 413,999	\$ 583,810	\$ 403,133
SPECIAL FUNDS.....	91,654	74,015	56,114
AUGMENTATIONS.....	14,854	13,530	14,437
RESTRICTED.....	26,367	24,247	23,874
OTHER FUNDS.....	1,227	1,560	1,578
TOTAL ALL FUNDS.....	\$ 548,101	\$ 697,162	\$ 499,136

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
DISBURSEMENT							
GENERAL FUND.....	\$ 31,165	\$ 32,211	\$ 32,026	\$ 30,526	\$ 30,076	\$ 30,076	\$ 30,076
SPECIAL FUNDS.....	10,344	13,294	13,301	13,301	13,301	13,301	13,301
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	15,130	14,090	15,015	15,015	15,015	15,015	15,015
SUBCATEGORY TOTAL.....	\$ 56,639	\$ 59,595	\$ 60,342	\$ 58,842	\$ 58,392	\$ 58,392	\$ 58,392
INTERSTATE RELATIONS							
GENERAL FUND.....	\$ 846	\$ 866	\$ 895	\$ 895	\$ 895	\$ 895	\$ 895
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.....	\$ 846	\$ 866	\$ 895	\$ 895	\$ 895	\$ 895	\$ 895
DEBT SERVICE							
GENERAL FUND.....	\$ 381,988	\$ 550,733	\$ 370,212	\$ 763,590	\$ 783,792	\$ 801,593	\$ 811,979
SPECIAL FUNDS.....	81,310	60,721	42,813	39,808	22,296	21,936	21,280
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	27,318	25,247	24,874	24,426	25,000	25,347	20,712
SUBCATEGORY TOTAL.....	\$ 490,616	\$ 636,701	\$ 437,899	\$ 827,824	\$ 831,088	\$ 848,876	\$ 853,971
ALL PROGRAMS:							
GENERAL FUND.....	\$ 413,999	\$ 583,810	\$ 403,133	\$ 795,011	\$ 814,763	\$ 832,564	\$ 842,950
SPECIAL FUNDS.....	91,654	74,015	56,114	53,109	35,597	35,237	34,581
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	42,448	39,337	39,889	39,441	40,015	40,362	35,727
DEPARTMENT TOTAL.....	\$ 548,101	\$ 697,162	\$ 499,136	\$ 887,561	\$ 890,375	\$ 908,163	\$ 913,258

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 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. A cash flow statement for this 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 seven 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 as well as the administrative costs of the program.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Disbursements issued:							
Disbursements — checks	8,454,206	6,300,000	6,200,000	N/A	N/A	N/A	N/A
Disbursements — wires	3,941,535	3,900,000	4,000,000	N/A	N/A	N/A	N/A
Interest earned on investments:							
General Fund (in thousands)	\$ 231,123	\$ 134,482	\$ 113,332	N/A	N/A	N/A	N/A
Motor License Fund (in thousands)	32,930	32,340	21,920	N/A	N/A	N/A	N/A
TOTAL	\$ 264,053	\$ 166,822	\$ 135,252	N/A	N/A	N/A	N/A

Disbursements — wires is higher than shown in last year's budget due to increased use of electronic payments.

Interest earned on investments in the General Fund increased in 2000-01 from the projection shown in last year's budget due to greater amount of funds invested and higher investment returns. Interest earned on investments in the General Fund decreased in 2001-02 from the projection shown in last year's budget due to less funds available for investment and lower investment returns.

Interest earned on investments in the Motor License Fund is lower than shown in last year's budget due to less funds available for investment and lower investment returns.

Program: Disbursement (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		Law Enforcement Officers Death Benefits
	Computer Integration Program		Benefits
\$ 1,950	—Initiative — Computer Enhancements. To provide resources for information system enhancements required as a result of the Commonwealth's integrated software suite.	\$ 25	—to continue current program.
-2,200	—nonrecurring computer integration costs.		
\$ -250	<i>Appropriation Decrease</i>	\$ 7	
			MOTOR LICENSE FUND
			Administration Refunding Liquid Fuels Tax
			—based on most recent projection of program requirements.
\$ 40	Board of Finance and Revenue		
	—to continue current program.		

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
State Treasurer's Office	\$ 22,791	\$ 23,475	\$ 23,475	\$ 23,475	\$ 23,475	\$ 23,475	\$ 23,475
Homeowners Property Tax Rebates	248	0	0	0	0	0	0
Computer Integration Program	0	2,200	1,950	450	0	0	0
Board of Finance and Revenue	2,256	2,334	2,374	2,374	2,374	2,374	2,374
Tuition Account Program Advertising	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Replacement Checks (EA)	3,195	1,500	1,500	1,500	1,500	1,500	1,500
Law Enforcement Officers Death Benefits ...	675	702	727	727	727	727	727
TOTAL GENERAL FUND	\$ 31,165	\$ 32,211	\$ 32,026	\$ 30,526	\$ 30,076	\$ 30,076	\$ 30,076
MOTOR LICENSE FUND:							
Administration Refunding Liquid Fuels Tax ..	\$ 372	\$ 448	\$ 455	\$ 455	\$ 455	\$ 455	\$ 455
Replacement Checks — Motor License Fund (EA)	53	300	300	300	300	300	300
Refunding Liquid Fuels Tax — Agriculture ...	3,449	4,500	4,500	4,500	4,500	4,500	4,500
Refunding Liquid Fuels Tax — State Share .	650	650	650	650	650	650	650
Refunding Emergency Liquid Fuels Tax	0	1	1	1	1	1	1
Refunding Liquid Fuels Tax — Political Subdivisions	3,200	3,800	3,800	3,800	3,800	3,800	3,800
Refunding Liquid Fuels Tax — Volunteer Services	284	450	450	450	450	450	450
Refunding Marine Liquid Fuels Tax — Boat Fund	2,315	3,000	3,000	3,000	3,000	3,000	3,000
TOTAL MOTOR LICENSE FUND	\$ 10,323	\$ 13,149	\$ 13,156	\$ 13,156	\$ 13,156	\$ 13,156	\$ 13,156
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

Program: Disbursement (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
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)	\$ 18	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
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	5	5	5	5	5	5
TOTAL MILK MARKETING FUND	\$ 0	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
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)

\$ 29 Intergovernmental Organizations
—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Intergovernmental Organizations	\$ 846	\$ 866	\$ 895	\$ 895	\$ 895	\$ 895	\$ 895

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 of compensation to veterans of the Vietnam Conflict; 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. Bond issues have also provided funds to bring nursing homes in compliance with the standards of the State Life Safety Code.

The Commonwealth has saved substantial amounts of debt service interest payments through the issuance of refunding bonds to retire debt incurred in prior years when interest rates were considerably higher. The Commonwealth continues to monitor its debt for additional refunding opportunities.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND
 \$ -180,521 —the net effect on principal and interest requirements and other costs relating to the General Fund debt service.

MOTOR LICENSE FUND
 \$ -17,908 —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)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Publishing Monthly Statements	\$ 16	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
Loan and Transfer Agents	40	225	75	75	75	75	75
General Obligation Debt Service	381,932	550,483	370,112	763,490	783,692	801,493	811,879
TOTAL GENERAL FUND	\$ 381,988	\$ 550,733	\$ 370,212	\$ 763,590	\$ 783,792	\$ 801,593	\$ 811,979
MOTOR LICENSE FUND:							
Capital Debt Transportation Projects	\$ 79,840	\$ 59,113	\$ 40,965	\$ 30,704	\$ 13,012	\$ 12,683	\$ 12,077
General Obligation Debt Service	1,442	1,473	1,798	9,054	9,234	9,203	9,153
Loan and Transfer Agent	28	135	50	50	50	50	50
TOTAL MOTOR LICENSE FUND	\$ 81,310	\$ 60,721	\$ 42,813	\$ 39,808	\$ 22,296	\$ 21,936	\$ 21,280



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 these older Pennsylvanians can address their concerns to State Government. The Secretary of Aging serves as a cabinet-level contact and is routinely advised of citizens' concerns through a network including area agency advisory boards, regional councils and the Pennsylvania Council on Aging.

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.

PROGRAM REVISION

Budgeted Amounts Include the Following Program Revision:

Title	Appropriation	2002-03 State Funds (in thousands)
Expanding Home and Community-Based Services		

TOBACCO SETTLEMENT FUND

Home and Community-Based Services.....	\$ 10,653
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This Program Revision recommends approximately \$10.6 million in State funds and \$3.6 million in Federal funds to expand the availability of home and community-based services for additional older Pennsylvanians as an alternative to nursing home care. This is part of the \$66.8 million Expanding Home and Community-Based Services Program Revision. Please see the Program Revision following the Human Services program in the Department of Public Welfare for additional information on this Program Revision.

Department Total.....	\$ 10,653
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Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations - Lottery Programs	\$ 16,389	\$ 18,611	\$ 20,700
(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.....	789	1,125	1,088
(F)DCSI - Older Adult Protective Services Act (EA).....	16	0	0
(F)DCSI - Older Domestic Violence Victims Cross Training (EA).....	53	53	54
(F)DCSI - Protective Services Training (EA).....	0	99 ^a	115
(F)DCSI - Sexual Abuse Response Training (EA).....	0	74 ^b	87
(A)Day Care Licensure.....	7	7	7
(A)Intergovernmental Transfer - Administration.....	179	194	194
(A)American Cancer Society Grant.....	9	0	0
Subtotal.....	\$ 19,432	\$ 22,153	\$ 24,235
Subtotal - State Funds.....	\$ 16,389	\$ 18,611	\$ 20,700
Subtotal - Federal Funds.....	2,848	3,341	3,334
Subtotal - Augmentations.....	195	201	201
Total - General Government.....	\$ 19,432	\$ 22,153	\$ 24,235
Grants and Subsidies:			
Family Caregiver	\$ 11,461	\$ 11,748	\$ 11,461
(F)Programs for the Aging - Title III - Family Caregiver.....	1,500	10,000	10,000
Subtotal.....	\$ 12,961	\$ 21,748	\$ 21,461
Pre-Admission Assessment	5,482	5,904	5,886
(F)Pre-Admission Assessment.....	7,438	10,707	10,024
(A)Intergovernmental Transfer.....	712	916	2,854
Subtotal.....	\$ 13,632	\$ 17,527	\$ 18,764
Grants to Senior Centers	2,000	2,000	0
Legal Advocacy for Older Pennsylvanians	600	600	0
Alzheimer's Outreach	200	500	250
Subtotal - State Funds.....	\$ 19,743	\$ 20,752	\$ 17,597
Subtotal - Federal Funds.....	8,938	20,707	20,024
Subtotal - Augmentations.....	712	916	2,854
Total - Grants and Subsidies.....	\$ 29,393	\$ 42,375	\$ 40,475
STATE FUNDS.....	\$ 36,132	\$ 39,363	\$ 38,297
FEDERAL FUNDS.....	11,786	24,048	23,358
AUGMENTATIONS.....	907	1,117	3,055
GENERAL FUND TOTAL	\$ 48,825	\$ 64,528	\$ 64,710
LOTTERY FUND:			
General Government:			
Auditor General's Audit Cost	\$ 105	\$ 105	\$ 105
Grants and Subsidies:			
PENNCARE	\$ 192,579	\$ 203,016	\$ 204,976
(F)Programs for the Aging - Title III.....	49,455	52,000	52,000
(F)Programs for the Aging - Nutrition.....	8,500	8,500	8,500
(F)Programs for the Aging - Title V - Employment.....	4,597	5,250	5,250
(F)Programs for the Aging - Title VII - Elder Rights Protection.....	1,540	2,500	3,500
(F)Medical Assistance - Attendant Care.....	1,501	2,061	2,764
(F)Medical Assistance Support.....	7,048	8,672 ^c	8,388
(A)Intergovernmental Transfer - MA Support.....	7,518	7,369	7,369

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
Subtotal.....	\$ 272,738	\$ 289,368	\$ 292,747
Pharmaceutical Assistance Fund.....	290,000	359,000	395,000
Subtotal - State Funds.....	\$ 482,579	\$ 562,016	\$ 599,976
Subtotal - Federal Funds.....	72,641	78,983	80,402
Subtotal - Augmentations.....	7,518	7,369	7,369
Total - Grants and Subsidies.....	\$ 562,738	\$ 648,368	\$ 687,747
STATE FUNDS.....	\$ 482,684	\$ 562,121	\$ 600,081
FEDERAL FUNDS.....	72,641	78,983	80,402
AUGMENTATIONS.....	7,518	7,369	7,369
LOTTERY FUND TOTAL.....	\$ 562,843	\$ 648,473	\$ 687,852
<u>TOBACCO SETTLEMENT FUND:</u>			
<i>Grants and Subsidies:</i>			
Home and Community-Based Services.....	\$ 0	\$ 29,252	\$ 35,150
(F)Medical Assistance - Community Services.....	0	6,542	4,115
PACENET Transfer (EA).....	0	27,601	33,166
Subtotal - State Funds.....	\$ 0	\$ 56,853	\$ 68,316
Subtotal - Federal Funds.....	0	6,542	4,115
Total - Grants and Subsidies.....	\$ 0	\$ 63,395	\$ 72,431
STATE FUNDS.....	\$ 0	\$ 56,853	\$ 68,316
FEDERAL FUNDS.....	0	6,542	4,115
TOBACCO SETTLEMENT FUND TOTAL.....	\$ 0	\$ 63,395	\$ 72,431
<u>OTHER FUNDS:</u>			
PHARMACEUTICAL ASSISTANCE FUND:			
Contracted Services (EA).....	\$ 0 ^d	\$ 0 ^d	\$ 0 ^d
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 36,132	\$ 39,363	\$ 38,297
SPECIAL FUNDS.....	482,684	618,974	668,397
FEDERAL FUNDS.....	84,427	109,573	107,875
AUGMENTATIONS.....	8,425	8,486	10,424
TOTAL ALL FUNDS.....	\$ 611,668	\$ 776,396	\$ 824,993

^a Includes recommended supplemental executive authorization of \$99,000.

^b Includes recommended supplemental executive authorization of \$74,000.

^c Includes recommended supplemental appropriation of \$600,000.

^d Not added to the total to avoid double counting: 2000-01 Actual is \$305,207,000, 2001-02 Available is \$370,033,000 and 2002-03 Budget is \$436,267,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
COMMUNITY SERVICES FOR OLDER PENNSYLVANIANS							
GENERAL FUND.....	\$ 36,132	\$ 39,363	\$ 38,297	\$ 34,797	\$ 34,797	\$ 34,797	\$ 34,797
SPECIAL FUNDS.....	192,684	232,373	240,231	235,700	235,162	232,238	228,720
FEDERAL FUNDS.....	84,427	109,573	107,875	109,631	110,901	112,085	112,786
OTHER FUNDS.....	8,425	8,486	10,424	10,424	10,424	10,424	10,424
SUBCATEGORY TOTAL.....	\$ 321,668	\$ 389,795	\$ 396,827	\$ 390,552	\$ 391,284	\$ 389,544	\$ 386,727
PHARMACEUTICAL ASSISTANCE							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	290,000	386,601	428,166	475,940	554,922	640,369	730,823
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 290,000	\$ 386,601	\$ 428,166	\$ 475,940	\$ 554,922	\$ 640,369	\$ 730,823
ALL PROGRAMS:							
GENERAL FUND.....	\$ 36,132	\$ 39,363	\$ 38,297	\$ 34,797	\$ 34,797	\$ 34,797	\$ 34,797
SPECIAL FUNDS.....	482,684	618,974	668,397	711,640	790,084	872,607	959,543
FEDERAL FUNDS.....	84,427	109,573	107,875	109,631	110,901	112,085	112,786
OTHER FUNDS.....	8,425	8,486	10,424	10,424	10,424	10,424	10,424
DEPARTMENT TOTAL.....	\$ 611,668	\$ 776,396	\$ 824,993	\$ 866,492	\$ 946,206	\$ 1,029,913	\$ 1,117,550

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 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.

The Tobacco Settlement Fund provides home and community-based services to older Pennsylvanians who are ineligible for the Federal Medicaid Home and Community-Based Waiver Program because they exceed the personal asset limit. Program participants are required to share in an average of 50% of the cost of services. Once eligible, they will transition into the Waiver Program, where no cost sharing is required.

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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Pennsylvanians 60 years and older	2,430,821	2,434,765	2,438,710	2,442,650	2,446,600	2,450,550	2,458,635
Pennsylvanians 85 years and older	237,567	254,450	271,325	288,200	305,100	321,960	331,650
Persons served who are clinically nursing home eligible	17,703	19,485	20,840	21,610	22,450	22,990	23,460

Program: Community Services for Older Pennsylvanians (continued)

Program Measures: (continued)	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Persons receiving assistance:							
Congregate meals	146,517	154,700	154,700	154,700	154,700	154,700	154,700
Transportation (complete round trips)	86,342	100,870	104,230	104,230	104,230	104,230	104,230
Personal assistance services	1,716	2,055	2,125	2,195	2,220	2,230	2,235
Attendant care services	404	518	630	630	630	630	630
Home delivered meals	44,136	49,595	51,250	52,900	53,565	53,730	53,895
Home support services	10,306	11,510	11,900	12,280	12,435	12,470	12,510
Personal care services	22,116	31,095	32,130	33,165	33,580	33,685	33,790
Protective services	10,071	10,420	10,420	10,420	10,420	10,420	10,420
Units of services delivered:							
Employment services (unsubsidized job placements)	1,916	1,955	1,955	1,955	1,955	1,955	1,955
Attendant care services (client hours)	448,408	576,255	741,000	805,965	805,965	805,965	805,965
Home support services (client hours)	352,005	393,200	406,305	419,415	424,655	425,965	427,280
Personal care services (client hours)	3,016,165	4,240,585	4,381,940	4,523,290	4,579,830	4,593,965	4,608,100
Families receiving caregiver support	6,755	10,005	10,005	10,005	10,005	10,005	10,005
Pre-Admission Assessment:							
Initial Assessments	58,353	66,365	84,050	84,050	84,050	84,050	84,050
Referrals to nursing homes	37,346	42,475	53,790	53,790	53,790	53,790	53,790
Referrals for community services	15,486	21,235	30,260	30,260	30,260	30,260	30,260

Persons served who are clinically nursing home eligible increase from the projections shown in last year's budget due to the priority of serving the frailest consumers.

Persons receiving personal care services and personal care service hours increase in 2001-02 from the projections shown in last year's budget due to increased demand for services.

Persons receiving protective services increase from the projections shown in last year's budget due to Act 13 of 1997 which requires mandatory, rather than voluntary, reporting of suspected cases of abuse.

Families receiving caregiver support increase beginning in 2001-02 from the projections shown in last year's budget to reflect funding available from the new Federal Family Caregiver Program.

Pre-Admission assessments and referrals to nursing homes decreased in 2000-01 from the projections shown in last year's budget due to fewer persons requesting assessments than anticipated.

Pre-Admission assessments and referrals for both nursing homes and community services decrease in 2001-02 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)

<table border="0"> <tr> <td colspan="2">GENERAL FUND</td> <td></td> <td></td> </tr> <tr> <td colspan="2">General Government Operations – Lottery Programs</td> <td>\$</td> <td>387</td> </tr> <tr> <td>\$</td> <td>377</td> <td></td> <td>–405</td> </tr> <tr> <td></td> <td>580</td> <td></td> <td></td> </tr> <tr> <td></td> <td>1,000</td> <td>\$</td> <td>–18</td> </tr> <tr> <td></td> <td>132</td> <td>\$</td> <td>–2,000</td> </tr> <tr> <td>\$</td> <td>2,089</td> <td>\$</td> <td>–600</td> </tr> <tr> <td>\$</td> <td>–287</td> <td>\$</td> <td>–250</td> </tr> </table>	GENERAL FUND				General Government Operations – Lottery Programs		\$	387	\$	377		–405		580				1,000	\$	–18		132	\$	–2,000	\$	2,089	\$	–600	\$	–287	\$	–250	<p>—to continue current program.</p> <p>—allowance for one-time costs associated with transferring to a new PACE administrative contract.</p> <p>—to provide for Health Insurance Portability and Accountability Act requirements in the PACE Program.</p> <p>—to provide matching funds for Federal DCSI grants.</p> <p><i>Appropriation Increase</i></p> <p>Family Caregiver</p> <p>—nonrecurring program costs.</p>	<p>Pre-Admission Assessment</p> <p>—to continue current program.</p> <p>—transfer of assessments for Tobacco-funded services to the Home and Community-Based Services appropriation in the Tobacco Settlement Fund.</p> <p><i>Appropriation Decrease</i></p> <p>Grants to Senior Centers</p> <p>—nonrecurring grants.</p> <p>Legal Advocacy for Older Pennsylvanians</p> <p>—nonrecurring project.</p> <p>Alzheimer's Outreach</p> <p>—nonrecurring program costs.</p>
GENERAL FUND																																		
General Government Operations – Lottery Programs		\$	387																															
\$	377		–405																															
	580																																	
	1,000	\$	–18																															
	132	\$	–2,000																															
\$	2,089	\$	–600																															
\$	–287	\$	–250																															

Program: Community Services for Older Pennsylvanians (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

LOTTERY FUND PENNCARE		TOBACCO SETTLEMENT FUND Home and Community-Based Services
\$ 1,960 —to provide Attendant Care services to an additional 112 recipients.		\$ 6,840 —to continue current program. 405 —to provide assessments for Tobacco-funded home and community-based services. -12,000 —nonrecurring program costs. 10,653 —PRR — Expanding Home and Community-Based Services. This Program Revision provides home and community-based services for additional older Pennsylvanians as an alternative to nursing home care. See the Program Revision following the Human Services program in the Department of Public Welfare for additional information.
		\$ 5,898 <i>Appropriation Increase</i>

All other appropriations are recommended at the current year funding levels.

The Expanding Home and Community-Based Services Program Revision following the Human Services program in the Department of Public Welfare provides \$3,559,000 in Federal funds to provide home and community-based services for additional older Pennsylvanians as an alternative to nursing home care.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations –							
Lottery Programs	\$ 16,389	\$ 18,611	\$ 20,700	\$ 17,200	\$ 17,200	\$ 17,200	\$ 17,200
Family Caregiver	11,461	11,748	11,461	11,461	11,461	11,461	11,461
Pre-Admission Assessment	5,482	5,904	5,886	5,886	5,886	5,886	5,886
Grants to Senior Centers	2,000	2,000	0	0	0	0	0
Legal Advocacy for Older Pennsylvanians ..	600	600	0	0	0	0	0
Alzheimer's Outreach	200	500	250	250	250	250	250
TOTAL GENERAL FUND	\$ 36,132	\$ 39,363	\$ 38,297	\$ 34,797	\$ 34,797	\$ 34,797	\$ 34,797
LOTTERY FUND:							
Auditor General's Audit Cost	\$ 105	\$ 105	\$ 105	\$ 105	\$ 105	\$ 105	\$ 105
PENNCARE	192,579	203,016	204,976	205,735	205,735	205,735	205,735
TOTAL LOTTERY FUND	\$ 192,684	\$ 203,121	\$ 205,081	\$ 205,840	\$ 205,840	\$ 205,840	\$ 205,840
TOBACCO SETTLEMENT FUND:							
Home and Community-Based Services	\$ 0	\$ 29,252	\$ 35,150	\$ 29,860	\$ 29,322	\$ 26,398	\$ 22,880

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 Fund revenue and administered by the Department of Aging, is referred to as PACE.

PACE was expanded by Act 134 of 1996 which increased income eligibility limits and established two programs in PACE. The traditional, comprehensive program is for older Pennsylvanians whose annual income is at or below \$14,000 for single persons and \$17,200 for married persons. PACE pays the entire cost of prescription drugs and insulin supplies after a mandatory copayment of \$6 is made. The PACE Needs Enhancement Tier (PACENET) program was expanded by Act 77 of 2001, the Tobacco Settlement Act, to increase eligibility limits by \$1,000. PACENET is available for older Pennsylvanians whose annual income is between \$14,000 and \$17,000 for single persons and between \$17,200 and \$20,200 for married persons. PACENET pays the entire cost of prescription drugs and insulin supplies after a claimant meets a \$500 per person deductible and a mandatory copayment of \$8 for generic and \$15 for brand-name prescriptions.

Participating pharmacies are reimbursed at 90 percent of the average wholesale costs of prescription drugs plus a dispensing fee, or their usual and customary charge, 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. If claimants choose not to accept the generic drug, they are liable for the copayment and 70 percent of the average wholesale price of the brand name 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 of 17 percent of the average manufacturer price for both brand and 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.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Comprehensive PACE Program:							
Older Pennsylvanians enrolled (average)	210,248	209,300	206,900	200,500	197,400	194,300	191,300
Total prescriptions per year	9,166,813	9,810,400	10,424,800	10,606,900	10,936,600	11,332,300	11,713,400
Average PACE cost per prescription	\$37.03	\$40.61	\$44.54	\$48.72	\$53.29	\$58.29	\$63.76
PACE Needs Enhancement Tier (PACENET):							
Older Pennsylvanians enrolled (average)	22,124	30,600	40,600	42,500	44,000	45,400	47,000
Total prescriptions per year	577,436	895,700	1,305,100	1,470,300	1,633,200	1,814,700	2,017,100
Average PACENET cost per prescription	\$36.77	\$40.54	\$44.51	\$48.68	\$53.25	\$58.25	\$63.71

PACENET older Pennsylvanians enrolled and total prescriptions per year increased from those shown in last year's budget due to the \$1,000 increase in the income eligibility limits for PACENET as a result of Act 77 of 2001, the Tobacco Settlement Act.

Program: Pharmaceutical Assistance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	LOTTERY FUND		TOBACCO SETTLEMENT FUND
	Pharmaceutical Assistance Fund		PACENET Transfer (EA)
\$ 36,000	—to provide for increased cost per prescription and number of prescriptions per person.	\$ 5,565	—to provide for increased cost per prescription and number of prescriptions per person.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
LOTTERY FUND:							
Pharmaceutical Assistance Fund.....	\$ 290,000	\$ 359,000	\$ 395,000	\$ 442,000	\$ 525,000	\$ 610,000	\$ 700,000
TOBACCO SETTLEMENT FUND:							
PACENET Transfer (EA)	\$ 0	\$ 27,601	\$ 33,166	\$ 33,940	\$ 29,922	\$ 30,369	\$ 30,823



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 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 agricultural products for consumers; expand existing and develop new domestic and foreign markets for Pennsylvania's agricultural products; 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)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	\$ 28,569	\$ 31,442	\$ 32,072
(F)Plant Pest Detection System.....	624	590	590
(F)Poultry Grading Service.....	94	169	59
(F)Medicated Feed Mill Inspection.....	19	26	26
(F)National School Lunch Administration.....	257	280	310
(F)Emergency Food Assistance.....	1,958	2,401 ^a	2,900
(F)Pesticide Control.....	787	758	660
(F)Agricultural Risk Protection.....	0	400	25
(F)Commodity Supplemental Food.....	0	0	300
(F)Organic Cost Distribution.....	0	0	190
(F)Agricultural Economic Assistance.....	0	1,280 ^b	0
(A)Fertilizer and Soil Inspections.....	241	197	196
(A)Lime Inspection.....	33	33	31
(A)Feed Inspections and Registrations.....	524	469	479
(A)Milk Plant Inspections.....	25	25	25
(A)Mailing List Production.....	10	9	10
(A)Special Conferences and Projects.....	10	10	10
(A)Administrative Services.....	520	594	656
(A)Pesticide Regulation.....	1,315	1,512	1,765
(A)Training Rides and Attractions.....	19	8	11
(A)Chesapeake Bay Project.....	94	70	32
(A)Dog Law Administration Support.....	78	0	0
(A)Food Site Inspection.....	58	28	20
(A)Farm Account Reimbursement.....	3	6	4
(A)Nutrient Management Certification Fees.....	5	6	8
(A)Apiary Registration and Fees.....	12	10	20
(A)Biomass Energy.....	14	20	20
(A)Weights and Measures Inspection Services.....	7	8	7
(A)Food Employee Certification Fees.....	0	0	183
Subtotal.....	\$ 35,276	\$ 40,351	\$ 40,609
Farmers' Market Food Coupons	1,456	1,985	1,485
(F)Farmers' Market Food Coupons.....	1,996	2,400 ^c	2,500
Agricultural Conservation Easement Administration	601	646	646
(F)Farmland Protection.....	209	1,500	1,500
(A)Reimbursement from PennDOT.....	55	53	53
Agricultural Research	3,492	3,574	3,574
Beef Quality Assurance Program	0	50	0
Agricultural Promotion, Education, and Exports	1,159	1,305	1,305
(A)International Promotion.....	66	78	66
(A)Aquaculture Promotion.....	16	31	20
Hardwoods Research and Promotion	705	780	790
Farm Safety	115	117	120
Nutrient Management	356	377	302
Subtotal - State Funds.....	\$ 36,453	\$ 40,276	\$ 40,294
Subtotal - Federal Funds.....	5,944	9,804	9,060
Subtotal - Augmentations.....	3,105	3,167	3,616
Total - General Government.....	\$ 45,502	\$ 53,247	\$ 52,970
Grants and Subsidies:			
Animal Health Commission	\$ 4,125	\$ 4,250	\$ 4,250
Veterinary Distance Learning.....	100	100	0
Animal Indemnities.....	43	300	300
Transfer to State Farm Products Show Fund.....	1,000	1,000	1,000
Payments to Pennsylvania Fairs.....	4,196	4,400	4,400
Livestock Show.....	187	225	225

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
Open Dairy Show.....	187	225	225
Junior Dairy Show.....	45	50	50
4-H Club Shows.....	50	55	55
Horse Racing Promotion.....	10,000	5,000	0
State Food Purchase.....	16,000	16,950	16,450
Product Promotion and Marketing.....	900	950	950
(F)Market Improvement.....	31	150	150
Future Farmers.....	63	104	104
Agriculture & Rural Youth Grant Program.....	0	100	0
Agriculture Awareness in the Classroom.....	0	50	0
Transfer to Nutrient Management Fund.....	3,280	3,280	3,280
Local Soil and Water Districts.....	1,147	1,210	1,210
Plum Pox Virus - Fruit Tree Indemnities.....	2,252	3,100	3,100
Subtotal - State Funds.....	\$ 43,575	\$ 41,349	\$ 35,599
Subtotal - Federal Funds.....	31	150	150
Total - Grants and Subsidies.....	\$ 43,606	\$ 41,499	\$ 35,749
STATE FUNDS.....	\$ 80,028	\$ 81,625	\$ 75,893
FEDERAL FUNDS.....	5,975	9,954	9,210
AUGMENTATIONS.....	3,105	3,167	3,616
GENERAL FUND TOTAL.....	\$ 89,108	\$ 94,746	\$ 88,719
 <u>FARM PRODUCTS SHOW FUND:</u>			
<i>General Government:</i>			
General Operations (EA).....	\$ 4,981	\$ 5,855	\$ 6,353
(A)Transfer from General Fund.....	0 ^d	0 ^d	0 ^d
Subtotal - State Funds.....	\$ 4,981	\$ 5,855	\$ 6,353
Total - General Government.....	\$ 4,981	\$ 5,855	\$ 6,353
STATE FUNDS.....	\$ 4,981	\$ 5,855	\$ 6,353
FARM PRODUCTS SHOW FUND TOTAL.....	\$ 4,981	\$ 5,855	\$ 6,353
 <u>ENVIRONMENTAL STEWARDSHIP FUND:</u>			
<i>Grants and Subsidies:</i>			
Transfer to Agricultural Conservation Easement Purchase (EA).....	\$ 19,828	\$ 13,630 ^e	\$ 12,876
 <u>RACING FUND:</u>			
<i>General Government:</i>			
State Racing Commissions (EA).....	\$ 6,572	\$ 7,457	\$ 7,606
Equine Toxicology and Research Laboratory (EA).....	1,893	2,073	2,065
Payments to Pennsylvania Fairs - Administration (EA).....	182	195	200
Total - General Government.....	\$ 8,647	\$ 9,725	\$ 9,871
<i>Grants and Subsidies:</i>			
Transfer to General Fund (EA).....	\$ 11,478	\$ 8,696	\$ 7,127
RACING FUND TOTAL.....	\$ 20,125	\$ 18,421	\$ 16,998

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
<u>OTHER FUNDS:</u>			
AGRICULTURAL CONSERVATION EASEMENT PURCHASE FUND:			
Purchase of County Easements (EA).....	\$ 19,862	\$ 52,000	\$ 50,000
Supplemental Agricultural Conservation Easement Purchase.....	28,006	2,623	0
AGRICULTURAL CONSERVATION EASEMENT PURCHASE FUND TOTAL.....	<u>\$ 47,868</u>	<u>\$ 54,623</u>	<u>\$ 50,000</u>
GENERAL FUND:			
Agriculture Farm Operations.....	\$ 4	\$ 10	\$ 5
Dog Law Administration.....	4,756	5,753	6,242
Farm Loan Program.....	60	11	0
Pesticide Regulation.....	2,206	2,741	2,778
Fertilizer Research.....	1	0	0
Plant Pest Management.....	499	449	437
National School Lunch.....	59	60	60
GENERAL FUND TOTAL.....	<u>\$ 7,585</u>	<u>\$ 9,024</u>	<u>\$ 9,522</u>
NUTRIENT MANAGEMENT FUND:			
Planning, Loans, Grants, and Technical Assistance (EA).....	\$ 3,029	\$ 6,985	\$ 4,757
Nutrient Management - Administration (EA).....	0	264	248
NUTRIENT MANAGEMENT FUND TOTAL.....	<u>\$ 3,029</u>	<u>\$ 7,249</u>	<u>\$ 5,005</u>
RACING FUND:			
Sire Stakes Fund.....	\$ 4,291	\$ 4,220	\$ 4,260
Breeders' Fund.....	8,660	9,979	9,979
RACING FUND TOTAL.....	<u>\$ 12,951</u>	<u>\$ 14,199</u>	<u>\$ 14,239</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 80,028	\$ 81,625	\$ 75,893
SPECIAL FUNDS.....	44,934	37,906	36,227
FEDERAL FUNDS.....	5,975	9,954	9,210
AUGMENTATIONS.....	3,105	3,167	3,616
OTHER FUNDS.....	71,433	85,095	78,766
TOTAL ALL FUNDS.....	<u>\$ 205,475</u>	<u>\$ 217,747</u>	<u>\$ 203,712</u>

^a Includes recommended supplemental appropriation of \$401,000.

^b Includes recommended supplemental appropriation of \$1,280,000.

^c Includes recommended supplemental appropriation of \$200,000.

^d Not added to the total to avoid double counting: 2000-01 Actual is \$1,000,000, 2001-02 Available is \$1,000,000, and 2002-03 Budget is \$1,000,000.

^e The reduced General Fund Appropriation amount will result in reducing this current year executive authorization from \$21,030,000 to \$13,630,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
PROTECTION AND DEVELOPMENT OF AGRICULTURAL INDUSTRIES							
GENERAL FUND.....	\$ 52,572	\$ 57,690	\$ 57,958	\$ 54,858	\$ 54,858	\$ 54,858	\$ 54,858
SPECIAL FUNDS.....	24,991	19,680	19,429	26,994	22,710	7,034	7,197
FEDERAL FUNDS.....	2,021	5,153	3,510	3,510	3,510	3,510	3,510
OTHER FUNDS.....	61,587	74,063	68,143	66,419	56,743	39,143	38,442
SUBCATEGORY TOTAL.....	\$ 141,171	\$ 156,586	\$ 149,040	\$ 151,781	\$ 137,821	\$ 104,545	\$ 104,007
HORSE RACING REGULATION							
GENERAL FUND.....	\$ 10,000	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	19,943	18,226	16,798	17,145	16,946	17,143	17,142
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	12,951	14,199	14,239	14,239	14,239	14,239	14,239
SUBCATEGORY TOTAL.....	\$ 42,894	\$ 37,425	\$ 31,037	\$ 31,384	\$ 31,185	\$ 31,382	\$ 31,381
EMERGENCY FOOD ASSISTANCE							
GENERAL FUND.....	\$ 17,456	\$ 18,935	\$ 17,935	\$ 17,935	\$ 17,935	\$ 17,935	\$ 17,935
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	3,954	4,801	5,700	5,700	5,700	5,700	5,700
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 21,410	\$ 23,736	\$ 23,635	\$ 23,635	\$ 23,635	\$ 23,635	\$ 23,635
ALL PROGRAMS:							
GENERAL FUND.....	\$ 80,028	\$ 81,625	\$ 75,893	\$ 72,793	\$ 72,793	\$ 72,793	\$ 72,793
SPECIAL FUNDS.....	44,934	37,906	36,227	44,139	39,656	24,177	24,339
FEDERAL FUNDS.....	5,975	9,954	9,210	9,210	9,210	9,210	9,210
OTHER FUNDS.....	74,538	88,262	82,382	80,658	70,982	53,382	52,681
DEPARTMENT TOTAL.....	\$ 205,475	\$ 217,747	\$ 203,712	\$ 206,800	\$ 192,641	\$ 159,562	\$ 159,023

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 trade section; a market opportunities section and an agricultural land preservation section.

The commodity promotion section primarily focuses on direct consumer market development and creating trade and consumer demands for Pennsylvania agriculture and food products, usually through promotional objectives. Equally important, promotional activities operated under this program element are designed to increase and enhance the awareness of non-farm Pennsylvanians about the importance of agribusiness in the Commonwealth.

The domestic and international trade section helps Pennsylvania companies market their products in foreign markets by providing promotional opportunities in foreign market places. The international trade section differs from the domestic trade section in that technical outreach to Pennsylvania food and agriculture businesses is necessary if they are 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.

Programs designed to promote agriculture and food products and commodities include those for apples, honey, cherries, grapes, maple syrup, hardwoods, beef, milk and dairy products. In some instances, the promotion of these products is coordinated with councils representing product interest. Some councils assess members fees based on their production.

A grant program, Payments to Pennsylvania Fairs, provides funds 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.

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, will provide about \$100 million for farmland preservation over a period of about five years. In 1999-00 the program received \$20 million from the General Fund and in 2000-01 the program received \$19,828,000 from the Environmental Stewardship Fund. Over the next several years about \$60 million will also be transferred from the Environmental Stewardship Fund.

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.

Animal research initiatives and coordination of animal disease diagnostic laboratories are provided by the Pennsylvania Animal Health and Diagnostic Commission. 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

Program: Protection and Development of Agricultural Industries (continued)

diagnose common diseases; and surveillance to detect emerging diseases. All of the programs are designed to protect the 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. Approximately 1,015,169 dogs and 2,397 kennels are currently 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. Approximately 53,500 food establishments were inspected in 2000-01. Food establishments which are inspected include all food stores, processing plants, warehouses, transportation facilities, bakeries, dairies, bottling plants, egg packing facilities, fruit and vegetable packing plants, certain registered concession stands and restaurants which sell frozen desserts and baked goods. On July 1, 1995, the Department of Agriculture assumed responsibility for inspecting all licensed eating and drinking establishments which currently number about 21,000.

Also included in this element are activities which 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 27,067 inspections in 2000-01 and expects to perform 32,300 in 2001-02. The Amusement Ride Division completed 1,142 inspections in 2000-01 and expects to perform 1,265 in 2001-02.

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 2000-01, 2,448 agribusinesses were inspected and 2,864 feed, fertilizer and lime samples were analyzed. In addition, 6,517 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. The field staff is supported by laboratories staffed by scientists to insure correct diagnosis of the pest and to quarantine and/or prescribe proper treatment. During 2000-01, 1,733 dealer and 3,402 nursery and greenhouse inspections were conducted, along with 2,252 certificates for the exportation of plant material. The department also inspected 1,540 apiaries involving 10,580 colonies of bees in 2000-01 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. Complaints about misuse are also investigated by the department. During 2000-01, 600 pesticide dealers and 5,951 pesticide application businesses were licensed, 34,000 pesticide applicators certified, 3,000 service technicians registered, more than 11,500 pesticide products registered, 1,709 inspections and investigations conducted, and 146 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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Agribusiness Development:							
Dollar volume of food and agricultural exports (millions)	\$1,024	\$1,030	\$1,100	\$1,150	\$1,200	\$1,300	\$1,450
Trade leads generated	1,250	1,300	1,350	1,375	1,400	1,400	1,400
Additional farm acreage preserved under perpetual easements	34,827	33,470	33,000	22,500	22,500	22,500	22,500
Animal Health:							
Animals examined to determine disease (thousands)	529	532	534	537	537	537	537
Animals quarantined (thousands)	26	26	26	26	26	26	26
Animals destroyed (thousands)	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Consumable Agricultural Products:							
Consumer commodities inspected*	60,017	62,000	64,000	64,000	64,000	64,000	64,000

Additional farm acreage preserved under perpetual easements increases in 2000-01 through 2002-03 from the projections shown in last year's budget because of the accelerated closing of sales of development rights.

Animals examined to determine disease decrease from the projections shown in last year's budget due to a change in methodology that resulted in a more accurate accounting.

Animals quarantined and destroyed increase from the projections shown in last year's budget due to the identification of avian influenza in several poultry flocks.

*New measure

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND</p> <p>General Government Operations</p> <p>\$ -500 —nonrecurring laboratory equipment.</p> <p>1,050 —to continue current program.</p> <p>80 —Initiative — Bio-Security. To provide resources for animal health and plant industry emergency preparedness.</p> <hr/> <p>\$ 630 <i>Appropriation Increase</i></p> <p>Beef Quality Assurance Program</p> <p>\$ -50 —nonrecurring project.</p> <p>Hardwoods Research and Promotion</p> <p>\$ 10 —to continue current program.</p> <p>Farm Safety</p> <p>\$ 3 —to continue current program.</p> <p>Nutrient Management</p> <p>\$ -75 —nonrecurring personal computers, software, and office equipment.</p> <p>Veterinary Distance Learning</p> <p>\$ -100 —nonrecurring project.</p> <p>Agricultural and Rural Youth Grant Program.</p> <p>\$ -100 —nonrecurring project.</p>	<p>Agricultural Awareness in the Classroom.</p> <p>\$ -50 —nonrecurring project.</p> <p>All other General Fund Appropriations are recommended at the current year funding levels.</p> <p>ENVIRONMENTAL STEWARDSHIP FUND</p> <p>Transfer to Agricultural Conservation Easement Purchase Fund (EA)</p> <p>\$ -754 —nonrecurring costs.</p> <p>STATE FARM PRODUCTS SHOW FUND</p> <p>General Operations (EA)</p> <p>\$ -145 —nonrecurring fixed assets including trucks, and miscellaneous equipment.</p> <p>150 —to continue current program.</p> <p>493 —increased operational costs for the new facilities at the Farm Show complex.</p> <hr/> <p>\$ 498 <i>Appropriation Increase</i></p> <p>RACING FUND</p> <p>Payments to Pennsylvania Fairs — Administration (EA)</p> <p>\$ 5 —to continue current program.</p>
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Program: Protection and Development of Agricultural Industries (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 28,569	\$ 31,442	\$ 32,072	\$ 32,072	\$ 32,072	\$ 32,072	\$ 32,072
Agricultural Conservation Easement							
Administration	601	646	646	646	646	646	646
Agricultural Research	3,492	3,574	3,574	3,574	3,574	3,574	3,574
Beef Quality Assurance Program	0	50	0	0	0	0	0
Agricultural Promotion, Education, and							
Exports	1,159	1,305	1,305	1,305	1,305	1,305	1,305
Hardwoods Research and Promotion	705	780	790	790	790	790	790
Farm Safety	115	117	120	120	120	120	120
Nutrient Management	356	377	302	302	302	302	302
Animal Health Commission	4,125	4,250	4,250	4,250	4,250	4,250	4,250
Veterinary Distance Learning	100	100	0	0	0	0	0
Animal Indemnities	43	300	300	300	300	300	300
Transfer to State Farm Products Show							
Fund	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Payments to Pennsylvania Fairs	4,196	4,400	4,400	4,400	4,400	4,400	4,400
Livestock Show	187	225	225	225	225	225	225
Open Dairy Show	187	225	225	225	225	225	225
Junior Dairy Show	45	50	50	50	50	50	50
4-H Club Shows	50	55	55	55	55	55	55
Product Promotion and Marketing	900	950	950	950	950	950	950
Future Farmers	63	104	104	104	104	104	104
Agriculture & Rural Youth Grant Program ...	0	100	0	0	0	0	0
Agriculture Awareness in the Classroom	0	50	0	0	0	0	0
Transfer to Nutrient Management Fund	3,280	3,280	3,280	3,280	3,280	3,280	3,280
Local Soil and Water Districts	1,147	1,210	1,210	1,210	1,210	1,210	1,210
Plum Pox Virus — Fruit Tree Indemnities ..	2,252	3,100	3,100	0	0	0	0
TOTAL GENERAL FUND	<u>\$ 52,572</u>	<u>\$ 57,690</u>	<u>\$ 57,958</u>	<u>\$ 54,858</u>	<u>\$ 54,858</u>	<u>\$ 54,858</u>	<u>\$ 54,858</u>
ENVIRONMENTAL STEWARDSHIP FUND:							
Transfer to Agricultural Conservation							
Easement Purchase (EA)	\$ 19,828	\$ 13,630	\$ 12,876	\$ 20,276	\$ 15,836	\$ 0	\$ 0
FARM PRODUCTS SHOW FUND:							
General Operations (EA)	\$ 4,981	\$ 5,855	\$ 6,353	\$ 6,512	\$ 6,662	\$ 6,815	\$ 6,972
RACING FUND:							
Payments to Pennsylvania Fairs —							
Administration (EA)	\$ 182	\$ 195	\$ 200	\$ 206	\$ 212	\$ 219	\$ 225

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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Investigations to insure compliance with established rules and regulations:							
Harness	925	930	930	930	930	930	930
Horse	2,532	2,500	2,500	2,500	2,500	2,500	2,500
Participant licenses issued:							
Harness	3,805	3,900	3,900	3,900	3,900	3,900	3,900
Horse	5,636	6,000	6,000	6,000	6,000	6,000	6,000
Licenses suspended for noncompliance of rules and regulations:							
Harness	336	325	325	325	325	325	325
Horse	336	335	335	335	335	335	335
Racing days approved:							
Harness	349	365	365	365	365	365	365
Horse	428	420	420	420	420	420	420

Horse racing investigations to insure compliance with established rules and regulations increased in 2000-01 from the projection shown in last year's budget due to an increase in inquiries.

Horse racing licenses suspended for noncompliance with rules and regulations increased in 2000-01 from the projection shown in last year's budget because of an increase in violations.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND			Equine Toxicology and Research Laboratory (EA)
\$	-5,000	Horse Racing Promotion —nonrecurring projects.	\$	-116 108
				—laboratory equipment. —to continue current program.
			\$	-8
				<i>Executive Authorization Decrease</i>
			\$	-1,569
				Transfer to General Fund (EA) —reduction in funds available to transfer. Law requires June 30th ending surplus to be transferred to the General Fund.
		RACING FUND		
\$	149	State Racing Commissions (EA) —to continue current program.		

Program: Horse Racing Regulation (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Horse Racing Promotion	\$ 10,000	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
RACING FUND:							
State Racing Commissions (EA)	\$ 6,572	\$ 7,457	\$ 7,606	\$ 7,834	\$ 8,069	\$ 8,311	\$ 8,561
Equine Toxicology and Research Laboratory (EA)	1,893	2,073	2,065	2,127	2,191	2,256	2,324
Transfer to General Fund (EA)	11,478	8,696	7,127	7,184	6,686	6,576	6,257
TOTAL STATE RACING FUND	<u>\$ 19,943</u>	<u>\$ 18,226</u>	<u>\$ 16,798</u>	<u>\$ 17,145</u>	<u>\$ 16,946</u>	<u>\$ 17,143</u>	<u>\$ 17,142</u>

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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Dollar value of commodities distributed (thousands)	\$40,751	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Persons receiving donated or surplus foods (thousands):							
Traditional program	1,006	1,006	717	717	717	717	717
TEFAP	2,600	2,600	2,600	2,600	2,600	2,600	2,600
State Food Purchase Program	2,712	2,632	2,632	2,632	2,632	2,632	2,632

The dollar value of commodities distributed increased in 2000-01 from the projection shown in last year's budget due to the release of additional surplus food by the Federal government.

Program Recommendations:	This budget recommends the following changes: (Dollar Amounts in Thousands)	
GENERAL FUND		State Food Purchase
Farmers' Market Food Coupons		—nonrecurring projects.
\$ -500 —nonrecurring projects.		\$ -500

Appropriations within this Program:	(Dollar Amounts in Thousands)							
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated	Estimated
GENERAL FUND:								
Farmers' Market Food Coupons	\$ 1,456	\$ 1,985	\$ 1,485	\$ 1,485	\$ 1,485	\$ 1,485	\$ 1,485	\$ 1,485
State Food Purchase	16,000	16,950	16,450	16,450	16,450	16,450	16,450	16,450
TOTAL GENERAL FUND	\$ 17,456	\$ 18,935	\$ 17,935	\$ 17,935	\$ 17,935	\$ 17,935	\$ 17,935	\$ 17,935



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 flexible regulatory environment that will facilitate development of a sound financial services industry that adequately meets the needs of industry and the public, while efficiently and effectively managing the agency's resources.

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)

2000-01 2001-02 2002-03
ACTUAL AVAILABLE BUDGET

BANKING DEPARTMENT FUND:

General Government:

General Government Operations.....	\$	9,546	\$	11,801	\$	12,075
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Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
REGULATION OF FINANCIAL INSTITUTIONS							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
SPECIAL FUNDS.....	9,546	11,801	12,075	10,548	10,548	10,548	10,548
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 9,546	\$ 11,801	\$ 12,075	\$ 10,548	\$ 10,548	\$ 10,548	\$ 10,548
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
SPECIAL FUNDS.....	9,546	11,801	12,075	10,548	10,548	10,548	10,548
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 9,546	\$ 11,801	\$ 12,075	\$ 10,548	\$ 10,548	\$ 10,548	\$ 10,548

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 6,500 consumer inquiries during 2000-01.

As of June 30, 2001, there were 172 depository institutions under the department's supervision: 45 commercial banks, 50 bank and trust companies, 50 savings banks, one private bank, 24 trust companies, and two foreign banks which maintained branches or representative offices in Pennsylvania. There were 18 savings associations and 84 credit unions chartered and supervised by the Department of Banking. Also operating in the Commonwealth were 139 one-bank holding companies and 24 multi-bank holding companies. The department also issues licenses annually to 11,335 non-depository institutions including installment sellers; first mortgage bankers and brokers; second mortgage lenders, brokers and brokers' agents; sales finance companies; consumer discount company offices; pawnbrokers; money transmitters, check cashers and collector-repossessors. Since June 1995 there has been a 58 percent increase in the number of non-depository institution licensees. Future

anticipated growth is based upon the continuing stability of interest rates and growth of the economy.

Recent legislative enactments have impacted the Department of Banking's program responsibilities. Act 22 of 1998 requires the licensing and regulation of all check cashers doing business in Pennsylvania. Act 131 of 1998 provides for the establishment of two new categories of licensure – limited loan brokers and loan correspondents.

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, further provides for licensure exemptions, bonding requirements, continuing education, and criminal background checks. The anti-predatory lending sections of this act take effect in June 2002 and provide the department with broad regulatory and enforcement authority over any chartered or licensed financial entities which make "covered" or predatory loans in the Commonwealth.

An electronic government initiative was begun in 2000-01 to develop an internet-based licensing and reporting application.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Supervision of State-chartered:							
Banks	172	173	173	172	172	171	171
Savings and loan associations	18	16	16	16	16	16	16
Credit unions	84	84	83	83	82	81	81

Savings and loan association charters decrease compared to last year's budget reflects closure of one savings association insured by the former Pennsylvania Savings Association Insurance Corporation and transfer of one institution to a savings bank.

Program: Financial Institution Regulation (continued)

Program Measures: (continued)	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Consumer credit agencies:							
First mortgage bankers/brokers	2,788	2,843	2,843	2,843	2,843	2,843	2,843
Second mortgage lenders/brokers/ broker's agents	2,556	2,633	2,633	2,633	2,633	2,633	2,633
Sales finance companies	923	738	738	738	738	738	738
Consumer discount companies	542	519	519	519	519	519	519
Pawnbrokers	57	57	57	57	57	57	57
Money transmitters	23	23	23	23	23	23	23
Collectors-repossessors	141	141	141	141	141	141	141
Installment sellers licensed	3,804	3,880	3,880	3,880	3,880	3,880	3,880
Check casher licenses	501	511	511	511	511	511	511

First mortgage bankers/brokers decrease compared to the projection in last year's budget due to office closings as a result of corporate restructuring.

Second mortgage lenders/brokers/broker's agents decrease compared to the projection in last year's budget due to a greater number of licensees claiming federal preemption from state licensing requirements.

Sales finance companies licenses increased in 2000-01 compared to the projection in last year's budget based on actual data.

Money transmitters licenses and Collector-repossessors licenses decreased compared to the projection in last year's budget based on actual data.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	General Government Operations
\$ 712	—to continue current program.
-2,000	—nonrecurring — E-Government/Document Management System costs.
1,502	—Initiative — E-Government/Document Management System. To complete an internet-based licensing and reporting application and an electronic workflow application.
151	—to expand examination program.
-91	—other nonrecurring costs.
<u>\$ 274</u>	<i>Appropriation Increase</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
BANKING DEPARTMENT FUND:							
General Government Operations	\$ 9,546	\$ 11,801	\$ 12,075	\$ 10,548	\$ 10,548	\$ 10,548	\$ 10,548



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 said 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.

Civil Service Commission

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

2000-01	2001-02	2002-03
ACTUAL	AVAILABLE	BUDGET

GENERAL FUND:

General Government:

General Government Operations.....	\$	1	\$	1	\$	1
(A) Fees From Agencies.....		13,965		13,822		14,422
(A) Special Merit System Services.....		797		882		920
		<hr/>		<hr/>		<hr/>
Subtotal - State Funds.....	\$	1	\$	1	\$	1
Subtotal - Augmentations.....		14,762		14,704		15,342
		<hr/>		<hr/>		<hr/>
Total - General Government.....	\$	14,763	\$	14,705	\$	15,343
		<hr/>		<hr/>		<hr/>
STATE FUNDS.....	\$	1	\$	1	\$	1
AUGMENTATIONS.....		14,762		14,704		15,342
		<hr/>		<hr/>		<hr/>
GENERAL FUND TOTAL.....	\$	14,763	\$	14,705	\$	15,343

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 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.....	14,762	14,704	15,342	14,484	14,484	14,484	14,484
SUBCATEGORY TOTAL.....	\$ 14,763	\$ 14,705	\$ 15,343	\$ 14,485	\$ 14,485	\$ 14,485	\$ 14,485
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.....	14,762	14,704	15,342	14,484	14,484	14,484	14,484
DEPARTMENT TOTAL.....	\$ 14,763	\$ 14,705	\$ 15,343	\$ 14,485	\$ 14,485	\$ 14,485	\$ 14,485

Civil Service Commission

PROGRAM OBJECTIVE: To provide a sufficient number of qualified, available persons to meet agency merit system staffing needs.

Program: Personnel Selection

Through this program, the Civil Service Commission provides qualified persons to meet merit system staffing needs.

The commission 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 other State agencies, and prompt and accurate resolution or adjudication of complaints, grievances and appeals. Implementation of computerized testing began in FY 2001-02 in several locations throughout the Commonwealth. Job applicants can now apply for testing and be examined for a position via computer.

The funds supporting this program are received from billing various General and Special Fund agencies.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Total eligibles on list	176,885	200,000	200,000	200,000	200,000	200,000	200,000
Persons scheduled for exams	136,476	130,000	130,000	130,000	130,000	130,000	130,000
Appeal requests received and processed	521	600	600	600	600	600	600
Certifications audited	10,600	11,000	11,000	11,000	11,000	11,000	11,000
People with disabilities provided employment information	2,988	3,000	3,000	3,000	3,000	3,000	3,000
Persons taking computerized exams*	0	7,500	34,000	38,000	38,000	38,000	38,000

Total eligibles on list decreased in 2000-01 from the projection in last year's budget due to testing of the computerized examination system.

Appeal requests received and processed decreased in 2000-01 from the projection in last year's budget based on actual data received.

Persons with disabilities provided employment information has increased compared to projections in last year's budget because commission staff is attending more job fairs for recruitment.

*Persons taking computerized exams has been added due to implementation of computerized testing in 2001-02.

Program Recommendations:

This budget recommends the following changes in augmentations received from agency billings: (Dollar Amounts in Thousands)

	General Government Operations
\$ 352	—to continue current program.
858	—Initiative — Imaged Application Material. To develop an imaging system which would enhance the personnel evaluation and hiring process within the Commonwealth.
-572	—nonrecurring costs for development of computerized examinations.
<u>\$ 638</u>	<i>Augmentation Increase</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
GENERAL FUND:							
General Government Operations	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1



DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

The mission of the Department of Community and Economic Development is to foster opportunities for businesses and communities to succeed and thrive in a global economy, thereby enabling Pennsylvanians to achieve a superior quality of life.

The Department of Community and Economic Development administers programs which recognize that community development and economic development are linked. This includes expanding and providing for more efficient delivery of local services; coordinating community and economic development resources to restore and maintain the vitality of our communities; advancing the economic well-being of communities through the maximization of community and economic development resources; and promoting housing and community revitalization in conjunction with economic development activities.

Community and Economic Development

PROGRAM REVISION

Budgeted Amounts Include the Following Program Revision:

Title	Appropriation	2002-03 State Funds (in thousands)
Sustaining Economic Development		
	Workforce Leadership Grants.....	\$ 5,000

This Program Revision provides resources for proactive workforce development activities critical to the needs of the Commonwealth. A total of \$23.4 million in State and Federal funds is provided by this Program Revision across four agencies.

Department Total.....	<u>\$ 5,000</u>
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Community and Economic Development

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	\$ 18,774	\$ 18,141	\$ 18,686
(F)ARC - Technical Assistance.....	332	550	250
(F)DOE - Weatherization Administration.....	387	500	500
(F)SCDBG - Administration.....	841	1,300	1,300
(F)CSBG - Administration.....	815	1,388	1,262
(F)LIHEABG - Administration.....	331	500	500
(F)ARC - Regional Initiative.....	546	605	300
(F)DCSI-Regional Police Peer Program (EA).....	1	5	0
(F)Americorps Training and Technical Assistance.....	100	100	100
(A)Lead Based Paint Hazard Control.....	0	40	0
(A)Manufactured Housing.....	349	360	200
(A)Copy Center Services.....	28	10	10
(A)Pennsylvania Industrial Development Authority.....	1,482	1,683	1,750
(A)Pennsylvania Economic Development Financing Authority.....	421	450	485
(A)Industrial Sites Cleanup.....	127	130	130
(A)PA Energy Development Authority.....	59	65	65
(A)Machinery and Equipment Loan Fund Reimbursement.....	103	130	140
(A)Environmental Training Partnership.....	1,690	2,592	2,700
(A)Reimbursement Environmental Protection.....	13	12	12
(A)Small Business First.....	638	650	690
(A)Local Area Transportation.....	130	330	300
(A)HOME Investment Partnership.....	254	250	260
(R)Small Business Advocate-Utilities.....	1,010	1,017	982
(R)Zoological Transfer (EA).....	0	240	240
International Trade	7,584	8,511	7,600
Interactive Marketing	5,500	5,500	5,000
Marketing to Attract Tourists	19,027	16,469	14,459
(A)Reimbursement for Travel Advertisements.....	220	307	220
Marketing to Attract Business	7,165	6,000	5,000
(A)Reimbursement for Services.....	17	17	17
Regional Marketing Partnerships	8,500	6,500	5,500
Brain Gain	0	10,000	2,000
Marketing to Attract Film Business	617	749	749
International Marketing - Health Care	200	200	0
Housing Research Center	250	350	243
Team Pennsylvania	11,301	5,585	4,988
PENNPORTS	14,292	11,743	11,243
Land Use Planning Assistance	3,598	4,622	4,000
Base Realignment and Closure	100 a	100	98
Subtotal - State Funds.....	\$ 96,908	\$ 94,470	\$ 79,566
Subtotal - Federal Funds.....	3,353	4,948	4,212
Subtotal - Augmentations.....	5,531	7,026	6,979
Subtotal - Restricted Revenues.....	1,010	1,257	1,222
Total - General Government	\$ 106,802	\$ 107,701	\$ 91,979
Grants and Subsidies:			
Transfer to PA Industrial Development Authority	\$ 13,000	\$ 4,000	\$ 0
Transfer to Ben Franklin Tech. Development Authority Fund	39,100 b	56,397	54,397
Transfer to Small Business First Fund	9,000	0	0
(F)CCDFBG - Child Care Start-Up.....	0	500	0
Transfer to Small Business First-Community Development	4,000	0	0
Transfer to Machinery and Equipment Loan Fund	6,000	0	0
Manufacturing Assistance	5,000	0	0
Opportunity Grant Program	63,000	40,000	28,000
Customized Job Training	32,050	37,500	37,500
(F)TANFBG-Critical Job Training.....	0	0	5,000

Community and Economic Development

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
(F)Community Economic Assistance.....	45,000	50,000	50,000
Workforce Leadership Grants.....	0	0	5,000
Infrastructure Development.....	33,500	33,500	28,000
CyberStart.....	1,600	1,600	1,600
(F)CCDFBG-Cyberstart.....	0	8,400	8,400
Housing & Redevelopment Assistance.....	15,000	18,000	15,000
(F)DOE - Weatherization.....	8,260	10,000	15,000
(F)Emergency Shelter for the Homeless.....	72	80	75
(F)Centralia Recovery(EA).....	0	2,000	2,000
(F)LIHEABG - Weatherization Program.....	13,993	22,700 ^c	22,700
(F)TANFBG-Housing Assistance.....	1,169	8,900	8,900
(F)TANFBG-Housing Collaboration.....	0	30,000	30,000
(F)SCDBG - HUD Disaster Recovery.....	0	1,500 ^d	2,000
(A)Intergovernmental Transfer.....	1,875	0	0
Community Development Bank.....	750	750	0
Family Savings Accounts.....	1,500	1,500	1,070
(F)Assets for Independence.....	269	1,000	1,800
(F)TANFBG-Family Savings Account.....	0	2,000	2,000
Shared Municipal Services.....	900	900	900
New Communities.....	9,496^e	11,500	10,000
(F)Enterprise Communities - SSBG.....	51,295	50,000	42,000
Appalachian Regional Commission.....	798	798	850
Industrial Development Assistance.....	3,000	4,500	4,500
Local Development Districts.....	4,360	5,640	5,000
Small Business Development Centers.....	5,500	6,000	6,000
Tourist Promotion Assistance.....	11,250	11,500	11,500
Tourism - Accredited Zoos.....	1,000	1,500	0
Community Revitalization.....	84,660	84,660	0
Urban Development.....	0	4,000	0
Rural Leadership Training.....	210	210	210
Flood Plain Management.....	150	150	150
(F)FEMA Technical Assistance.....	38	85	85
(F)Emergency Monitoring Program(EA).....	103	0	0
Community Conservation and Employment.....	13,500	10,000	5,000
(F)Community Services Block Grant.....	22,333	26,368	27,000
(F)TANFBG-Digital Divide.....	0	4,000	4,000
(F)TANFBG-Child Care Challenge Grants.....	0	10,000	10,000
(F)Supported Work Program (EA).....	9,171	7,171	4,037
(A)Supported Work.....	6,747	7,571	7,571
Super Computer Center.....	2,000	2,000	1,500
Infrastructure Technical Assistance.....	3,500	4,000	3,500
PEDFA- PA Technology Investment Authority.....	26,300	0	0
Fay Penn.....	500	700	0
Tourist Product Development.....	1,000	1,000	0
Industrial Resource Center.....	0	11,203	11,203
BioInfomatics.....	0	5,000	0
PENNTAP.....	0	300	300
Manufacturing and Business Assistance.....	0	1,500	0
Powdered Metals.....	0	200	200
Agile Manufacturing.....	0	750	750
Subtotal - State Funds.....	\$ 391,624	\$ 361,258	\$ 232,136
Subtotal - Federal Funds.....	151,703	234,704	234,997
Subtotal - Augmentations.....	8,622	7,571	7,571
Total - Grants and Subsidies.....	\$ 551,949	\$ 603,533	\$ 474,704

Community and Economic Development

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
STATE FUNDS.....	\$ 488,532	\$ 455,728	\$ 311,702
FEDERAL FUNDS.....	155,056	239,652	239,209
AUGMENTATIONS.....	14,153	14,597	14,550
RESTRICTED REVENUES.....	1,010	1,257	1,222
GENERAL FUND TOTAL.....	\$ 658,751	\$ 711,234	\$ 566,683
 <u>TOBACCO SETTLEMENT FUND:</u>			
<i>Grants and Subsidies:</i>			
Health Venture Investment Account.....	\$ 0	\$ 60,000	\$ 0
Regional Biotechnology Research Centers.....	0	100,000	0
Total - Grants and Subsidies.....	\$ 0	\$ 160,000	\$ 0
TOBACCO SETTLEMENT FUND TOTAL.....	\$ 0	\$ 160,000	\$ 0
 <u>OTHER FUNDS:</u>			
GENERAL FUND:			
Industrial Sites Environmental Assessment Fund.....	\$ 3,462	\$ 2,000	\$ 2,000
 BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY FUND:			
Ben Franklin Technology Loans.....	\$ 0	\$ 56,397	\$ 54,397
 BEN FRANKLIN/IRC PARTNERSHIP FUND:			
Ben Franklin/IRC.....	\$ 39,100	\$ 0	\$ 0
 ENERGY DEVELOPMENT FUND:			
Energy Development - Administration (EA).....	\$ 75	\$ 75	\$ 75
Energy Development Loans/Grants (EA).....	0	50	50
ENERGY DEVELOPMENT FUND TOTAL.....	\$ 75	\$ 125	\$ 125
 FINANCIALLY DISTRESSED MUNICIPALITIES REVOLVING LOAN FUND:			
Distressed Community Assistance (EA).....	\$ 1,250	\$ 2,800	\$ 2,800
 HOME INVESTMENT TRUST FUND:			
HOME Investment Partnership.....	\$ 739	\$ 1,065	\$ 1,125
 INDUSTRIAL DEVELOPMENT FUND:			
PA Industrial Development Authority.....	\$ 0	\$ 4,000	\$ 0
 INDUSTRIAL SITES CLEANUP FUND:			
Industrial Sites Cleanup - Administration (EA).....	\$ 200	\$ 200	\$ 200
Industrial Sites Cleanup - Projects (EA).....	16,140	14,000	14,000
INDUSTRIAL SITES CLEANUP FUND TOTAL.....	\$ 16,340	\$ 14,200	\$ 14,200
 LOCAL GOVERNMENT CAPITAL PROJECT LOAN FUND:			
Local Government Capital Project Loans (EA).....	\$ 1,084	\$ 1,500	\$ 1,000
 MACHINERY AND EQUIPMENT LOAN FUND:			
General Operations (EA).....	\$ 200	\$ 200	\$ 200
Machinery and Equipment Loans (EA).....	19,569	30,000	17,000
MACHINERY AND EQUIPMENT LOAN FUND TOTAL.....	\$ 19,769	\$ 30,200	\$ 17,200

Community and Economic Development

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
MINORITY BUSINESS DEVELOPMENT FUND:			
General Operations (EA).....	\$ 100	\$ 250	\$ 250
Minority Business Development Loans (EA).....	721	1,000	1,000
MINORITY BUSINESS DEVELOPMENT FUND TOTAL.....	\$ 821	\$ 1,250	\$ 1,250
SMALL BUSINESS FIRST FUND:			
Administration (EA).....	\$ 1,500	\$ 1,400	\$ 1,400
Loans (EA).....	30,296	37,000	20,000
Pollution Prevention Loans (EA).....	308	700	700
EDA - Loans (EA).....	200	500	500
Environmental Loans (EA).....	0	700	700
EDA - Defense Conversion (EA).....	0	200	200
Community Economic Development Loans (EA).....	5,461	9,000	5,000
Child Care Start-Up (EA).....	0	500	0
SMALL BUSINESS FIRST FUND TOTAL.....	\$ 37,765	\$ 50,000	\$ 28,500
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Underground Storage Tank Administration (EA).....	\$ 356	\$ 450	\$ 440
Upgrade Loans (EA).....	982	10,000	10,000
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL.....	\$ 1,338	\$ 10,450	\$ 10,440
WORKMEN'S COMPENSATION ADMINISTRATION FUND:			
Small Business Advocate - Workers' Compensation (R).....	\$ 178	\$ 179	\$ 175
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 488,532	\$ 455,728	\$ 311,702
SPECIAL FUNDS.....	0	160,000	0
FEDERAL FUNDS.....	155,056	239,652	239,209
AUGMENTATIONS.....	14,153	14,597	14,550
RESTRICTED.....	1,010	1,257	1,222
OTHER FUNDS.....	121,921	174,166	133,212
TOTAL ALL FUNDS.....	\$ 780,672	\$ 1,045,400	\$ 699,895

^a Actually appropriated in the Department of Military and Veteran's Affairs.

^b Actually appropriated as Transfer to Ben Franklin/IRC Fund.

^c Includes recommended supplemental appropriation of \$3,100,000.

^d Includes recommended supplemental appropriation of \$1,500,000.

^e Actually appropriated as \$6,996,000 for Enterprise Development and \$2,500,000 for Main Street.

Community and Economic Development

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
COMMUNITY AND ECONOMIC DEVELOPMENT							
SUPPORT SERVICES							
GENERAL FUND.....	\$ 90,935	\$ 89,268	\$ 80,995	\$ 80,995	\$ 80,995	\$ 80,995	\$ 80,995
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	3,022	12,848	12,112	3,712	3,712	3,712	3,712
OTHER FUNDS.....	6,719	8,462	8,376	8,376	8,376	8,376	8,376
SUBCATEGORY TOTAL.....	\$ 100,676	\$ 110,578	\$ 101,483	\$ 93,083	\$ 93,083	\$ 93,083	\$ 93,083
BUSINESS AND JOB DEVELOPMENT							
GENERAL FUND.....	\$ 197,293	\$ 149,178	\$ 122,881	\$ 126,881	\$ 126,881	\$ 126,881	\$ 126,881
SPECIAL FUNDS.....	0	160,000	0	0	0	0	0
FEDERAL FUNDS.....	45,141	50,585	55,085	50,085	50,085	50,085	50,085
OTHER FUNDS.....	79,570	112,225	73,715	77,715	77,715	77,715	77,715
SUBCATEGORY TOTAL.....	\$ 322,004	\$ 471,988	\$ 251,681	\$ 254,681	\$ 254,681	\$ 254,681	\$ 254,681
TECHNOLOGY DEVELOPMENT							
GENERAL FUND.....	\$ 70,900	\$ 81,350	\$ 71,850	\$ 71,850	\$ 71,850	\$ 71,850	\$ 71,850
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	39,100	56,397	54,397	54,397	54,397	54,397	54,397
SUBCATEGORY TOTAL.....	\$ 110,000	\$ 137,747	\$ 126,247	\$ 126,247	\$ 126,247	\$ 126,247	\$ 126,247
COMMUNITY DEVELOPMENT							
GENERAL FUND.....	\$ 129,404	\$ 135,932	\$ 35,976	\$ 35,976	\$ 35,976	\$ 35,976	\$ 35,976
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	106,893	176,219	172,012	134,112	124,112	124,112	124,112
OTHER FUNDS.....	11,695	12,936	12,496	12,496	12,496	12,496	12,496
SUBCATEGORY TOTAL.....	\$ 247,992	\$ 325,087	\$ 220,484	\$ 182,584	\$ 172,584	\$ 172,584	\$ 172,584
ALL PROGRAMS:							
GENERAL FUND.....	\$ 488,532	\$ 455,728	\$ 311,702	\$ 315,702	\$ 315,702	\$ 315,702	\$ 315,702
SPECIAL FUNDS.....	0	160,000	0	0	0	0	0
FEDERAL FUNDS.....	155,056	239,652	239,209	187,909	177,909	177,909	177,909
OTHER FUNDS.....	137,084	190,020	148,984	152,984	152,984	152,984	152,984
DEPARTMENT TOTAL.....	\$ 780,672	\$ 1,045,400	\$ 699,895	\$ 656,595	\$ 646,595	\$ 646,595	\$ 646,595

Community and Economic Development

PROGRAM OBJECTIVE: To utilize State economic development resources in a cohesive and cost-effective manner in order to assist in the job creation and retention process within the Commonwealth.

Program: Community and Economic Development Support Services

This program works in partnership with hundreds of local, community and regional service providers to deliver resources to businesses, communities and individuals in need of assistance. Because of the complexity of the delivery system, the department plays a key role in ensuring that the system is effective and efficient. This ensures that Pennsylvania's businesses and communities provide the opportunity for all of the Commonwealth's residents to achieve a high quality of life.

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. A primary means available to assist export trade is to provide small businesses with 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.

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.

CyberStart builds on the Governor's Link-to-Learn initiative. It is a program to provide preschool children in the Commonwealth access to Internet based learning tools and program content by providing hardware and software to licensed daycare centers along with training for staff and funding educational software development.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Traveler expenditures (in millions)	\$21,322	\$20,000	\$20,400	\$20,800	\$21,224	\$21,650	\$22,083
Tourist Promotion Assistance: Public/private funds leveraged (in thousands)	\$52,588	\$53,600	\$54,672	\$55,765	\$56,881	\$58,018	\$59,178

Traveler expenditures decreased from projections shown in last year's budget due to anticipated travel security constraints.

Public/private funds leveraged increased in 2000-01 from the projection in last year's budget due to the impact of county hotel taxes.

Community and Economic Development

Program: Community and Economic Development Support Services (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

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All other programs are continued at the current levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 18,774	\$ 18,141	\$ 18,686	\$ 18,686	\$ 18,686	\$ 18,686	\$ 18,686
International Trade	7,584	8,511	7,600	7,600	7,600	7,600	7,600
Interactive Marketing	5,500	5,500	5,000	5,000	5,000	5,000	5,000
Marketing to Attract Tourists	19,027	16,469	14,459	14,459	14,459	14,459	14,459
Marketing to Attract Business	7,165	6,000	5,000	5,000	5,000	5,000	5,000
Regional Marketing Partnerships	8,500	6,500	5,500	5,500	5,500	5,500	5,500
Marketing to Attract Film Business	617	749	749	749	749	749	749
International Marketing – Health Care	200	200	0	0	0	0	0
Housing Research Center	250	350	243	243	243	243	243
Base Realignment and Closure	100	100	98	98	98	98	98
CyberStart	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Appalachian Regional Commission	798	798	850	850	850	850	850
Industrial Development Assistance	3,000	4,500	4,500	4,500	4,500	4,500	4,500
Local Development Districts	4,360	5,640	5,000	5,000	5,000	5,000	5,000
Tourist Promotion Assistance	11,250	11,500	11,500	11,500	11,500	11,500	11,500
Tourism – Accredited Zoos	1,000	1,500	0	0	0	0	0
Rural Leadership Training	210	210	210	210	210	210	210
Tourist Product Development	1,000	1,000	0	0	0	0	0
TOTAL GENERAL FUND	\$ 90,935	\$ 89,268	\$ 80,995	\$ 80,995	\$ 80,995	\$ 80,995	\$ 80,995

Community and Economic Development

PROGRAM OBJECTIVE: To ensure that capital for the creation, location, retention and expansion of private business is available at each step of the business life cycle for all types and sizes of business, and to make possible lower capital costs as an attraction for businesses to invest or re-invest in Pennsylvania.

Program: Business and Job Development

The department has a broad array of programs available to create the best possible climate for business development. The Come Invent the Future 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

Team Pennsylvania is a public-private partnership that works with the State's ten marketing regions to promote job retention, expansion and creation. The Business Calling Program is a proactive effort to contact Pennsylvania businesses to identify their needs in an effort to retain and improve their operations in Pennsylvania. Information gathered through the calling program is entered into the Resource Network database for developing long-term strategies. The Resource Network expands on the Business Resource Center to provide an Internet-based information network. This network is available to economic development professionals worldwide. It provides an efficient and effective 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 17 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 through the ten Team Pennsylvania regions. 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, 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. 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 funded through a transfer from the Hazardous Sites Cleanup Fund.

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, areas of high unemployment and enterprise zones. A qualified business may receive up to \$1 million at interest rates ranging from three and three quarters percent to six and three quarters percent, depending upon the unemployment rate in the county where the project is located.

The Machinery and Equipment Loan Fund provides low-interest loan financing to manufacturing and industrial companies to acquire and install new or used machinery and equipment. Interest rates 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 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 go to businesses with less than 100 employees and may not be utilized until the jobs are actually created.

Community and Economic Development

Program: Business and Job Development (continued)

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 serves companies providing jobs, which pay at least 150 percent of minimum wage. WEDnetPA has trained over 96,000 employees since its inception and is critical to ensuring that highly skilled workers are available for Pennsylvania companies.

Customized job training also provides grant funds for businesses through education agencies, which can be used for instructional costs, supplies, consumable materials and contracted services. In addition to WEDnetPA, funds are provided for industry-led consortiums in need of specific training programs.

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 Brain Gain program helps to market Pennsylvania, showcasing its

opportunities, and helps bring students and PA 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 and the recently created Philadelphia Regional Port Authority and 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 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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Jobs created/retained:	235,159	200,000	201,000	201,000	201,000	201,000	201,000
Public/private funds leveraged (in thousands):	\$5,693,000	\$3,500,000	\$3,500,000	\$3,500,000	\$3,500,000	\$3,500,000	\$3,500,000
Businesses assisted	909	890	790	790	790	790	790
Opportunity grant projects	188	150	135	135	135	135	135

Jobs created/retained and public/private funds leveraged increased in 2000-01 over the projections shown in last year's budget due to the success of the Opportunity Grant, Customized Job Training and Job Creation Tax Credit Programs.

Opportunity Grant projects increased in 2000-01 over the projection shown last year's budget based on actual activity.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -8,000	Brain Gain —one-time regional grants.	\$ -500	PENNPORTS —nonrecurring grants.
\$ -597	Team Pennsylvania —decreased operational costs and transfer of staff to the General Government Operations appropriation.	\$ -4,000	Transfer to PA Industrial Development Authority —no transfer required as the fund is now self-sustaining.

Community and Economic Development

Program: Business and Job Development (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -12,000	Opportunity Grant Program —nonrecurring projects.	\$ -60,000	TOBACCO SETTLEMENT FUND Health Venture Investment Account —nonrecurring project.
\$ 5,000	Workforce Leadership Grants —PRR — Sustaining Economic Development. This Program Revision provides flexible Workforce Leadership Grant funding to support the Governor's workforce development activities. See the Program Revision following this program for additional information.	\$ -100,000	Regional Biotechnology Research Centers —nonrecurring project.
\$ -5,500	Infrastructure Development —nonrecurring projects.		
\$ -700	Fay Penn —nonrecurring project.		

All other appropriations are recommended at the current year funding levels.

This budget also recommends targeting \$3,000,000 in Customized Job Training funds and \$9,150,000 in Federal funds to provide training for dislocated workers, for occupations with immediate skill needs, and for high-demand jobs or jobs with a shortage of skilled workers.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Brain Gain	\$ 0	\$ 10,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Team Pennsylvania	11,301	5,585	4,988	4,988	4,988	4,988	4,988
PENNPORTS	14,292	11,743	11,243	11,243	11,243	11,243	11,243
Transfer to PA Industrial Development Authority	13,000	4,000	0	0	0	0	0
Transfer to Small Business First Fund	9,000	0	0	5,000	5,000	5,000	5,000
Transfer to Small Business First-Community Development	4,000	0	0	0	0	0	0
Transfer to Machinery and Equipment Loan Fund	6,000	0	0	4,000	4,000	4,000	4,000
Manufacturing Assistance	5,000	0	0	0	0	0	0
Opportunity Grant Program	63,000	40,000	28,000	28,000	28,000	28,000	28,000
Customized Job Training	32,050	37,500	37,500	37,500	37,500	37,500	37,500
Workforce Leadership Grants	0	0	5,000	0	0	0	0
Infrastructure Development	33,500	33,500	28,000	28,000	28,000	28,000	28,000
Small Business Development Centers	5,500	6,000	6,000	6,000	6,000	6,000	6,000
Flood Plain Management	150	150	150	150	150	150	150
Fay Penn	500	700	0	0	0	0	0
TOTAL GENERAL FUND	\$ 197,293	\$ 149,178	\$ 122,881	\$ 126,881	\$ 126,881	\$ 126,881	\$ 126,881
TOBACCO SETTLEMENT FUND:							
Health Venture Investment Account	\$ 0	\$ 60,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Regional Biotechnology Research Centers	0	100,000	0	0	0	0	0
TOTAL TOBACCO SETTLEMENT FUND	\$ 0	\$ 160,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Program Revision: Sustaining Economic Development

Pennsylvania has experienced a consistently robust economy and high quality of life over the past seven years. The implementation of a comprehensive business climate agenda, along with aggressive economic development and investment in community infrastructure has enabled the Commonwealth to become more resilient and more responsive to emerging economic development opportunities.

This past year, conditions suddenly and tragically changed. The terrorist attacks of September 11th together with the downturn in the national economy resulted in a reversal of fortune for states across the country, including Pennsylvania. Due to a successful economic development agenda and sound fiscal management, however, the Commonwealth is able to positively respond to these events and remain well-positioned to take advantage of future economic development opportunities.

This Program Revision continues Pennsylvania's strong record of innovative and effective economic development, while lending additional support for those working Pennsylvanians affected most by recent economic events.

Fundamental to the successful continuation of Pennsylvania's economic development agenda is the fostering of a healthy business climate that attracts new businesses and retains existing jobs. The reengineering of Pennsylvania's high-cost business tax structure is essential to this effort. The Capital Stock and Franchise Tax (CSFT) is levied on the capital stock value of domestic and foreign corporations conducting business in the Commonwealth. Since it is primarily based on assets rather than current earnings, the levy is largely unrelated to a firm's ability to pay. The tax has long been considered one of the most job-inhibiting taxes in the country. While the Commonwealth remains committed to the long-term tax policy of eliminating the CSFT, the Commonwealth's fiscal situation, caused by a national economic recession, requires a temporary rescheduling of the remaining tax rate cuts. This Program Revision proposes a continuation of the CSFT phase-out, with 0.5 mill rate reductions for each of calendar years 2002 and 2003 (originally scheduled for a 1.0 mill rate reduction), resulting in a reduced tax rate of 6.99 mills (for 2002) and 6.49 mills (for 2003). Annual 1.0 mill reductions are proposed for restoration in 2004 and each year thereafter, resulting in the complete elimination of the tax in 2010. This plan will save businesses more than \$91 million in 2002-03 and more than \$1 billion in annual savings once the tax is completely eliminated.

Targeted tax cuts and strong economic development incentives have proven extremely effective for business growth in Pennsylvania. Maintaining these efforts in light of today's economic challenges will require a concerted effort. In order to facilitate the continuation of the Capital

Stock and Franchise Tax elimination, this Program Revision recommends a leveraging of the Pennsylvania Industrial Development Authority (PIDA) Fund. PIDA makes loans to local industrial development agencies to stimulate economic activity in areas of high unemployment. Repayment of loans are then used by PIDA to pay debt service on its bonds and to make additional loans. Market conditions are now favorable for harnessing the financial power of the PIDA Fund in order to make these resources available for critical economic priorities. Current PIDA program operations will be able to continue, without interruption, and the leveraging of PIDA's assets through a sale of PIDA securities will have an immediate impact on Pennsylvania's financial stability by providing \$280 million in resources to the General Fund. The PIDA bond sale is critical to continuing the progress toward the elimination of the Capital Stock and Franchise Tax.

A quality workforce is one of the most important ingredients for business success. All businesses, from fast-growing high technology companies to traditional manufacturing plants, require highly trained, competent workers to prosper and grow. Enhancing the skills of Pennsylvania's current and future workers has been a major economic development focus of the Commonwealth and is especially important during periods of economic transition as additional workers look for jobs and as changing businesses look for employees with different skills.

This Program Revision recommends a total of \$17.2 million for essential workforce development activities, including the new Critical Job Training Program, to help Pennsylvania workers and employers survive today's economic reality.

The Workforce Development Act, Act 114 of December, 2001, placed Pennsylvania's current state and local partnership for workforce investment into law. It also authorized the creation of Critical Job Training Grants to rapidly respond to developing workforce needs. These grants, to be made available in the remaining months of the current fiscal year, enable the Departments of Community and Economic Development, Education, Labor and Industry and Public Welfare to more effectively coordinate job training funding for dislocated workers and for programs to meet workforce skill needs and the demand for qualified workers. With this proposal, a total of \$12.2 million (\$3 million in targeted Customized Job Training funds and \$9.2 million in Federal funds) will be made available for the grants in 2002-03, benefiting more than 6,000 Pennsylvanians. The Critical Job Training Grants take Pennsylvania another step forward in developing a responsive workforce investment system. An additional \$5 million in State funds is proposed for a new Workforce Leadership Grant Program, to be used to fund responsive

Community and Economic Development

Program Revision: Sustaining Economic Development (continued)

programs essential for meeting the workforce needs of businesses, local workforce investment boards, regions and the Commonwealth. The Workforce Leadership Grant Program will be a fundamental part of Pennsylvania's ongoing commitment to reviewing workforce development programs over the next year.

Pennsylvania must also direct attention to the workforce of tomorrow. This Program Revision provides \$6.2 million in funding for the SciTech and Technology Scholarships Program. First created in 1999-00, these programs were developed to retain students and encourage them to start their careers in Pennsylvania upon graduation. More than 7,200 scholarships have been awarded since the inception of these programs. The SciTech Scholars Program was established to target Pennsylvania college and university students majoring in a science or technology-related field of study. Scholarships of \$3,000 a year are awarded to Pennsylvania residents enrolled at a Pennsylvania public or private college or university for their second through fourth years of education. Students must maintain a grade point average of 3.0 or higher, complete an internship with a Pennsylvania company, and work in Pennsylvania following graduation. The Technology Scholarships Program targets students and workers seeking less than a four-year degree in a science or technology-related field. Scholarships of

\$1,000 a year are awarded to Pennsylvania students and workers enrolled at a Pennsylvania community college or two-year private technical institute, for the first and second years of study.

This Program Revision also proposes to further increase the amount of discretionary income working families retain by amending the special tax forgiveness provisions in Pennsylvania's Personal Income Tax. Special tax forgiveness allows qualified claimants to reduce their tax liability depending upon the amount of their eligible income. This proposal increases the dependent exemption from \$8,500 to \$9,000 so that a qualifying family of four with two claimants and two dependents with a taxable income of \$31,000 will owe no tax, for an annual savings of \$868. Approximately 56,000 individuals and families are expected to benefit from this change. Over the next five years, this change is expected to save working Pennsylvanians more than \$58 million.

Sustaining Pennsylvania's economic development momentum is vital. Accomplishing this task with limited resources is the challenge facing the Commonwealth today. An ongoing commitment to the proactive economic development programs of the last seven years, along with continued tax savings for businesses and working families, will prove especially effective as the national economy begins to recover.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Number of Critical Job Training Providers							
Program Revision	0	0	122	0	0	0	0
Number of Pennsylvanians Receiving Critical Job Training							
Program Revision	0	0	6,075	0	0	0	0
Students Receiving SciTech and Technology Scholarships							
Program Revision	0	0	4,200	4,300	4,400	4,500	4,600

Program Revision Recommendations:

 This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND COMMUNITY AND ECONOMIC DEVELOPMENT Workforce Leadership Grants —to fund flexible and responsive workforce development initiatives based on immediate skill needs.	\$ 5,000	\$ 6,200 <hr style="width: 50%; margin: 0 auto;"/> \$ 11,200	HIGHER EDUCATION ASSISTANCE AGENCY SciTech and Technology Scholarships —to provide scholarships to qualified students majoring in science or technology-related fields of study. <i>Program Revision Total</i>
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This budget recommends targeting \$3,000,000 in Customized Job Training funds and \$9,150,000 in Federal funds to provide training for dislocated workers, for occupations with immediate skill needs, and for high-demand jobs or jobs with a shortage of skilled workers.

This budget also recommends lowering the Capital Stock and Franchise General Fund tax rate by 0.5 mills, saving businesses an additional \$91,000,000 in 2002-03. This budget also recommends raising the special tax forgiveness poverty exemption by \$500 per dependent, providing additional tax savings of \$12,400,000 for working families in 2002-03.

Community and Economic Development

Program Revision: Sustaining Economic Development (continued)

Recommended Program Revision Costs by Appropriation:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Community and Economic Development							
Workforce Leadership Grants	\$ 0	\$ 0	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0
Higher Education Assistance Agency							
SciTech and Technology Scholarships	0	0	6,200	6,200	6,200	6,200	6,200
GENERAL FUND TOTAL	\$ 0	\$ 0	\$ 11,200	\$ 6,200	\$ 6,200	\$ 6,200	\$ 6,200

Community and Economic Development

PROGRAM OBJECTIVE: To promote the use of advanced technology in order to help Pennsylvania industries compete successfully in the national and international market places; to encourage research and development of new products and processes that will foster the start-up of new business within the Commonwealth; and to fund research centers that will provide an incentive for indigenous business formation, as well as serving to attract investment in Pennsylvania.

Program: Technology Development

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.

Formerly a part of the Ben Franklin/IRC Partnership, 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 act moves the Pennsylvania Technology Investment Authority (PTIA) from the General Fund to the Ben Franklin Technology Development Authority Fund; the PTIA focuses on helping companies which 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. It also focuses on three areas—providing high-tech financing to small- and medium-sized businesses; stimulating the adoption and expansion of electronic

commerce; and coordinating and expanding university-based research and development in high-tech fields. 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 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.

Infrastructure Technical Assistance (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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Jobs created:.....	14,717	10,000	11,500	11,750	11,750	11,750	11,750
Public/private funds leveraged (in thousands):	\$612,642	\$155,000	\$156,000	\$157,000	\$158,000	\$160,000	\$161,000
Businesses assisted:.....	1,830	1,830	1,830	1,830	1,830	1,830	1,830

Jobs created and Public/Private funds leveraged increased in 2000-01 from the projections shown in last year's budget due to larger than anticipated projects and emphasis by the Governor's Action Team on working with the technology business sector.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -2,000	Transfer to Ben Franklin Tech. Development Authority Fund —nonrecurring costs.	\$ -5,000	BioInformatics —nonrecurring one-time grant for biotechnology data program.
\$ -500	Super Computer Center —nonrecurring projects.	\$ -1,500	Manufacturing and Business Assistance —nonrecurring projects.
\$ -500	Infrastructure Technical Assistance —nonrecurring projects.		

All other appropriations are recommended at the current year funding levels.

Community and Economic Development

Program: Technology Development (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Transfer to Ben Franklin Tech.							
Development Authority Fund	\$ 39,100	\$ 56,397	\$ 54,397	\$ 54,397	\$ 54,397	\$ 54,397	\$ 54,397
Super Computer Center	2,000	2,000	1,500	1,500	1,500	1,500	1,500
Infrastructure Technical Assistance	3,500	4,000	3,500	3,500	3,500	3,500	3,500
PEDFA- PA Technology Investment							
Authority	26,300	0	0	0	0	0	0
Industrial Resource Center	0	11,203	11,203	11,203	11,203	11,203	11,203
BioInfomatics	0	5,000	0	0	0	0	0
PENNTAP	0	300	300	300	300	300	300
Powdered Metals	0	200	200	200	200	200	200
Manufacturing and Business Assistance.	0	1,500	0	0	0	0	0
Agile Manufacturing	0	750	750	750	750	750	750
TOTAL GENERAL FUND	\$ 70,900	\$ 81,350	\$ 71,850	\$ 71,850	\$ 71,850	\$ 71,850	\$ 71,850

Community and Economic Development

PROGRAM OBJECTIVE: To enhance the total environment of Pennsylvania's communities through improvements in the areas of housing, community development, job training and human services.

Program: Community Development

Program Element: Housing and Redevelopment

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. Through this program 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). Also within this category, the Communities of Opportunity program directs funding for projects which enhance reinvestment and rebuilding of communities while Brownfields for Housing provides funding for counties to rehabilitate and develop housing on previously developed sites.

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.

Act 172 of 1992 established a separate special fund entitled the HOME Investment Trust Fund, as required by HUD, to administer these funds. Beginning in Fiscal Year 2000-01 the Federal funds are provided to recipients through the implementation of the HUD Integrated Disbursement and Information System and do not flow through the department. Administrative funds continue to be appropriated to the department to administer the program. 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 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 2000-01, the agency financed the purchase of houses for 4,950 Pennsylvania families with \$362 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 so long as 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 \$141 million of repayments into HEMAP to save more than 28,000 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 combined the State-funded Enterprise Zone Program and the Main Street Program. The 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 gives tax credits to organizations servicing the low income.

Act 92 of 1998 established the Keystone Opportunity

Community and Economic Development

Program: Community Development (continued)

Zones (KOZs). The KOZs are community development initiatives to revive economically-distressed urban and rural communities. These zones are defined, limited areas in communities with greatly reduced or no tax burdens for residents and businesses located within the zones. Twelve zones are designated for this one-time program and tax waivers will exist for up to twelve years. Act 119 of 2000 established the Keystone Opportunity Expansion Zones (KOEZs). The act extended the expiration date of the program, increased the eligible tax-exempt activity and allowed KOZs to expand.

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 addresses issues raised by the 21st Century Commission and contains the Planning Assistance Program.

The Flood Plain Management Act requires each flood-prone municipality in Pennsylvania to gain eligibility for participation in the National Flood Insurance Program. The agency provides technical assistance, review and approval of flood plain management ordinances and regulations, and general enforcement of the act.

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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Housing and Redevelopment:							
Rehabilitation of existing units	1,500	1,688	1,688	1,688	1,688	1,688	1,688
Homes weatherized	7,171	7,677	12,000	12,000	12,000	12,000	12,000
Community Development:							
Designated distressed communities assisted	13	12	12	12	12	12	12
Shared Municipal Services:							
Local governments assisted	420	450	450	450	450	450	450
Job Training and Human Services:							
Persons Participating:							
Community Services Block Grant	243,497	245,000	245,000	245,000	245,000	245,000	245,000
Job Placement Program:							
Persons placed (Supported Work)	1,297	1,315	1,300	1,300	1,300	1,300	1,300
Family Savings Accounts:							

Homes weatherized increases from those shown in last year's budget due to receipt of increased Federal funds.

Local governments assisted decreases from those shown in last year's budget due to increased emphasis on local planning assistance.

Persons participating under Community Services Block Grants decreases from the projections shown in last year's budget due to the anticipated decrease in the number of persons needing these services in future years as case management for self-sufficiency takes effect.

Community and Economic Development

Program: Community Development (continued)

Program Measures: (continued)	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Family Savings Accounts:							
Families Participating	1,505	1,505	1,505	1,505	1,505	1,505	1,505
Enterprise Zones:							
Private business investment leveraged (in thousands)	\$81,100	\$78,900	\$60,000	\$62,500	\$62,500	\$62,500	\$62,500
Jobs created/retained	3,720	3,440	3,575	3,600	3,600	3,600	3,600
Average revolving loan fund capitalization (in thousands)	\$1,400	\$1,500	\$1,600	\$1,650	\$1,650	\$1,650	\$1,650
Pennsylvania Housing Finance Agency:							
Approved mortgage assistance loans	1,600	1,700	1,700	1,700	1,700	1,700	1,700
Annual value of assistance loans recorded (in thousands)	\$12,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000

Enterprise Zone private business investment leveraged decreased in 2000-01 from the projection shown in last year's budget based on actual data.

Enterprise Zone jobs created / retained increase from those shown in last year's budget due to renewed emphasis on the program.

Annual value of assistance loans recorded decreased in 2000-01 from the projection shown in last year's budget due to the recent economic downturn.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ -622 Land Use Planning Assistance —nonrecurring program costs.</p> <p>\$ -3,000 Housing & Redevelopment Assistance —nonrecurring projects.</p> <p>\$ -750 Community Development Bank —nonrecurring projects.</p> <p>\$ -424 Family Savings Accounts —nonrecurring projects.</p>	<p>\$ -1,500 New Communities —nonrecurring projects.</p> <p>\$ -84,660 Community Revitalization —nonrecurring projects.</p> <p>\$ -4,000 Urban Development —nonrecurring projects.</p> <p>\$ -5,000 Community Conservation and Employment —nonrecurring projects.</p>
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The Shared Municipal Services appropriation is recommended at the current year funding level.

In addition, \$30 million in Federal funds are provided to the Pennsylvania Housing Finance Agency through the Department of Community and Economic Development to expand the availability of affordable housing opportunities for low-income families.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Land Use Planning Assistance	\$ 3,598	\$ 4,622	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Housing & Redevelopment Assistance	15,000	18,000	15,000	15,000	15,000	15,000	15,000
Community Development Bank	750	750	0	0	0	0	0
Family Savings Accounts	1,500	1,500	1,076	1,076	1,076	1,076	1,076
Shared Municipal Services	900	900	900	900	900	900	900
New Communities	9,496	11,500	10,000	10,000	10,000	10,000	10,000
Community Revitalization	84,660	84,660	0	0	0	0	0
Urban Development	0	4,000	0	0	0	0	0
Community Conservation and Employment	13,500	10,000	5,000	5,000	5,000	5,000	5,000
TOTAL GENERAL FUND	\$ 129,404	\$ 135,932	\$ 35,976	\$ 35,976	\$ 35,976	\$ 35,976	\$ 35,976



DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

The mission of the Department of Conservation and Natural Resources is to maintain, improve and preserve State parks, to manage State forest lands to assure their long-term health, sustainability and economic use, to provide information on Pennsylvania's ecological and geologic resources and to administer grant and technical assistance programs that will benefit rivers conservation, trails and greenways, local recreation, regional heritage conservation and environmental education programs across Pennsylvania.

The Conservation and Natural Resources Advisory Council is included in the department's presentation.

Conservation and Natural Resources

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
General Government Operations.....	\$ 31,607	\$ 17,833	\$ 19,902
(F)Surface Mining Control and Reclamation.....	151	180	180
(F)Topographic and Geologic Survey Grants.....	108	175	175
(F)Bituminous Coal Resources.....	143	230	230
(F)Intermodal Surface Transportation Act.....	1,259	4,000	4,000
(F)Land and Water Conservation Fund.....	1,285	17,000	5,000
(F)Economic Action Programs.....	47	100	100
(A)Payment for Department Services.....	128	135	135
(A)Water Well Drillers.....	51	65	65
(A)Keystone Recreation, Park and Conservation Fund.....	1,700	1,900	1,900
(A)Internet Record Imaging System.....	93	90	90
(A)Purchasing Card Rebate.....	36	40	40
Subtotal.....	\$ 36,608	\$ 41,748	\$ 31,817
State Parks Operations.....	59,696	62,483	62,567
(F)Recreational Trails.....	1,379	1,500	3,500
(A)PCC Programs - Parks.....	198	400	400
(A)Reimbursement - Sewer System.....	199	225	225
(A)Reimbursement - Kings Gap Use.....	1	75	75
(A)State Parks User Fees.....	14,900	16,010	16,010
(A)Prior Year Revenue - Parks.....	655	500	500
(A)Donations.....	24	20	20
(A)Reimbursement for Services.....	42	95	95
Subtotal.....	\$ 77,094	\$ 81,308	\$ 83,392
State Forests Operations.....	13,601	16,523	16,252
(F)Forest Fire Protection and Control.....	264	1,000	1,000
(F)Forestry Incentives and Agriculture Conservation.....	14	50	50
(F)Forest Management and Processing.....	241	300	300
(F)Cooperative Forest Insect and Disease Control.....	250	250	250
(F)Wetland Protection Fund (EA).....	127	200	200
(F)Nonpoint Source - Riparian Buffers (EA).....	90	58	58
(A)Reimbursement for Services.....	2	100	100
(A)Reimbursement - Forest Fires.....	758	350	350
(A)Sale of Vehicles - Forests.....	23	25	25
(A)Private Donations.....	1	35	35
(A)Timber Sales.....	27,000	33,604	30,604
(A)PCC Programs - Forests.....	57	400	400
Subtotal.....	\$ 42,428	\$ 52,895	\$ 49,624
Forest Pest Management.....	3,524	5,437	5,437
(F)Forest Insect and Disease Control.....	1,465	2,000	2,000
(A)Reimbursement from Counties.....	268	800	550
Subtotal.....	\$ 5,257	\$ 8,237	\$ 7,987
Subtotal - State Funds.....	\$ 108,428	\$ 102,276	\$ 104,158
Subtotal - Federal Funds.....	6,823	27,043	17,043
Subtotal - Augmentations.....	46,136	54,869	51,619
Total - General Government.....	\$ 161,387	\$ 184,188	\$ 172,820
<i>Grants and Subsidies:</i>			
Heritage and Other Parks.....	\$ 2,749	\$ 4,350	\$ 3,050
Recreational Trails.....	1,000	0	0
Annual Fixed Charges - Flood Lands.....	39	42	42
Annual Fixed Charges - Project 70.....	29	35	35
Annual Fixed Charges - Forest Lands.....	2,419	2,450	2,450
Annual Fixed Charges - Park Lands.....	338	450	450

Conservation and Natural Resources

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
Total - Grants and Subsidies.....	\$ 6,574	\$ 7,327	\$ 6,027
STATE FUNDS.....	\$ 115,002	\$ 109,603	\$ 110,185
FEDERAL FUNDS.....	6,823	27,043	17,043
AUGMENTATIONS.....	46,136	54,869	51,619
GENERAL FUND TOTAL.....	\$ 167,961	\$ 191,515	\$ 178,847
<u>ENVIRONMENTAL STEWARDSHIP FUND:</u>			
<i>General Government:</i>			
Parks & Forest Facility Rehabilitation (EA).....	\$ 23,790	\$ 13,502 ^a	\$ 12,967
<i>Grants and Subsidies:</i>			
Community Conservation Grants (EA).....	\$ 8,200	\$ 8,193	\$ 7,500
Natural Diversity Conservation Grants (EA).....	300	500	500
Total - Grants and Subsidies.....	\$ 8,500	\$ 8,693	\$ 8,000
ENVIRONMENTAL STEWARDSHIP FUND TOTAL.....	\$ 32,290	\$ 22,195	\$ 20,967
<u>KEYSTONE RECREATION, PARK AND CONSERVATION FUND:</u>			
<i>General Government:</i>			
Park & Forest Facility Rehab. - Realty Transfer (96-97) (EA).....	\$ 1,211	\$ 1,269	\$ 0
Park & Forest Facility Rehab. - Realty Transfer (97-98) (EA).....	1,995	1,564	0
Park & Forest Facility Rehab. - Realty Transfer (98-99) (EA).....	7,683	5,639	0
Park & Forest Facility Rehab. - Realty Transfer (99-00) (EA).....	7,719	11,120	0
Park & Forest Facility Rehab. - Realty Transfer (00-01) (EA).....	0	16,537	0
Park & Forest Facility Rehab. - Realty Transfer (01-02) (EA).....	0	0	13,939
Total - General Government.....	\$ 18,608	\$ 36,129	\$ 13,939
<i>Grants and Subsidies:</i>			
Grants for Local Recreation-Realty Transfer Tax (95-96) (EA).....	\$ 3,619	\$ 0	\$ 0
Grants for Local Recreation-Realty Transfer Tax (96-97) (EA).....	5,882	5,495	0
Grants for Local Recreation-Realty Transfer Tax (97-98) (EA).....	8,100	7,236	0
Grants for Local Recreation-Realty Transfer Tax (98-99) (EA).....	9,110	9,725	0
Grants for Local Recreation-Realty Transfer Tax (99-00) (EA).....	8,713	12,102	0
Grants for Local Recreation-Realty Transfer Tax (00-01) (EA).....	0	13,781	0
Grants for Local Recreation-Realty Transfer Tax (01-02) (EA).....	0	0	11,616
Grants to Land Trusts - Realty Transfer Tax (96-97) (EA).....	2,265	430	0
Grants to Land Trusts - Realty Transfer Tax (97-98) (EA).....	1,986	1,976	0
Grants to Land Trusts - Realty Transfer Tax (98-99) (EA).....	3,005	2,952	0
Grants to Land Trusts - Realty Transfer Tax (99-00) (EA).....	5,174	4,320	0
Grants to Land Trusts - Realty Transfer Tax (00-01) (EA).....	0	5,513	0
Grants to Land Trusts - Realty Transfer Tax (01-02) (EA).....	0	0	4,647
Total - Grants and Subsidies.....	\$ 47,854	\$ 63,530	\$ 16,263
KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL.....	\$ 66,462	\$ 99,659	\$ 30,202
<u>MOTOR LICENSE FUND:</u>			
<i>General Government:</i>			
Dirt and Gravel Road.....	\$ 1,000	\$ 1,000	\$ 1,000
<i>Grants and Subsidies:</i>			
(R)Forestry Bridges - Excise Tax (EA).....	\$ 3,913	\$ 3,191	\$ 3,656

Conservation and Natural Resources

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
STATE FUNDS.....	\$ 1,000	\$ 1,000	\$ 1,000
RESTRICTED REVENUES.....	3,913	3,191	3,656
MOTOR LICENSE FUND TOTAL.....	<u>\$ 4,913</u>	<u>\$ 4,191</u>	<u>\$ 4,656</u>
 <u>OTHER FUNDS:</u>			
GENERAL FUND:			
Snowmobile Regulation.....	\$ 961	\$ 3,422	\$ 3,633
Forest Regeneration.....	2,106	5,100	5,100
Ohiopyle State Park Water Treatment System.....	18	544	206
Forest Lands Beautification Act.....	1,024	1,500	1,500
GENERAL FUND TOTAL.....	<u>\$ 4,109</u>	<u>\$ 10,566</u>	<u>\$ 10,439</u>
 ENVIRONMENTAL EDUCATION FUND:			
General Operations (EA).....	\$ 96	\$ 104	\$ 184
 OIL AND GAS LEASE FUND:			
General Operations.....	\$ 5,635	\$ 6,000	\$ 6,000
 WILD RESOURCE CONSERVATION FUND:			
General Operations (EA).....	\$ 946	\$ 950	\$ 570
 DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 115,002	\$ 109,603	\$ 110,185
SPECIAL FUNDS.....	99,752	122,854	52,169
FEDERAL FUNDS.....	6,823	27,043	17,043
AUGMENTATIONS.....	46,136	54,869	51,619
RESTRICTED.....	3,913	3,191	3,656
OTHER FUNDS.....	10,786	17,620	17,193
TOTAL ALL FUNDS.....	<u>\$ 282,412</u>	<u>\$ 335,180</u>	<u>\$ 251,865</u>

^a The reduced current year General Fund Transfer amount will result in reducing this current year executive authorization from \$25,552,000 to \$13,502,000.

Conservation and Natural Resources

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
PARKS AND FORESTS MANAGEMENT							
GENERAL FUND.....	\$ 115,002	\$ 109,603	\$ 110,185	\$ 109,740	\$ 109,740	\$ 109,740	\$ 109,740
SPECIAL FUNDS.....	99,752	122,854	52,169	54,184	63,984	40,643	44,153
FEDERAL FUNDS.....	6,823	27,043	17,043	17,043	17,043	17,043	17,043
OTHER FUNDS.....	60,835	75,680	72,468	72,202	72,255	72,310	72,365
SUBCATEGORY TOTAL.....	\$ 282,412	\$ 335,180	\$ 251,865	\$ 253,169	\$ 263,022	\$ 239,736	\$ 243,301
ALL PROGRAMS:							
GENERAL FUND.....	\$ 115,002	\$ 109,603	\$ 110,185	\$ 109,740	\$ 109,740	\$ 109,740	\$ 109,740
SPECIAL FUNDS.....	99,752	122,854	52,169	54,184	63,984	40,643	44,153
FEDERAL FUNDS.....	6,823	27,043	17,043	17,043	17,043	17,043	17,043
OTHER FUNDS.....	60,835	75,680	72,468	72,202	72,255	72,310	72,365
DEPARTMENT TOTAL.....	\$ 282,412	\$ 335,180	\$ 251,865	\$ 253,169	\$ 263,022	\$ 239,736	\$ 243,301

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 254,000 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 adds new facilities where needed. 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.

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. 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.

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 data base contains location information for rare, unique and unusual features of the Commonwealth. It provides 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 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.

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.

Conservation and Natural Resources

Program: Parks and Forests Management (continued)

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Management of Recreation Facilities and Areas							
State park attendance in visitor days (in thousands)	36,438	36,500	36,500	36,500	36,500	36,500	36,500
Major maintenance or restoration projects completed	185	144	110	110	110	110	110
Keystone Recreation, Park and Conservation Fund projects completed	33	27	25	25	25	25	25
Environmental Stewardship Fund projects completed	26	45	24	24	0	0	0
Management of Forest Resources							
Forest fires	649	1,000	1,000	1,000	1,000	1,000	1,000
Acres of private timber land affected by professional assistance	2,617,145	2,400,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Acres receiving insect suppression	168,000	170,000	170,000	170,000	170,000	170,000	170,000
Recreational and Conservation Programs							
Community Conservation Partnership Grants	375	375	350	350	350	350	350
Heritage Park Grants	90	87	90	90	90	90	90

Major maintenance or restoration projects completed increase over those shown in last year's budget because a greater number of less expensive projects are being completed.

Environmental Stewardship Fund projects completed increased from projections shown in last year's budget because a greater number of less expensive projects are being completed.

Forest fires decreased in 2000-01 from the projection shown in last year's budget because conditions were less dry than in an average year.

Acres of private timber land affected by professional assistance increase over projections shown in last year's budget because of various insect threats and the need for an enhanced spraying program.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND			
General Government Operations			State Forests Operations
\$ 1,060	—Initiative — Pennsylvania Biodiversity Conservation. To enhance the Pennsylvania Natural Diversity Inventory Program.	\$ -3,330	—nonrecurring program costs.
		3,059	—to continue current program.
45	—Initiative — Pennsylvania Greenways Plan. To provide administrative support for the Pennsylvania Greenways initiative.	\$ -271	<i>Appropriation Decrease</i>
550	—Initiative — Information Technology Service Improvements. To enhance information technology services including planning for disaster recovery and enterprise backup.	\$ -1,300	Heritage and Other Parks
771	—to continue current program.		—nonrecurring projects.
-357	—nonrecurring program costs.	\$ -535	ENVIRONMENTAL STEWARDSHIP FUND
\$ 2,069	<i>Appropriation Increase</i>		Parks and Forest Facility Rehabilitation (EA)
		\$ -693	—nonrecurring projects related to the Growing Greener initiative.
	State Parks Operations		Community Conservation Grants (EA)
\$ 90	—Initiative — Benjamin Rush State Park. To provide equipment and administrative support for Benjamin Rush State Park.		—nonrecurring community conservation grants and open space projects related to the Growing Greener initiative.
1,244	—to continue current program.		
-1,250	—nonrecurring program costs.		
\$ 84	<i>Appropriation Increase</i>		

This budget commits \$20,967,000 from the Environmental Stewardship Fund for environmental projects related to the Growing Greener initiative.

Projects funded by the Keystone Recreation, 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.

Conservation and Natural Resources

Program: Parks and Forests Management (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 31,607	\$ 17,833	\$ 19,902	\$ 19,457	\$ 19,457	\$ 19,457	\$ 19,457
State Parks Operations	59,696	62,483	62,567	62,567	62,567	62,567	62,567
State Forests Operations	13,601	16,523	16,252	16,252	16,252	16,252	16,252
Forest Pest Management	3,524	5,437	5,437	5,437	5,437	5,437	5,437
Heritage and Other Parks	2,749	4,350	3,050	3,050	3,050	3,050	3,050
Recreational Trails	1,000	0	0	0	0	0	0
Annual Fixed Charges — Flood Lands	39	42	42	42	42	42	42
Annual Fixed Charges — Project 70	29	35	35	35	35	35	35
Annual Fixed Charges — Forest Lands	2,419	2,450	2,450	2,450	2,450	2,450	2,450
Annual Fixed Charges — Park Lands	338	450	450	450	450	450	450
TOTAL GENERAL FUND	\$ 115,002	\$ 109,603	\$ 110,185	\$ 109,740	\$ 109,740	\$ 109,740	\$ 109,740
ENVIRONMENTAL STEWARDSHIP FUND:							
Parks & Forest Facility Rehabilitation (EA)	\$ 23,790	\$ 13,502	\$ 12,967	\$ 25,017	\$ 17,787	\$ 0	\$ 0
Community Conservation Grants (EA)	8,200	8,193	7,500	7,500	7,500	0	0
Natural Diversity Conservation Grants (EA)	300	500	500	500	500	0	0
TOTAL ENVIRONMENTAL STEWARDSHIP FUND	\$ 32,290	\$ 22,195	\$ 20,967	\$ 33,017	\$ 25,787	\$ 0	\$ 0
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Park & Forest Facility Rehab — Realty Transfer (EA)	\$ 18,608	\$ 36,129	\$ 13,939	\$ 9,307	\$ 17,168	\$ 18,297	\$ 19,917
Grants for Local Recreation — Realty Transfer Tax (EA)	35,424	48,339	11,616	7,758	14,306	15,247	16,597
Grants to Land Trusts — Realty Transfer Tax (EA)	12,430	15,191	4,647	3,102	5,723	6,099	6,639
TOTAL KEYSTONE RECREATION, PARK AND CONSERVATION FUND	\$ 66,462	\$ 99,659	\$ 30,202	\$ 20,167	\$ 37,197	\$ 39,643	\$ 43,153
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.

PROGRAM REVISION

Budgeted Amounts Include the Following Program Revision:

Title	Appropriation	2002-03 State Funds (in thousands)
Protecting Public Safety		
	Medical Care.....	\$ 644
	Inmate Education and Training.....	530
	State Correctional Institutions.....	<u>7,743</u>
	Program Revision Subtotal.....	<u>\$ 8,917</u>

This Program Revision provides resources to open SCI Fayette, expand therapeutic community programs at State Correctional Institutions, increase prison capacity at SCI Cresson and begin planning activities for SCI Forest. A total of \$16.5 million in State and other funds is provided by this Program Revision across five agencies.

Department Total.....	<u>\$ 8,917</u>
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Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
<i>Institutional:</i>			
General Government Operations.....	\$ 35,608	\$ 35,544	\$ 34,965
(F)DCSI - Violent Crime Victims(EA).....	41	40	0
(F)DCSI - Inmate Records(EA).....	96	0	0
(F)DCSI - Data Information Transfer(EA).....	224	0	0
(F)DCSI - Electronic Inmate File System(EA).....	56	0	0
(F)DCSI - Community Outreach Recruitment(EA).....	0	155	25
(F)Volunteer Support(EA).....	0	0	12
(F)Federal Inmates.....	0	25	25
(A)County Training.....	140	175	185
(A)Purchasing Card Rebates.....	4	10	15
(A)Augmentations from State Agencies.....	12	20	25
Subtotal.....	\$ 36,181	\$ 35,969	\$ 35,252
Medical Care.....	137,802	143,302	152,560
(F)DCSI - Adult Interactive Living(EA).....	30	325	200
(A)Medical Co-payment.....	245	285	285
(A)Purchasing Card Rebates.....	3	5	6
Subtotal.....	\$ 138,080	\$ 143,917	\$ 153,051
Inmate Education and Training.....	32,282	35,231	36,812
(F)Library Services.....	78	50	50
(F)Youth Offenders Education.....	312	432	455
(F)Correctional Education.....	1,009	1,254	1,282
(A)Reimbursement for services.....	6	7	8
Subtotal.....	\$ 33,687	\$ 36,974	\$ 38,607
State Correctional Institutions.....	954,812	950,668	1,070,877
(F)SABG - Drug and Alcohol Programs.....	2,100	2,100	2,100
(F)DCSI - Therapeutic Community(EA).....	10	300	200
(F)DCSI - Ionscan(EA).....	18	0	0
(F)DCSI - Employment Opportunities(EA).....	0	375	375
(F)DCSI - Virtual Visitation(EA).....	0	120	60
(F)DCSI - Intervention Training(EA).....	0	18	0
(F)DCSI - Video Conferencing(EA).....	88	89	60
(F)DCSI - Sex Offender Assessment(EA).....	0	75	345
(F)DCSI - Inmate Culinary Training (EA).....	0	15	53
(F)Reimbursement for Alien Inmates.....	3,005	5,500	1,900
(F)Forensic Community.....	0	200	200
(F)RSAT - Drug Treatment(EA).....	1,273	1,616	986
(F)Truth in Sentencing(EA).....	58,569	16,800	14,280
(A)Community Service Centers.....	666	580	675
(A)Institutional Reimbursements.....	82	159	180
(A)Purchasing Card Rebates.....	100	125	130
(A)Rockview Dirt Sale.....	32	0	0
(A)Offenders Workshop Skills.....	0	0	200
Subtotal.....	\$ 1,020,755	\$ 978,740	\$ 1,092,621
Subtotal - State Funds.....	\$ 1,160,504	\$ 1,164,745	\$ 1,295,214
Subtotal - Federal Funds.....	66,909	29,489	22,608
Subtotal - Augmentations.....	1,290	1,366	1,709
Total - Institutional.....	\$ 1,228,703	\$ 1,195,600	\$ 1,319,531
STATE FUNDS.....	\$ 1,160,504	\$ 1,164,745	\$ 1,295,214
FEDERAL FUNDS.....	66,909	29,489	22,608
AUGMENTATIONS.....	1,290	1,366	1,709
GENERAL FUND TOTAL.....	\$ 1,228,703	\$ 1,195,600	\$ 1,319,531

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
<u>OTHER FUNDS:</u>			
LOCAL CRIMINAL JUSTICE FUND:			
County Grants(EA).....	\$ 1,997	\$ 1,400	\$ 1,014
MANUFACTURING FUND:			
General Operations(EA).....	\$ 37,396	\$ 45,000	\$ 42,988
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 1,160,504	\$ 1,164,745	\$ 1,295,214
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	66,909	29,489	22,608
AUGMENTATIONS.....	1,290	1,366	1,709
OTHER FUNDS.....	39,393	46,400	44,002
TOTAL ALL FUNDS.....	\$ 1,268,096	\$ 1,242,000	\$ 1,363,533

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
INSTITUTIONALIZATION OF OFFENDERS							
GENERAL FUND.....	\$ 1,160,504	\$ 1,164,745	\$ 1,295,214	\$ 1,314,513	\$ 1,341,012	\$ 1,377,986	\$ 1,395,794
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	66,909	29,489	22,608	22,608	22,608	22,608	22,608
OTHER FUNDS.....	40,683	47,766	45,711	44,697	44,697	44,697	44,697
SUBCATEGORY TOTAL.....	\$ 1,268,096	\$ 1,242,000	\$ 1,363,533	\$ 1,381,818	\$ 1,408,317	\$ 1,445,291	\$ 1,463,099
ALL PROGRAMS:							
GENERAL FUND.....	\$ 1,160,504	\$ 1,164,745	\$ 1,295,214	\$ 1,314,513	\$ 1,341,012	\$ 1,377,986	\$ 1,395,794
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	66,909	29,489	22,608	22,608	22,608	22,608	22,608
OTHER FUNDS.....	40,683	47,766	45,711	44,697	44,697	44,697	44,697
DEPARTMENT TOTAL.....	\$ 1,268,096	\$ 1,242,000	\$ 1,363,533	\$ 1,381,818	\$ 1,408,317	\$ 1,445,291	\$ 1,463,099

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, 15 community corrections centers and a motivational boot camp. There were 37,995 inmates housed in the State system at the end of December 2001 with a multiple occupancy strategy capacity of 33,757.

During 2001, institutional capacity increases occurred with:

- The opening of SCI Pine Grove with an initial capacity of 527 beds.
- The opening of a new housing unit at SCI Rockview with 148 beds.
- Renovations at SCI Waymart that provided 88 additional beds.
- Expansion of a community corrections center that added 75 beds.

The following institutional changes are planned for the first six months of 2002:

- Renovations at SCI Laurel Highlands that will provide 505 additional beds.
- The opening of a new restricted housing unit at SCI Muncy with 72 beds.
- A 60 bed expansion of a community corrections center.

The State's prison expansion program is continuing in 2002-03 with:

- The opening of a new housing unit at SCI Cresson that will increase capacity by 230 beds.
- Opening of the last housing unit at SCI Pine Grove for a capacity increase of 110 beds.
- Completion of a 148 bed housing unit at SCI Graterford.
- The opening of the new SCI Fayette institution and the transfer of inmates from SCI Pittsburgh. SCI Fayette will provide 300 more beds than SCI Pittsburgh.

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 and to increase the use of inmates in performing institutional maintenance.

Program: Institutionalization of Offenders (continued)

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Inmates (December)	36,810	37,995	37,399	37,299	37,160	37,188	37,521
Prison Multiple Occupancy Capacity (December)	33,180	33,757	34,698	35,790	37,611	37,611	37,611
Inmates in excess of Multiple Occupancy Capacity	3,630	4,238	2,701	1,509	-	-	-
Inmates receiving high school diplomas/GED's	1,226	1,290	1,000	1,050	1,150	1,150	1,150
Inmates involved in work programs	25,599	26,382	26,068	26,098	26,009	26,028	26,259
Inmates receiving educational training	10,357	10,600	11,500	11,700	12,200	12,200	12,200
Inmates receiving drug and alcohol treatment programs	15,755	16,250	16,650	17,100	17,550	17,900	18,200

Inmate population projections are from a study by the Correctional Population Projection Committee. The committee's September 2001 forecast projects relatively flat to slightly decreasing population changes over the next few years. The committee's data shows fewer violent offenders and more drug and property offenders being admitted to prison. The drug and property offenders are expected to serve less time in prison than the violent offenders.

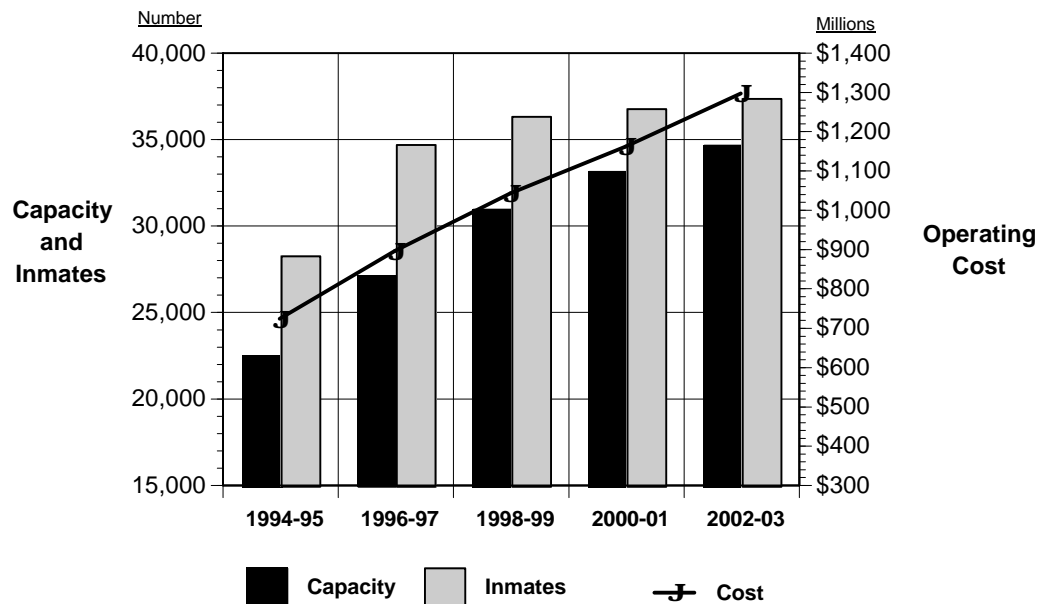
Multiple Occupancy Strategy(MOS) is a strategy to house offenders at levels above the single cell capacity based on an assessment of the square footage and security level assigned to a designated housing area. The MOS capacity is cited because it is used in day-to-day operational decisions.

Inmates in excess of Multiple Occupancy Capacity is higher than projected in last year's budget for 2001-02 through 2003-04 due to a combination of higher than previously projected estimates of the number of inmates and a slight delay in constructing new prisons.

Inmates receiving high school diplomas/GED's decrease beginning in 2002-03 from the projections shown in last year's budget because of a change in the requirements for obtaining a passing grade on the GED tests.

State Correctional Institutions

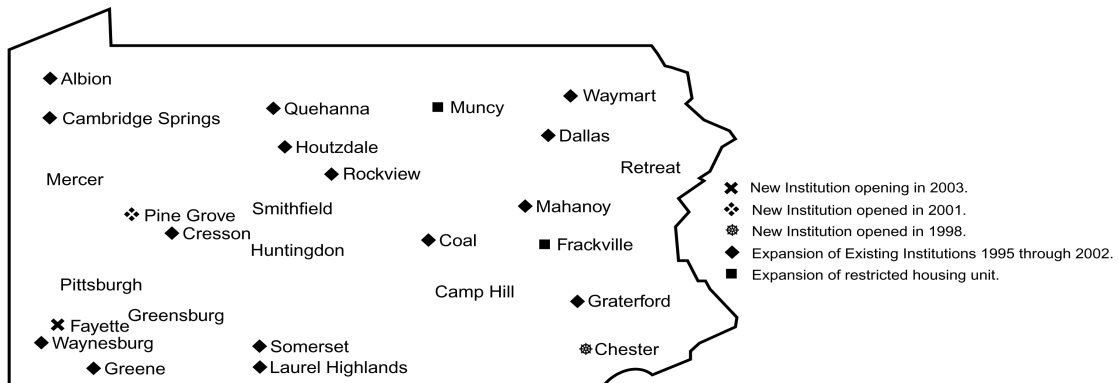
Capacity, Inmate Population and Operating Costs



The cost of operating the State correctional institution system has increased from \$721 million in 1994-95 to nearly \$1.3 billion in 2002-03. During this timeframe, the inmate population is projected to increase from 28,302 to 37,399 and the multiple occupancy capacity from 22,543 to an estimated 34,698.

Program: Institutionalization of Offenders (continued)

State Correctional Institutions Locations and Expansions



Population and Capacity Institutions	Population Dec 2001	Estimated Population Dec 2002	Capacity Dec 2001	Estimated Capacity Dec 2002
Albion.....	1,970	1,963	1,982	1,982
Cambridge Springs.....	778	683	909	909
Camp Hill.....	3,524	3,176	3,022	3,022
Chester.....	1,032	840	1,096	1,096
Coal Township.....	1,673	1,648	1,471	1,471
Cresson.....	1,242	1,178	888	888
Dallas.....	1,889	1,864	1,310	1,310
Fayette.....	....	406	....	406
Frackville.....	994	978	1,075	1,075
Graterford.....	3,149	3,141	2,446	2,594
Greene.....	1,693	1,665	1,893	1,893
Greensburg.....	840	806	550	550
Houtzdale.....	2,026	1,972	2,036	2,036
Huntingdon.....	1,942	1,906	1,412	1,412
Laurel Highlands.....	450	842	422	927
Mahanoy.....	1,979	1,942	1,985	1,985
Mercer.....	1,059	1,062	922	922
Muncy.....	845	887	843	811
Pine Grove.....	380	397	527	637
Pittsburgh.....	1,752	1,418	1,623	1,299
Quehanna.....	240	225	230	230
Retreat.....	842	792	810	810
Rockview.....	1,884	1,856	1,207	1,207
Smithfield.....	1,210	1,176	768	768
Somerset.....	1,971	1,938	1,985	1,985
Waymart.....	1,273	1,262	1,267	1,335
Waynesburg.....	474	442	483	483
Community Centers.....	869	872	595	655
Other jurisdictions.....	15	62	....	....
Total.....	37,995	37,399	33,757	34,698

SCI Fayette is scheduled to open during 2002-03.

Program: Institutionalization of Offenders (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget		2000-01 Actual	2001-02 Available	2002-03 Budget
Albion				Forest			
State Funds.....	\$ 52,369	\$ 42,708	\$ 56,850	State Funds.....	\$ 0	\$ 0	\$ 419
Federal Funds.....	383	711	544	Federal Funds.....	0	0	0
Augmentations.....	9	10	10	Augmentations.....	0	0	0
TOTAL.....	\$ 52,761	\$ 43,429	\$ 57,404	TOTAL.....	\$ 0	\$ 0	\$ 419
Cambridge Springs				Frackville			
State Funds.....	\$ 21,008	\$ 21,969	\$ 23,725	State Funds.....	\$ 29,393	\$ 30,716	\$ 32,600
Federal Funds.....	296	520	421	Federal Funds.....	7	11	11
Augmentations.....	8	9	9	Augmentations.....	6	7	7
TOTAL.....	\$ 21,312	\$ 22,498	\$ 24,155	TOTAL.....	\$ 29,406	\$ 30,734	\$ 32,618
Camp Hill				Graterford			
State Funds.....	\$ 73,160	\$ 76,452	\$ 80,950	State Funds.....	\$ 88,709	\$ 92,701	\$ 97,975
Federal Funds.....	316	555	450	Federal Funds.....	11,735	3,052	2,328
Augmentations.....	34	36	40	Augmentations.....	16	17	19
TOTAL.....	\$ 73,510	\$ 77,043	\$ 81,440	TOTAL.....	\$ 100,460	\$ 95,770	\$ 100,322
Chester				Greene			
State Funds.....	\$ 26,776	\$ 28,100	\$ 29,990	State Funds.....	\$ 60,003	\$ 50,686	\$ 63,350
Federal Funds.....	0	0	0	Federal Funds.....	99	171	142
Augmentations.....	10	11	12	Augmentations.....	8	9	9
TOTAL.....	\$ 26,786	\$ 28,111	\$ 30,002	TOTAL.....	\$ 60,110	\$ 50,866	\$ 63,501
Coal Township				Greensburg			
State Funds.....	\$ 50,074	\$ 40,519	\$ 54,550	State Funds.....	\$ 27,242	\$ 28,468	\$ 30,225
Federal Funds.....	121	218	172	Federal Funds.....	5,895	97	97
Augmentations.....	13	14	16	Augmentations.....	6	7	7
TOTAL.....	\$ 50,208	\$ 40,751	\$ 54,738	TOTAL.....	\$ 33,143	\$ 28,572	\$ 30,329
Cresson				Houtzdale			
State Funds.....	\$ 35,468	\$ 37,064	\$ 39,420	State Funds.....	\$ 39,890	\$ 42,055	\$ 44,700
Federal Funds.....	7,524	239	185	Federal Funds.....	237	388	341
Augmentations.....	9	10	11	Augmentations.....	9	10	11
TOTAL.....	\$ 43,001	\$ 37,313	\$ 39,616	TOTAL.....	\$ 40,136	\$ 42,453	\$ 45,052
Dallas				Huntingdon			
State Funds.....	\$ 50,485	\$ 52,757	\$ 56,025	State Funds.....	\$ 48,250	\$ 50,421	\$ 52,770
Federal Funds.....	78	117	114	Federal Funds.....	150	272	213
Augmentations.....	13	14	16	Augmentations.....	16	17	20
TOTAL.....	\$ 50,576	\$ 52,888	\$ 56,155	TOTAL.....	\$ 48,416	\$ 50,710	\$ 53,003
Fayette				Laurel Highlands			
State Funds.....	\$ 0	\$ 210	\$ 23,529	State Funds.....	\$ 27,998	\$ 30,406	\$ 33,153
Federal Funds.....	0	0	0	Federal Funds.....	36	64	52
Augmentations.....	0	0	0	Augmentations.....	2	2	3
TOTAL.....	\$ 0	\$ 210	\$ 23,529	TOTAL.....	\$ 28,036	\$ 30,472	\$ 33,208

Program: Institutionalization of Offenders (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget		2000-01 Actual	2001-02 Available	2002-03 Budget
Mahanoy				Smithfield			
State Funds.....	\$ 51,139	\$ 41,423	\$ 55,575	State Funds.....	\$ 31,314	\$ 32,723	\$ 34,750
Federal Funds.....	204	372	290	Federal Funds.....	164	298	233
Augmentations.....	11	12	13	Augmentations.....	9	10	11
TOTAL.....	<u>\$ 51,354</u>	<u>\$ 41,807</u>	<u>\$ 55,878</u>	TOTAL.....	<u>\$ 31,487</u>	<u>\$ 33,031</u>	<u>\$ 34,994</u>
Mercer				Somerset			
State Funds.....	\$ 28,994	\$ 30,299	\$ 32,110	State Funds.....	\$ 52,861	\$ 43,222	\$ 57,325
Federal Funds.....	14,332	1,053	804	Federal Funds.....	248	458	352
Augmentations.....	10	11	12	Augmentations.....	11	12	13
TOTAL.....	<u>\$ 43,336</u>	<u>\$ 31,363</u>	<u>\$ 32,926</u>	TOTAL.....	<u>\$ 53,120</u>	<u>\$ 43,692</u>	<u>\$ 57,690</u>
Muncy				Waymart			
State Funds.....	\$ 33,334	\$ 34,859	\$ 37,000	State Funds.....	\$ 50,700	\$ 53,050	\$ 56,200
Federal Funds.....	9,570	1,150	852	Federal Funds.....	265	428	381
Augmentations.....	21	23	25	Augmentations.....	11	12	14
TOTAL.....	<u>\$ 42,925</u>	<u>\$ 36,032</u>	<u>\$ 37,877</u>	TOTAL.....	<u>\$ 50,976</u>	<u>\$ 53,490</u>	<u>\$ 56,595</u>
Pine Grove				Waynesburg			
State Funds.....	\$ 14,356	\$ 20,525	\$ 23,960	State Funds.....	\$ 14,284	\$ 14,927	\$ 15,820
Federal Funds.....	138	244	196	Federal Funds.....	14	20	21
Augmentations.....	1	1	1	Augmentations.....	3	3	3
TOTAL.....	<u>\$ 14,495</u>	<u>\$ 20,770</u>	<u>\$ 24,157</u>	TOTAL.....	<u>\$ 14,301</u>	<u>\$ 14,950</u>	<u>\$ 15,844</u>
Pittsburgh				Community Centers			
State Funds.....	\$ 57,045	\$ 59,612	\$ 45,550	State Funds.....	\$ 57,573	\$ 68,295	\$ 71,025
Federal Funds.....	112	106	49	Federal Funds.....	198	369	280
Augmentations.....	13	14	15	Augmentations.....	666	711	897
TOTAL.....	<u>\$ 57,170</u>	<u>\$ 59,732</u>	<u>\$ 45,614</u>	TOTAL.....	<u>\$ 58,437</u>	<u>\$ 69,375</u>	<u>\$ 72,202</u>
Quehanna Boot Camp				Training Academy			
State Funds.....	\$ 10,114	\$ 10,569	\$ 11,090	State Funds.....	\$ 4,919	\$ 5,140	\$ 5,430
Federal Funds.....	55	104	79	Federal Funds.....	0	0	0
Augmentations.....	4	4	4	Augmentations.....	0	0	0
TOTAL.....	<u>\$ 10,173</u>	<u>\$ 10,677</u>	<u>\$ 11,173</u>	TOTAL.....	<u>\$ 4,919</u>	<u>\$ 5,140</u>	<u>\$ 5,430</u>
Retreat				Central Office			
State Funds.....	\$ 26,525	\$ 27,719	\$ 29,440	State Funds.....	\$ 44,131	\$ 43,017	\$ 42,725
Federal Funds.....	155	285	220	Federal Funds.....	3,855	6,674	5,024
Augmentations.....	8	9	10	Augmentations.....	319	325	444
TOTAL.....	<u>\$ 26,688</u>	<u>\$ 28,013</u>	<u>\$ 29,670</u>	TOTAL.....	<u>\$ 48,305</u>	<u>\$ 50,016</u>	<u>\$ 48,193</u>
Rockview				Other jurisdictions			
State Funds.....	\$ 51,068	\$ 53,366	\$ 56,650	State Funds.....	\$ 1,322	\$ 767	\$ 333
Federal Funds.....	10,722	11,513	8,757	Federal Funds.....	0	0	0
Augmentations.....	44	46	57	Augmentations.....	0	0	0
TOTAL.....	<u>\$ 61,834</u>	<u>\$ 64,925</u>	<u>\$ 65,464</u>	TOTAL.....	<u>\$ 1,322</u>	<u>\$ 767</u>	<u>\$ 333</u>

Program: Institutionalization of Offenders (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>General Government Operations</p> <p>\$ 3,469 —for information technology including additional network resources.</p> <p>2,719 —to continue current program.</p> <p><u>-6,767</u> —nonrecurring equipment purchases.</p> <p>\$ -579 <i>Appropriation Decrease</i></p> <p>Medical Care</p> <p>\$ 644 —PRR — Protecting Public Safety. This Program Revision provides resources for inmate medical care at SCI Fayette, which will replace SCI Pittsburgh. See the Program Revision following this program for additional information.</p> <p>1,200 —to continue to provide hepatitis vaccinations to staff and inmates on a voluntary basis.</p> <p><u>7,414</u> —to continue current program.</p> <p>\$ 9,258 <i>Appropriation Increase</i></p> <p>Inmate Education and Training</p> <p>\$ 530 —PRR — Protecting Public Safety. This Program Revision provides resources for inmate education and training at SCI Fayette, which will replace SCI Pittsburgh. See the Program Revision following this program for additional information.</p> <p>2,237 —to continue current program.</p> <p><u>-1,186</u> —nonrecurring operational costs and educational equipment.</p> <p>\$ 1,581 <i>Appropriation Increase</i></p>	<p>State Correctional Institutions</p> <p>\$ 7,481 —PRR — Protecting Public Safety. This Program Revision provides resources for administrative and operating support for SCI Fayette, which will replace SCI Pittsburgh, a new cell block at SCI Cresson and an activation team for SCI Forest. See the Program Revision following this program for additional information.</p> <p>262 —PRR — Protecting Public Safety. This Program Revision provides resources for one new therapeutic community treatment program at SCI Graterford and Laurel Highlands. See the Program Revision following this program for additional information.</p> <p>56,979 —to resume full-year costs of lease/purchase payments on five correctional institutions.</p> <p>39,270 —to continue current program.</p> <p>15,439 —to provide for the full-year cost of housing units opened in 2001-02.</p> <p>7,341 —for information technology enhancements.</p> <p>3,445 —for equipment including video security systems, security fencing and general replacement items.</p> <p><u>-10,008</u> —nonrecurring operational costs.</p> <p>\$ 120,209 <i>Appropriation Increase</i></p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 35,608	\$ 35,544	\$ 34,965	\$ 34,965	\$ 34,965	\$ 34,965	\$ 34,965
Medical Care	137,802	143,302	152,560	154,562	158,249	162,085	166,073
Inmate Education and Training	32,282	35,231	36,812	36,282	36,282	36,282	36,282
State Correctional Institutions	954,812	950,668	1,070,877	1,088,704	1,111,516	1,144,654	1,158,474
GENERAL FUND TOTAL	<u>\$ 1,160,504</u>	<u>\$ 1,164,745</u>	<u>\$ 1,295,214</u>	<u>\$ 1,314,513</u>	<u>\$ 1,341,012</u>	<u>\$ 1,377,986</u>	<u>\$ 1,395,794</u>

Program Revision: Protecting Public Safety

Pennsylvania continues to utilize a three-tiered approach to address the incidence of crime and to lessen its impact on its citizens – crime prevention, enforcement and rehabilitation. Pennsylvania's efforts in these areas and their impact on criminal activity are quite impressive. The most recent FBI statistics for Pennsylvania communities for the period January through June 2001 indicate that the total average crime index has decreased 5.8% from the prior year. Clearly, Pennsylvania's approach has produced positive results. Those communities and individuals believed to be most at risk for criminal activity have been given support, skills and knowledge so that they have the opportunity to overcome the burden of crime. Pennsylvania has taken great strides to strengthen existing laws and to provide sufficient resources so that those laws can be enforced. At the same time, the Commonwealth has not turned its back on those individuals who have violated our laws by considering only confinement as a method of punishment. Pennsylvania has continued to invest in education, job training and treatment for these individuals so that they can more successfully re-integrate and become productive members of their community upon release. Pennsylvania's citizens and communities have benefited significantly from this three-tiered approach to public safety and, as a result, are safer.

This Program Revision continues the Commonwealth's commitment to public safety by providing \$12.6 million in State funds and \$3.9 million in Federal funds for increased delinquency and violence prevention programs, additional criminal justice facilities and equipment and increased rehabilitation efforts through expanded treatment programs.

Crime Prevention and Intervention

Efforts to protect public safety and prevent crime are often most effective at the local level when communities and individuals are involved. The Governor's Community Partnership for Safe Children supports local public safety and crime prevention efforts through the Communities That Care Program. Communities That Care is a two-step, risk-focused, delinquency prevention and community mobilization effort designed to first identify risk factors that may lead to adolescent behavioral problems and then promote research-based prevention interventions that address those risk factors. This Program Revision recommends approximately \$1 million in new State funds for the Governor's Community Partnership for Safe Children to provide the 21 new Communities That Care sites started in 2001-02 with additional grants. These grants will be used to begin implementing research-based delinquency and violence prevention programs that promote collaboration among community organizations and local strategies based on the risks and resources existing within the community.

In addition, this Program Revision recommends \$1.2 million in General funds and \$2 million in Federal funds to expand Pennsylvania's commitment to the Weed and Seed program, a partnership with local citizens in targeted communities aimed at eliminating drug-related crime and improving community social and economic vitality. Funding will support legal efforts designed to improve the quality of life in targeted communities by investigating and litigating against nuisance liquor or drug properties and by providing leadership and entrepreneurial training in addition to life and job skills instruction programs for community residents. This Program Revision will support activities in four new Weed and Seed communities and expanded activities at seven existing sites.

Criminal Justice Facilities and Equipment

In order to address capacity needs at State Correctional Institutions (SCI) due primarily to the closing of SCI Pittsburgh, this Program Revision provides approximately \$8.7 million in transition costs for the opening of the new SCI Fayette in late 2002. SCI Fayette will replace SCI Pittsburgh when fully operational and will house approximately 300 more inmates than SCI Pittsburgh. In addition, this funding supports a new, high security housing unit at SCI Cresson to provide housing for 230 inmates. Funding also provides resources for an activation team to begin planning activities that are required to open SCI Forest during 2003-04.

In order to most effectively protect the public and enforce its laws, law enforcement units must have at their disposal adequate equipment to assist them in conducting criminal investigations and equipment on which to store essential criminal information that is gathered as part of those investigations. This Program Revision provides \$1.4 million for additional storage capacity and off-site back-up capability for the State Police fingerprint database. This funding will ensure that the State Police have the capacity to store additional fingerprint files and that secure copies of those files are readily available. In addition, funding will enable the State Police to purchase state-of-the-art fingerprint retrieval devices and other equipment that will assist them with submitting fingerprints to the Federal Bureau of Investigation.

Rehabilitation Through Treatment

Because the majority of offenders within State Correctional Institutions have drug and alcohol problems, treatment is an essential component of the rehabilitative process and a key to their successful reintegration into the community upon release or parole. This Program Revision provides \$262,000 for additional 100-bed therapeutic communities at SCI Graterford and SCI Laurel

Program Revision: Protecting Public Safety (continued)

Highlands. In therapeutic communities offenders receive intense treatment in a segregated residential setting during the final stages of their incarceration. When incarceration ends, treatment is then continued in the community.

In addition, this Program Revision recommends \$1.5 million in Federal funds to establish up to seven pilot projects for Single County Authorities to coordinate a multi-system approach, including local courts, district attorneys, probation and parole and treatment providers, to increase the number of criminal offenders who can be assessed and admitted to drug and alcohol treatment services in a

timely fashion. Through this initiative, approximately 2,300 additional individuals would receive an assessment within three days of requesting assistance for substance abuse problems, and approximately 1,840 additional individuals would receive treatment services, enhancing the delivery of drug and alcohol treatment services to criminal offenders re-entering society.

This Program Revision continues the Commonwealth's commitment to ensure public safety and to build upon past successes in reducing the incidence and impact of crime on Pennsylvania's citizens and communities.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Additional communities implementing research-based violence prevention programs Program Revision	0	0	21	21	21	21	21
New Weed and Seed Communities Program Revision	0	0	4	4	4	4	4
Weed and Seed Communities receiving expanded programming Program Revision	0	0	7	7	7	7	7
Increased Capacity at State Correctional Institutions Program Revision	0	0	530	530	530	530	530
Additional Capacity in Therapeutic Community Programs Program Revision	0	0	200	200	200	200	200
Additional individuals receiving a drug and alcohol assessment within three days Program Revision	0	0	2,300	2,300	2,300	2,300	2,300
Additional individuals receiving drug and alcohol treatment services Program Revision	0	0	1,840	1,840	1,840	1,840	1,840

Program Revision: Protecting Public Safety (continued)

Program Revision Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND				
	EXECUTIVE OFFICES		\$	7,481	State Correction Institutions
	Partnership for Safe Children				—to provide resources for administrative and operating support for SCI Fayette, which will replace SCI Pittsburgh, a new cell block at SCI Cresson and an activation team for SCI Forest.
\$	1,050	—to provide first year implementation grants for the 21 new Communities That Care sites started in 2001-02.			
	Weed and Seed		\$	262	—to provide resources for new therapeutic community treatment programs at SCI's Graterford and Laurel Highlands.
\$	1,200	—to assist targeted communities in eliminating drug-related crime and improving the community's social and economic vitality.			
			\$	7,743	Appropriation Total
	CORRECTIONS				STATE POLICE
	Medical Care		\$	1,421	Automated Fingerprint Identification System
\$	644	—to provide medical services at SCI Fayette, which will replace SCI Pittsburgh.			—to provide resources for an AFIS database expansion and new equipment for fingerprint retrieval.
	Inmate Education and Training		\$	12,588	Program Revision Total
\$	530	—to provide inmate education and training at SCI Fayette, which will replace SCI Pittsburgh.			

In addition, this budget recommends \$2,000,000 in Federal funds to assist targeted communities in eliminating drug-related crime and improving community social and economic vitality, \$410,000 in Federal funds to provide resources for new equipment for fingerprint retrieval and submission to the FBI and \$1,500,000 in Federal funds to assess and admit criminal offenders to treatment centers.

Recommended Program Revision Costs by Appropriation: (Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Executive Offices							
Partnership for Safe Children	\$ 0	\$ 0	\$ 1,050	\$ 1,050	\$ 1,050	\$ 1,050	\$ 1,050
Weed and Seed	0	0	1,200	1,200	1,200	1,200	1,200
Corrections							
Medical Care	0	0	644	0	0	0	0
Inmate Education and Training	0	0	530	0	0	0	0
State Correctional Institutions	0	0	7,743	1,580	1,580	1,580	1,580
State Police							
Automated Fingerprint Identification System	0	0	1,421	0	0	0	0
GENERAL FUND TOTAL	\$ 0	\$ 0	\$ 12,588	\$ 3,830	\$ 3,830	\$ 3,830	\$ 3,830

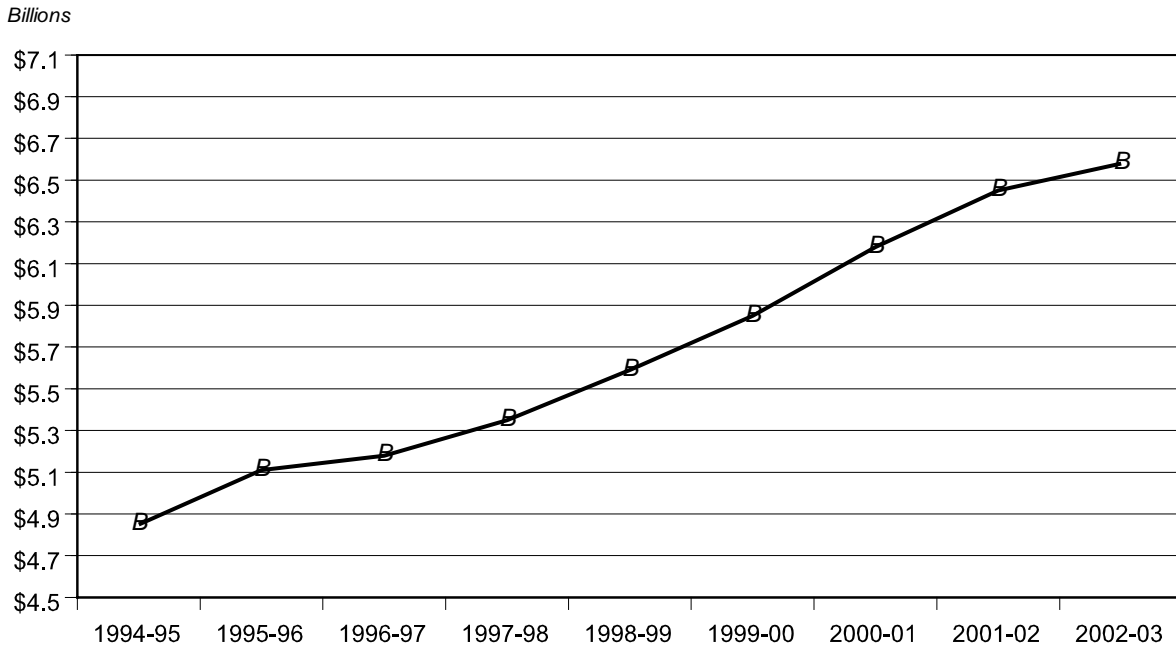


DEPARTMENT OF EDUCATION

The mission of the Department of Education is to promote and encourage desirable educational change based upon research and development so that all Pennsylvanians may benefit from a quality educational program that gives the greatest promise of developing each individual to his or her fullest potential as a contributing member of society.

The department conducts programs to assist the local school districts in improving educational and administrative techniques, curricula and guidance services, and provides consultant and data collection services on higher education. The bulk of the department's budget consists of subsidies for basic and higher education.

State Support for Local School Districts



Commonwealth appropriations in direct support of local school districts have increased since 1994-95 by over \$1.73 billion.

Commonwealth Appropriations in Direct Support of Local School Districts*

(Dollar amounts in thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget
Basic Education Funding.....	\$ 3,791,813	\$ 3,959,885	\$ 3,999,484
Special Education.....	783,089	861,398	874,319
Pupil Transportation.....	433,792	415,744	438,882
School Employees' Social Security.....	378,820	397,009	418,244
Authority Rentals and Sinking Fund Requirements.....	267,451	276,061	283,078
Early Intervention.....	93,503	102,435	102,819
Philadelphia School District.....	0	0	75,000
Special Education - Approved Private Schools.....	61,602	63,450	63,450
Vocational Education.....	53,068	55,378	55,378
Nonpublic and Charter School Pupil Transportation.....	55,392	56,055	55,211
Tuition for Orphans and Children Placed in Private Homes.....	42,960	43,498	45,528
Safe and Alternative Schools.....	35,119	36,256	36,256
School Improvement Grants.....	25,000	26,661	27,961
PA Charter Schools for the Deaf and Blind.....	24,999	25,749	25,749
Performance Incentives.....	33,538	36,892	25,000
School Food Services.....	24,186	24,433	24,687
Read to Succeed.....	24,994	25,000	15,000
Intermediate Units.....	6,127	6,311	6,311
Technology Initiative.....	21,450	26,600	5,665
Teen Pregnancy and Parenthood.....	1,500	1,725	1,725
Education Mentoring.....	1,198	1,200	1,200
Homebound Instruction.....	662	746	840
Education of Migrant Laborers' Children.....	727	751	751
Comprehensive Reading.....	300	300	300
Payments in Lieu of Taxes.....	182	180	180
Education of Indigent Children.....	116	116	100
Vocational Education Equipment Grants.....	9,998	5,000	0
School District Demonstration Projects.....	6,700	4,000	0
Administrative/Instructional Consolidation.....	1,475	1,500	0
Alternative Education Demonstration Grants.....	1,000	0	0
School-to-Work Opportunities.....	500	0	0
TOTAL.....	\$ 6,181,261	\$ 6,454,333	\$ 6,583,118

* Includes appropriations which are distributed to school districts, intermediate units, area vocational-technical schools and special schools.

In addition to the above funding, over the seven year period 1996-97 through 2002-03 the cumulative retirement savings to local education agencies will be approximately \$1.1 billion.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	\$ 25,891 ^a	\$ 27,820	\$ 27,842
(F)Adult Basic Education - Administration.....	1,159	1,700	1,800
(F)Education of Exceptional Children.....	6,354	9,896	10,000
(F)Special Education Improvement.....	1,907	2,000	2,100
(F)ESEA-Title I - Administration.....	3,533	6,000	5,000
(F)State Approving Agency (VA).....	825	877	917
(F)Food and Nutrition Service.....	3,544	4,504	4,600
(F)Migrant Education - Administration.....	520	495	495
(F)Emergency Immigrant Education.....	4	20	20
(F)Vocational Education - Administration.....	2,818	3,910	3,910
(F)Professional Development-Title II - Administration/State.....	936	3,300	14,211
(F)Byrd Scholarships.....	1,656	1,656	1,659
(F)ESEA-Title VI - Administration/State.....	2,699	3,580	3,064
(F)Homeless Assistance.....	2,176	2,085	1,779
(F)Preschool Grant.....	620	980	980
(F)DFSC - Administration.....	1,856	2,066	1,983
(F)State Literacy Resource Centers.....	105	150	120
(F)School Health Education Programs.....	224	906	600
(F)School-to-Work Opportunities.....	1,133	0	0
(F)School to Work (EA).....	0	1,500	0
(F)Learn and Serve America - School Based.....	1,152	2,168	1,786
(F)Educate America Act - Administration/State.....	2,178	2,618	500
(F)Environmental Education Workshops.....	36	30	70
(F)Bilingual Education.....	129	140	140
(F)Charter Schools Initiatives.....	3,813	7,220	6,107
(F)Technology Literacy Challenge - Administration.....	1,063	1,465	1,200
(F)America Reads Challenge-Administration.....	0	350	350
(F)Comprehensive School Reform-Administration.....	169	612	200
(F)Advanced Placement Testing.....	57	450	200
(F)Even Start Family Literacy - Administration.....	13	60	30
(F)ESEA-Title X-Education Partnerships.....	341	336	262
(F)Refugee Children Education.....	434	1,700	1,700
(F)Medical Assistance - Nurses' Aide Training.....	195	251	251
(F)State and Community Highway Safety (EA).....	779	1,193	1,027
(F)CCDFBG-Early Childhood Development.....	0	250	0
(F)Reading First Initiative - Administration.....	0	9,080	9,080
(F)SSBG- Early Childhood Development.....	0	0	400
(A)Management Services.....	75	51	50
(A)Environmental Education.....	460	460	460
(A)Approved Private Schools.....	156	159	154
(A)National Center for Educational Statistics.....	12	62	25
(A)Reimbursement from Department of Banking.....	15	15	15
(A)Early Intervention.....	682	697	748
(A)Teenage Parenting.....	2,842	4,244	4,312
(A)Fatherhood Initiative.....	775	781	781
(A)Breath Test Equipment Training.....	264	287	0
(A)EPSDT Administration.....	743	742	742
(A)Christa McAuliffe Fellowship Program.....	40	40	40
(A)Telephone Information Services.....	42	14	0
(A)State Collaborative Project.....	400	327	0
Subtotal.....	\$ 74,825	\$ 109,247	\$ 111,710
Office of School Victims Advocate	1,000	1,000	800
Information and Technology Improvement	4,866	7,304	7,158
PA Assessment	15,000	20,656	20,956
(F)SSBG- Early Childhood Screening.....	0	0	1,500
Subtotal.....	\$ 20,866	\$ 28,960	\$ 30,414

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
State Library	4,181	4,295	4,445
(F)LSTA - Library Development.....	1,286	1,447	1,447
(F) Nuclear Regulatory Commission (EA).....	0	15	0
(A)Penalties and Reimbursements.....	6	8	8
(A)Photocopy Service.....	23	27	27
(A)Keystone Fund.....	28	72	70
Subtotal.....	\$ 5,524	\$ 5,864	\$ 5,997
Subtotal - State Funds.....	\$ 50,938	\$ 61,075	\$ 61,201
Subtotal - Federal Funds.....	43,714	75,010	79,488
Subtotal - Augmentations.....	6,563	7,986	7,432
Total - General Government.....	\$ 101,215	\$ 144,071	\$ 148,121
 Institutional:			
Youth Development Centers - Education	\$ 10,606	\$ 10,867	\$ 11,084
Scranton State School for the Deaf	5,499	5,956	6,194
(F)Individuals with Disabilities Education - Scranton.....	58	85	85
(F)School Milk Lunch.....	36	50	50
(F)ESEA - Scranton.....	392	452	452
(F)Life Long Learning.....	0	11	11
(F)Adult Basic Education.....	0	10	10
(A)Cafeteria and Other Fees.....	56	60	60
(A)Tuition Recovery.....	930	934	936
(A)Safe Schools.....	21	0	0
Subtotal.....	\$ 6,992	\$ 7,558	\$ 7,798
Thaddeus Stevens College of Technology	8,007	8,321	8,052
(F)Vocational Education.....	175	350	350
(A)Tuition and Fees.....	1,548	1,295	1,295
(A)Higher Education for the Disadvantaged.....	136	105	105
(A)Federal Pell Grant Aid.....	225	200	200
(A)PHEAA Grant Aid.....	640	600	600
Subtotal.....	\$ 10,731	\$ 10,871	\$ 10,602
Subtotal - State Funds.....	\$ 24,112	\$ 25,144	\$ 25,330
Subtotal - Federal Funds.....	661	958	958
Subtotal - Augmentations.....	3,556	3,194	3,196
Total - Institutional.....	\$ 28,329	\$ 29,296	\$ 29,484
 Grants and Subsidies:			
Support of Public Schools:			
Basic Education Funding	\$ 3,791,813	\$ 3,959,885	\$ 3,999,484
Philadelphia School District.....	0	0	75,000
Performance Incentives.....	33,538	36,892	25,000
School Improvement Grants.....	25,000	26,661	27,961
Education Support Services.....	0	23,600	23,600
School Readiness.....	0	1,500	1,500
Technology Initiative.....	21,450	26,600	5,665
Science Education Program.....	2,000	2,500	0
Teacher Professional Development.....	7,670	9,117	5,811
Read to Succeed.....	24,994	25,000	15,000
Adult and Family Literacy.....	17,976	19,707	19,707
(F)Adult Basic Education - Local.....	18,550	21,525	24,000
(F)Even Start Family Literacy - Local.....	550	650	28
Vocational Education	53,068	55,378	55,378
(F)Vocational Education Act - Local.....	44,000	50,000	50,000
Vocational Education Equipment Grants.....	9,998	5,000	0
New Choices / New Options.....	3,700	3,700	0

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
Authority Rentals and Sinking Fund Requirements	267,451	276,061	283,078
Pupil Transportation	433,792	415,744	438,882
Nonpublic and Charter School Pupil Transportation	55,392	56,055^b	55,211
Special Education	783,089	861,398	874,319
(F)Individuals with Disabilities Education - Local.....	186,515	270,000	310,000
Early Intervention	93,503	102,435^c	102,819
(F)Education for Disabled Children (EA).....	1,220	1,220	1,213
Homebound Instruction	662	746	840
Tuition for Orphans and Children Placed in Private Homes	42,960	43,498	45,528
Payments in Lieu of Taxes	182	180	180
Education of Migrant Laborers' Children	727	751	751
PA Charter Schools for the Deaf and Blind	24,999	25,749	25,749
Special Education - Approved Private Schools	61,602	63,450	63,450
Intermediate Units	6,127	6,311	6,311
School Food Services	24,186	24,433	24,687
(F)Food and Nutrition - Local.....	298,141	298,496	298,496
School Employees' Social Security	378,820	397,009	418,244
School Employees' Retirement	99,467	55,033	211,866
School District Demonstration Projects	6,700	4,000	0
Education of Indigent Children	116	116	100
Subtotal.....	<u>\$ 6,819,958</u>	<u>\$ 7,170,400</u>	<u>\$ 7,489,858</u>
(F)ESEA - Title VI - School Districts.....	12,295	56,000	56,000
(F)ESEA - Title I - Local.....	382,988	433,844	433,844
(F)DFSC - School Districts.....	12,922	12,866	12,866
(F)Educate America Act - Local.....	7,841	25,220	6,469
(F)Professional Development - Title II -Local.....	12,575	16,786	19,000
(F)Technology Literacy Challenge - Local.....	14,786	30,276	30,276
(F)America Reads Challenge-Local.....	13,450	11,143	4,477
(F)Comprehensive School Reform-Local.....	8,573	17,000	17,000
(F)ESEA - Title VI - Class Size Reduction.....	52,374	68,507	79,773
(F)Reading First Initiative - Local.....	0	27,243	46,486
Subtotal.....	<u>\$ 517,804</u>	<u>\$ 698,885</u>	<u>\$ 706,191</u>
Other Grants and Subsidies:			
Education Mentoring	1,198	1,200	1,200
Services to Nonpublic Schools	68,522	71,263	71,976
Textbooks and Instructional Materials for Nonpublic Schools	20,971	21,812	22,030
Technology for Nonpublic Schools	6,000	8,000	8,000
Teen Pregnancy and Parenthood	1,500	1,725	1,725
(F)Teenage Parenting Education (EA).....	3,424	13,199	13,199
(F)Maternal and Child Health Services (EA).....	2,112	0	0
Comprehensive Reading	300	300	300
Improvement of Library Services	62,289	75,289	75,289
Library Services for the Visually Impaired and Disabled	2,879	2,965	2,965
Library Access	7,171	7,386	7,386
School Library Catalog	4,041	4,042	4,042
Ethnic Heritage	160	165	165
Governor's Schools of Excellence	2,264	2,492	2,492
Technology Leadership Academy	0	1,290	1,290
(A)Gates Foundation Grant.....	0	1,666	1,666
School-to-Work Opportunities	500	0	0
Job Training Programs	4,200	5,100	3,750
Charter Schools	1,800	1,800	1,800
Independent Schools	0	2,000	1,500
Charter Schools - Nonpublic Transfers	1,000	1,000	1,000
Charter Schools - Transitional Grants	0	2,000	2,000
Safe and Alternative Schools	35,119	36,256	36,256
Alternative Education Demonstration Grants	1,000	0	0

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
Administrative/Instructional Consolidation.....	1,475	1,500	0
School District Merger.....	0	500	0
School Defibrillators.....	0	2,500	0
Subtotal.....	\$ 227,925	\$ 265,450	\$ 260,031
Higher Education - Other Grants and Subsidies:			
Community Colleges.....	178,340 d	187,969	196,226
Community Colleges - Equipment.....	5,000	0	0
Regional Community Colleges Services.....	425	1,075	0
Community Colleges - Workforce Development.....	1,783	2,000	0
Higher Education for the Disadvantaged.....	9,048	9,320	9,320
Higher Education of Blind or Deaf Students.....	52	54	54
Higher Education Technology Grants.....	5,500	5,500	5,500
Higher Education Graduation Incentive.....	6,000	8,000	0
Higher Education Equipment.....	6,000	6,000	6,000
Enhanced Technology Initiative.....	0	500	0
Engineering Equipment Grants.....	1,000	1,000	1,000
Dormitory Sprinklers.....	0	3,000	6,000
Rural Initiatives.....	1,747	1,925	1,343
Osteopathic Education.....	1,500	1,750	1,000
Subtotal.....	\$ 216,395	\$ 228,093	\$ 226,443
State System of Higher Education:			
State Universities.....	450,763	452,763	439,181
Recruitment of the Disadvantaged.....	356	356	345
McKeever Center.....	222	222	215
Affirmative Action.....	1,197	1,197	1,161
Program Initiatives.....	19,283	17,283	16,765
Subtotal.....	\$ 471,821	\$ 471,821	\$ 457,667
The Pennsylvania State University:			
Educational and General.....	242,920	250,208	237,698
Information Systems Technology School.....	4,500	5,312	5,046
Medical Programs.....	4,897	5,044	4,792
Children's Hospital.....	5,155	5,310	5,044
Agricultural Research.....	23,499	24,204	22,994
Agricultural Extension Services.....	27,029	27,838	26,446
Recruitment of the Disadvantaged.....	355	366	348
Central Pennsylvania Psychiatric Institute.....	2,006	2,066	1,963
Pennsylvania College of Technology.....	14,558	12,935	12,288
Pennsylvania College of Technology - Debt Service.....	1,530	1,530	1,453
Capitol Campus Improvements.....	500	0	0
Program Initiatives.....	5,000	0	0
Subtotal.....	\$ 331,949	\$ 334,813	\$ 318,072
University of Pittsburgh:			
Educational and General.....	149,760	151,560	143,982
Medical Programs.....	6,903	6,903	6,558
Dental Clinics.....	1,140	1,140	1,083
Recruitment of the Disadvantaged.....	355	355	337
Western Psychiatric Institute.....	8,513	8,513	8,087
Western Teen Suicide Center.....	549	549	522
Graduate School of Public Health.....	277	277	263
Rural Education Outreach.....	913	1,013	962
Laboratories and Equipment.....	2,500	2,500	2,375
Information Technology.....	2,500	2,500	2,375
Student Life Initiatives.....	500	500	475
Program Initiatives.....	3,500	2,650	2,517

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
Subtotal.....	\$ 177,410	\$ 178,460	\$ 169,536
Temple University:			
Educational and General.....	157,182	158,982	151,033
Medical Programs.....	9,189	9,189	8,730
Dental Clinics.....	1,140	1,140	1,083
Recruitment of the Disadvantaged.....	355	355	337
Maxillofacial Prosthodontics.....	138	138	131
Podiatric Medicine.....	1,417	1,417	1,346
Laboratories and Equipment.....	2,500	2,500	2,375
Bio-Medical Center.....	500	500	475
Program Initiatives.....	6,600	5,950	5,652
Subtotal.....	\$ 179,021	\$ 180,171	\$ 171,162
Lincoln University:			
Educational and General.....	10,704	10,762	10,224
Recruitment of the Disadvantaged.....	355	355	337
International Affairs Institute.....	321	321	305
Student Education Instruction Assistance.....	262	262	249
Program Initiatives.....	1,300	1,242	1,180
Subtotal.....	\$ 12,942	\$ 12,942	\$ 12,295
Non-State Related Universities and Colleges:			
Drexel University.....	6,959	7,168	6,810
University of Pennsylvania - Dental Clinics.....	938	938	891
University of Pennsylvania - Cardiovascular Studies.....	882	1,632	600
University of Pennsylvania - Medical Programs.....	4,034	4,034	3,832
University of Pennsylvania - Veterinary Activities.....	34,783	36,626	34,795
MCP Hahnemann University - Medical Programs.....	8,142	8,142	7,735
MCP Hahnemann University - Operations & Maintenance.....	1,798	1,798	1,708
MCP Hahnemann University - Recruitment of the Disadvantaged.....	321	321	305
MCP Hahnemann University - Cardiovascular Studies.....	500	0	0
MCP Hahnemann University.....	4,000	4,000	2,000
Thomas Jefferson University - Doctor of Medicine Instruction.....	5,869	5,869	5,576
Thomas Jefferson University - Operations & Maintenance.....	4,263	4,263	4,050
Philadelphia College of Osteopathic Medicine.....	5,222	5,722	4,961
Pennsylvania College of Optometry.....	1,798	1,598	1,471
Philadelphia University of the Arts.....	1,243	1,243	1,181
Subtotal.....	\$ 80,752	\$ 83,354	\$ 75,915
Non-State Related Institutions:			
Berean - Operations and Maintenance.....	1,754	1,754	1,476
Berean - Rental Payments.....	95	95	90
Johnson Technical Institute.....	202	202	192
Williamson Free School of Mechanical Trades.....	73	73	69
Subtotal.....	\$ 2,124	\$ 2,124	\$ 1,827
Subtotal - State Funds.....	\$ 7,965,785	\$ 8,270,872	\$ 8,484,204
Subtotal - Federal Funds.....	1,072,316	1,353,975	1,403,127
Subtotal - Augmentations.....	0	1,666	1,666
Total - Grants and Subsidies.....	\$ 9,038,101	\$ 9,626,513	\$ 9,888,997
STATE FUNDS.....	\$ 8,040,835	\$ 8,357,091	\$ 8,570,735
FEDERAL FUNDS.....	1,116,691	1,429,943	1,483,573
AUGMENTATIONS.....	10,119	12,846	12,294
GENERAL FUND TOTAL.....	\$ 9,167,645	\$ 9,799,880	\$ 10,066,602

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
<u>MOTOR LICENSE FUND:</u>			
<i>Grants and Subsidies:</i>			
Safe Driving Course.....	\$ 1,077	\$ 1,620	\$ 1,230
<u>KEYSTONE RECREATION, PARK AND CONSERVATION FUND:</u>			
<i>Grants and Subsidies:</i>			
Local Libraries Rehabilitation and Development (EA).....	\$ 3,059	\$ 5,649	\$ 1,859
State System of Higher Educ. - Deferred Maintenance (EA).....	8,544	14,040	6,279
Total - Grants and Subsidies.....	\$ 11,603	\$ 19,689	\$ 8,138
KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL.....	\$ 11,603	\$ 19,689	\$ 8,138
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
LSTA - Library Grants.....	\$ 5,136	\$ 6,000	\$ 6,000
Emergency Immigrant Assistance.....	643	900	900
Surety Bond Proceeds.....	0	14	14
Severely Disabled Program.....	75	0	0
Distressed School Districts Assistance (Section 2502.30).....	0	1,363	0
Private Licensed Schools.....	423	531	568
Empowerment School Districts.....	0	2,000	0
Medical Assistance Reimbursements.....	30,520	42,000	48,000
PANET - Local Education Agencies.....	8	0	0
Approved Private Schools - Audit Resolution.....	4,366	1,500	1,500
Woodland Hills Desegregation.....	2,299	1,600	1,600
Telecommunications Education Fund Grant.....	36	38	186
GENERAL FUND TOTAL.....	\$ 43,506	\$ 55,946	\$ 58,768
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND:			
Governor Casey Organ and Tissue Donation Awareness Fund (EA).....	\$ 102	\$ 117	\$ 150
SCHOOL EMPLOYEES' RETIREMENT FUND:			
Administration.....	\$ 29,212	\$ 34,297	\$ 42,054
Directed Commissions.....	1,815	2,535	1,176
SCHOOL EMPLOYEES' RETIREMENT FUND TOTAL.....	\$ 31,027	\$ 36,832	\$ 43,230
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 8,040,835	\$ 8,357,091	\$ 8,570,735
SPECIAL FUNDS.....	12,680	21,309	9,368
FEDERAL FUNDS.....	1,116,691	1,429,943	1,483,573
AUGMENTATIONS.....	10,119	12,846	12,294
OTHER FUNDS.....	74,635	92,895	102,148
TOTAL ALL FUNDS.....	\$ 9,254,960	\$ 9,914,084	\$ 10,178,118

^a Includes \$850,000 in funds actually appropriated as a part of the Technology Investment Program within the Executive Offices.

^b Includes recommended supplemental appropriation of \$1,697,000.

^c Includes recommended supplemental appropriation of \$3,632,000.

^d Actually appropriated as \$183,983,000. Amount shown is net of transfer of \$5,643,000 for Northwest Pennsylvania Technical Institute in the Department of Labor and Industry.

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
EDUCATION SUPPORT SERVICES							
GENERAL FUND.....	\$ 30,757	\$ 35,124	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	42,428	73,548	76,541	76,141	76,141	76,141	76,141
OTHER FUNDS.....	37,956	45,256	51,139	41,339	41,339	41,339	41,339
SUBCATEGORY TOTAL.....	\$ 111,141	\$ 153,928	\$ 162,680	\$ 152,480	\$ 152,480	\$ 152,480	\$ 152,480
BASIC EDUCATION							
GENERAL FUND.....	\$ 6,449,096	\$ 6,727,891	\$ 7,000,639	\$ 7,066,074	\$ 7,066,784	\$ 7,068,784	\$ 6,986,784
SPECIAL FUNDS.....	1,077	1,620	1,230	1,230	1,230	1,230	1,230
FEDERAL FUNDS.....	1,072,802	1,354,583	1,405,235	1,405,235	1,405,235	1,405,235	1,405,235
OTHER FUNDS.....	39,056	52,178	54,998	54,998	54,998	54,998	54,998
SUBCATEGORY TOTAL.....	\$ 7,562,031	\$ 8,136,272	\$ 8,462,102	\$ 8,527,537	\$ 8,528,247	\$ 8,530,247	\$ 8,448,247
LIBRARY SERVICES							
GENERAL FUND.....	\$ 80,561	\$ 93,977	\$ 94,127	\$ 94,127	\$ 94,127	\$ 94,127	\$ 94,127
SPECIAL FUNDS.....	3,059	5,649	1,859	1,241	2,289	2,440	2,656
FEDERAL FUNDS.....	1,286	1,462	1,447	1,447	1,447	1,447	1,447
OTHER FUNDS.....	5,193	6,107	6,105	6,105	6,105	6,105	6,105
SUBCATEGORY TOTAL.....	\$ 90,099	\$ 107,195	\$ 103,538	\$ 102,920	\$ 103,968	\$ 104,119	\$ 104,335
HIGHER EDUCATION							
GENERAL FUND.....	\$ 1,480,421	\$ 1,500,099	\$ 1,440,969	\$ 1,441,969	\$ 1,444,969	\$ 1,447,969	\$ 1,447,969
SPECIAL FUNDS.....	8,544	14,040	6,279	9,121	10,809	11,707	12,760
FEDERAL FUNDS.....	175	350	350	350	350	350	350
OTHER FUNDS.....	2,549	2,200	2,200	2,200	2,200	2,200	2,200
SUBCATEGORY TOTAL.....	\$ 1,491,689	\$ 1,516,689	\$ 1,449,798	\$ 1,453,640	\$ 1,458,328	\$ 1,462,226	\$ 1,463,279
ALL PROGRAMS:							
GENERAL FUND.....	\$ 8,040,835	\$ 8,357,091	\$ 8,570,735	\$ 8,637,170	\$ 8,640,880	\$ 8,645,880	\$ 8,563,880
SPECIAL FUNDS.....	12,680	21,309	9,368	11,592	14,328	15,377	16,646
FEDERAL FUNDS.....	1,116,691	1,429,943	1,483,573	1,483,173	1,483,173	1,483,173	1,483,173
OTHER FUNDS.....	84,754	105,741	114,442	104,642	104,642	104,642	104,642
DEPARTMENT TOTAL.....	\$ 9,254,960	\$ 9,914,084	\$ 10,178,118	\$ 10,236,577	\$ 10,243,023	\$ 10,249,072	\$ 10,168,341

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. In order for the Department of Education to more efficiently operate and perform its administrative functions, the department has implemented a variety of technology initiatives. Fiscal year 2002-03 will

be the second year of a three year initiative of migrating from the legacy mainframe computer database to a relational database. This multi-year initiative will enable the Department of Education to consolidate and process educational data in a much shorter timeframe enabling more comprehensive analysis of current education issues within various program areas.

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 134,000 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	Information and Technology Improvement
\$ 522 —to continue current program.	\$ -146 —nonrecurring information technology.
-500 —nonrecurring program costs.	
\$ 22 <i>Appropriation Increase</i>	

This budget recommends \$850,000 in Federal funds to create Charter School Regional Support Centers that will provide day-to-day communication, on-site monitoring, technical assistance, and conduct workshops on topics specific to charter school operations.

In addition, this budget also recommends \$400,000 in Federal funds to develop educational tools for younger children and to provide implementation standards for family involvement.

The School Employees' Retirement Fund will provide \$1,050,000 to the Public School Employees Retirement System for an enhanced voice and data networking system and \$8,750,000 to develop a new pension administration system.

Appropriations within this Program:

(Dollar Amounts in Thousands)

		2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:								
General Government Operations	\$	25,891	\$ 27,820	\$ 27,842	\$ 27,842	\$ 27,842	\$ 27,842	\$ 27,842
Information and Technology Improvement ...		4,866	7,304	7,158	7,158	7,158	7,158	7,158
TOTAL GENERAL FUND	\$	30,757	\$ 35,124	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000

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 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 35 of 2001 established the funding formula for the 2001-02 Basic Education Funding appropriation. In addition to providing each school district an amount equal to its 2000-01 allocation, the formula contains five components: a base (equity) supplement, growth supplements, a supplement for school districts whose relative wealth is declining, a minimum increase guarantee and a small district assistance supplement.

The Link to Learn program has enabled school districts across Pennsylvania to bring the educational resources of the Internet into the classroom. Following that initiative, the Read to Succeed program was begun and continues within this budget. Read to Succeed is a program designed to assist school districts and charter schools with students who require intensive reading instruction in grades K-3 because they are not progressing towards the proficient level on the State Academic Standards for Reading.

Act 4 of 2001, enacted a new program, Educational Support Services. This program provides certificates worth up to \$500 to enable eligible students in the third, fourth, fifth or sixth grades attending schools the opportunity to purchase additional remedial instruction in the areas of mathematics or reading.

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 1,600 leases supported with Commonwealth funds, eighty percent of all projects involve renovation or expansion of existing facilities. Act 35 of 2001 also provides for reimbursable annual rental for leases of buildings or portions of buildings for 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. Also, since 1998-99, the budget has included an appropriation to enable nonprofit, nonpublic schools to be part of Link to Learn, the information technology initiative designed to bring the resources of the world into Pennsylvania's classrooms.

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 nearly 300,000 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.

Program: Basic Education (continued)

Funds are also provided under this element for the State-operated Scranton State School for the Deaf.

Program Element: Vocational Education

Vocational Education, also in partnership with basic education, is serving approximately 100,000 secondary students. The appropriation for vocational education is paid to area vocational-technical schools and school districts that provide vocational-technical instruction.

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, which spur innovative quality while controlling costs. 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 Center for 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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Basic Education							
Public school enrollment (K-12)	1,814,311	1,810,390	1,806,040	1,800,510	1,792,360	1,781,970	1,768,180
Total expenditures per average daily membership	\$8,600	\$8,900	\$9,300	\$9,600	\$10,000	\$10,400	\$10,800
High school graduation rates (%)	84.5	84.7	84.8	84.9	84.9	85.0	85.0
Graduates enrolling in business, technical or college programs	85,650	85,510	87,730	89,580	90,490	91,830	93,110
Students taking PA Assessment	775,000	990,000	1,508,930	1,508,930	1,508,930	1,508,930	1,508,930
Total General Educational Development (GED) diplomas	17,487	18,000	18,000	18,000	18,000	18,000	18,000
Enrollment in adult basic education	55,534	55,000	55,000	55,000	55,000	55,000	55,000
Adult education volunteers trained	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Adult education students receiving adjunct services	40,238	39,500	39,500	39,500	39,500	39,500	39,500
Basic Education—Nonpublic Schools							
Nonpublic school enrollment	327,103	328,000	328,000	328,000	328,000	328,000	328,000
Basic Education—Adjudicated Youth							
Youth Development Centers							
Total youth served	2,203	2,325	2,325	2,325	2,325	2,325	2,325

Students taking PAAssessment test decreased from those shown in last year's budget due to delays in implementing a new science test.

Program: Basic Education (continued)

Program Measures: (continued)	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Special Education							
Pupils with disabilities enrolled in programs	223,689	225,000	225,000	225,000	225,000	225,000	225,000
Pupils enrolled in programs for the gifted	73,964	74,000	74,000	74,000	74,000	74,000	74,000
Scranton School for the Deaf enrollment	114	120	120	120	120	120	120
Approved vocational education programs:							
Students enrolled	18,000	18,200	18,400	18,600	18,800	19,000	20,100
Students completing programs	2,702	2,800	2,830	2,860	2,890	2,920	2,950
Vocational Education							
Enrollment	94,800	95,500	98,800	100,900	103,100	105,500	107,610
Students placed in jobs	20,300	20,900	21,600	22,400	22,700	23,900	24,600
Basic Education—Education Mentoring							
Education mentoring/dropout prevention program enrollment	4,328	4,340	4,340	4,340	4,340	4,340	4,340
Basic Education—Teen Parenting							
Students served by teen parenting programs	5,111	5,150	5,150	5,150	5,150	5,150	5,150

Pupils enrolled in programs for the gifted increases from those shown in last year's budget because of improved processes for student identification and data reporting.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND</p> <p>PA Assessment</p> <p>\$ 300 —Initiative — Early Childhood Screening Enhancements. To purchase diagnostic testing and screening tools for children in kindergarten through second grade.</p> <p>Office of School Victims Advocate</p> <p>\$ -200 —nonrecurring program costs.</p> <p>Youth Development Centers — Education</p> <p>\$ 217 —to continue current program.</p> <p>Scranton State School for the Deaf</p> <p>\$ 238 —to continue current program.</p> <p>Basic Education Funding</p> <p>\$ 39,599 —provides for a 1% increase for all school districts.</p> <p>Philadelphia School District</p> <p>\$ 75,000 —to provide additional funding to the School District of Philadelphia.</p> <p>Performance Incentives</p> <p>\$ -11,892 —nonrecurring grants.</p> <p>School Improvement Grants</p> <p>\$ 1,300 —Initiative — School Building Empowerment. To provide empowerment grants to school buildings with low academic achievement in school districts that have an overall acceptable level of academic performance.</p>	<p>\$ -20,935</p> <p>\$ -2,500</p> <p>\$ -3,306</p> <p>\$ -10,000</p> <p>\$ -5,000</p> <p>\$ -3,700</p> <p>\$ 7,017</p> <p>\$ 23,138</p> <p>\$ -844</p> <p>\$ 12,921</p>	<p>Technology Initiative</p> <p>—nonrecurring program costs.</p> <p>Science Education Program</p> <p>—nonrecurring grants.</p> <p>Teacher Professional Development</p> <p>—nonrecurring program costs.</p> <p>Read to Succeed</p> <p>—nonrecurring grants.</p> <p>Vocational Education Equipment Grants</p> <p>—nonrecurring grants.</p> <p>New Choices/New Options</p> <p>—nonrecurring projects.</p> <p>Authority Rentals and Sinking Fund Requirements</p> <p>—to continue current program.</p> <p>Pupil Transportation</p> <p>—to continue current program.</p> <p>Nonpublic and Charter School Pupil Transportation</p> <p>—to continue current program.</p> <p>Special Education</p> <p>—provides for a 1.5% increase for special education programs.</p>
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Program: Basic Education (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 384	Early Intervention —to continue current program.	\$ 713	Services to Nonpublic Schools —to continue current program.
\$ 94	Homebound Instruction —to continue current program.	\$ 218	Textbooks and Instructional Materials for Nonpublic Schools —to continue current program.
\$ 2,030	Tuition for Orphans and Children Placed in Private Homes —to continue current program.	\$ -1,350	Job Training Programs —nonrecurring projects.
\$ 254	School Food Services —to continue current program.	\$ -500	Independent Schools —nonrecurring projects.
\$ 21,235	School Employees' Social Security —to continue current program.	\$ -1,500	Administrative/Instructional Consolidation —nonrecurring projects.
\$ 156,833	School Employees' Retirement —to continue current program at the actuarially determined employer contribution rate.	\$ -500	School District Merger —nonrecurring projects.
\$ -4,000	School District Demonstration Projects —nonrecurring projects.	\$ -2,500	School Defibrillators —nonrecurring one-time grants.
\$ -16	Education of Indigent Children —projected decrease in children participating in program.	\$ -390	MOTOR LICENSE FUND Safe Driving Course —to continue current program.

This budget also recommends \$1,500,000 in Federal funds for the purchase of diagnostic testing and screening tools for children in kindergarten through second grade.

All other appropriations are recommended at the current year funding levels.



Includes accomplishment of the PRIME recommendation in which the Department of Education implemented the Child Nutrition Program Electronic Application and Reimbursement System (CN PEARS). PEARS is a customer friendly web-based system allowing 1,700 sponsors of seven Federal child nutrition programs to submit annual applications, monthly claims for reimbursement, and other required forms and reports to the Department of Education via the Internet. This has eliminated an estimated 1.2 tons of paper annually and has resulted in a savings of \$730,000 to the customer.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
PA Assessment	\$ 15,000	\$ 20,656	\$ 20,956	\$ 20,956	\$ 20,956	\$ 20,956	\$ 20,956
Office of School Victims Advocate	1,000	1,000	800	800	800	800	800
Youth Development Centers — Education ..	10,606	10,867	11,084	11,084	11,084	11,084	11,084
Scranton State School for the Deaf	5,499	5,956	6,194	6,194	6,194	6,194	6,194
Basic Education Funding	3,791,813	3,959,885	3,999,484	3,999,484	3,999,484	3,999,484	3,999,484
Philadelphia School District	0	0	75,000	78,000	80,000	82,000	0
Performance Incentives	33,538	36,892	25,000	25,000	25,000	25,000	25,000
School Improvement Grants	25,000	26,661	27,961	26,661	26,661	26,661	26,661
Education Support Services	0	23,600	23,600	23,600	23,600	23,600	23,600
School Readiness	0	1,500	1,500	1,500	1,500	1,500	1,500
Technology Initiative	21,450	26,600	5,665	0	0	0	0
Science Education Program	2,000	2,500	0	0	0	0	0
Teacher Professional Development	7,670	9,117	5,811	5,811	5,811	5,811	5,811
Read to Succeed	24,994	25,000	15,000	0	0	0	0
Adult and Family Literacy	17,976	19,707	19,707	19,707	19,707	19,707	19,707
Vocational Education	53,068	55,378	55,378	55,378	55,378	55,378	55,378

Program: Basic Education (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND: (continued)							
Vocational Education Equipment Grants	\$ 9,998	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
New Choices / New Options	3,700	3,700	0	0	0	0	0
Authority Rentals and Sinking Fund							
Requirements	267,451	276,061	283,078	283,078	283,078	283,078	283,078
Pupil Transportation	433,792	415,744	438,882	438,882	438,882	438,882	438,882
Nonpublic and Charter School Pupil							
Transportation	55,392	56,055	55,211	55,211	55,211	55,211	55,211
Special Education	783,089	861,398	874,319	874,319	874,319	874,319	874,319
Early Intervention	93,503	102,435	102,819	102,819	102,819	102,819	102,819
Homebound Instruction	662	746	840	840	840	840	840
Tuition for Orphans and Children Placed							
in Private Homes	42,960	43,498	45,528	45,528	45,528	45,528	45,528
Payments in Lieu of Taxes	182	180	180	180	180	180	180
Education of Migrant Laborers' Children	727	751	751	751	751	751	751
PA Charter Schools for the Deaf and Blind ..	24,999	25,749	25,749	25,749	25,749	25,749	25,749
Special Education — Approved Private							
Schools	61,602	63,450	63,450	63,450	63,450	63,450	63,450
Intermediate Units	6,127	6,311	6,311	6,311	6,311	6,311	6,311
School Food Services	24,186	24,433	24,687	24,687	24,687	24,687	24,687
School Employees' Social Security	378,820	397,009	418,244	418,244	418,244	418,244	418,244
School Employees' Retirement	99,467	55,033	211,866	296,266	296,266	296,266	296,266
School District Demonstration Projects	6,700	4,000	0	0	0	0	0
Education of Indigent Children	116	116	100	100	100	100	100
Education Mentoring	1,198	1,200	1,200	1,200	1,200	1,200	1,200
Services to Nonpublic Schools	68,522	71,263	71,976	71,976	71,976	71,976	71,976
Textbooks and Instructional Materials for							
Nonpublic Schools	20,971	21,812	22,030	22,030	22,030	22,030	22,030
Technology for Nonpublic Schools	6,000	8,000	8,000	8,000	8,000	8,000	8,000
Teen Pregnancy and Parenthood	1,500	1,725	1,725	1,725	1,725	1,725	1,725
Comprehensive Reading	300	300	300	300	300	300	300
Ethnic Heritage	160	165	165	165	165	165	165
Governor's Schools of Excellence	2,264	2,492	2,492	2,492	2,492	2,492	2,492
Technology Leadership Academy	0	1,290	1,290	1,290	0	0	0
School-to-Work Opportunities	500	0	0	0	0	0	0
Job Training Programs	4,200	5,100	3,750	3,750	3,750	3,750	3,750
Charter Schools	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Independent Schools	0	2,000	1,500	1,500	1,500	1,500	1,500
Charter Schools — Nonpublic Transfers	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Charter Schools — Transitional Grants	0	2,000	2,000	2,000	2,000	2,000	2,000
Safe and Alternative Schools	35,119	36,256	36,256	36,256	36,256	36,256	36,256
Alternative Education Demonstration							
Grants	1,000	0	0	0	0	0	0
Administrative/Instructional Consolidation ..	1,475	1,500	0	0	0	0	0
School District Merger	0	500	0	0	0	0	0
School Defibrillators	0	2,500	0	0	0	0	0
TOTAL GENERAL FUND	<u>\$ 6,449,096</u>	<u>\$ 6,727,891</u>	<u>\$ 7,000,639</u>	<u>\$ 7,066,074</u>	<u>\$ 7,066,784</u>	<u>\$ 7,068,784</u>	<u>\$ 6,986,784</u>
MOTOR LICENSE FUND:							
Safe Driving Course	\$ 1,077	\$ 1,620	\$ 1,230	\$ 1,230	\$ 1,230	\$ 1,230	\$ 1,230

PROGRAM OBJECTIVE: To provide and improve library services to citizens of the Commonwealth, special libraries, and government agencies and 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 State Library 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.

Improvement of Library Services encourages local libraries to meet the information, education and recreation needs of the citizens they serve. The funds provided assist in supporting 28 district libraries by making their resources and services available to all residents within their respective areas. In addition, they support four Statewide library resource centers, libraries that are designated by State law to acquire research collections and make them available to all residents. The State's support of public libraries is

distributed based on a formula that includes seven different categories. In the past several years, amendments to the Library Code have revised four of the seven categories. The revisions to the formula have placed stronger emphasis on local funding support and new library standards.

Library Services for Visually Impaired and Disabled provides operating funds to Pennsylvania's regional libraries for direct mail services to Pennsylvania residents who are unable to utilize 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 Library ACCESS Program has three 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 provides cost-effective transportation and delivery of materials between libraries. 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.

The School Library Catalog Program supports the development and expansion of the Access Pennsylvania library database. This database is an electronic catalog that provides students and teachers with information about library holdings across the Commonwealth. It 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 and to automate the time-consuming management functions of Pennsylvania's school libraries. The program improves the educational curriculum across the Commonwealth by providing access to information.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Items loaned (in thousands)	73,882	75,204	76,800	78,500	80,250	82,050	82,200
Titles in State Library collection listed in machine readable catalog database	938,898	948,287	957,770	967,348	977,021	986,791	997,000
Patron queries handled by State Library staff	112,331	114,500	117,500	120,000	122,500	124,000	146,000
Items loaned under the Statewide Library ACCESS program	10,986	11,520	11,712	11,929	12,200	12,400	12,500

Citizens served by Access Pennsylvania database has been eliminated as a program measure because the database is now available online.

Program: Library Services (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

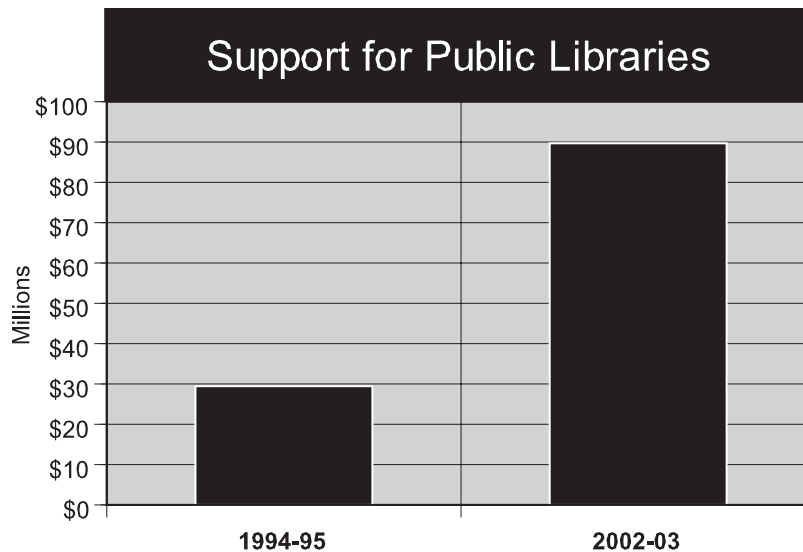
GENERAL FUND
State Library
 \$ 150 —to continue current program.

KEYSTONE RECREATION, PARK AND CONSERVATION FUND
Local Libraries Rehabilitation and Development (EA)
 \$ -3,790 —nonrecurring projects.

All other appropriations are recommended at the current year funding levels.



Includes accomplishment of the PRIME recommendation in which the Pennsylvania State Library implemented a system for sharing of documents for all Pennsylvania residents with a library card. The Pennsylvania Online World of Electronic Resources (POWER) Library Project allows for libraries to have Statewide licenses to access online periodicals and reference the ACCESS database through public and school libraries. The database includes a wealth of resources on business, and consumer health and provides a variety of resources for primary, middle and high school students. The database currently includes the catalog records of 1,907 library collections.



Total Commonwealth support for public libraries has increased by \$60.3 million from \$29.4 million in 1994-95 to \$89.7 million in 2002-03, an increase of 205 percent.

Program: Library Services (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
State Library	\$ 4,181	\$ 4,295	\$ 4,445	\$ 4,445	\$ 4,445	\$ 4,445	\$ 4,445
Improvement of Library Services	62,289	75,289	75,289	75,289	75,289	75,289	75,289
Library Services for the Visually Impaired and Disabled	2,879	2,965	2,965	2,965	2,965	2,965	2,965
Library Access	7,171	7,386	7,386	7,386	7,386	7,386	7,386
School Library Catalog	4,041	4,042	4,042	4,042	4,042	4,042	4,042
TOTAL GENERAL FUND	\$ 80,561	\$ 93,977	\$ 94,127	\$ 94,127	\$ 94,127	\$ 94,127	\$ 94,127
 KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Local Libraries Rehabilitation and Development (EA)	\$ 3,059	\$ 5,649	\$ 1,859	\$ 1,241	\$ 2,289	\$ 2,440	\$ 2,656

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 239 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-owned 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	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
State System of Higher Education	89,924	91,187	91,946	92,719	93,512	94,422	95,065
Community Colleges	67,030	69,738	71,851	73,049	74,041	75,172	76,439
State-Related Universities	133,200	134,661	135,144	135,627	135,936	136,358	136,619
Non-State Related Universities & Colleges	38,199	39,230	40,161	40,847	41,440	41,958	42,415
TOTAL	328,353	334,816	339,102	342,242	344,929	347,910	350,538

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.

Program Element: Enrollment and Degree Programs

In 2000, nearly 72 percent of high school graduates planned to attend postsecondary institutions. 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 by slightly less than one percent annually over the next five years, although the increase varies among institutional category.

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.

Program: Higher Education (continued)

Table 2
State-Supported Universities and Colleges FTE Enrollments by Subject Area

Subject Area	Number and Percent of Total	2000-01 Actual	2001-02 Projected	2002-03 Projected	2003-04 Projected	2004-05 Projected	2005-06 Projected	2006-07 Projected	Percent Change
Agricultural and Natural Resources	# %	3,652 1.11%	3,631 1.08%	3,651 1.08%	3,647 1.07%	3,650 1.06%	3,658 1.05%	3,664 1.05%	0.33%
Arts and Letters	# %	59,627 18.16%	61,281 18.30%	62,652 18.48%	63,544 18.57%	64,353 18.66%	65,179 18.73%	65,962 18.82%	10.62%
Business, Management and Data Processing	# %	55,432 16.88%	56,358 16.83%	56,742 16.73%	57,111 16.69%	57,434 16.65%	57,838 16.62%	58,211 16.61%	5.01%
Communications and Related Technologies	# %	11,697 3.56%	12,229 3.65%	12,521 3.69%	12,766 3.73%	12,874 3.73%	13,036 3.75%	13,190 3.76%	12.76%
Computer and Information Sciences	# %	12,812 3.90%	13,503 4.03%	13,903 4.10%	14,276 4.17%	14,541 4.22%	14,786 4.25%	15,014 4.28%	17.19%
Education	# %	41,580 12.66%	42,058 12.56%	42,250 12.46%	42,397 12.39%	42,584 12.35%	42,872 12.32%	43,089 12.29%	3.63%
Engineering, Architecture and Environmental Design	# %	17,177 5.23%	17,664 5.28%	17,966 5.30%	18,162 5.31%	18,316 5.31%	18,433 5.30%	18,519 5.28%	7.81%
Engineering Technologies and Related Technologies	# %	5,480 1.67%	5,584 1.67%	5,561 1.64%	5,629 1.64%	5,692 1.65%	5,759 1.66%	5,828 1.66%	6.35%
Health Professions, Health Sciences and Biological Sciences	# %	38,342 11.68%	38,739 11.57%	39,120 11.54%	39,360 11.50%	39,572 11.47%	39,812 11.44%	40,038 11.42%	4.42%
Home Economics, Human Services and Public Affairs	# %	20,465 6.23%	20,821 6.22%	21,180 6.25%	21,348 6.24%	21,518 6.24%	21,732 6.25%	21,914 6.25%	7.08%
Industrial, Repair, Construction and Transport Technologies	# %	2,807 0.85%	2,864 0.86%	2,920 0.86%	2,958 0.86%	2,990 0.87%	3,030 0.87%	3,074 0.88%	9.51%
Law	# %	4,396 1.34%	4,413 1.32%	4,413 1.30%	4,435 1.30%	4,446 1.29%	4,467 1.28%	4,479 1.28%	1.89%
Physical Sciences, Mathematics and Related Technologies	# %	13,348 4.07%	13,584 4.06%	13,756 4.06%	13,839 4.04%	13,914 4.03%	13,995 4.02%	14,047 4.01%	5.24%
Social Sciences, Psychology, Area Studies and Foreign Languages	# %	36,069 10.98%	36,607 10.93%	36,965 10.90%	37,237 10.88%	37,486 10.87%	37,699 10.84%	37,869 10.80%	4.99%
Multi-Interdisciplinary Studies/ Military Sciences	# %	5,469 1.67%	5,480 1.64%	5,502 1.62%	5,533 1.62%	5,559 1.61%	5,614 1.61%	5,640 1.61%	3.13%
TOTAL		328,353	334,816	339,102	342,242	344,929	347,910	350,538	6.76%

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 2000-01 through 2006-07. A review of fields in which degrees are awarded shows the greatest number of degrees is in Business (including Marketing), Education, Engineering, the Health Sciences (including Medicine and

Nursing), the Social Sciences, and the Arts and Letters programs.

The State-supported universities and colleges in Pennsylvania graduate over 73,000 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 116,000 annually.

Program: Higher Education (continued)

Table 3
Higher Education Degrees Awarded by State-Supported
and Private Universities and Colleges,
Actual and Projected

Institutional Category	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
State System of Higher Education	17,845	18,186	18,507	18,766	19,017	19,297	19,470
Community Colleges	10,290	10,601	10,941	11,181	11,414	11,596	11,811
State-Related Universities	34,903	35,167	35,428	35,633	35,855	36,079	36,331
Non-State Related Universities & Colleges	10,156	10,562	10,830	11,125	11,494	11,674	11,856
Private Universities & Colleges	43,236	44,057	44,878	45,699	46,520	47,341	48,162
TOTAL	116,430	118,573	120,584	122,404	124,300	125,987	127,630

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. 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 areas. Penn State 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 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 these concepts into post secondary education. The department will begin reviewing performance indicators to measure the quality, efficiency and effectiveness of our higher education system.

Program: Higher Education (continued)

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Thaddeus Stevens College of Technology enrollment	576	592	625	650	675	700	725
Office of Civil Rights reviews of institutional plans	16	16	16	16	16	16	16
Minority enrollments at public institutions ...	54,600	56,400	57,525	58,000	59,950	60,550	61,550
Disadvantaged students served by specialized programs	13,950	14,100	14,150	14,200	14,250	14,300	14,350
Programs evaluated	20	21	24	24	21	21	20
Teacher certifications	34,000	34,000	35,000	35,000	36,000	36,000	36,000

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND</p> <p>Thaddeus Stevens College of Technology</p> <p>\$ -658 —nonrecurring projects.</p> <p>389 —to continue current program.</p> <hr/> <p>\$ -269 <i>Appropriation Decrease</i></p> <p>Community Colleges</p> <p>\$ 8,257 —to continue current program with projected enrollment increase.</p> <p>Regional Community Colleges Services</p> <p>\$ -1,075 —nonrecurring projects.</p> <p>Community Colleges — Workforce Development</p> <p>\$ -2,000 —nonrecurring grants.</p> <p>Higher Education Graduation Incentive</p> <p>\$ -8,000 —program elimination.</p> <p>Enhanced Technology Initiative</p> <p>\$ -500 —nonrecurring project.</p> <p>Dormitory Sprinklers</p> <p>\$ 3,000 —to provide assistance in securing dormitory sprinklers.</p> <p>Rural Initiatives</p> <p>\$ -582 —nonrecurring projects.</p> <p>Osteopathic Education</p> <p>\$ -750 —nonrecurring projects.</p> <p>State System of Higher Education (SSHE)</p> <p>\$ -14,154 —recommended funding level.</p>	<p>\$ -16,741</p> <p>\$ -8,924</p> <p>\$ -9,009</p> <p>\$ -647</p> <p>\$ -3,550</p> <p>\$ -3,889</p> <p>-7,439</p> <p>\$ -200</p> <p>-97</p> <hr/> <p>-297</p> <p>\$ -7,761</p>	<p>Pennsylvania State University</p> <p>—recommended funding level.</p> <p>University of Pittsburgh</p> <p>—recommended funding level.</p> <p>Temple University</p> <p>—recommended funding level.</p> <p>Lincoln University</p> <p>—recommended funding level.</p> <p>Non-State-related Universities and Colleges</p> <p>—nonrecurring projects at University of Pennsylvania — Cardiovascular Studies; MCP Hahnemann University; Philadelphia College of Osteopathic Medicine and Pennsylvania College of Optometry.</p> <p>—recommended funding level.</p> <p><i>Appropriation Decrease</i></p> <p>Non-State-related Institutions</p> <p>—nonrecurring project at Berean.</p> <p>—recommended funding level.</p> <p><i>Appropriation Decrease</i></p> <p>KEYSTONE RECREATION, PARK AND CONSERVATION FUND</p> <p>State System of Higher Education — Deferred Maintenance (EA)</p> <p>—nonrecurring projects.</p>
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All other appropriations are recommended at the current year funding levels.

Program: Higher Education (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Thaddeus Stevens College of Technology ...	\$ 8,007	\$ 8,321	\$ 8,052	\$ 8,052	\$ 8,052	\$ 8,052	\$ 8,052
Community Colleges	178,340	187,969	196,226	196,226	196,226	196,226	196,226
Community Colleges — Equipment	5,000	0	0	0	0	0	0
Regional Community Colleges Services	425	1,075	0	0	0	0	0
Community Colleges — Workforce Development	1,783	2,000	0	0	0	0	0
Higher Education for the Disadvantaged	9,048	9,320	9,320	9,320	9,320	9,320	9,320
Higher Education of Blind or Deaf Students	52	54	54	54	54	54	54
Higher Education Technology Grants	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Higher Education Graduation Incentive	6,000	8,000	0	0	0	0	0
Higher Education Equipment	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Enhanced Technology Initiative	0	500	0	0	0	0	0
Engineering Equip Grants	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Dormitory Sprinklers	0	3,000	6,000	9,000	12,000	15,000	15,000
Rural Initiatives	1,747	1,925	1,343	1,343	1,343	1,343	1,343
Osteopathic Education	1,500	1,750	1,000	1,000	1,000	1,000	1,000
State System of Higher Education	471,821	471,821	457,667	457,667	457,667	457,667	457,667
Pennsylvania State University	331,949	334,813	318,072	318,072	318,072	318,072	318,072
University of Pittsburgh	177,410	178,460	169,536	169,536	169,536	169,536	169,536
Temple University	179,021	180,171	171,162	171,162	171,162	171,162	171,162
Lincoln University	12,942	12,942	12,295	12,295	12,295	12,295	12,295
Non-State-related Universities and Colleges	80,752	83,354	75,915	73,915	73,915	73,915	73,915
Non-State-related Institutions	2,124	2,124	1,827	1,827	1,827	1,827	1,827
TOTAL GENERAL FUND	\$ 1,480,421	\$ 1,500,099	\$ 1,440,969	\$ 1,441,969	\$ 1,444,969	\$ 1,447,969	\$ 1,447,969
 KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
State System of Higher Education — Deferred Maintenance (EA)	\$ 8,544	\$ 14,040	\$ 6,279	\$ 9,121	\$ 10,809	\$ 11,707	\$ 12,760



EMERGENCY MANAGEMENT AGENCY

The mission of the Emergency Management Agency, along with the Office of the State Fire Commissioner, is to support county and local governments in the areas of civil defense, disaster preparedness, planning and response to and recovery from man-made or natural disasters.

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 man-made disasters and enemy attack. 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.

Emergency Management Agency

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 6,159	\$ 7,575	\$ 7,706
(F)Civil Preparedness.....	2,988	3,424	3,424
(F)Flash Flood Project - Warning System.....	95	105	105
(F)Hazardous Materials Planning and Training.....	301	469	469
(F)Chemical Preparedness.....	0	100	0
(F)Domestic Preparedness.....	134	4,716	7,400
(A)Nuclear Facility.....	68	67	68
Information Systems Management.....	2,704	3,108	2,073
(A)Technology Projects.....	0	213	0
Subtotal.....	\$ 12,449	\$ 19,777	\$ 21,245
State Fire Commissioner.....	1,964	2,030	2,080
Security.....	0	5,226^a	10,079
(F)Fire Prevention.....	120	250	250
(A)Fire Academy Fees.....	75	75	75
(A)Arson Fines.....	4	2	2
Subtotal.....	\$ 2,163	\$ 7,583	\$ 12,486
Subtotal - State Funds.....	\$ 10,827	\$ 17,939	\$ 21,938
Subtotal - Federal Funds.....	3,638	9,064	11,648
Subtotal - Augmentations.....	147	357	145
Total - General Government.....	\$ 14,612	\$ 27,360	\$ 33,731
Grants and Subsidies:			
(F)Hazard Mitigation Grants 1994 Winter Disaster (EA).....	\$ 8,515	\$ 1,580	\$ 6,386
(F)1994 Winter Disaster-Public Assistance (EA).....	123	139	5
(F)January 1996 Flood Disaster (EA).....	8,638	1,730	6,479
(F)Hazard Mitigation Grants-January 1996 Flood (EA).....	9,470	2,670	7,103
(F)January 1996 Blizzard Disaster (EA).....	99	122	5
(F)June 1996 Storm Disaster (EA).....	579	200	434
(F)June 1996 Storm Disaster-Hazard Mitigation (EA).....	428	115	321
(F)July 1996 Storm Disaster-Public Assistance (EA).....	1,707	225	1,280
(F)July 1996 Storm Disaster-Hazard Mitigation (EA).....	1,541	630	1,156
(F)September 1996 Storm Disaster (EA).....	451	35	5
(F)September 1996 Storm Disaster - Hazard Mitigation (EA).....	658	225	494
(F)November 1996 Storm Disaster (EA).....	64	40	48
(F)November 1996 Floods-Hazard Mitigation (EA).....	101	28	76
May-June 1998 Storm Disaster-Hazard Mitigation.....	200	0	100
(F)May-June 1998 Storm Disaster-Public Assistance (EA).....	150	65	5
(F)May-June 1998 Storm Disaster-Hazard Mitigation (EA).....	341	185	256
(F)August 1999 Flood Disaster-Hazard Mitigation (EA).....	505	800	379
(F)August 1999 Flood Disaster-Public Assistance (EA).....	1,020	110	765
(F)September 1999 Tropical Storm Disaster-Public Assistance(EA).....	4,823	1,200	3,617
(F)September 1999 Tropical Storm Disaster-Hazard Mitigation(EA).....	8,020	2,530	6,015
July 2000 Storm Disaster Relief (EA).....	200	0	0
June 2001 Storm Disaster Relief.....	2,700	0	0
June 2001 Storm Disaster-Public Assistance.....	0	2,200	1,650
(F)June 2001 Storm Disaster-Public Assistance (EA).....	0	8,000	6,000
June 2001 Storm Disaster-Hazard Mitigation.....	0	470^b	0
September 2001 Disaster Relief.....	0	2,000	0
Firefighters' Memorial Flag.....	5	10	10
Volunteer Company Grants.....	24,992	0	0
Urban Search and Rescue.....	100	100	150
Hepatitis C Screening/Prevention Emergency Response.....	2,000	0	0
Red Cross Extended Care Program.....	1,000	1,000	0

Emergency Management Agency

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
Subtotal - State Funds.....	\$ 31,197	\$ 5,780	\$ 1,910
Subtotal - Federal Funds.....	47,233	20,629	40,829
Total - Grants and Subsidies.....	<u>\$ 78,430</u>	<u>\$ 26,409</u>	<u>\$ 42,739</u>
STATE FUNDS.....	\$ 42,024	\$ 23,719	\$ 23,848
FEDERAL FUNDS.....	50,871	29,693	52,477
AUGMENTATIONS.....	147	357	145
GENERAL FUND TOTAL.....	<u>\$ 93,042</u>	<u>\$ 53,769</u>	<u>\$ 76,470</u>
 <u>OTHER FUNDS:</u>			
GENERAL FUND:			
Emergency Management and Disaster Assistance.....	\$ 2,453	\$ 2,300	\$ 2,300
Radiological Emergency Response Planning.....	124	564	500
Radiation Emergency Response Fund.....	9	500	500
Radiation Transportation Emergency Response Fund.....	22	4	0
GENERAL FUND TOTAL.....	<u>\$ 2,608</u>	<u>\$ 3,368</u>	<u>\$ 3,300</u>
 DISASTER RELIEF FUND:			
January 1996 Disaster Bond Proceeds-Mitigation (EA).....	\$ 0	\$ 840	\$ 840
January 1996 Disaster Bond Proceeds-Flood (EA).....	0	850	850
1996 Disaster Areas-Hazard Mitigation (EA).....	584	232	100
DISASTER RELIEF FUND TOTAL.....	<u>\$ 584</u>	<u>\$ 1,922</u>	<u>\$ 1,790</u>
 HAZARDOUS MATERIAL RESPONSE FUND:			
General Operations.....	\$ 114	\$ 117	\$ 117
Hazardous Materials Response Team.....	113	117	117
Grants to Counties.....	824	824	824
Public and Facilities Owners Education.....	113	117	117
HAZARDOUS MATERIAL RESPONSE FUND TOTAL.....	<u>\$ 1,164</u>	<u>\$ 1,175</u>	<u>\$ 1,175</u>
 VOLUNTEER COMPANIES LOAN FUND:			
Volunteer Company Loans.....	\$ 21,089	\$ 17,400	\$ 17,400
Volunteer Ambulance Service.....	1,623	0	0
Volunteer Rescue Squads.....	98	0	0
VOLUNTEER COMPANIES LOAN FUND TOTAL.....	<u>\$ 22,810</u>	<u>\$ 17,400</u>	<u>\$ 17,400</u>
 DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 42,024	\$ 23,719	\$ 23,848
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	50,871	29,693	52,477
AUGMENTATIONS.....	147	357	145
OTHER FUNDS.....	27,166	23,865	23,665
TOTAL ALL FUNDS.....	<u>\$ 120,208</u>	<u>\$ 77,634</u>	<u>\$ 100,135</u>

^a Includes recommended supplemental appropriation of \$5,226,000.

^b Includes recommended supplemental appropriation of \$470,000.

Emergency Management Agency

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
EMERGENCY MANAGEMENT							
GENERAL FUND.....	\$ 12,063	\$ 20,679	\$ 21,758	\$ 15,032	\$ 13,907	\$ 13,645	\$ 13,461
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	50,751	29,443	52,227	52,227	52,227	52,227	52,227
OTHER FUNDS.....	4,424	6,745	6,333	6,333	6,333	6,333	6,333
SUBCATEGORY TOTAL.....	\$ 67,238	\$ 56,867	\$ 80,318	\$ 73,592	\$ 72,467	\$ 72,205	\$ 72,021
FIRE PREVENTION AND SAFETY							
GENERAL FUND.....	\$ 29,961	\$ 3,040	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	120	250	250	250	250	250	250
OTHER FUNDS.....	22,889	17,477	17,477	17,477	17,477	14,577	14,577
SUBCATEGORY TOTAL.....	\$ 52,970	\$ 20,767	\$ 19,817	\$ 19,817	\$ 19,817	\$ 16,917	\$ 16,917
ALL PROGRAMS:							
GENERAL FUND.....	\$ 42,024	\$ 23,719	\$ 23,848	\$ 17,122	\$ 15,997	\$ 15,735	\$ 15,551
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	50,871	29,693	52,477	52,477	52,477	52,477	52,477
OTHER FUNDS.....	27,313	24,222	23,810	23,810	23,810	20,910	20,910
DEPARTMENT TOTAL.....	\$ 120,208	\$ 77,634	\$ 100,135	\$ 93,409	\$ 92,284	\$ 89,122	\$ 88,938

Emergency Management Agency

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. Additionally, plans, programs and policies are formulated and coordinated to protect population in the emergency planning zones around nuclear power plants, to afford State and local emergency response to hazardous substance accidents, spills and releases, an accidental missile launch, or terrorist incident involving weapons of mass destruction, and to respond effectively in concert with Federal and municipal agencies to the consequences of terrorist incidents.

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, involving 49 counties, 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, programs and periodic exercises.

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.

Another area included in this program is that of readiness training at the county and local level as measured through a comprehensive exercise program. This program also includes readiness training at the county and local level accomplished through a comprehensive exercise program. A relatively low-cost, yet extensive and integrated training and testing program, it enhances and measures the ability of county and local forces to provide a comprehensive and coordinated first line of response to emergency conditions.

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.

Emergency Management Agency

Program: Emergency Management (continued)

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
County/local emergency plans developed .	3,580	3,554	3,460	3,465	3,470	3,470	3,470
Emergency management training recipients	4,900	5,400	5,900	5,900	5,900	5,900	5,900
Emergency management grants	266	264	264	270	270	270	270
Emergency exercise participants	575,000	625,000	675,000	675,000	675,000	675,000	675,000
Responses to Statewide emergency incidents	3,725	3,825	4,000	4,200	4,325	4,450	4,600
Federal disaster funds disbursed (in thousands)	\$58,170	\$18,410	\$4,000	\$3,900	\$1,000	\$1,000	\$1,000

Emergency management training recipients increase from the projections shown in last year's budget because of Federal and State mandates to increase training to meet certification criteria.

Federal disaster funds disbursed increases from the projections shown in last year's budget based on actual data and disaster occurrences.

In addition, enhanced security measures will include county and regional training for terrorism incidents, updated county preparedness plans, and increased on-line communication and information resources.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>General Government Operations</p> <p>\$ -330 —nonrecurring furnishings for expanded headquarters offices and regional office.</p> <p>20 —defibrillators for headquarters.</p> <p>441 —to continue current program.</p> <hr/> <p>\$ 131 <i>Appropriation Increase</i></p>	<p>Information Systems Management</p> <p>-1,540 —nonrecurring equipment.</p> <p>135 —software and training costs.</p> <p>42 —web-based warning equipment.</p> <p>198 —headquarters telephone system.</p> <p>130 —security for headquarters.</p> <hr/> <p>\$ -1,035 <i>Appropriation Decrease</i></p>	<p>Security</p> <p>\$ 7,089 —Initiative — Training and Planning Assistance. To provide resources and administrative support for training and emergency preparedness exercises for State and local emergency response organizations and emergency plan development assistance for counties.</p> <p>2,182 —Initiative — Emergency Preparedness and Response. To provide resources for enhanced monitoring, detection and communications equipment and development of State and local shared information resources.</p> <p>808 —Initiative — Urban Search and Rescue. To provide resources and administrative support for Urban Search and Rescue Team 2, additional training and certification for Urban Search and Rescue teams and regional assessment team development and training.</p> <p>-5,226 —nonrecurring costs to establish the second Urban Search and Rescue Team and provide security infrastructure.</p> <hr/> <p>\$ 4,853 <i>Appropriation Increase</i></p>	<p>May-June 1998 Storm Disaster — Hazard Mitigation</p> <p>\$ 100 —State matching funds for hazard mitigation community projects.</p> <p>June 2001 Storm Disaster-Public Assistance</p> <p>\$ -550 —nonrecurring State matching funds for disaster public assistance relief.</p> <p>June 2001 Storm Disaster-Hazard Mitigation</p> <p>\$ -470 —nonrecurring State matching funds for hazard mitigation projects.</p> <p>September 2001 Disaster Relief</p> <p>\$ -2,000 —nonrecurring State funds for disaster relief.</p> <p>Urban Search and Rescue</p> <p>\$ 50 —expansion of training activities to western Pennsylvania.</p>
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Emergency Management Agency

Program: Emergency Management (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 6,159	\$ 7,575	\$ 7,706	\$ 7,706	\$ 7,706	\$ 7,706	\$ 7,706
Information Systems Management	2,704	3,108	2,073	2,073	2,073	2,073	2,073
Security	0	5,226	10,079	3,765	3,000	3,000	3,000
May-June 1998 Storm Disaster-Hazard							
Mitigation	200	0	100	100	50	20	10
July 2000 Storm Disaster Relief (EA)	200	0	0	0	0	0	0
June 2001 Storm Disaster Relief	2,700	0	0	0	0	0	0
June 2001 Storm Disaster-Public							
Assistance	0	2,200	1,650	1,238	928	696	522
June 2001 Storm Disaster-Hazard							
Mitigation	0	470	0	0	0	0	0
September 2001 Disaster Relief	0	2,000	0	0	0	0	0
Urban Search and Rescue	100	100	150	150	150	150	150
TOTAL GENERAL FUND	\$ 12,063	\$ 20,679	\$ 21,758	\$ 15,032	\$ 13,907	\$ 13,645	\$ 13,461

Emergency Management Agency

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 168 of 1990 provides for the purchase and presentation of a flag to memorialize and honor Pennsylvania firefighters who have died in the line of duty. The Fire Commissioner's Office provides personal support and assistance to fire departments and surviving relatives and attempts to ascertain and use lessons learned to reduce firefighter deaths in the future.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Local fire training graduates	60,855	60,000	60,000	60,000	60,000	60,000	60,000
State Fire Academy graduates	3,398	5,500	5,500	5,500	5,500	5,500	5,500
Volunteer loans granted (in thousands)	\$19,259	\$20,000	\$17,400	\$17,400	\$17,400	\$14,500	\$14,500

State Fire Academy graduates decreased in 2000-01 from the projection shown in last year's budget due to live-burn classes being cancelled while major repairs to the training facilities were undertaken.

Emergency Management Agency

Program: Fire Prevention and Safety (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	State Fire Commissioner		Red Cross Extended Care Program
\$ -70	—nonrecurring exhaust venting system equipment.	\$ -1,000	—nonrecurring grant program.
120	—to continue current program.		
\$ 50	<i>Appropriation Increase</i>		

Firefighters' Memorial Flag is continued at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
State Fire Commissioner	\$ 1,964	\$ 2,030	\$ 2,080	\$ 2,080	\$ 2,080	\$ 2,080	\$ 2,080
Firefighters' Memorial Flag	5	10	10	10	10	10	10
Volunteer Company Grants	24,992	0	0	0	0	0	0
Hepatitis C Screening/Prevention Emergency Response	2,000	0	0	0	0	0	0
Red Cross Extended Care Program	1,000	1,000	0	0	0	0	0
TOTAL GENERAL FUND	\$ 29,961	\$ 3,040	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090	\$ 2,090



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.

The department's presentation includes the Citizens Advisory Council, the Environmental Hearing Board, the Environmental Quality Board, the State Board for Certification of Sewage Enforcement Officers and the State Board for Certification of Sewage Treatment and Waterworks Operators.

Environmental Protection

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 19,775	\$ 21,887	\$ 20,924
(F)Surface Mine Conservation.....	350	380	413
(A)Reimbursement - Laboratory Services.....	9,748	9,728	10,120
(A)Reimbursement - EDP Services.....	6,086	7,244	7,806
(A)Department Services.....	75	75	75
(A)Purchasing Card Rebate.....	14	15	15
(A)Environmental Alliance Senior Involvement.....	7	10	10
Subtotal.....	\$ 36,055	\$ 39,339	\$ 39,363
Environmental Hearing Board.....	1,666	1,798	1,834
(A)Reimbursement for Services.....	4	25	25
Subtotal.....	\$ 1,670	\$ 1,823	\$ 1,859
Cleanup of Scrap Tires.....	2,000	4,000	2,000
Environmental Program Management.....	41,471	46,606	44,803
(F)Coastal Zone Management.....	1,306	2,000	2,000
(F)Construction Management Assistance Grants - Administration.....	962	1,400	1,400
(F)Storm Water Permitting Initiative.....	535	1,600 ^a	2,300
(F)Safe Drinking Water Act - Management.....	3,053	4,500	4,500
(F)Water Pollution Control Grants - Management.....	1,586	2,200	3,300
(F)Air Pollution Control Grants - Management.....	2,056	2,400	2,400
(F)Surface Mine Conservation.....	3,573	5,500 ^b	6,500
(F)Wetland Protection Fund.....	114	240	240
(F)Training and Education of Underground Coal Miners.....	638	750	750
(F)Diagnostic X-Ray Equipment Testing.....	221	340	340
(F)Water Quality Outreach Operator Training.....	6	200	200
(F)Water Quality Management Planning Grants.....	571	1,000	1,000
(F)Small Operators Assistance.....	1,319	2,000	2,000
(F)Wellhead Protection Fund.....	52	250	250
(F)Indoor Radon Abatement.....	450	500	500
(F)Non-Point Source Implementation.....	8,293	10,650 ^c	12,800
(F)Hydroelectric Power Conservation Fund.....	33	51	51
(F)Survey Studies.....	1,357	2,500	2,500
(F)National Dam Safety.....	60	100	100
(F)National Coastal Wetlands.....	0	100	0
(F)Great Lakes Restoration.....	0	1,700	1,700
(F)Abandoned Mine Reclamation (EA).....	18,915	34,000	34,000
(F)Nuclear and Chemical Security (EA).....	0	0	3,225 ^d
(A)Payments - Department Services.....	309	100	100
(A)Vehicle Sales.....	28	20	20
(A)Clean Air Fund.....	150	995	995
(A)Clean Water Fund.....	251	273	273
(A)Reimbursement from Water Pollution Control Revolving Fund.....	150	309	100
(A)Safe Drinking Water Account.....	50	100	99
(A)Solid Waste Abatement.....	150	535	535
(A)Reimbursement - PENNVEST.....	70	67	75
(A)Safe Drinking Water Revolving Fund Administration.....	263	234	234
(R)Sewage Facilities Program Administration (EA).....	2,027	1,025	0
(R)Used Tire Pile Remediation (EA).....	1,000	1,000	0
Subtotal.....	\$ 91,019	\$ 125,245	\$ 129,290
Chesapeake Bay Agricultural Source Abatement.....	3,026	3,406	3,403
(F)Chesapeake Bay Pollution Abatement.....	3,702	5,000 ^e	6,200
Subtotal.....	\$ 6,728	\$ 8,406	\$ 9,603
Office of Pollution Prevention and Compliance Assistance.....	3,507	3,780	3,841
(F)State Energy Program.....	3,189	4,551 ^f	4,951

Environmental Protection

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
(F)Pollution Prevention.....	75	300	300
(F)Heavy Duty Vehicle Program.....	0	200	200
(F)Alternative Fuels.....	88	175	175
(F)National Industrial Competitiveness.....	300	933	933
(F)Energy & Environmental Opportunities.....	0	750	1,200
Subtotal.....	\$ 7,159	\$ 10,689	\$ 11,600
Environmental Protection Operations.....	76,018	76,902	77,377
(F)EPA Planning Grant - Administration.....	4,701	6,000 _g	6,800
(F)Water Pollution Control Grants.....	2,821	4,500	4,500
(F)Air Pollution Control Grants.....	2,467	2,900	2,900
(F)Surface Mine Control and Reclamation.....	6,139	7,583	7,583
(F)Construction Management Assistance Grants.....	102	350	350
(F)Safe Drinking Water.....	2,535	2,350	2,700
(F)Oil Pollution Spills Removal.....	20	1,000	1,000
(F)Great Lakes National Program.....	0	75	75
(F)Emergency Disaster Relief (EA).....	55	120	120
(F)Technical Assistance to Small Systems (EA).....	652	3,263	3,263
(F)Assistance to State Programs (EA).....	2,102	2,800	2,800
(F)Local Assistance and Source Water Protection (EA).....	3,740	7,000	7,000
(A)Clean Air Fund.....	1,275	2,258	2,258
(A)Clean Water Fund.....	1,275	2,008	2,008
(A)Vehicle Sale.....	69	60	61
(A)Reimbursement from Water Pollution Control Revolving Fund.....	245	316	349
(A)Safe Drinking Water Account.....	425	252	252
(A)Solid Waste Abatement.....	1,275	502	502
(A)Reimbursement - PENNVEST.....	70	75	75
(A)Reimbursement - Department Services.....	51	50	50
(A)PADOT ISTEPA Program.....	202	210	425
(A)Safe Drinking Water Revolving Fund.....	725	740	751
Subtotal.....	\$ 106,964	\$ 121,314	\$ 123,199
Safe Water.....	18,415	9,000	0
Black Fly Control and Research.....	4,545	4,899	4,801
(A)County Contributions.....	1,036	850	800
Subtotal.....	\$ 5,581	\$ 5,749	\$ 5,601
West Nile Virus Control.....	7,834	8,242	8,074
Subtotal - State Funds.....	\$ 178,257	\$ 180,520	\$ 167,057
Subtotal - Federal Funds.....	78,138	124,211	135,519
Subtotal - Augmentations.....	24,003	27,051	28,013
Subtotal - Restricted Revenues.....	3,027	2,025	0
Total - General Government.....	\$ 283,425	\$ 333,807	\$ 330,589
Grants and Subsidies:			
Flood Control Projects.....	\$ 1,202	\$ 2,737	\$ 2,793
Storm Water Management.....	1,071	1,200	1,200
Sewage Facilities Planning Grants.....	1,927	1,950	1,950
Sewage Facilities Enforcement Grants.....	5,000	5,000	5,000
Sewage Treatment Plant Operations Grants.....	48,250	51,100	52,122
Environmental Stewardship Fund.....	100,000	100,000	50,000
Delaware River Master.....	95	95	97
Ohio River Basin Commission.....	16	16	14
Susquehanna River Basin Commission.....	654	675	700
Interstate Commission on the Potomac River.....	41	42	44
Delaware River Basin Commission.....	1,049	1,089	1,133
Ohio River Valley Water Sanitation Commission.....	165	165	172
Chesapeake Bay Commission.....	265	340	265
Local Soil and Water District Assistance.....	3,100	3,100	3,100

Environmental Protection

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
(A)Soil and Water Assistance Augmentations.....	373	250	250
Interstate Mining Commission.....	22	27	32
Northeast-Midwest Institute.....	58	58	58
Stevenson Dam Feasibility Study (06/02).....	2,000	0	0
Sediment Characterization Study.....	300	0	0
Small Water System Regionalization.....	239	400	400
Full-Cost Bonding Transition.....	0	7,000	0
Sea Grant Program.....	0	250	250
Great Lakes Commission Project.....	0	113	0
Subtotal - State Funds.....	\$ 165,454	\$ 175,357	\$ 119,330
Subtotal - Augmentations.....	373	250	250
Total - Grants and Subsidies.....	\$ 165,827	\$ 175,607	\$ 119,580
STATE FUNDS.....	\$ 343,711	\$ 355,877	\$ 286,387
FEDERAL FUNDS.....	78,138	124,211	135,519
AUGMENTATIONS.....	24,376	27,301	28,263
RESTRICTED REVENUES.....	3,027	2,025	0
GENERAL FUND TOTAL.....	\$ 449,252	\$ 509,414	\$ 450,169
<u>ENVIRONMENTAL STEWARDSHIP FUND:</u>			
<i>General Government:</i>			
Oil and Gas Well Plugging (EA).....	\$ 3,000	\$ 3,000	\$ 0
Abandoned Mine Reclamation and Remediation (EA).....	9,226	7,285 ⁿ	0
Total - General Government.....	\$ 12,226	\$ 10,285	\$ 0
<i>Grants and Subsidies:</i>			
Watershed Protection and Restoration (EA).....	\$ 34,462	\$ 23,159 ⁱ	\$ 32,538
Sewage and Drinking Water Grants (EA).....	3,422	1,000	0
Total - Grants and Subsidies.....	\$ 37,884	\$ 24,159	\$ 32,538
ENVIRONMENTAL STEWARDSHIP FUND TOTAL.....	\$ 50,110	\$ 34,444	\$ 32,538
<u>MOTOR LICENSE FUND:</u>			
<i>General Government:</i>			
Dirt and Gravel Road.....	\$ 4,000	\$ 4,000	\$ 4,000
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
Safe Drinking Water Account.....	\$ 805	\$ 900	\$ 700
Radiation Protection Fund.....	4,901	5,231	5,361
Clean Water Fund.....	4,553	4,000	3,900
Solid Waste Abatement Fund.....	3,230	2,000	2,000
Well Plugging Account.....	331	476	436
Abandoned Well Plugging.....	142	175	175
Orphan Well Plugging.....	110	600	600
Alternative Fuels Incentive Grants.....	671	4,700	4,000
Industrial Land Recycling.....	0	22	22
GENERAL FUND TOTAL.....	\$ 14,743	\$ 18,104	\$ 17,194

Environmental Protection

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
ACID MINE DRAINAGE ABATEMENT AND TREATMENT FUND:			
Acid Mine Drainage Abatement and Treatment (F) (EA).....	\$ 1,286	\$ 2,964	\$ 2,964
CLEAN AIR FUND:			
Major Emission Facilities (EA).....	\$ 17,932	\$ 20,255	\$ 24,337
Mobile and Area Facilities (EA).....	4,843	6,380	7,119
CLEAN AIR FUND TOTAL.....	\$ 22,775	\$ 26,635	\$ 31,456
COAL AND CLAY MINE SUBSIDENCE INSURANCE FUND:			
General Operations (EA).....	\$ 2,378	\$ 2,766	\$ 2,941
Payment of Claims (EA).....	985	2,000	2,000
COAL AND CLAY MINE SUBSIDENCE INSURANCE FUND TOTAL.....	\$ 3,363	\$ 4,766	\$ 4,941
ENERGY CONSERVATION AND ASSISTANCE FUND:			
Energy Conservation.....	\$ 410	\$ 859	\$ 1,250
ENVIRONMENTAL EDUCATION FUND:			
General Operations (EA).....	\$ 516	\$ 572	\$ 551
HAZARDOUS SITES CLEANUP FUND:			
General Operations (EA).....	\$ 18,471	\$ 18,466	\$ 18,681
Hazardous Sites Cleanup (EA).....	33,450	45,000	42,000
Host Municipality Grants (EA).....	434	1,300	750
Transfer to Industrial Sites Cleanup Fund (EA).....	0	0	8,000
Transfer-Industrial Sites Environmental Assessment Fund (EA).....	2,000	2,000	2,000
Transfer to Household Hazardous Waste Account.....	0	0	5,000
Small Business Pollution Prevention (EA).....	0	0	2,000
Transfer to Environmental Stewardship Fund (EA).....	5,000	5,000	5,000
Environmental Guardian Trust (F) (EA).....	0	275	100
HAZARDOUS SITES CLEANUP FUND TOTAL.....	\$ 59,355	\$ 72,041	\$ 83,531
LOW LEVEL WASTE FUND:			
General Operations (EA).....	\$ 514	\$ 1,249	\$ 657
NON-COAL SURFACE MINING CONSERVATION & RECLAMATION FUND:			
General Operations (EA).....	\$ 7	\$ 800	\$ 800
NUTRIENT MANAGEMENT FUND:			
Education, Research and Technical Assistance (EA).....	\$ 1,190	\$ 1,340	\$ 1,600
RECYCLING FUND:			
Recycling Coordinator Reimbursement (EA).....	\$ 900	\$ 900	\$ 900
Reimbursement for Municipal Inspection (EA).....	344	375	375
Reimburse-Host Municipality Permit Applications Review (EA).....	10	10	50
Administration of Recycling Program (EA).....	1,535	2,700	2,300
County Planning Grants (EA).....	978	500	750
Municipal Recycling Grants (EA).....	22,253	31,500	31,500
Municipal Recycling Performance Program (EA).....	19,864	20,000	20,000
Public Education/Technical Assistance (EA).....	9,282	10,000	13,000
Waste Tire Reuse (EA).....	1,000	0	0
Small Business Pollution Prevention (EA).....	1,533	2,000	0
Transfer to Solid Waste Abatement Fund.....	0	0	2,000
Waste Tire Pile Remediation (EA).....	456	1,000	0
Forest Lands Beautification Act.....	1,500	1,500	1,500
Transfer to Environmental Stewardship Fund (EA).....	25,000	25,000	25,000

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
RECYCLING FUND TOTAL.....	<u>\$ 84,655</u>	<u>\$ 95,485</u>	<u>\$ 97,375</u>
REMINING ENVIRONMENTAL ENHANCEMENT FUND:			
Remining and Reclamation Incentives (EA).....	\$ 148	\$ 1,000	\$ 1,000
REMINING FINANCIAL ASSURANCE FUND:			
Remining Financial Assurance (EA).....	\$ 10	\$ 25	\$ 25
STORAGE TANK FUND:			
General Operations (EA).....	\$ 9,028	\$ 8,742	\$ 8,914
Underground Storage Tanks (F) (EA).....	203	251	251
Leaking Underground Storage Tanks (F) (EA).....	1,592	2,500	2,500
Transfer to Storage Tank Loan Program.....	0 ^j	0 ^j	0 ^j
STORAGE TANK FUND TOTAL.....	<u>\$ 10,823</u>	<u>\$ 11,493</u>	<u>\$ 11,665</u>
SURFACE MINING CONSERVATION & RECLAMATION FUND:			
General Operations (EA).....	\$ 1,524	\$ 2,705	\$ 2,705
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Environmental Cleanup Program (EA).....	\$ 4,812	\$ 5,500	\$ 5,500
Pollution Prevention Program (EA).....	701	1,000	1,000
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL.....	<u>\$ 5,513</u>	<u>\$ 6,500</u>	<u>\$ 6,500</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 343,711	\$ 355,877	\$ 286,387
SPECIAL FUNDS.....	54,110	38,444	36,538
FEDERAL FUNDS.....	78,138	124,211	135,519
AUGMENTATIONS.....	24,376	27,301	28,263
RESTRICTED.....	3,027	2,025	0
OTHER FUNDS.....	206,832	246,538	264,214
TOTAL ALL FUNDS.....	<u><u>\$ 710,194</u></u>	<u><u>\$ 794,396</u></u>	<u><u>\$ 750,921</u></u>

- ^a Actually appropriated as \$2,300,000. Amount shown is the best current estimate of the amount available for 2001-02. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.
- ^b Actually appropriated as \$6,500,000. Amount shown is the best current estimate of the amount available for 2001-02. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.
- ^c Actually appropriated as \$12,000,000. Amount shown is the best current estimate of the amount available for 2001-02. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.
- ^d 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.
- ^e Actually appropriated as \$6,200,000. Amount shown is the best current estimate of the amount available for 2001-02. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.
- ^f Actually appropriated as \$4,951,000. Amount shown is the best current estimate of the amount available for 2001-02. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.
- ^g Actually appropriated as \$6,800,000. Amount shown is the best current estimate of the amount available for 2001-02. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.
- ^h The reduced current year General Fund Transfer amount will result in reducing this current year executive authorization from \$11,773,000 to \$7,285,000.
- ⁱ The reduced current year General Fund Transfer amount will result in reducing this current year executive authorization from \$37,371,000 to \$23,159,000.
- ^j Although authorized by legislation, no activity is anticipated during the year.

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
ENVIRONMENTAL SUPPORT SERVICES							
GENERAL FUND.....	\$ 21,441	\$ 23,685	\$ 22,758	\$ 22,758	\$ 22,758	\$ 22,758	\$ 22,758
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	350	380	413	413	413	413	413
OTHER FUNDS.....	15,934	17,097	18,051	18,051	18,051	18,051	18,051
SUBCATEGORY TOTAL.....	\$ 37,725	\$ 41,162	\$ 41,222	\$ 41,222	\$ 41,222	\$ 41,222	\$ 41,222
ENVIRONMENTAL PROTECTION AND MANAGEMENT							
GENERAL FUND.....	\$ 322,270	\$ 332,192	\$ 263,629	\$ 313,760	\$ 313,760	\$ 213,760	\$ 213,760
SPECIAL FUNDS.....	54,110	38,444	36,538	55,238	44,018	4,000	4,000
FEDERAL FUNDS.....	77,788	123,831	135,106	131,881	131,881	131,881	131,881
OTHER FUNDS.....	218,301	258,767	274,426	267,426	267,426	267,426	267,426
SUBCATEGORY TOTAL.....	\$ 672,469	\$ 753,234	\$ 709,699	\$ 768,305	\$ 757,085	\$ 617,067	\$ 617,067
ALL PROGRAMS:							
GENERAL FUND.....	\$ 343,711	\$ 355,877	\$ 286,387	\$ 336,518	\$ 336,518	\$ 236,518	\$ 236,518
SPECIAL FUNDS.....	54,110	38,444	36,538	55,238	44,018	4,000	4,000
FEDERAL FUNDS.....	78,138	124,211	135,519	132,294	132,294	132,294	132,294
OTHER FUNDS.....	234,235	275,864	292,477	285,477	285,477	285,477	285,477
DEPARTMENT TOTAL.....	\$ 710,194	\$ 794,396	\$ 750,921	\$ 809,527	\$ 798,307	\$ 658,289	\$ 658,289

Environmental Protection

PROGRAM OBJECTIVE: To provide administrative and technical support for the Commonwealth's environmental protection programs.

Program: Environmental Support Services

This program provides the administrative and technical systems that direct and support the department's programs. It includes the executive and administrative offices, the Office of Chief Counsel, information and data processing systems, the Citizens Advisory Council, the Environmental Quality Board and the Bureau of Laboratories.

The Bureau of Laboratories provides analytical data 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. The implementation of the new department-wide Quality Management Plan, passage of a laboratory accreditation bill to assure the quality of compliance data in all program areas based on the National Environmental Laboratory Accreditation Program, and continued efforts to relocate to a new laboratory facility are anticipated to have a large impact on the bureau.

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 Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Laboratory Analyses Supporting Programs							
Mining	367,638	390,000	390,000	390,000	390,000	390,000	390,000
Air	52,386	51,000	51,000	51,000	51,000	51,000	51,000
Water	147,125	150,000	150,000	150,000	150,000	150,000	150,000
Waste Management	304,082	318,000	318,000	318,000	318,000	318,000	318,000
Safe Drinking Water	76,509	83,000	83,000	83,000	83,000	83,000	83,000
Radiation Protection	14,489	14,000	14,000	14,000	14,000	14,000	14,000
Other	13,093	85,000	85,000	85,000	85,000	85,000	85,000
Total	975,322	1,091,000	1,091,000	1,091,000	1,091,000	1,091,000	1,091,000

Laboratory analyses supporting other programs decreased in 2000-01 from the projection shown in last year's budget. 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.

Program Recommendations:	This budget recommends the following changes: (Dollar Amounts in Thousands)	
	General Government Operations	Environmental Hearing Board
\$ 1,598	—to continue current program.	\$ 36
—2,561	—nonrecurring program costs.	—to continue current program.
<u>\$ -963</u>	<i>Appropriation Decrease</i>	

Appropriations within this Program:	(Dollar Amounts in Thousands)						
	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 19,775	\$ 21,887	\$ 20,924	\$ 20,924	\$ 20,924	\$ 20,924	\$ 20,924
Environmental Hearing Board	1,666	1,798	1,834	1,834	1,834	1,834	1,834
TOTAL GENERAL FUND	\$ 21,441	\$ 23,685	\$ 22,758	\$ 22,758	\$ 22,758	\$ 22,758	\$ 22,758

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. Because of current economic conditions and slowing General Fund revenue collections, the General Fund contribution is reduced by \$50 million in 2001-02 and proposed to be reduced by \$50 million in 2002-03. It is also proposed that this \$100 million reduction be restored by a General Fund appropriation in 2004-05, adding a sixth year to what is now a five-year program. As total funding will not be reduced, there is no impact on the program's commitments or goals. By adopting better cash management, the department will continue local watershed cleanups and restorations with no reduction.

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 55 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 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

Program: Environmental Protection and Management (continued)

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 10,300 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 8,100 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. The Small Water Systems Assistance Act, Act 5 of 1992, established technical and management assistance programs and grants to study regionalization alternatives for small systems. As a result of this act, the department has entered an agreement to provide \$2.4 million in grants to fund 42 small system regionalization studies. The department is also actively working to award grants to local sponsors in several additional study areas.

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. These amendments also

created the Safe Drinking Water State Revolving Fund, which is being used to increase State technical assistance and regulation.

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 2001 spray season, 34 counties participated in the black fly suppression effort with an impact on 3.5 million residents. One additional county is expected to request participation for the 2002 spray season.

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. By November 2000, 59 counties were involved in the program, generating more than 10,000 samples. These samples produced 42 positive pools of mosquitoes from eight different species. Three of these species had not been known to harbor WNV. The 2000 surveillance effort also provided the foundation for a comprehensive understanding of mosquito distribution and abundance in Pennsylvania. It is expected that all 67 counties will be actively involved in the 2002 program.

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 9 million tons of municipal waste, while incinerating four percent and 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

Program: Environmental Protection and Management (continued)

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 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. Over 38 million tons are generated annually with approximately 2.8 million tons being disposed of in the State's municipal waste landfills. 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 re-permitted. 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 level as well as for the private sector.

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 by a manifest system which follows the shipment from generation to ultimate treatment or disposal. A state-of-the-art optical imaging system enables the department to process manifest and 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.

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 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 105 Superfund sites and 40 State Hazardous Sites Cleanup Program sites.

To date, the Land Recycling Program has received nearly 1,500 notices of intent to remediate a site, while over 1,000 cleanups have been completed in six 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

Program: Environmental Protection and Management (continued)

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 Remaining 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 directed by the Coal and Clay Mine Subsidence Insurance Board. A special fund is administered by the board in which premium and investment income are deposited and from which insurance claims and costs are paid. The growth in the number and value of policies has steadily increased

since the beginning of the fund. 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 430 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 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, Act 12 of 1988, establishes the criteria for the selection of a site, operation of a facility and transportation of wastes to the site.

Program: Environmental Protection and Management (continued)

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, Act 325 of 1979, 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 3,200 dams under active permits in the Commonwealth. Of this total, there are 900 high-hazard dams and 2,300 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. To date, the Commonwealth has constructed 161 major flood protection projects at 94 locations.

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.

A 2000 assessment of water quality problems reported that 205 miles out of the 35,486 miles of streams assessed were being impacted by point sources and about 6,718 miles by nonpoint sources and 338 miles by a combination of the two. The major nonpoint source impacts were caused by abandoned mine drainage (2,711 miles) and agricultural runoff (2,736 miles).

The Commonwealth has more than 51,000 regulated aboveground and underground storage tanks and many thousands more which are unregulated. Key program initiatives include the annual registration of storage tanks; maintaining the Storage Tank Data System; permitting of new and existing storage tanks; inspecting existing storage tanks; certifying storage tank installers and inspectors; providing technical and operational assistance; and pursuing enforcement actions when necessary. Emphasis was placed on upgrading existing underground storage tanks to meet new Federal tank standards that were effective December 22, 1998.

Program Element: Pollution Prevention and Compliance Assistance

The Office of Pollution Prevention and Compliance Assistance (OPPCA) was established in 1996 to encourage firms, other State agencies and local governments to integrate environmental management practices and pollution prevention/energy efficiency strategies into their management decisions for the purpose of reducing costs and lessening environmental impacts. Combining energy efficiency with pollution prevention programs is a key component in enhancing Pennsylvania's new approach to "go beyond compliance" with environmental regulations and focus more on pollution abatement and energy conservation. This program also focuses on cultivating the use of green technologies in the Commonwealth and marketing these Pennsylvania technologies nationwide and abroad. Pennsylvania's environmental industry generates approximately \$7 billion in annual sales, making it a leader in the United States' estimated \$134 billion environmental industry. The OPPCA is a major player in the Multi-State Working Group on Environmental Management Systems.

Program: Environmental Protection and Management (continued)

This group of 12 states, Environmental Protection Agency (EPA) representatives, businesses, universities and public interests is collecting information on companies' environmental management systems to place on a national database. The database will be used to evaluate the effectiveness of the environmental management systems and to identify their role in future environmental programs and policies.

Act 122 of 1986 established the Energy Conservation and Assistance Fund (ECAAF) as a repository for all oil overcharge settlements. The act, as amended in 1987, provides a framework for determining allowable expenditures from the fund in accordance with the requirements of the terms and conditions of oil overcharge settlement agreements.

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.

OPPCA will also house the Growing Greener Grant Center. This center will provide a single point of contact to obtain streamlined information about environmental grants available from the department and other agencies. The Center's purpose will be to evaluate and improve effectiveness, prevent fraud and reduce waste.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Air Quality							
Air emission operating permits in effect	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Air emission inspections performed	11,493	11,500	11,500	11,500	11,500	11,500	11,500
Air emission operating permits in effect increase from projections shown in last year's budget as federal requirements were restructured.							
Water Quality Protection							
Sewage and industrial waste discharge inspections	4,393	4,000	4,000	4,000	4,000	4,000	4,000
Permits issued for water pollution control facilities	1,235	1,200	1,200	1,200	1,200	1,200	1,200
Enforcement actions	158	150	150	150	150	150	150
Stormwater construction permits issued	1,828	1,500	2,500	5,000	5,000	5,000	5,000
Stormwater construction permits issued increase from the projections shown in last year's budget due to more construction activity and new federal regulations.							
Water Supply Management							
Residents of areas in Black Fly Suppression Program	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000
Inspections of public drinking water supplies	2,726	3,000	3,000	3,000	3,000	3,000	3,000
Community water systems complying with reporting requirements.	80%	80%	80%	80%	80%	80%	80%
Non-community water systems complying with reporting requirements.	87%	87%	87%	87%	87%	87%	87%
Municipal and Residual Waste							
Municipal and residual waste facilities receiving permit or closure action	502	450	450	450	450	450	450
Percent of municipal waste diverted from landfills	57%	59%	60%	61%	62%	63%	64%

Municipal and residual waste facilities receiving permit or closure action increase over those shown in last year's budget because the measure has been expanded to include all types of permit changes including closure of facilities.

Environmental Protection

Program: Environmental Protection and Management (continued)

Program Measures: (continued)	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Hazardous Waste							
Hazardous waste inspections performed	1,034	1,250	1,250	1,250	1,250	1,250	1,250
Hazardous waste sites permitted and licensed under Act 108	107	110	110	110	110	110	110
<p>Hazardous waste inspections performed decreased in 2000-01 from the projection shown in last year's budget due partly to utilizing staff for other program objectives such as Operation Clean Sweep.</p> <p>Hazardous waste sites permitted and licensed under Act 108 decreased from those shown in last year's budget due to the implementation of bonding requirements for hazardous waste transporters; some transporters opted not to renew their licenses.</p>							
Land Recycling Program							
Approved industrial site cleanups	1,000	1,050	1,090	1,120	1,140	1,160	1,180
(Cumulative, beginning May 1995)							
Regulation of Mining							
Mine permit actions:							
Coal	1,570	1,500	1,500	1,500	1,500	1,500	1,500
Non-coal	525	500	500	500	500	500	500
Inspections:							
Complete coal inspections	8,499	8,400	8,300	8,300	8,300	8,300	8,300
Partial coal inspections	12,330	12,300	12,200	12,200	12,200	12,200	12,200
Non-coal inspections	5,001	5,000	4,900	4,800	4,800	4,800	4,800
Oil and gas field inspections	10,059	10,000	10,000	10,000	10,000	10,000	10,000
Mining compliance orders issued	821	800	700	600	500	500	500
Mine subsidence insurance policies in effect	52,395	55,000	57,500	60,000	62,500	65,000	67,500
Employees trained in mine safety	9,229	9,000	9,000	9,000	9,000	9,000	9,000
Abandoned mine sites designated as potential safety problems	1,135	1,114	1,093	1,072	1,051	1,030	1,009
Acres of coal mining lands reclaimed	9,559	9,500	9,500	9,500	9,500	9,500	9,500
Acres of coal mining lands declared forfeited	1,629	1,500	1,500	1,500	1,500	1,500	1,500

Coal and non-coal mine permit actions, as well as mining compliance orders issued, are demand driven and may vary from year-to-year.

Oil and gas field inspections increased in 2000-01 over the projection shown in last year's budget due to rising oil prices which increased the number of permitted drilling operations.

Mine subsidence insurance policies in effect increase from those shown in last year's budget due to a mass marketing campaign to increase awareness about the need for such insurance.

Acres of coal mining lands reclaimed increase from the projections shown in last year's budget due to more mines moving into the final stages of reclamation.

Acres of coal mining lands declared forfeited increase from the projections shown in last year's budget because of actual mine closings.

Radiation Protection

Radiation user inspections performed	3,022	3,500	4,000	4,000	4,000	4,000	4,000
Users brought into compliance through inspections	453	500	500	500	500	500	500
Nuclear plant off-site samples	2,474	3,400	3,400	3,400	3,400	3,400	3,400
Cubic feet of low-level radioactive waste generated in Pennsylvania	421,398	500,000	500,000	400,000	300,000	200,000	100,000

Radiation user inspections performed increase from the projections shown in last year's budget based on actual activity.

Users brought into compliance through inspections increase from those shown in last year's budget because the measure has been expanded to include fee-related compliance issues.

Nuclear plant off-site samples decreased in 2000-01 from the projection shown in last year's budget because fewer samples were collected during normal operations.

Cubic feet of low-level radioactive waste generated in Pennsylvania increases significantly from the projections shown in last year's budget due to the amount of low level waste being shipped to out-of-state disposal sites because of facility decommissioning and site cleanup activities.

Environmental Protection

Program: Environmental Protection and Management (continued)

Program Measures: (continued)	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Waterways Engineering							
Dam inspections	1,059	1,290	1,290	1,290	1,290	1,290	1,290
Dam inspections were lower in 2000-01 based on actual activity.							
Watershed Conservation							
Cumulative assessed stream miles attaining designated uses	37,041	42,224	47,407	52,590	57,773	62,956	68,139
Cumulative assessed stream miles attaining designated uses increases from the projections shown in last year's budget because the measure has been changed to reflect the cumulative total of all Commonwealth streams meeting aquatic life standards. Previously, it was an annual rather than a cumulative measure. It is anticipated that all streams will have been assessed by 2006-07.							
Alternative Fuels Incentive Grant Program							
Vehicle conversions/new alternative fuel vehicles	124	100	150	200	250	300	350
Companies introduced to pollution prevention and energy efficiency strategies	204	210	210	210	210	210	210
Businesses and local governments provided with new informational tools for use in reducing the source of pollution	238	300	410	500	550	600	650
Vehicle conversions and new alternative fuel vehicles decrease from those shown in last year's budget due to the hybrid electric vehicle (HEV) program not being as successful as initially anticipated. The program primarily focuses on the purchase of new alternative vehicles as fewer conversions are being completed. The number of alternative fuel vehicles purchased is expected to increase as more models are available commercially.							

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND</p> <p>Cleanup of Scrap Tires</p> <p>\$ -2,000 —transfer to Recycling Fund.</p> <p>Environmental Program Management</p> <p>\$ -506 —to transfer funding for testing environmental samples for the emergency response program from the Environmental Program Management appropriation to the Environmental Protection Operations appropriation.</p> <p>66 —Initiative — Comprehensive Water Resources. To provide administrative support for a comprehensive water resources program.</p> <p>-2,281 —nonrecurring program costs.</p> <p>918 —to continue current program.</p> <hr/> <p>\$ -1,803 <i>Appropriation Decrease</i></p> <p>Chesapeake Bay Agricultural Source Abatement</p> <p>\$ -3 —nonrecurring program costs.</p> <p>Office of Pollution Protection and Compliance Assistance</p> <p>\$ 60 —Initiative — Environmental Health Surveillance. To develop an electronic data management system to track sentinel diseases in cooperation with the Pennsylvania Department of Health.</p> <p>1 —to continue current program.</p> <hr/> <p>\$ 61 <i>Appropriation Increase</i></p>	<p>\$ 506</p> <p>1,507</p> <p>-1,538</p> <hr/> <p>\$ 475 <i>Appropriation Increase</i></p> <p>\$ -9,000</p> <p>\$ -98</p> <p>\$ -168</p> <p>\$ 56</p> <p>\$ 1,022</p> <p>\$ -50,000</p> <p>\$ 2</p>	<p>Environmental Protection Operations</p> <p>—to transfer funding for testing environmental samples for the emergency response program from the Environmental Program Management appropriation to the Environmental Protection Operations appropriation.</p> <p>—to continue current program.</p> <p>—nonrecurring program costs.</p> <p><i>Appropriation Increase</i></p> <p>Safe Water</p> <p>—nonrecurring safe water projects.</p> <p>Black Fly Control and Research</p> <p>—nonrecurring program costs.</p> <p>West Nile Virus Control</p> <p>—nonrecurring program costs.</p> <p>Flood Control Projects</p> <p>—to continue current program.</p> <p>Sewage Treatment Plant Operations Grants</p> <p>—to continue current program.</p> <p>Environmental Stewardship Fund</p> <p>—recommended funding level.</p> <p>Delaware River Master</p> <p>—to continue current level of participation.</p>
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Environmental Protection

Program: Environmental Protection and Management (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ -2 Ohio River Basin Commission —nonrecurring program costs.</p> <p>\$ 25 Susquehanna River Basin Commission —to continue current level of participation.</p> <p>\$ 2 Interstate Commission on the Potomac River —to continue current level of participation.</p> <p>\$ 44 Delaware River Basin Commission —to continue current level of participation.</p> <p>\$ 7 Ohio River Valley Water Sanitation Commission —to continue current level of participation.</p> <p>\$ -75 Chesapeake Bay Commission —nonrecurring program costs.</p> <p>\$ 5 Interstate Mining Commission —to continue current level of participation.</p> <p>\$ -7,000 Full Cost Bonding Transition —nonrecurring program costs.</p>	<p>\$ -113 Great Lakes Commission Project —nonrecurring project.</p> <p>\$ -3,000 ENVIRONMENTAL STEWARDSHIP FUND Oil and Gas Well Plugging (EA) —nonrecurring grants related to the Growing Greener initiative.</p> <p>\$ -7,285 Abandoned Mine Reclamation and Remediation (EA) —nonrecurring grants related to the Growing Greener initiative.</p> <p>\$ 8,129 Watershed Protection and Restoration (EA) —for additional grants related to the Growing Greener initiative.</p> <p>\$ 1,250 —Initiative — Comprehensive Water Resources. To provide for the development of a comprehensive water resources program.</p> <hr style="width: 10%; margin-left: 0;"/> <p>\$ 9,379 <i>Executive Authorization Increase</i></p> <p>\$ -1,000 Sewage and Drinking Water Grants (EA) —nonrecurring grants related to the Growing Greener initiative.</p>
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This budget commits \$32,538,000 from the Environmental Stewardship Fund for environmental projects related to the Growing Greener Initiative. Due to this budget's proposal to provide General Fund transfers more in line with the cash needs of the Environmental Stewardship Fund, the reduced spending authorities shown no longer coincide with watershed protection and restoration awards. Instead, amounts reflect cash disbursements.

This budget also recommends \$3,225,000 in Federal funds to provide equipment and materials for rapid response to nuclear and radiological events, expanded monitoring and tracking and other environmental security activities.

In addition, this budget recommends \$2,000,000 from the Recycling Fund to continue the cleanup of waste tire piles and \$5,000,000 from the Hazardous Sites Cleanup Fund for the continuation of the Household Hazardous Waste Collection Program.

All other appropriations are recommended at the current year funding levels.

Environmental Protection

Program: Environmental Protection and Management (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Cleanup of Scrap Tires	\$ 2,000	\$ 4,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Environmental Program Management	41,471	46,606	44,803	44,869	44,869	44,869	44,869
Chesapeake Bay Agricultural Source Abatement	3,026	3,406	3,403	3,403	3,403	3,403	3,403
Office of Pollution Prevention and Compliance Assistance	3,507	3,780	3,841	3,906	3,906	3,906	3,906
Environmental Protection Operations	76,018	76,902	77,377	77,377	77,377	77,377	77,377
Safe Water	18,415	9,000	0	0	0	0	0
Black Fly Control and Research	4,545	4,899	4,801	4,801	4,801	4,801	4,801
West Nile Virus Control	7,834	8,242	8,074	8,074	8,074	8,074	8,074
Flood Control Projects	1,202	2,737	2,793	2,793	2,793	2,793	2,793
Storm Water Management	1,071	1,200	1,200	1,200	1,200	1,200	1,200
Sewage Facilities Planning Grants	1,927	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	48,250	51,100	52,122	52,122	52,122	52,122	52,122
Environmental Stewardship Fund	100,000	100,000	50,000	100,000	100,000	0	0
Delaware River Master	95	95	97	97	97	97	97
Ohio River Basin Commission	16	16	14	14	14	14	14
Susquehanna River Basin Commission	654	675	700	700	700	700	700
Interstate Commission on the Potomac River	41	42	44	44	44	44	44
Delaware River Basin Commission	1,049	1,089	1,133	1,133	1,133	1,133	1,133
Ohio River Valley Water Sanitation Commission	165	165	172	172	172	172	172
Chesapeake Bay Commission	265	340	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	22	27	32	32	32	32	32
Northeast-Midwest Institute	58	58	58	58	58	58	58
Stevenson Dam Feasibility Study (06/02) ...	2,000	0	0	0	0	0	0
Sediment Characterization Study	300	0	0	0	0	0	0
Small Water System Regionalization	239	400	400	400	400	400	400
Full-Cost Bonding Transition	0	7,000	0	0	0	0	0
Sea Grant Program	0	250	250	250	250	250	250
Great Lakes Commission Project	0	113	0	0	0	0	0
TOTAL GENERAL FUND	\$ 322,270	\$ 332,192	\$ 263,629	\$ 313,760	\$ 313,760	\$ 213,760	\$ 213,760
ENVIRONMENTAL STEWARDSHIP FUND:							
Oil and Gas Well Plugging (EA)	\$ 3,000	\$ 3,000	\$ 0	\$ 1,000	\$ 3,000	\$ 0	\$ 0
Abandoned Mine Reclamation and Remediation (EA)	9,226	7,285	0	5,000	7,000	0	0
Watershed Protection and Restoration (EA)	34,462	23,159	32,538	45,238	30,018	0	0
Sewage and Drinking Water Grants (EA)	3,422	1,000	0	0	0	0	0
TOTAL ENVIRONMENTAL STEWARDSHIP FUND	\$ 50,110	\$ 34,444	\$ 32,538	\$ 51,238	\$ 40,018	\$ 0	\$ 0
MOTOR LICENSE FUND:							
Dirt and Gravel Road	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000



FISH AND BOAT COMMISSION

The mission of the Fish and Boat Commission is to provide fishing and boating opportunities through the protection and management of aquatic resources.

Fish and Boat Commission

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
<u>GENERAL FUND:</u>			
<i>Grants and Subsidies:</i>			
Atlantic States Marine Fisheries Commission.....	\$ 11	\$ 11	\$ 12
<u>BOAT FUND:</u>			
<i>General Government:</i>			
General Operations (EA).....	\$ 8,457	\$ 9,094	\$ 8,629
(F)US Coast Guard Grant - Boating Safety.....	1,427	1,341	1,380
(F)Sport Fish Restoration.....	637	611	518
(F)Boating Infrastructure Grant (BIG) Program.....	0	338	100
(F)National Marine Fisheries - Investigations.....	0	8	0
(F)Land and Water Conservation Fund.....	0	60	0
(F)Clean Vessels.....	38	100	100
(A)Sale of Vehicles.....	40	36	20
Subtotal - State Funds.....	\$ 8,457	\$ 9,094	\$ 8,629
Subtotal - Federal Funds.....	2,102	2,458	2,098
Subtotal - Augmentations.....	40	36	20
Total - General Government.....	\$ 10,599	\$ 11,588	\$ 10,747
STATE FUNDS.....	\$ 8,457	\$ 9,094	\$ 8,629
FEDERAL FUNDS.....	2,102	2,458	2,098
AUGMENTATIONS.....	40	36	20
BOAT FUND TOTAL.....	\$ 10,599	\$ 11,588	\$ 10,747
<u>FISH FUND:</u>			
<i>General Government:</i>			
General Operations (EA).....	\$ 25,448	\$ 27,905	\$ 24,776
(F)Sport Fish Restoration.....	5,383	5,272	5,050
(F)Wildlife Conservation and Restoration - Non-Game.....	0	459	0
(F)Surface Mine Regulation.....	40	40	40
(F)NOAA.....	291	599	527
(F)USFWS - Partner for Fish & Wildlife.....	0	7	10
(F)National Marine Fisheries - Investigations.....	0	12	0
(F)Land and Water Conservation Fund.....	0	90	0
(A)Sale of Vehicles.....	49	50	50
(A)Reimbursement for Services - Boat Fund.....	0 ^a	0 ^a	0 ^a
(A)Reimbursement - DEP/EPA Projects.....	100	110	104
(A)Reimbursement for Services - PennDOT.....	155	50	52
(A)Transportation - Endangered/Threatened Species.....	0	50	52
(A)Transportation - Environmental Assessment.....	0	82	82
(A)Purchasing Card Rebate.....	7	8	8
(A)Transportation - Boating Under the Influence (BUI).....	0	24	0
(A)Economic Angler Use Study - Delaware River.....	0	0	120
Subtotal - State Funds.....	\$ 25,448	\$ 27,905	\$ 24,776
Subtotal - Federal Funds.....	5,714	6,479	5,627
Subtotal - Augmentations.....	311	374	468
Total - General Government.....	\$ 31,473	\$ 34,758	\$ 30,871
STATE FUNDS.....	\$ 25,448	\$ 27,905	\$ 24,776
FEDERAL FUNDS.....	5,714	6,479	5,627
AUGMENTATIONS.....	311	374	468
FISH FUND TOTAL.....	\$ 31,473	\$ 34,758	\$ 30,871

Fish and Boat Commission

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 11	\$ 11	\$ 12
SPECIAL FUNDS.....	33,905	36,999	33,405
FEDERAL FUNDS.....	7,816	8,937	7,725
AUGMENTATIONS.....	351	410	488
TOTAL ALL FUNDS.....	\$ 42,083	\$ 46,357	\$ 41,630

^a Not added to the total to avoid double counting: 2000-01 Actual is \$10,599,000, 2001-02 Available is \$11,588,000, and 2002-03 Budget is \$10,747,000.

Fish and Boat Commission

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
RECREATIONAL FISHING AND BOATING							
GENERAL FUND.....	\$ 11	\$ 11	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12
SPECIAL FUNDS.....	33,905	36,999	33,405	34,074	34,755	35,451	36,160
FEDERAL FUNDS.....	7,816	8,937	7,725	7,725	7,725	7,725	7,725
OTHER FUNDS.....	351	410	488	488	488	488	488
SUBCATEGORY TOTAL.....	\$ 42,083	\$ 46,357	\$ 41,630	\$ 42,299	\$ 42,980	\$ 43,676	\$ 44,385
ALL PROGRAMS:							
GENERAL FUND.....	\$ 11	\$ 11	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12
SPECIAL FUNDS.....	33,905	36,999	33,405	34,074	34,755	35,451	36,160
FEDERAL FUNDS.....	7,816	8,937	7,725	7,725	7,725	7,725	7,725
OTHER FUNDS.....	351	410	488	488	488	488	488
DEPARTMENT TOTAL.....	\$ 42,083	\$ 46,357	\$ 41,630	\$ 42,299	\$ 42,980	\$ 43,676	\$ 44,385

Fish and Boat Commission

PROGRAM OBJECTIVE: To conserve aquatic resources including fish and wildlife populations, to provide recreational opportunities for fishing and boating on Commonwealth waters, and to promote safe recreational use of these aquatic resources.

Program: Recreational Fishing and Boating

The Fish and Boat Commission is responsible for the enforcement of the fishing and boating laws and regulations, registration of boats, the State boating and water safety education programs, and the management and promotion of recreational boating. The Boating Advisory Board, a group of knowledgeable boaters appointed by the Governor, advises the commission on boating matters.

In addition to recreational boating, the commission is responsible for recreational fishing in the Commonwealth.

This includes fish propagation, stocking, fisheries, environmental services, the cooperative nurseries program, research and fish management. The commission also provides for the development, improvement and maintenance of facilities for lake and access areas. As water quality is a major factor in aquatic recreation, the commission's goals are to protect, conserve and enhance aquatic resources by monitoring the water quality of many streams, lakes and rivers in the Commonwealth.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Fishing licenses sold	953,032	943,637	953,555	953,555	953,555	953,555	953,555
Pounds of fish stocked in Commonwealth streams and lakes	2,961,163	2,050,297	2,140,297	2,140,297	2,140,297	2,140,297	2,140,297
Boats registered	360,361	369,000	378,000	387,000	397,000	406,000	416,000
Warnings issued for violations of fishing and boating laws	39,058	35,000	35,000	35,000	35,000	35,000	35,000
Convictions for violations of fishing and boating laws	10,715	9,000	9,000	9,000	9,000	9,000	9,000

Pounds of fish stocked in Commonwealth streams and lakes increased in 2000-01 from the projection shown in last year's budget due to revised reporting methods. The updated amounts now represent the total pounds of all fish stocked, not just adult trout stocked as previously reported. Pounds of fish stocked is expected to decrease in 2001-02 due to the closing of the Big Spring Fish Culture Station and a reduction in the number of trout raised at other fish culture stations due to effluent problems.

Warnings issued and convictions for violations of fishing and boating laws decrease from those shown in last year's budget based on revised projections.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND		BOAT FUND	
Atlantic States Marine Fisheries Commission		General Operations (EA)	
\$	1	\$	280
	—membership cost.		—to continue current program.
			104
			—to begin a waterways conservation officer training class.
			—nonrecurring costs.
			—nonrecurring projects on commission land and buildings.
			<u> </u>
			\$ -465
			<i>Executive Authorization Decrease</i>
FISH FUND			
General Operations (EA)			
\$	-107		
	—to continue current program.		
	1,000		
	—for projects on fish culture stations.		
	157		
	—to begin a waterways conservation officer training class.		
	254		
	—for projects on marinas and other commission land and buildings.		
	-358		
	—nonrecurring costs.		
	-4,075		
	—nonrecurring projects on commission land and buildings.		
	<u> </u>		
\$	-3,129		
	<i>Executive Authorization Decrease</i>		

Fish and Boat Commission

Program: Recreational Fishing and Boating (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Atlantic States Marine Fisheries Commission	\$ 11	\$ 11	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12
BOAT FUND:							
General Operations (EA)	\$ 8,457	\$ 9,094	\$ 8,629	\$ 8,802	\$ 8,978	\$ 9,158	\$ 9,341
FISH FUND:							
General Operations (EA)	\$ 25,448	\$ 27,905	\$ 24,776	\$ 25,272	\$ 25,777	\$ 26,293	\$ 26,819



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)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
Electronic Government Support.....	\$ 80 ^a	\$ 0	\$ 0
<u>GAME FUND:</u>			
<i>General Government:</i>			
General Operations(EA).....	\$ 46,025	\$ 47,205	\$ 48,161
(F)Pittman-Robinson Act Reimbursements.....	8,286	8,100	8,000
(F)Wildlife Conservation Reinvestment Act.....	0	0	505
(F)Endangered Species.....	53	46	10
(F)Surface Mine Regulatory Program.....	43	45	45
(F)Harvest Information Program.....	11	10	10
(A)Sale of Vehicles.....	229	250	250
(A)Pennsylvania Conservation Corps.....	188	163	200
(A)Donations.....	148	125	125
(A)Becoming an Outdoors Woman.....	19	20	20
(A)Wildlife Management Institute.....	5	5	5
(A)Transportation Reimbursement - Elk Lick Project.....	142	145	145
(A)Transportation Reimbursement - Animal Removal.....	136	0	0
(A)Purchasing Card Rebate.....	9	10	10
(R)Resident License Fee-Natural Propagation of Wildlife.....	2,548	1,841	2,200
(R)Antlerless Deer License-Natural Propagation of Wildlife.....	2,440	2,800	2,900
(R)Resident/Nonresident License Fees-Natl Propagation of Game.....	4,337	4,139	3,800
Subtotal.....	\$ 64,619	\$ 64,904	\$ 66,386
Land Acquisition and Development(EA).....	2,122	3,000	2,000
(A)Land Acquisition Donations.....	100	80	60
Subtotal.....	\$ 2,222	\$ 3,080	\$ 2,060
Subtotal - State Funds.....	\$ 48,147	\$ 50,205	\$ 50,161
Subtotal - Federal Funds.....	8,393	8,201	8,570
Subtotal - Augmentations.....	976	798	815
Subtotal - Restricted Revenues.....	9,325	8,780	8,900
Total - General Government.....	\$ 66,841	\$ 67,984	\$ 68,446
STATE FUNDS.....	\$ 48,147	\$ 50,205	\$ 50,161
FEDERAL FUNDS.....	8,393	8,201	8,570
AUGMENTATIONS.....	976	798	815
RESTRICTED REVENUES.....	9,325	8,780	8,900
GAME FUND TOTAL.....	\$ 66,841	\$ 67,984	\$ 68,446
<u>KEYSTONE RECREATION, PARK AND CONSERVATION FUND:</u>			
<i>General Government:</i>			
Land Acquisition and Development - Bond Proceeds(EA).....	\$ 0	\$ 33	\$ 0
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 80	\$ 0	\$ 0
SPECIAL FUNDS.....	48,147	50,238	50,161
FEDERAL FUNDS.....	8,393	8,201	8,570
AUGMENTATIONS.....	976	798	815
RESTRICTED.....	9,325	8,780	8,900
TOTAL ALL FUNDS.....	\$ 66,921	\$ 68,017	\$ 68,446

^a Actually appropriated as a part of the Technology Investment Program within the Executive Offices.

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
WILDLIFE MANAGEMENT							
GENERAL FUND.....	\$ 80	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
SPECIAL FUNDS.....	48,147	50,238	50,161	51,124	52,107	53,110	54,132
FEDERAL FUNDS.....	8,393	8,201	8,570	8,570	8,570	8,570	8,570
OTHER FUNDS.....	10,301	9,578	9,715	9,715	9,715	9,715	9,715
SUBCATEGORY TOTAL.....	\$ 66,921	\$ 68,017	\$ 68,446	\$ 69,409	\$ 70,392	\$ 71,395	\$ 72,417
ALL PROGRAMS:							
GENERAL FUND.....	\$ 80	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
SPECIAL FUNDS.....	48,147	50,238	50,161	51,124	52,107	53,110	54,132
FEDERAL FUNDS.....	8,393	8,201	8,570	8,570	8,570	8,570	8,570
OTHER FUNDS.....	10,301	9,578	9,715	9,715	9,715	9,715	9,715
DEPARTMENT TOTAL.....	\$ 66,921	\$ 68,017	\$ 68,446	\$ 69,409	\$ 70,392	\$ 71,395	\$ 72,417

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.

The primary means of ensuring the propagation and preservation of wildlife is properly managed land and game habitat. The commission currently administers over 1.41 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. The Wildlife Habitat Assessment and Management System is used by the commission as a process for assessing existing wildlife habitat conditions and developing management plans. This process is applied 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 needed 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 43,000 first-time hunters and trappers.

Wildlife conservation officers enforce the provisions of the Game and Wildlife Code to protect the natural balance of the Commonwealth's wildlife population.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Hunting licenses sold	1,038,846	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Deer taken	504,000	400,000	400,000	400,000	400,000	400,000	400,000
Arrests for violation of game laws	7,402	7,500	7,500	7,500	7,500	7,500	7,500

Deer taken increased in 2000-01 from the projection shown in last year's budget because of a higher deer population and more hunting opportunities.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GAME FUND General Operations (EA)		Land Acquisition and Development (EA)
\$ 381	—to continue current program.	\$ -1,000	—nonrecurring land acquisition and development costs.
325	—for deer survival and management study.		
250	—for repair and maintenance on commission property.		
\$ 956	<i>Executive Authorization Increase</i>		

Land acquisitions funded by the Keystone Recreation, Park and Conservation Fund will continue until the amount allotted by law is completely committed.

Program: Wildlife Management (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Electronic Government Support	\$ 80	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GAME FUND:							
General Operations (EA)	\$ 46,025	\$ 47,205	\$ 48,161	\$ 49,124	\$ 50,107	\$ 51,110	\$ 52,132
Land Acquisition and Development (EA)	2,122	3,000	2,000	2,000	2,000	2,000	2,000
TOTAL GAME FUND	\$ 48,147	\$ 50,205	\$ 50,161	\$ 51,124	\$ 52,107	\$ 53,110	\$ 54,132
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Land Acquisition and Development — Bond Proceeds (EA)	\$ 0	\$ 33	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0



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 and best value for the expended public dollar. 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)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
General Government Operations	\$ 61,501	\$ 64,950 ^a	\$ 68,472
(A) Federal Surplus Property.....	1,212	1,350	1,302
(A) State Buildings Use.....	1,828	359	359
(A) Sound Equipment.....	17	38	38
(A) Employe Liability Self Insurance Program.....	104	88	104
(A) Newsroom Services.....	9	15	15
(A) Computer Services.....	0	100	100
(A) Plans Forefeiture.....	46	57	57
(A) Media Center Reimbursements.....	1,869	2,400	2,400
(A) Recycling Program.....	575	575	575
(A) Services Provided Other Agencies.....	38	0	0
(A) PA Drug Reduction Property Program.....	68	0	0
(A) Purchasing Seminar.....	153	240	185
Information Systems Acquisition	1,200	1,000	0
Subtotal.....	\$ 68,620	\$ 71,172	\$ 73,607
Capitol Police Operations	7,284	9,235^b	12,399
(A) Capitol Police Services.....	42	52	52
Harristown Rental Charges	6,661	6,667	6,945
Utility Costs	14,649	15,489	14,593
Harristown Utility and Municipal Charges	10,157	10,276	10,485
Printing the Pennsylvania Manual	197	0	201
Asbestos Response	450	445	436
Excess Insurance Coverage	1,783	1,766	3,417
Capital Project Leasing	505	91	0
Subtotal - State Funds.....	\$ 104,387	\$ 109,919	\$ 116,948
Subtotal - Augmentations.....	5,961	5,274	5,187
Total - General Government.....	\$ 110,348	\$ 115,193	\$ 122,135
<i>Grants and Subsidies:</i>			
Capitol Fire Protection	\$ 990	\$ 1,020	\$ 1,020
STATE FUNDS.....	\$ 105,377	\$ 110,939	\$ 117,968
AUGMENTATIONS.....	5,961	5,274	5,187
GENERAL FUND TOTAL	\$ 111,338	\$ 116,213	\$ 123,155
<u>BANKING DEPARTMENT FUND:</u>			
<i>General Government:</i>			
Harristown Rental Charges	\$ 140	\$ 139	\$ 145
Harristown Utility and Municipal Charges	202	201	197
Total - General Government.....	\$ 342	\$ 340	\$ 342
BANKING DEPARTMENT FUND TOTAL	\$ 342	\$ 340	\$ 342
<u>MOTOR LICENSE FUND:</u>			
<i>General Government:</i>			
Harristown Rental Charges (EA)	\$ 95	\$ 91	\$ 95
Harristown Utility and Municipal Charges (EA)	150	149	158
Total - General Government.....	\$ 245	\$ 240	\$ 253

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
Grants and Subsidies:			
Tort Claims Payments.....	\$ 20,000	\$ 20,000	\$ 20,000
MOTOR LICENSE FUND TOTAL.....	\$ 20,245	\$ 20,240	\$ 20,253
 DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 105,377	\$ 110,939	\$ 117,968
SPECIAL FUNDS.....	20,587	20,580	20,595
AUGMENTATIONS.....	5,961	5,274	5,187
TOTAL ALL FUNDS.....	\$ 131,925	\$ 136,793	\$ 143,750

^a Includes recommended supplemental appropriation of \$243,000.

^b Includes recommended supplemental appropriation of \$1,600,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
FACILITY, PROPERTY AND COMMODITY MANAGEMENT							
GENERAL FUND.....	\$ 105,377	\$ 110,939	\$ 117,968	\$ 117,767	\$ 117,968	\$ 117,767	\$ 117,968
SPECIAL FUNDS.....	20,587	20,580	20,595	20,595	20,595	20,595	20,595
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	5,961	5,274	5,187	5,187	5,187	5,187	5,187
SUBCATEGORY TOTAL.....	\$ 131,925	\$ 136,793	\$ 143,750	\$ 143,549	\$ 143,750	\$ 143,549	\$ 143,750
ALL PROGRAMS:							
GENERAL FUND.....	\$ 105,377	\$ 110,939	\$ 117,968	\$ 117,767	\$ 117,968	\$ 117,767	\$ 117,968
SPECIAL FUNDS.....	20,587	20,580	20,595	20,595	20,595	20,595	20,595
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	5,961	5,274	5,187	5,187	5,187	5,187	5,187
DEPARTMENT TOTAL.....	\$ 131,925	\$ 136,793	\$ 143,750	\$ 143,549	\$ 143,750	\$ 143,549	\$ 143,750

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, Hazelton 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 10.5 million square feet for 1,350 leases, with annual rental costs exceeding \$110 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 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 25,345 Commonwealth vehicles (including construction trucks and trailers) that travel 290 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.

The "Piggy Back Purchases Program" assists 1,700 local municipalities to utilize more than 240 State contracts.

The Commonwealth Agency Recycling Office assists agencies in collecting more than 3,938 tons of paper, generating \$130,174 in revenue and saving \$196,900 in disposal costs during 2000-01. Collection of other types of recyclable materials generated additional income of \$376,600.

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 2000-01, property originally valued at \$37.4 million was distributed to eligible organizations. Through the Shelter Share Program, the bureau donated \$4.1 million in clothing, beds, blankets, and medical equipment and supplies to needy citizens. Disposal of unneeded items generated nearly \$5.2 million in revenue in 2000-01.

Program: Facility, Property and Commodity Management (continued)

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Surplus property distributed (in thousands):	\$35,589	\$28,000	\$27,000	\$26,000	\$25,000	\$24,000	\$23,000
Capital facilities projects in design and/or construction	426	367	350	350	350	350	350
Value (in thousands)	\$1,504,773	\$1,748,456	\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000
Tort claims filed	6,267	6,706	7,310	7,347	6,980	7,120	7,262
Tort claims closed (includes settlements, judgements and denials)	6,718	6,920	7,439	7,811	7,733	7,888	7,809
Tort claims pending	10,261	10,047	9,918	9,454	8,701	7,933	7,386
Amount of claims pending (in thousands)	\$183,209	\$229,652	\$236,541	\$243,638	\$250,947	\$258,475	\$266,229

Capital facilities projects in design and/or construction and their value decreases in the current year from the projections shown in last year's budget because fewer projects were initiated and more were completed than estimated.

Tort claims filed, pending or closed and the value of those claims have decreased from the presentation in last year's budget. Activity is affected by weather, the volume of construction and highway projects and other factors which are difficult to predict; the estimate reflects the actual downward trend over the last two years.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>General Government Operations</p> <p>\$ -615 —nonrecurring equipment purchases.</p> <p>-300 —maintenance and security for the former Philadelphia State Hospital.</p> <p>-247 —one-time security measures.</p> <p>-94 —Initiative — Commonwealth Bookstore Operations. To transfer administrative and operational support for the Commonwealth Bookstore to the Historical and Museum Commission.</p> <p>589 —Initiative — Infrastructure Security. To provide resources for additional security equipment and security enhancements to various Commonwealth buildings.</p> <p>793 —to provide digital equipment and technology to improve productivity and enhance Commonwealth Media Services.</p> <p><u>3,396</u> —to continue current program.</p> <p>\$ 3,522 <i>Appropriation Increase</i></p> <p>Information Systems Acquisition</p> <p>\$ -1,000 —completion of construction management project</p> <p>Capitol Police Operations</p> <p>\$ 11 —to support drug and alcohol testing and Hepatitis B vaccine.</p> <p>151 —to continue current program.</p> <p>4,602 —Initiative — Capitol Police Staffing and Security Equipment. To provide administrative support for Capitol Police operations and additional security equipment for various Commonwealth buildings.</p> <p><u>-1,600</u> —one-time security measures.</p> <p>\$ 3,164 <i>Appropriation Increase</i></p>	<p>\$ 278</p> <p>\$ -896</p> <p>\$ 209</p> <p>\$ 201</p> <p>\$ -9</p> <p>\$ 1,651</p> <p>\$ -91</p>	<p>Harristown Rental Charges —to provide pro rata share of charges.</p> <p>Utility Costs —to reflect reduced consumption and energy costs.</p> <p>Harristown Utility and Municipal Charges —to provide pro rata share of charges.</p> <p>Printing the Pennsylvania Manual —biennial printing cost.</p> <p>Asbestos Response —to continue current program.</p> <p>Excess Insurance Coverage —anticipated increase in the cost of coverage.</p> <p>Capitol Project Leasing —nonrecurring project.</p>
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Program: Facility, Property and Commodity Management (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

BANKING DEPARTMENT FUND			MOTOR LICENSE FUND		
\$	6	Harristown Rental Charges —to provide pro rata share of charges.	\$	4	Harristown Utility and Municipal Charges —to provide pro rata share of charges.
\$	-4	Harristown Utility and Municipal Charges —to provide pro rata share of charges.	\$	9	Harristown Utility and Municipal Charges —to provide pro rata share of charges.

In addition, the Emergency Preparedness initiative provides \$24,821,000 in Capital funds to provide resources for additional security equipment and security enhancements to various Commonwealth buildings.

All other appropriations and authorizations are recommended at the current year funding level.



Includes PRIME recommendation to streamline the process for procuring new vehicles.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 61,501	\$ 64,950	\$ 68,472	\$ 68,472	\$ 68,472	\$ 68,472	\$ 68,472
Information Systems Acquisition	1,200	1,000	0	0	0	0	0
Capitol Police Operations	7,284	9,235	12,399	12,399	12,399	12,399	12,399
Harristown Rental Charges	6,661	6,667	6,945	6,945	6,945	6,945	6,945
Utility Costs	14,649	15,489	14,593	14,593	14,593	14,593	14,593
Harristown Utility and Municipal Charges ...	10,157	10,276	10,485	10,485	10,485	10,485	10,485
Printing the Pennsylvania Manual	197	0	201	0	201	0	201
Asbestos Response	450	445	436	436	436	436	436
Excess Insurance Coverage	1,783	1,766	3,417	3,417	3,417	3,417	3,417
Capital Project Leasing	505	91	0	0	0	0	0
Capitol Fire Protection	990	1,020	1,020	1,020	1,020	1,020	1,020
TOTAL GENERAL FUND	\$ 105,377	\$ 110,939	\$ 117,968	\$ 117,767	\$ 117,968	\$ 117,767	\$ 117,968
BANKING DEPARTMENT FUND:							
Harristown Rental Charges	\$ 140	\$ 139	\$ 145	\$ 145	\$ 145	\$ 145	\$ 145
Harristown Utility and Municipal Charges ...	202	201	197	197	197	197	197
TOTAL BANKING DEPARTMENT FUND	\$ 342	\$ 340	\$ 342	\$ 342	\$ 342	\$ 342	\$ 342
MOTOR LICENSE FUND:							
Harristown Rental Charges (EA)	\$ 95	\$ 91	\$ 95	\$ 95	\$ 95	\$ 95	\$ 95
Harristown Utility and Municipal Charges (EA)	150	149	158	158	158	158	158
Tort Claims Payments	20,000	20,000	20,000	20,000	20,000	20,000	20,000
TOTAL MOTOR LICENSE FUND	\$ 20,245	\$ 20,240	\$ 20,253	\$ 20,253	\$ 20,253	\$ 20,253	\$ 20,253



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 of Health protects and enhances the health of all Pennsylvanians by identifying significant health threats and providing leadership in the development and implementation of policy.

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)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 27,453	\$ 29,353	\$ 30,811
(F)WIC Administration and Operation.....	9,391	10,165	9,092
(F)Health Assessment.....	297	503	487
(F)PHHSBG - Administration and Operation.....	2,979	3,419	3,167
(F)SABG - Administration and Operation.....	4,829	5,374	5,980
(F)MCHSBG - Administration and Operation.....	11,919	15,585	16,368
(F)Adult Blood Lead Epidemiology.....	16	63	43
(F)Pediatric Prehospital Emergency Care.....	245	338	338
(F)TB - Administration and Operation.....	568	833	708
(F)Lead - Administration and Operation.....	689	1,367	1,133
(F)AIDS Health Education - Administration and Operation.....	1,798	2,009	2,042
(F)Community Migrant Health.....	217	337	326
(F)Tobacco Control.....	1,271	1,500	1,350
(F)Breast and Cervical Cancer - Administration and Operation.....	967	1,729	1,056
(F)HIV / AIDS Surveillance.....	461	1,170	1,162
(F)HIV Care - Administration and Operation.....	270	839	848
(F)Smoke Alarm Intervention Program.....	161	200	0
(F)Crash Outcomes Data Evaluation.....	50	120	190
(F)Public Health Emergency Preparedness and Response (EA).....	0	50,000 ^a	46,775 ^b
(F)Emergency Medical Services System Assessment (EA).....	20	0	0
(F)Data Network - CODES (EA).....	25	0	0
(A)Data Center Services.....	66	81	15
(A)Departmental Services.....	0	52	0
Subtotal.....	<u>\$ 63,692</u>	<u>\$ 125,037</u>	<u>\$ 121,891</u>
Organ Donation.....	120	120	118
Diabetes Programs.....	461	461	452
(F)Diabetes Control.....	369	443	443
Subtotal.....	<u>\$ 830</u>	<u>\$ 904</u>	<u>\$ 895</u>
Quality Assurance.....	11,958	14,979	16,987
(F)Medicare - Health Service Agency Certification.....	7,392	7,108 ^c	8,864
(F)Medicaid Certification.....	4,812	5,200 ^d	6,237
(A)Publication Fees.....	7	10	10
Subtotal.....	<u>\$ 24,169</u>	<u>\$ 27,297</u>	<u>\$ 32,098</u>
Vital Statistics.....	5,936	9,427	7,112
(F)Cooperative Health Statistics.....	904	1,229	1,399
(F)Health Statistics.....	548	831	893
(F)Traumatic Brain Injury.....	75	169	188
(A)Reimbursement for Microfilming.....	96	88	88
(A)Vital-Chek Surcharge.....	230	50	0
Subtotal.....	<u>\$ 7,789</u>	<u>\$ 11,794</u>	<u>\$ 9,680</u>
State Laboratory.....	4,099	4,213	4,294
(F)Clinical Laboratory Improvement.....	609	895	765
(F)Epidemiology and Laboratory Surveillance and Response.....	408	1,500	1,500
(F)Bio-Terrorism Preparedness.....	117	2,000	2,000
(F)Environmental Biomonitoring.....	0	190 ^e	941
(A)Blood Lead Testing.....	13	13	13
(A)Blood Lead Specimen Testing.....	7	7	7
(A)Erythrocyte Protoporphyrin Testing.....	8	8	8
(A)Reproduction and Search Fees.....	0	1	0
(A)Alcohol Proficiency Testing.....	62	62	62
(A)Drug Abuse Proficiency.....	137	137	137
(A)Licensure for Clinical Laboratories.....	273	273	273
(A)Low Volume Proficiency Testing.....	91	91	91

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
(A)Training Course Fees.....	4	4	4
Subtotal.....	\$ 5,828	\$ 9,394	\$ 10,095
State Health Care Centers.....	17,389	20,674	21,936
(F)Disease Control Immunization.....	6,111	7,500	8,100
(F)PHHSBG - Block Program Services.....	4,217	3,679 ^f	3,679
(F)Preventive Health Special Projects.....	0	1,000	900
(F)Lake Erie Beach Monitoring.....	0	59 ^g	59
Subtotal.....	\$ 27,717	\$ 32,912	\$ 34,674
Coal Workers' Respiratory Diseases.....	200	200	0
(F)Black Lung Clinic.....	345	600	590
Subtotal.....	\$ 545	\$ 800	\$ 590
Sexually Transmitted Disease Screening and Treatment.....	1,177	2,011	2,357
(F)Survey and Follow-Up - Sexually Transmitted Diseases.....	2,577	3,375	3,607
Subtotal.....	\$ 3,754	\$ 5,386	\$ 5,964
Health Research and Services.....	0	25,736	0
Subtotal - State Funds.....	\$ 68,793	\$ 107,174	\$ 84,067
Subtotal - Federal Funds.....	64,657	131,329	131,230
Subtotal - Augmentations.....	994	877	708
Total - General Government.....	\$ 134,444	\$ 239,380	\$ 216,005
Grants and Subsidies:			
Newborn Screening.....	\$ 4,000	\$ 4,000	\$ 4,000
Primary Health Care Practitioner.....	3,985	5,060	5,060
(F)Loan Repayment Program.....	204	380	312
(F)Rural Hospital Flexibility Program.....	54	700	597
Subtotal.....	\$ 4,243	\$ 6,140	\$ 5,969
Cancer Programs.....	3,595	3,890	3,595
(F)Breast and Cervical Cancer Program.....	1,962	3,041	2,855
Subtotal.....	\$ 5,557	\$ 6,931	\$ 6,450
AIDS Programs.....	6,528	7,159	7,159
(F)AIDS Health Education.....	2,866	3,387	3,495
(F)HIV Care.....	8,604	10,823	11,437
(F)Housing Opportunities for People with AIDS.....	1,179	1,500	1,575
Subtotal.....	\$ 19,177	\$ 22,869	\$ 23,666
Regional Cancer Institutes.....	2,000	2,000	1,550
School District Health Services.....	38,514	38,964	39,000
Local Health Departments.....	26,147	27,171	28,642
Local Health - Environmental.....	7,214	7,262	7,568
Maternal and Child Health.....	3,905	3,905	3,905
(F)MCH Lead Poisoning Prevention and Abatement.....	3,248	3,579	2,903
(F)MCHSBG - Program Services.....	15,302	16,395 ^h	17,232
(F)Women, Infants and Children (WIC).....	129,929	144,015 ⁱ	144,638
(F)Abstinence Education.....	3,117	3,640 ^j	3,640
(F)TANFBG - Abstinence Education.....	0	500	750
(F)Environmental Assessment - Child Lead Poisoning.....	158	213	234
(F)MCH - State Systems Development.....	148	70 ^k	200
(F)TANFBG - I Am Your Child Program.....	0	0	4,008
(F)Screening Newborns.....	80	121	121
(F)Newborn Hearing Screening & Intervention.....	0	0 ^l	250
(F)Medicaid Outreach (EA).....	361	361	10
(F)Children's Health Insurance Program (CHIP)(EA).....	636	636	10

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
(F)ESEA - Title VI - Administration/State (EA).....	0	200	0
(F)ESEA - Title I - Local (EA).....	0	50	0
(F)ESEA Title I - Administration (EA).....	0	100	0
(F)Individuals with Disabilities Education (EA).....	0	250	0
(F)TANFBG - I Am Your Child (EA).....	0	993	0
(A)Departmental Services.....	161	223	1
Subtotal.....	\$ 157,045	\$ 175,251	\$ 177,902
DES Education.....	250	0	0
Assistance to Drug and Alcohol Programs.....	39,589	41,078	40,360
(F)SABG - Drug and Alcohol Services.....	50,664	52,852	54,862
(F)Substance Abuse Special Project Grants.....	76	3,500	6,594
(F)DFSC - Special Programs for Student Assistance (EA).....	1,123	1,125	1,125
(F)DCSI - Adult Offender Treatment (EA).....	670	735	357
(A)State Stores Fund Transfer.....	1,656	1,804	1,602
(A)Intergovernmental Transfer.....	1,271	829	0
Subtotal.....	\$ 95,049	\$ 101,923	\$ 104,900
Tuberculosis Screening and Treatment.....	1,009	1,009	1,009
(F)Tuberculosis Control Program.....	129	165	165
Subtotal.....	\$ 1,138	\$ 1,174	\$ 1,174
Renal Dialysis.....	8,255	8,255	8,255
Services for Children with Special Needs.....	1,732	1,732	1,732
Adult Cystic Fibrosis.....	721	721	721
Cooley's Anemia.....	198	198	198
Arthritis Outreach and Education.....	0	250	250
Hemophilia.....	1,594	1,672	1,672
Lupus.....	0	100	100
Sickle Cell.....	1,503	1,703	1,903
Hepatitis Screening and Prevention.....	300	300	300
Regional Poison Control Centers.....	1,750	1,250	1,250
Trauma Programs Coordination.....	300	350	300
Trauma Systems.....	350	400	0
Epilepsy Support Services.....	450	500	500
Keystone State Games.....	220	220	220
Bio-Technology Research.....	4,750	4,100	0
Tourette Syndrome.....	100	100	100
Emergency Care Research.....	1,300	2,000	0
Newborn Hearing Screening Demonstration.....	750	1,000	750
Osteoporosis Prevention and Education.....	100	200	100
Fox Chase Institute for Cancer Research.....	860	860	817
The Wistar Institute - Research: Operation and Maintenance.....	237	237	225
The Wistar Institute - Research: AIDS Research.....	102	102	97
Central Penn Oncology Group.....	143	143	136
Cardiovascular Studies - St. Francis Hospital.....	132	132	125
Lancaster - Cleft Palate Clinic.....	56	56	53
Pittsburgh - Cleft Palate Clinic.....	56	56	53
Tay Sachs Disease - Jefferson Medical College.....	56	56	53
Burn Foundation.....	462	462	439
The Children's Institute, Pittsburgh.....	970	970	827
Children's Hospital of Philadelphia.....	500	500	475
MCP Hahnemann University-Pediatric Outpatient and Inpatient.....	791	791	751
MCP Hahnemann University-Med-Handicapped Children's Clinic.....	166	166	158
Subtotal - State Funds.....	\$ 165,640	\$ 171,080	\$ 164,408
Subtotal - Federal Funds.....	220,510	249,331	257,370
Subtotal - Augmentations.....	3,088	2,856	1,603
Total - Grants and Subsidies.....	\$ 389,238	\$ 423,267	\$ 423,381

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
STATE FUNDS.....	\$ 234,433	\$ 278,254	\$ 248,475
FEDERAL FUNDS.....	285,167	380,660	388,600
AUGMENTATIONS.....	4,082	3,733	2,311
GENERAL FUND TOTAL.....	\$ 523,682	\$ 662,647	\$ 639,386
<u>TOBACCO SETTLEMENT FUND:</u>			
<i>Grants and Subsidies:</i>			
Tobacco Use Prevention and Cessation.....	\$ 0	\$ 41,402	\$ 49,749
Health Research - Health Priorities.....	0	62,103	74,623
Health Research - National Cancer Institute.....	0	3,450	4,146
Medical and Surgical Equipment Grants.....	0	20,000	0
Community-Based Health Care Assistance.....	0	25,000	0
Total - Grants and Subsidies.....	\$ 0	\$ 151,955	\$ 128,518
TOBACCO SETTLEMENT FUND TOTAL.....	\$ 0	\$ 151,955	\$ 128,518
<u>OTHER FUNDS:</u>			
EMERGENCY MEDICAL SERVICES OPERATING FUND:			
Emergency Medical Services.....	\$ 9,275	\$ 10,413	\$ 10,457
Catastrophic Medical and Rehabilitation.....	3,000	3,000	3,000
EMERGENCY MEDICAL SERVICES OPERATING FUND TOTAL.....	\$ 12,275	\$ 13,413	\$ 13,457
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND:			
Implementation Costs (EA).....	\$ 5	\$ 5	\$ 5
Hospital and Other Medical Costs (EA).....	101	84	60
Grants to Certified Procurement Organizations (EA).....	207	259	300
Project Make-A-Choice (EA).....	62	99	90
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND TOTAL.....	\$ 375	\$ 447	\$ 455
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 234,433	\$ 278,254	\$ 248,475
SPECIAL FUNDS.....	0	151,955	128,518
FEDERAL FUNDS.....	285,167	380,660	388,600
AUGMENTATIONS.....	4,082	3,733	2,311
OTHER FUNDS.....	12,650	13,860	13,912
TOTAL ALL FUNDS.....	\$ 536,332	\$ 828,462	\$ 781,816

^a Recommended supplemental 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 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.

^c Actually appropriated as \$8,108,000. Amount shown is the best current estimate for the amount available for 2001-02. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^d Actually appropriated as \$7,200,000. Amount shown is the best current estimate for the amount available for 2001-02. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^e Includes recommended supplemental appropriation of \$190,000.

^f Actually appropriated as \$4,679,000. Amount shown is the best current estimate for the amount available for 2001-02. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^g Includes recommended supplemental appropriation of \$59,000.

^h Includes recommended supplemental appropriation of \$1,000,000.

Footnotes To Summary by Fund and Appropriation

ⁱ Includes recommended supplemental appropriation of \$1,300,000.

^j Actually appropriated as \$4,390,000. Amount shown is the best current estimate for the amount available for 2001-02. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^k Actually appropriated as \$900,000. Amount shown is the best current estimate for the amount available for 2001-02. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^l Actually appropriated as \$250,000. Amount shown is the best current estimate for the amount available for 2001-02. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
HEALTH SUPPORT SERVICES							
GENERAL FUND.....	\$ 43,510	\$ 48,545	\$ 52,092	\$ 52,358	\$ 52,283	\$ 52,283	\$ 52,283
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	49,511	112,444	111,372	69,536	67,593	67,126	67,160
OTHER FUNDS.....	668	739	620	620	620	620	620
SUBCATEGORY TOTAL.....	\$ 93,689	\$ 161,728	\$ 164,084	\$ 122,514	\$ 120,496	\$ 120,029	\$ 120,063
HEALTH RESEARCH							
GENERAL FUND.....	\$ 15,921	\$ 45,198	\$ 10,514	\$ 9,914	\$ 9,914	\$ 9,914	\$ 9,914
SPECIAL FUNDS.....	0	65,553	78,769	80,609	71,064	72,126	73,205
FEDERAL FUNDS.....	1,896	2,672	2,923	2,923	2,923	2,923	2,923
OTHER FUNDS.....	326	138	88	88	88	88	88
SUBCATEGORY TOTAL.....	\$ 18,143	\$ 113,561	\$ 92,294	\$ 93,534	\$ 83,989	\$ 85,051	\$ 86,130
PREVENTIVE HEALTH							
GENERAL FUND.....	\$ 115,589	\$ 123,631	\$ 126,404	\$ 126,404	\$ 126,404	\$ 126,404	\$ 126,404
SPECIAL FUNDS.....	0	66,402	49,749	50,910	44,883	45,553	46,234
FEDERAL FUNDS.....	180,882	206,732	210,777	209,477	209,477	209,477	209,477
OTHER FUNDS.....	161	223	1	1	1	1	1
SUBCATEGORY TOTAL.....	\$ 296,632	\$ 396,988	\$ 386,931	\$ 386,792	\$ 380,765	\$ 381,435	\$ 382,116
HEALTH TREATMENT SERVICES							
GENERAL FUND.....	\$ 19,824	\$ 19,802	\$ 19,105	\$ 19,105	\$ 19,105	\$ 19,105	\$ 19,105
SPECIAL FUNDS.....	0	20,000	0	0	0	0	0
FEDERAL FUNDS.....	345	600	590	590	590	590	590
OTHER FUNDS.....	12,650	13,860	13,912	13,912	13,912	13,912	13,912
SUBCATEGORY TOTAL.....	\$ 32,819	\$ 54,262	\$ 33,607	\$ 33,607	\$ 33,607	\$ 33,607	\$ 33,607
DRUG AND ALCOHOL ABUSE PREVENTION AND TREATMENT							
GENERAL FUND.....	\$ 39,589	\$ 41,078	\$ 40,360	\$ 40,360	\$ 40,360	\$ 40,360	\$ 40,360
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	52,533	58,212	62,938	64,438	64,438	62,938	61,438
OTHER FUNDS.....	2,927	2,633	1,602	1,612	1,570	1,524	1,475
SUBCATEGORY TOTAL.....	\$ 95,049	\$ 101,923	\$ 104,900	\$ 106,410	\$ 106,368	\$ 104,822	\$ 103,273
ALL PROGRAMS:							
GENERAL FUND.....	\$ 234,433	\$ 278,254	\$ 248,475	\$ 248,141	\$ 248,066	\$ 248,066	\$ 248,066
SPECIAL FUNDS.....	0	151,955	128,518	131,519	115,947	117,679	119,439
FEDERAL FUNDS.....	285,167	380,660	388,600	346,964	345,021	343,054	341,588
OTHER FUNDS.....	16,732	17,593	16,223	16,233	16,191	16,145	16,096
DEPARTMENT TOTAL.....	\$ 536,332	\$ 828,462	\$ 781,816	\$ 742,857	\$ 725,225	\$ 724,944	\$ 725,189

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 serves as the designated State Center for Health Statistics which 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. Many of the bureau's publications and statistics are also available through the department's homepage.

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, or a three-year cycle if the hospital participates in the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) linkage program. Nursing homes

are subject to annual inspections. Home Health agencies are inspected every 36 months. Currently, ten percent of other outpatient facilities or services such as primary care and physical, speech and occupational therapy providers, ambulatory/surgical facilities, and rural health clinics are inspected annually. More frequent inspections are made in response to complaints or life-threatening situation and more frequent reviews will result from proposed program initiatives.

The Bureau of Managed Care is responsible for oversight and regulation of managed care plans including health maintenance organizations (HMOs), gatekeeper preferred provider organizations (GPPOs) 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 also establishes rules and monitors delegation of essential managed care functions. It licenses and oversees capitated dental plans (dental HMOs), traditional GPPOs, 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 Public Health Laboratory, which maintains a state of readiness to support the investigation of disease outbreaks or threats to the public health. The State Laboratory performs approximately 180,000 tests each year for diseases including HIV, rabies, hypothyroidism, blood lead, phenylketonuria, tuberculosis and maple syrup urine disease. The State 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 the designated primary laboratory for the detection and identification of bioterrorism agents. It establishes and monitors the performance standards for 7,100 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)

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Health care facilities in Pennsylvania with required surveys completed:							
Hospitals (biennially)	100%	100%	100%	100%	100%	100%	100%
Skilled and intermediate care nursing homes	100%	100%	100%	100%	100%	100%	100%
Intermediate care facilities/MR	100%	100%	100%	100%	100%	100%	100%
Home health agencies	100%	100%	100%	100%	100%	100%	100%

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>General Government Operations</p> <p>\$ -420 —nonrecurring projects.</p> <p>37 —Initiative — Enhanced Environmental Health Capacity. To enhance capacity to respond to environmental health issues impacting communities and schools.</p> <p>218 —Initiative — Information Technology System Enhancements. To develop an internet-based portal to enable health care providers to electronically submit mandated reporting of health data and to provide additional administrative support to address the increased utilization of information technology.</p> <p>1,623 —to continue current program.</p> <hr/> <p>\$ 1,458 <i>Appropriation Increase</i></p>	<p>Quality Assurance</p> <p>\$ -384 —nonrecurring projects.</p> <p>1,824 —to continue current program.</p> <p>568 —Initiative — Enhanced Acute Ambulatory Care Oversight. To improve the oversight of hospital and ambulatory care facilities, including the timeliness of inspections, the monitoring of corrective action plans and the investigation of incidents and complaints.</p> <hr/> <p>\$ 2,008 <i>Appropriation Increase</i></p> <p>State Laboratory</p> <p>\$ 56 —to continue current program.</p> <p>25 —Initiative — Information Technology System Enhancements. To incorporate the licensing of State laboratories into the automated survey agency information system.</p> <hr/> <p>\$ 81 <i>Appropriation Increase</i></p>
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This budget also recommends \$160,000 in Federal funds to incorporate the licensing of drug and alcohol programs into the automated survey agency information system.

This budget also recommends \$46,775,000 in Federal funds to strengthen public health emergency preparedness and response capabilities through increased infrastructure and program capacity, improved scientific and technical capabilities and enhanced professional training and public education.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 27,453	\$ 29,353	\$ 30,811	\$ 30,771	\$ 30,696	\$ 30,696	\$ 30,696
Quality Assurance	11,958	14,979	16,987	17,318	17,318	17,318	17,318
State Laboratory	4,099	4,213	4,294	4,269	4,269	4,269	4,269
TOTAL GENERAL FUND	\$ 43,510	\$ 48,545	\$ 52,092	\$ 52,358	\$ 52,283	\$ 52,283	\$ 52,283

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 is the central repository for over 30 million records of births, deaths, fetal deaths, marriages and divorces 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 600,000 requests annually for certified copies of birth and death records for proof of age, citizenship, litigation and genealogy. This system assists in the detection of fraudulent record usage, child support and the report of missing children. Birth and death records are also available on microfilm for preservation and retrieval if required.

The program also provides funds to various medical institutions across the State which provide specialized biomedical research services to Commonwealth citizens. The Tobacco Settlement Act, Act 77 Of 2001, established a major new effort in health research. The act provided that annually when funds are available for distribution, a total of nineteen percent of the funds will be provided for focus on the priorities established by the National Institute of Health. The Health Research Program provides health research grants to Pennsylvania-based researchers, universities, medical schools, and other institutions. Research projects may focus on basic biomedical research, patient-oriented clinical investigations, health services research or other research.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Vital events (births, deaths, fetal deaths, marriages and divorces):							
Registered and processed	390,134	389,950	389,450	388,950	388,500	388,500	388,500
Percent registered and processed within 30 days	85%	86%	87%	88%	89%	90%	90%
Applications for certified copies of birth and death records filled	632,178	638,000	642,000	650,000	655,000	660,000	665,000

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND</p> <p>Diabetes Programs —nonrecurring project.</p> <p>\$ -9</p> <p>Vital Statistics —nonrecurring cost to re-design and implement a new Vital Statistics processing system. —to continue current program.</p> <p>\$ -2,384</p> <p>69</p> <p>\$ -2,315 <i>Appropriation Decrease</i></p> <p>Health Research and Services —nonrecurring project.</p> <p>\$ -25,736</p> <p>Regional Cancer Institutes —nonrecurring project.</p> <p>\$ -450</p> <p>Bio-Technology Research —nonrecurring project.</p> <p>\$ -4,100</p>	<p>Emergency Care Research —nonrecurring project.</p> <p>\$ -2,000</p> <p>Fox Chase Institute for Cancer Research —recommended funding level.</p> <p>\$ -43</p> <p>The Wistar Institute – Research: Operation and Maintenance —recommended funding level.</p> <p>\$ -12</p> <p>The Wistar Institute – Research: AIDS Research —recommended funding level.</p> <p>\$ -5</p> <p>Central Penn Oncology Group —recommended funding level.</p> <p>\$ -7</p> <p>Cardiovascular Studies – St. Francis Hospital —recommended funding level.</p> <p>\$ -7</p>
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Program: Health Research (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

	TOBACCO SETTLEMENT FUND Health Research – Health Priorities —for medical research to address significant public health needs in biomedical, biological, behavioral and environmental health sciences and health services research.		Health Research – National Cancer Institute —for medical research to address significant public health needs in biomedical, biological, behavioral and environmental health sciences and health services research.
\$ 12,520		\$ 696	

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Diabetes Programs	\$ 461	\$ 461	\$ 452	\$ 452	\$ 452	\$ 452	\$ 452
Vital Statistics	5,936	9,427	7,112	6,512	6,512	6,512	6,512
Health Research and Services	0	25,736	0	0	0	0	0
Regional Cancer Institutes	2,000	2,000	1,550	1,550	1,550	1,550	1,550
Bio-Technology Research	4,750	4,100	0	0	0	0	0
Emergency Care Research	1,300	2,000	0	0	0	0	0
Fox Chase Institute for Cancer Research ...	860	860	817	817	817	817	817
The Wistar Institute – Research:							
Operation and Maintenance	237	237	225	225	225	225	225
The Wistar Institute – Research:							
AIDS Research	102	102	97	97	97	97	97
Central Penn Oncology Group	143	143	136	136	136	136	136
Cardiovascular Studies – St. Francis Hospital	132	132	125	125	125	125	125
TOTAL GENERAL FUND	\$ 15,921	\$ 45,198	\$ 10,514	\$ 9,914	\$ 9,914	\$ 9,914	\$ 9,914
 TOBACCO SETTLEMENT FUND:							
Health Research – Health Priorities	\$ 0	\$ 62,103	\$ 74,623	\$ 76,366	\$ 67,324	\$ 68,330	\$ 69,352
Health Research – National Cancer Institute	0	3,450	4,146	4,243	3,740	3,796	3,853
TOTAL TOBACCO SETTLEMENT FUND	\$ 0	\$ 65,553	\$ 78,769	\$ 80,609	\$ 71,064	\$ 72,126	\$ 73,205

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 proper 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 assessment and intervention services, and special environmental health services. There are also six county and four city health departments that provide an additional 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 and other health professionals. These grants include matching funds to establish medical and dental clinics, awards to increase the supply of dentists, student intern programs to provide clinic services, educational loan repayment and visa waivers for professionals practicing in designated shortage areas, and support for the stabilization of small rural hospitals. Additionally, the State Health Improvement Program (SHIP) emphasizes disease prevention and health improvement, as it gives a greater voice to communities by working with organized local health improvement partnerships and by improving community access to data and information.

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 funds initiatives in selected high prevalence areas to reduce the incidence of unintended pregnancy among teens. In 1997-98, it began a five-year comprehensive, Statewide plan to promote community-based, abstinence education programs to postpone sexual activity and avoid pregnancy among young adolescents. The Abstinence Education and Related Services initiative is part of the Governor's Project for Community Building.

The department has developed a maternal and child health outreach program called "Love 'em with a Checkup" to address 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 Childrens Health Insurance Program (CHIP). The department also developed a similar information and referral program for parents of children with special health care needs, called the "Special Kids Network." The "I Am Your Child" project provides educational materials to parents, families and caregivers of newborns to efficiently promote child development across the Commonwealth.

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 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 nutritional risk due to poor health, inadequate diet and low income. The program supplies supplemental foods that are rich in nutrients frequently lacking in the diets of members of this 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.

Program: Preventive Health: (continued)

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 to help improve the health status of women. These programs range from 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, to the development of a "Gift Giving Guide" to help promote and protect women's health.

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. Through a "train the trainers" mechanism, the department is developing Statewide smoking cessation programs.

Program Element: Children's Programs

The department's Immunization Program provides immunizations to infants, children and youth 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, controls disease outbreaks, assesses immunization levels, conducts professional and public education programs, and initiates, processes, and evaluates the 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 senior citizens and others with chronic illnesses have access to annual influenza and pneumococcal immunizations to providing information to volunteer fire companies, school districts, ambulance corps, correction officials, State Police and other organizations to purchase hepatitis B vaccine, which allows them to protect their at-risk staffs at greatly 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 nine vocational technical schools for a portion of the costs associated with providing school nursing and dental services.

Program Element: Other Health Promotion and Disease 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 program activities 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 department's Cardiovascular Risk Reduction Program implements risk-reduction measures that address premature morbidity and mortality from cardiovascular disease (the leading cause of death in Pennsylvania). The program focuses on modification of primary risk factors such as uncontrolled high blood pressure, high blood cholesterol, tobacco use, improper dietary practices, physical inactivity, and stress.

The Diabetes Control Program focuses on three major goals: to improve the lives of Pennsylvanians with diabetes, to reduce disparities related to diabetes among minority and underserved populations in the Commonwealth and to prevent the onset of Type 2 diabetes through the reduction of risk factors. Utilizing State and Federal funding, program services are offered Statewide supporting community-based initiatives including patient and professional education, weight management and cooking classes, community education and awareness and support groups for persons with diabetes.

The department conducts an Injury Prevention Program to reduce the incidence of predictable and preventable injuries through the development of surveillance systems, programs for at-risk populations and training for health professionals. The department supports injury prevention

Program: Preventive Health: (continued)

programs such as the SafeKIDS coalition to raise public awareness of childhood injuries, educate parents and caregivers about safer environments for children, and provide programs on fire safety, poisoning and drowning.

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 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 400 sites Statewide.

The Sexually Transmitted Disease (STD) Program is designed to reduce the incidence of syphilis, gonorrhea, chlamydia and other STDs. The STD Program supports a Statewide network of clinical services that include testing, treatment and risk-reduction information, and including the conduct of contact elicitation interviews and investigative services. Special attention is provided for pregnant women to prevent complications among newborns.

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 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 agency collaborates with partners across the State to develop and implement a comprehensive Statewide tobacco prevention and control program based on the Centers for Disease Control and Prevention's Best Practices for Comprehensive Tobacco Control. 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. The program also collects and analyzes intervention and prevention data, promotes public awareness and oversees the Clean Indoor Air Law in conjunction with the Department of Agriculture and the network of local health departments.

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 outlined by the Federal Centers for Disease Control and Prevention. Seventy percent of the funds go to "primary contractors" 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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Women and children's programs:							
Percent low birth weight live births	7.7%	7.7%	7.7%	7.8%	7.8%	7.8%	7.9%
Average number of persons participating in women, infants and children (WIC) programs each month	228,198	235,000	235,000	235,000	235,000	235,000	235,000
Other communicable disease programs:							
HIV tests at publicly-funded sites	41,447	42,000	42,500	43,000	43,500	44,000	44,500
Percentage of persons screened found with gonorrhea	1.1%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%

Program: Preventive Health: (continued)

Program Measures: (continued)	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Communicable disease incidences reported:							
Gonorrhea	13,400	14,000	14,000	13,500	13,000	13,000	13,000
Infectious Syphilis	78	76	74	72	70	68	66
AIDS	1,425	1,283	1,154	1,039	935	841	757
Primary care physicians receiving loan repayment forgiveness							
	81	95	95	95	95	95	95
Cancer abstracts received	103,000	105,000	105,000	105,000	105,000	105,000	105,000
Tobacco Prevention and Cessation							
Contacts to the Statewide tobacco cessation and prevention counseling information line*							
	0	175	200	225	250	275	300
Percentage of adults who smoke*	24%	22%	20%	19%	18%	17%	16%
Percentage of high school seniors who smoke*	29%	25%	20%	19%	18%	17%	16%

Reported AIDS cases increased from the amounts listed in last year's budget based on actual data. Last year's estimates were skewed by a reporting delay in the first quarter. Future year estimates reflect the expected effects of relatively new treatments which restrain HIV diagnoses from becoming full AIDS cases.

Primary care physicians receiving loan repayment forgiveness decreased in 2000-01 from the projection shown in last year's budget due to more applicants leaving the program than new applicants being approved.

* New measures to reflect Tobacco Settlement Fund prevention and cessation programs.

Program Recommendations:

<p>GENERAL FUND:</p> <p>State Health Care Centers</p> <p>\$ 1,262 —to continue current program.</p> <p>Sexually Transmitted Disease Screening and Treatment</p> <p>\$ -40 —nonrecurring project.</p> <p>386 —Initiative — Enhanced Sexually Transmitted Disease Services. To provide sexually transmitted disease services for an additional 2,730 individuals and to reimburse increased service costs.</p> <hr/> <p>\$ 346 <i>Appropriation Increase</i></p> <p>Cancer Programs</p> <p>\$ -295 —nonrecurring project.</p> <p>School District Health Services</p> <p>\$ 36 —increase based on estimated enrollment requirements.</p> <p>Local Health Departments</p> <p>\$ 1,471 —increased costs based on current population and local budget projections.</p>	<p>\$ 306</p> <p>\$ -250</p> <p>\$ -100</p> <p>\$ -3</p> <p>\$ 8,347</p> <p>\$ -25,000</p>	<p>Local Health-Environmental</p> <p>—increased costs based on current population projections.</p> <p>Newborn Hearing Screening Demonstration</p> <p>—nonrecurring project.</p> <p>Osteoporosis Prevention and Education</p> <p>—nonrecurring project.</p> <p>Tay Sachs Disease - Jefferson Medical College</p> <p>—recommended funding level.</p> <p>TOBACCO SETTLEMENT FUND:</p> <p>Tobacco Use Prevention and Cessation</p> <p>—to expand the program to encourage prevention and cessation of tobacco use.</p> <p>Community-Based Health Care Assistance</p> <p>—one-time grants to community health programs.</p>
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All other appropriations are recommended at the current year funding levels.

Program: Preventive Health: (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
State Health Care Centers	\$ 17,389	\$ 20,674	\$ 21,936	\$ 21,936	\$ 21,936	\$ 21,936	\$ 21,936
Sexually Transmitted Disease Screening and Treatment	1,177	2,011	2,357	2,357	2,357	2,357	2,357
Newborn Screening	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Primary Health Care Practitioner	3,985	5,060	5,060	5,060	5,060	5,060	5,060
Cancer Programs	3,595	3,890	3,595	3,595	3,595	3,595	3,595
AIDS Programs	6,528	7,159	7,159	7,159	7,159	7,159	7,159
School District Health Services	38,514	38,964	39,000	39,000	39,000	39,000	39,000
Local Health Departments	26,147	27,171	28,642	28,642	28,642	28,642	28,642
Local Health - Environmental	7,214	7,262	7,568	7,568	7,568	7,568	7,568
Maternal and Child Health	3,905	3,905	3,905	3,905	3,905	3,905	3,905
DES Education	250	0	0	0	0	0	0
Tuberculosis Screening and Treatment	1,009	1,009	1,009	1,009	1,009	1,009	1,009
Arthritis Outreach and Education	0	250	250	250	250	250	250
Hepatitis Screening and Prevention	300	300	300	300	300	300	300
Epilepsy Support Services	450	500	500	500	500	500	500
Keystone State Games	220	220	220	220	220	220	220
Newborn Hearing Screening Demonstration	750	1,000	750	750	750	750	750
Osteoporosis Prevention and Education ..	100	200	100	100	100	100	100
Tay Sachs Disease - Jefferson Medical College	56	56	53	53	53	53	53
TOTAL GENERAL FUND	\$ 115,589	\$ 123,631	\$ 126,404	\$ 126,404	\$ 126,404	\$ 126,404	\$ 126,404
TOBACCO SETTLEMENT FUND:							
Tobacco Use Prevention and Cessation	\$ 0	\$ 41,402	\$ 49,749	\$ 50,910	\$ 44,883	\$ 45,553	\$ 46,234
Community-Based Health Care Assistance	0	25,000	0	0	0	0	0
TOTAL TOBACCO SETTLEMENT FUND	\$ 0	\$ 66,402	\$ 49,749	\$ 50,910	\$ 44,883	\$ 45,553	\$ 46,234

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, have been accessed.

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, and orthopedic, speech and hearing problems.

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 Division of Community Systems Development and Coordination facilitates the coordination of care for special needs children through its Special Kids Network (SKN). SKN provides families and health care providers with information about 9,000 local, regional, and Statewide resources that serve these children. The network is coordinated by one 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 Services for Children with Special Needs 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 program also assists individuals with spina bifida who have health care costs which are not covered by insurance or third party resources. In a joint effort to improve utilization of State funds, as many children as possible who are eligible for Medical Assistance receive all medically necessary services through the Medical Assistance Program in the Department of Public Welfare.

Children's rehabilitative services are provided through outpatient clinics to children from newborn to age 21 with cardiac, orthopedic, cystic fibrosis, cleft palate, and craniofacial anomalies, and hearing and speech disorders. Services for these patients include care coordination, evaluation, diagnosis, medical and rehabilitative services, and follow-up treatments.

The Hemophilia Program utilizes eight specialized centers to provide comprehensive evaluation, rehabilitation services and blood products for outpatient or home use. Patients must be registered with a center to receive these benefits and must ensure that third party resources are used before State program funds are expended.

Sickle Cell disease (SCD) is a genetically determined red blood cell disorder which occurs most frequently in the African-American population. Comprehensive medical and psychosocial services are available to patients at different service sites.

The Cooley's Anemia Program identifies children and adults with this chronic blood disorder and provides comprehensive care including social services, vocational planning, family screening and counseling.

The Adult Cystic Fibrosis Program provides comprehensive treatment and care coordination to an increasing number of adults who survive this chronic childhood condition.

The department provides extensive outpatient support services to adults with chronic respiratory diseases. The Coal Miners' Chronic Respiratory Disease Program provides screening, diagnostic, rehabilitative, educational, referral and follow-up care to all active and retired miners with pulmonary disease within the Commonwealth.

The Chronic Renal Disease Program provides dialysis, renal 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 eliminating this disease and prolonging 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

Program: Health Treatment Services (continued)

Services Act. This includes planning, developing, implementing and evaluating the system through sixteen regional councils, a Statewide advisory council and the trauma systems foundation. 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. It coordinates bioterrorism communications within the department and provides emergency preparedness and response liaison with the Pennsylvania Emergency Management Agency (PEMA).

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:

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
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	650	660	670	680	690	700	710
Renal disease	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Cooley's Anemia	43	43	43	43	43	43	43
Sickle Cell Disease	1,780	1,800	1,800	1,800	1,800	1,800	1,800
Spina Bifida	1,120	1,120	1,120	1,120	1,120	1,120	1,120
Home Ventilators	196	196	196	196	196	196	196
Chronic respiratory disease	1,441	2,200	2,300	2,400	2,500	2,600	2,700
Children's rehabilitative services	3,200	3,200	3,200	3,200	3,200	3,200	3,200

Persons receiving outpatient treatment through the department for chronic respiratory disease decreases in 2000-01 from last year's budget due a delay in increasing outreach efforts. For 2001-02 and beyond, the effect of increased outreach is anticipated.

Program Recommendations:

<p>Organ Donation \$ -2 —nonrecurring project.</p> <p>Coal Workers' Respiratory Diseases \$ -200 —nonrecurring project.</p> <p>Sickle Cell \$ 200 —continued efforts to expand and enhance community-based educational and support services.</p> <p>Trauma Programs Coordination \$ -50 —nonrecurring project.</p> <p>Trauma Systems \$ -400 —nonrecurring project.</p> <p>Lancaster — Cleft Palate Clinic \$ -3 —recommended funding level.</p> <p>Pittsburgh — Cleft Palate Clinic \$ -3 —recommended funding level.</p>	<p>Burn Foundation \$ -23 —recommended funding level.</p> <p>The Children's Institute, Pittsburgh \$ -100 —nonrecurring project. -43 —recommended funding level. <hr style="width: 50px; margin-left: 0;"/>-143 <i>Appropriation Decrease</i></p> <p>Children's Hospital of Philadelphia \$ -25 —recommended funding level.</p> <p>MCP Hahnemann University — Pediatric Outpatient and Inpatient \$ -40 —recommended funding level.</p> <p>MCP Hahnemann University — Med-Handicapped Children's Clinic \$ -8 —recommended funding level.</p> <p>TOBACCO SETTLEMENT FUND Medical and Surgical Equipment Grants \$ -20,000 —nonrecurring grant program.</p>
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All other appropriations are recommended at the current year funding levels.

Program: Health Treatment Services (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Organ Donation	\$ 120	\$ 120	\$ 118	\$ 118	\$ 118	\$ 118	\$ 118
Coal Workers' Respiratory Diseases	200	200	0	0	0	0	0
Renal Dialysis	8,255	8,255	8,255	8,255	8,255	8,255	8,255
Services for Children with Special Needs	1,732	1,732	1,732	1,732	1,732	1,732	1,732
Adult Cystic Fibrosis	721	721	721	721	721	721	721
Cooley's Anemia	198	198	198	198	198	198	198
Hemophilia	1,594	1,672	1,672	1,672	1,672	1,672	1,672
Lupus	0	100	100	100	100	100	100
Sickle Cell	1,503	1,703	1,903	1,903	1,903	1,903	1,903
Regional Poison Control Centers	1,750	1,250	1,250	1,250	1,250	1,250	1,250
Trauma Programs Coordination	300	350	300	300	300	300	300
Trauma Systems	350	400	0	0	0	0	0
Tourette Syndrome	100	100	100	100	100	100	100
Lancaster — Cleft Palate Clinic	56	56	53	53	53	53	53
Pittsburgh — Cleft Palate Clinic	56	56	53	53	53	53	53
Burn Foundation	462	462	439	439	439	439	439
The Children's Institute, Pittsburgh	970	970	827	827	827	827	827
Children's Hospital of Philadelphia	500	500	475	475	475	475	475
MCP Hahnemann University — Pediatric Outpatient and Inpatient	791	791	751	751	751	751	751
MCP Hahnemann University — Med- Handicapped Children's Clinic	166	166	158	158	158	158	158
TOTAL GENERAL FUND	\$ 19,824	\$ 19,802	\$ 19,105	\$ 19,105	\$ 19,105	\$ 19,105	\$ 19,105
TOBACCO SETTLEMENT FUND:							
Medical and Surgical Equipment Grants	\$ 0	\$ 20,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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 56 percent drug related and 44 percent alcohol related. Males represent 70 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 \$62 million.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Prevention Services:							
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	15,777	15,934	16,093	16,253	16,415	16,579	16,744
Treatment Services:							
Residential programs licensed/approved	320	320	320	320	320	320	320
Outpatient programs licensed/approved	697	697	697	697	697	697	697
Patients enrolled in treatment:							
Male	47,400	47,874	48,592	49,321	49,814	50,312	50,815
Female	20,006	20,206	20,509	20,816	21,024	21,234	21,446
Admissions with primary diagnosis:							
Drug abuse	37,604	37,980	38,550	39,128	39,519	39,914	40,313
Alcohol abuse	29,802	30,100	30,551	31,009	31,319	31,362	31,948
Percent of admissions completing treatment	46%	47%	48%	49%	50%	51%	52%

Admissions with primary diagnosis: drug abuse increased from last year's budget due to increased heroin use, especially in rural areas.

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
\$	-500	—nonrecurring tobacco law enforcement project.
	-350	—nonrecurring project.
	132	—to match Federal funds for a Drug Control and System Improvement (DCSI) project.
	<hr/>	
\$	-718	<i>Appropriation Decrease</i>

The Protecting Public Safety Program Revision following the Institutionalization of Offenders program in the Department of Corrections provides \$1,500,000 for up to seven pilot projects designed to provide drug and alcohol assessment and treatment services in a more timely fashion to criminal offenders in the community through improved coordination between service providers and the criminal justice system.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Assistance to Drug and Alcohol Programs	\$ 39,589	\$ 41,078	\$ 40,360	\$ 40,360	\$ 40,360	\$ 40,360	\$ 40,360



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.

PROGRAM REVISION

Budgeted Amounts Include the Following Program Revision:

Title	Appropriation	2002-03 State Funds (in thousands)
Sustaining Economic Development		
	SciTech and Technology Scholarships.....	\$ 6,200
<p>This Program Revision provides resources for scholarships to qualified students majoring in science or technology related fields. This is part of the \$23.4 million Sustaining Economic Development Program Revision. Please see the Program Revision following the Business and Job Development program in the Department of Community and Economic Development for additional information on this Program Revision.</p>		
	Department Total.....	<u>\$ 6,200</u>

Higher Education Assistance Agency

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
<u>GENERAL FUND:</u>			
<i>Grants and Subsidies:</i>			
Grants to Students.....	\$ 314,102	\$ 336,089	\$ 342,811
(F) Byrd Scholarships (EA).....	0	1,656	1,664
(F)TANFBG-Education Opportunities.....	1,500	1,500	1,500
Matching Payments for Student Aid Funds.....	11,197	12,827	14,472
Institutional Assistance Grants.....	41,349	42,589	40,460
Horace Mann Bond-Leslie Pinckney Hill Scholarship.....	750	750	750
Agricultural Loan Forgiveness.....	238	284	284
Child Care Loan Forgiveness.....	100	100	0
SciTech and Technology Scholarships.....	10,534 ^a	8,200	6,200
SciTech and Technology Scholarships - Administration.....	661 ^b	661	661
Cheyney University Keystone Academy.....	1,050	1,575	2,100
	<hr/>	<hr/>	<hr/>
Subtotal - State Funds.....	\$ 379,981	\$ 403,075	\$ 407,738
Subtotal - Federal Funds.....	1,500	3,156	3,164
Total - Grants and Subsidies.....	<hr/>	<hr/>	<hr/>
	\$ 381,481	\$ 406,231	\$ 410,902
	<hr/>	<hr/>	<hr/>
STATE FUNDS.....	\$ 379,981	\$ 403,075	\$ 407,738
FEDERAL FUNDS.....	1,500	3,156	3,164
GENERAL FUND TOTAL.....	<hr/>	<hr/>	<hr/>
	\$ 381,481	\$ 406,231	\$ 410,902
	<hr/>	<hr/>	<hr/>
<u>TOBACCO SETTLEMENT FUND:</u>			
<i>Grants and Subsidies:</i>			
Biomedicine and Life Sciences Student Loans.....	\$ 0	\$ 5,000	\$ 0
Nursing School Student Loans.....	0	3,000	0
	<hr/>	<hr/>	<hr/>
Total - Grants and Subsidies.....	\$ 0	\$ 8,000	\$ 0
	<hr/>	<hr/>	<hr/>
TOBACCO SETTLEMENT FUND TOTAL.....	<hr/>	<hr/>	<hr/>
	\$ 0	\$ 8,000	\$ 0
	<hr/>	<hr/>	<hr/>
<u>OTHER FUNDS:</u>			
HIGHER EDUCATION ASSISTANCE FUND:			
Guaranteed Agency Operating Fund.....	\$ 79,904	\$ 86,472	\$ 81,597
Default Reduction Account.....	5,068	4,500	4,635
Contract Servicing.....	126,226	130,013	138,397
Robert Byrd Scholarships.....	1,646	1,664	1,664
State Student Incentive Grant.....	2,981	2,712	2,600
Transfers Augmenting Appropriations.....	5,307	3,086	2,714
Primary Health Care.....	988	1,084	1,190
Tobacco Settlement Funds.....	0	8,074	0
Temporary Aid to Needy Families (TANF).....	708	1,500	1,500
Administration Augmentations.....	2,783	2,785	(1,530)
Miscellaneous.....	164	382	382
National Guard.....	0	81,034	0
Christa McAuliffe Scholarship.....	41	41	41
	<hr/>	<hr/>	<hr/>
HIGHER EDUCATION ASSISTANCE FUND TOTAL.....	<hr/>	<hr/>	<hr/>
	\$ 225,816	\$ 323,347	\$ 233,190
	<hr/>	<hr/>	<hr/>

Higher Education Assistance Agency

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 379,981	\$ 403,075	\$ 407,738
SPECIAL FUNDS.....	0	8,000	0
FEDERAL FUNDS.....	1,500	3,156	3,164
OTHER FUNDS.....	225,816	323,347	233,190
TOTAL ALL FUNDS.....	\$ 607,297	\$ 737,578	\$ 644,092

^a Actually appropriated as SciTech and GI Bill Scholarships.

^b Actually appropriated as SciTech and GI Bill Scholarships—Administration.

Higher Education Assistance Agency

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
FINANCIAL ASSISTANCE TO STUDENTS							
GENERAL FUND.....	\$ 338,632	\$ 360,486	\$ 367,278	\$ 367,278	\$ 367,278	\$ 367,278	\$ 367,278
SPECIAL FUNDS.....	0	8,000	0	0	0	0	0
FEDERAL FUNDS.....	1,500	3,156	3,164	3,164	3,164	3,164	3,164
OTHER FUNDS.....	225,816	323,347	233,190	233,190	233,190	233,190	233,190
SUBCATEGORY TOTAL.....	\$ 565,948	\$ 694,989	\$ 603,632	\$ 603,632	\$ 603,632	\$ 603,632	\$ 603,632
FINANCIAL AID TO INSTITUTIONS							
GENERAL FUND.....	\$ 41,349	\$ 42,589	\$ 40,460	\$ 40,460	\$ 40,460	\$ 40,460	\$ 40,460
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 41,349	\$ 42,589	\$ 40,460	\$ 40,460	\$ 40,460	\$ 40,460	\$ 40,460
ALL PROGRAMS:							
GENERAL FUND.....	\$ 379,981	\$ 403,075	\$ 407,738	\$ 407,738	\$ 407,738	\$ 407,738	\$ 407,738
SPECIAL FUNDS.....	0	8,000	0	0	0	0	0
FEDERAL FUNDS.....	1,500	3,156	3,164	3,164	3,164	3,164	3,164
OTHER FUNDS.....	225,816	323,347	233,190	233,190	233,190	233,190	233,190
DEPARTMENT TOTAL.....	\$ 607,297	\$ 737,578	\$ 644,092	\$ 644,092	\$ 644,092	\$ 644,092	\$ 644,092

Higher Education Assistance Agency

PROGRAM OBJECTIVE: To provide financial assistance to Commonwealth residents in order to promote access to institutions of higher education.

Program: Financial Assistance to Students

The Pennsylvania Higher Education Assistance Agency (PHEAA) offers three financial assistance programs to students in the form of grants, work study awards and guaranteed student loans. Funds for the various financial assistance programs flow through the Higher Education Assistance Fund. 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.

Act 83 of 2001 included two appropriations from the Tobacco Settlement Act to PHEAA implementing the Pennsylvania Medical Education Loan Assistance Program and the Loan Forgiveness Program for nurses.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Grants to Students:							
Applications for grants	395,672	409,930	424,280	439,130	454,500	470,410	486,870
Applications complete and needs tested for eligibility	241,754	240,944	247,680	256,350	265,320	274,610	284,220
Eligible applicants — meeting qualifications	167,289	162,932	169,980	177,290	184,910	192,860	201,150
Eligible applicants not enrolled at a college/university	15,402	15,001	15,650	16,320	17,020	17,750	18,510
Eligible applicants enrolled and accepting grants	151,887	147,931	154,330	160,970	167,890	175,110	182,640
Grant amount as percent of applicants total educational cost	14.2%	14.2%	14.2%	14.3%	14.3%	14.40%	14.40%
Students Receiving SciTech Scholarships ...	2,556	4,106	4,200	4,300	4,400	4,500	4,600
Work Study:							
Students assisted by Federal, State and private funds	61,200	65,400	69,600	73,800	78,000	82,200	86,400
Student work study earnings (in millions)	\$61.7	\$65.9	\$70.1	\$74.3	\$78.5	\$82.7	\$86.9

Students receiving SciTech Scholarships are in addition to the students in the Grants to Students program.

Higher Education Assistance Agency

Program: Financial Assistance to Students (continued)

Program Measures: (continued)	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Student Loans:							
Federally guaranteed loans	659,230	677,886	696,111	720,555	736,580	748,252	755,761

Federally guaranteed loans decrease from the projections shown in last year's budget because loans anticipated to be cancelled by students are no longer included.

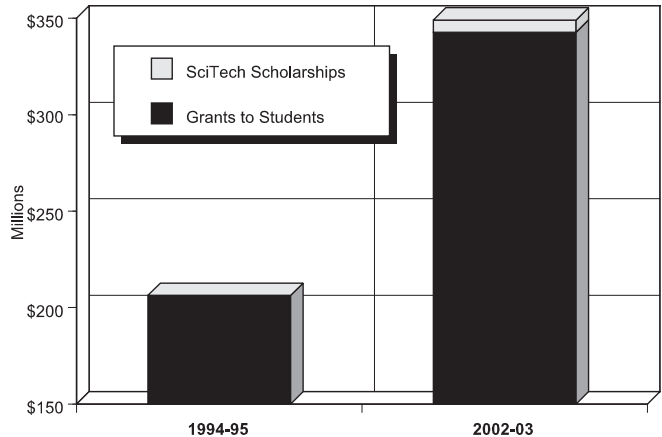
Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND Grants to Students</p> <p>\$ 6,722 —Initiative — Enhancements to the Student Grant Program. To increase the number of full-time equivalent grant recipients by 800 over the revised 2001-02 estimate of 135,500 students to a 2002-03 estimate of 136,300 full-time equivalent students; and to increase the average award from \$2,535 to \$2,544.</p> <p>\$ 1,645 Matching Payments for Student Aid Funds —to provide match for increased Federal funds.</p> <p>\$ -100 Child Care Loan Forgiveness —nonrecurring appropriation.</p> <p>\$ 6,200 SciTech and Technology Scholarships —PRR — Sustaining Economic Development. This Program Revision provides scholarships to qualified students majoring in science or technology-related fields of study in order to expand and support a knowledge-based workforce. See the Program Revision following the Business and Job Development Program in the Department of Community and Economic Development for additional information.</p> <p style="padding-left: 20px;">-8,200 —funding amount in the 2001-02 budget.</p> <p><u> </u></p> <p>\$ -2,000 <i>Appropriation Change</i></p>	<p>\$ 525 Cheyney University Keystone Academy —to recruit and enroll gifted students at Cheyney University</p> <p>\$ -5,000 TOBACCO SETTLEMENT FUND Biomedicine and Life Sciences Student Loans —nonrecurring appropriation.</p> <p>\$ -3,000 Nursing School Student Loans —nonrecurring appropriation.</p>
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All other appropriations are recommended at the current year funding levels.

Student Aid
Higher Education Assistance Agency



Since 1994-95, State funding for student aid has increased by \$143 million or 69%.

Higher Education Assistance Agency

Program: Financial Assistance to Students (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Grants to Students	\$ 314,102	\$ 336,089	\$ 342,811	\$ 342,811	\$ 342,811	\$ 342,811	\$ 342,811
Matching Payments for Student Aid Funds Horace Mann Bond-Leslie Pinckney Hill Scholarship	11,197	12,827	14,472	14,472	14,472	14,472	14,472
Agricultural Loan Forgiveness	750	750	750	750	750	750	750
Child Care Loan Forgiveness	238	284	284	284	284	284	284
SciTech and Technology Scholarships	100	100	0	0	0	0	0
SciTech and Technology Scholarships — Administration	10,534	8,200	6,200	6,200	6,200	6,200	6,200
Cheyney University Keystone Academy	661	661	661	661	661	661	661
	1,050	1,575	2,100	2,100	2,100	2,100	2,100
TOTAL GENERAL FUND	\$ 338,632	\$ 360,486	\$ 367,278	\$ 367,278	\$ 367,278	\$ 367,278	\$ 367,278
TOBACCO SETTLEMENT FUND:							
Biomedicine and Life Sciences Student Loans	\$ 0	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Nursing School Student Loans	0	3,000	0	0	0	0	0
TOTAL TOBACCO SETTLEMENT FUND	\$ 0	\$ 8,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Higher Education Assistance Agency

PROGRAM OBJECTIVE: To assist independent post-secondary institutions to maintain enrollments and stabilize their educational costs thereby promoting access to institutions in all sectors for Pennsylvania students.

Program: Financial Aid to Institutions

The Institutional Assistance Grants Program, which began in 1974, provides grants to assist independent post-secondary institutions that are nonprofit, nondenominational and nonrecipients 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 2002-03 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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Eligible grant recipients enrolled at eligible independent institutions	40,040	37,979	38,000	38,000	38,000	38,000	38,000
Per capita grant	\$1,038	\$1,127	\$1,070	\$1,070	\$1,070	\$1,070	\$1,070

In 2000-01, eligible grant recipients enrolled at eligible independent institutions increased compared to the budget projection; thus decreasing the average per capita grant.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Institutional Assistance Grants
\$ -2,129 —recommended funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Institutional Assistance Grants	\$ 41,349	\$ 42,589	\$ 40,460	\$ 42,589	\$ 42,589	\$ 42,589	\$ 42,589



HISTORICAL AND MUSEUM COMMISSION

The mission of the Historical and Museum Commission is to preserve the Commonwealth's past through leadership, stewardship and service. The commission believes that future generations will be strengthened and inspired by the ideals and traditions of Pennsylvania's heritage.

Historical and Museum Commission

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
General Government Operations.....	\$ 22,218	\$ 23,730	\$ 24,918
(F)Historic Preservation.....	980	1,500	1,260
(F)National Historic Publications and Records.....	5	299 ^a	110
(F)Delaware & Lehigh Canal Partnership Program.....	0	350	0
(F)Save Our Treasures.....	0	0 ^b	200
(F)January 1996 Storm Disaster - Public Assistance (EA).....	34	0	0
(F)Sept 1999 Tropical Storm Disaster-Public Assistance (EA).....	0	5	0
(F)Intermodal Surface Transportation Safety Act (EA).....	10	15	0
(F)Surface Mining Review (EA).....	60	240	175
(F)Railroad Museum Improvement (EA).....	919	860	0
(F)Environmental Review (EA).....	92	135	145
(F)Pennsbury Manor Improvement Project (EA).....	30	30	0
(F)Pennsylvania Archaeology (EA).....	0	170	100
(F)Explore PA History (EA).....	0	250	0
(A)Historic Preservation Fund.....	365	415	420
(A)PA Turnpike Commission.....	30	10	10
(A)Architectural Services.....	8	5	5
(A)Keystone Recreation, Park & Conservation Fund.....	356	330	350
Subtotal.....	\$ 25,107	\$ 28,344	\$ 27,693
Maintenance Program.....	2,000	1,980	1,940
Subtotal - State Funds.....	\$ 24,218	\$ 25,710	\$ 26,858
Subtotal - Federal Funds.....	2,130	3,854	1,990
Subtotal - Augmentations.....	759	760	785
Total - General Government.....	\$ 27,107	\$ 30,324	\$ 29,633
<i>Grants and Subsidies:</i>			
Museum Assistance Grants.....	\$ 4,450	\$ 4,450	\$ 4,450
Gettysburg Monuments.....	1,000	0	0
Regional History Centers.....	500	525	0
Historic Home Site Preservation.....	0	500	0
University of Pennsylvania Museum.....	241	248	236
Carnegie Museum of Natural History.....	241	248	236
Carnegie Science Center.....	241	248	236
Franklin Institute Science Museum.....	728	750	713
Academy of Natural Sciences.....	447	460	437
Academy of Natural Sciences Outreach & Education.....	0	100	0
African American Museum in Philadelphia.....	341	351	333
Everhart Museum.....	44	45	43
Mercer Museum.....	185	191	181
Whitaker Center for Science and the Arts.....	133	137	130
Total - Grants and Subsidies.....	\$ 8,551	\$ 8,253	\$ 6,995
STATE FUNDS.....	\$ 32,769	\$ 33,963	\$ 33,853
FEDERAL FUNDS.....	2,130	3,854	1,990
AUGMENTATIONS.....	759	760	785
GENERAL FUND TOTAL.....	\$ 35,658	\$ 38,577	\$ 36,628
<u>KEYSTONE RECREATION, PARK AND CONSERVATION FUND:</u>			
<i>Grants and Subsidies:</i>			
Historic Site Development - Realty Transfer Tax (EA).....	\$ 13,432	\$ 13,452	\$ 6,041

Historical and Museum Commission

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
Historical Preservation Act of 1966 (F).....	\$ 63	\$ 125	\$ 110
HISTORICAL PRESERVATION FUND:			
Historical Preservation Fund.....	\$ 3,900 ^c	\$ 4,200 ^c	\$ 4,200 ^c
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 32,769	\$ 33,963	\$ 33,853
SPECIAL FUNDS.....	13,432	13,452	6,041
FEDERAL FUNDS.....	2,130	3,854	1,990
AUGMENTATIONS.....	759	760	785
OTHER FUNDS.....	3,963	4,325	4,310
TOTAL ALL FUNDS.....	\$ 53,053	\$ 56,354	\$ 46,979

^a Includes recommended supplemental appropriation of \$249,000.

^b Actually appropriated as \$1,351,000. Amount shown is the best current estimate of the amount available for 2001-02. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

^c Not added to the total to avoid double counting: 2000-01 Actual is \$365,000, 2001-02 Available is \$415,000, and 2002-03 Budget is \$420,000.

Historical and Museum Commission

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
STATE HISTORIC PRESERVATION							
GENERAL FUND.....	\$ 24,218	\$ 25,710	\$ 26,858	\$ 26,525	\$ 26,525	\$ 26,525	\$ 26,525
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,130	3,854	1,990	1,770	1,795	1,820	1,840
OTHER FUNDS.....	4,722	5,085	5,095	5,100	5,105	5,115	5,125
SUBCATEGORY TOTAL.....	\$ 31,070	\$ 34,649	\$ 33,943	\$ 33,395	\$ 33,425	\$ 33,460	\$ 33,490
MUSEUM ASSISTANCE							
GENERAL FUND.....	\$ 8,551	\$ 8,253	\$ 6,995	\$ 6,995	\$ 6,995	\$ 6,995	\$ 6,995
SPECIAL FUNDS.....	13,432	13,452	6,041	4,033	7,439	7,929	8,631
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 21,983	\$ 21,705	\$ 13,036	\$ 11,028	\$ 14,434	\$ 14,924	\$ 15,626
ALL PROGRAMS:							
GENERAL FUND.....	\$ 32,769	\$ 33,963	\$ 33,853	\$ 33,520	\$ 33,520	\$ 33,520	\$ 33,520
SPECIAL FUNDS.....	13,432	13,452	6,041	4,033	7,439	7,929	8,631
FEDERAL FUNDS.....	2,130	3,854	1,990	1,770	1,795	1,820	1,840
OTHER FUNDS.....	4,722	5,085	5,095	5,100	5,105	5,115	5,125
DEPARTMENT TOTAL.....	\$ 53,053	\$ 56,354	\$ 46,979	\$ 44,423	\$ 47,859	\$ 48,384	\$ 49,116

Historical and Museum Commission

PROGRAM OBJECTIVE: To manage and safeguard Pennsylvania's historic resources through a comprehensive history and museum program to educate, interpret, research and preserve all areas of Pennsylvania history.

Program: State Historic Preservation

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

Program Element: Executive Direction and Administration

This element provides general policy and direction for administering the commission's operations. It includes legislative and press relations, personnel management, procurement, information technology, financial grant administration, fiscal and revenue management, and other 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 State Archives, the State Records Center and the Document Images Service Center offer Pennsylvania and its political subdivisions opportunities for solving the serious problem of managing paper and electronic records.

This element also administers the commission's website in cooperation with other agency programs.

Program Element: Historic Site and Museum Operations

This element supports the operation of 26 historic sites and museums throughout the Commonwealth including the State Museum of Pennsylvania. This program provides educational collections and exhibition programs for interpreting Pennsylvania history, cooperative initiatives with associate organizations on educational and public events and programs presenting rural and urban life along with lectures and seminars, curatorial methods and ethnic studies to bring history to the public. This program element provides a variety of support services including architectural and design activities in support of a preservation maintenance program; administration of the Keystone Recreation, Park and Conservation Fund Grant Program for commission properties; collections management and conservation; marketing; and other historic site and museum activities and 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 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 archaeological 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.

Historical and Museum Commission

Program: State Historic Preservation (continued)

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
State and Local Records							
Pages of archives and historical manuscripts (in thousands)	179,000	185,000	190,000	200,000	205,000	210,000	210,000
Service request responses (History, Archives and State Records) (in thousands)	155	156	157	158	159	160	160
Historic Site and Museum Operations							
Annual visits to commission historical sites and museums (in thousands)	1,295	1,300	1,325	1,350	1,375	1,400	1,425
Historic markers	2,046	2,100	2,200	2,300	2,400	2,450	2,500
Historic Preservation							
Evaluations for the National Register of Historic Properties	3,035	3,150	3,420	3,720	4,020	4,320	4,500
Professional History and Museum Support Services							
Objects maintained and conserved (in thousands)	2,200	2,250	2,300	2,350	2,400	2,450	2,500
Commission buildings undergoing improvement	115	115	125	125	130	130	135

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND	94	—Initiative — Commonwealth Bookstore Operations. To provide for the administrative and operational support of the Commonwealth Bookstore.
\$ 677	General Government Operations		
	—to continue current program.		
472	—Initiative — Information Technology Enhancement. To develop an electronic document and records retention system.	-170	—nonrecurring costs of move to Keystone Building.
265	—Initiative — Expanded Historic Site Operations. To provide administrative and operational support at the Pennsbury and Pennsylvania Military Museum sites and operational support at the State Museum.	-150	—nonrecurring website development costs.
		\$ 1,188	<i>Appropriation Increase</i>
		\$ -40	Maintenance Program
			—recommended funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 22,218	\$ 23,730	\$ 24,918	\$ 24,585	\$ 24,585	\$ 24,585	\$ 24,585
Maintenance Program	2,000	1,980	1,940	1,940	1,940	1,940	1,940
TOTAL GENERAL FUND	\$ 24,218	\$ 25,710	\$ 26,858	\$ 26,525	\$ 26,525	\$ 26,525	\$ 26,525

Historical and Museum Commission

PROGRAM OBJECTIVE: To assure provision of representative artifacts, specimens of history, art and science for all citizens through the support of museums within the Commonwealth.

Program: Museum Assistance

This program is comprised of three major components: the Museum Assistance and Local History Grant Program, Museum Assistance General Operating Support 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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Museum assistance competitive grants awarded	202	230	240	250	250	250	250
Museum assistance general operating support grants	141	140	140	140	140	140	140

Program Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND</p> <p>Regional History Centers —nonrecurring appropriation.</p> <p>\$ -525</p> <p>Historic Home Site Preservation —nonrecurring appropriation.</p> <p>\$ -500</p> <p>Academy of Natural Sciences Outreach & Education —nonrecurring appropriation.</p> <p>\$ -100</p>	<p>State-Aided Museums —recommended funding level.</p> <p>KEYSTONE RECREATION, PARK AND CONSERVATION FUND</p> <p>Historic Site Development — Realty Transfer Tax (EA) —nonrecurring projects.</p> <p>\$ -7,411</p>
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The Museum Assistance Grants appropriation is recommended at the current year funding level.

Historical and Museum Commission

Program: Museum Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Museum Assistance Grants	\$ 4,450	\$ 4,450	\$ 4,450	\$ 4,450	\$ 4,450	\$ 4,450	\$ 4,450
Gettysburg Monuments	1,000	0	0	0	0	0	0
Regional History Centers	500	525	0	0	0	0	0
Historic Home Site Preservation	0	500	0	0	0	0	0
University of Pennsylvania Museum	241	248	236	236	236	236	236
Carnegie Museum of Natural History	241	248	236	236	236	236	236
Carnegie Science Center	241	248	236	236	236	236	236
Franklin Institute Science Museum	728	750	713	713	713	713	713
Academy of Natural Sciences	447	460	437	437	437	437	437
Academy of Natural Sciences Outreach & Education	0	100	0	0	0	0	0
African American Museum in Philadelphia ..	341	351	333	333	333	333	333
Everhart Museum	44	45	43	43	43	43	43
Mercer Museum	185	191	181	181	181	181	181
Whitaker Center for Science and the Arts ..	133	137	130	130	130	130	130
TOTAL GENERAL FUND	\$ 8,551	\$ 8,253	\$ 6,995	\$ 6,995	\$ 6,995	\$ 6,995	\$ 6,995
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Historic Site Development —							
Realty Transfer Tax (EA)	\$ 13,432	\$ 13,452	\$ 6,041	\$ 4,033	\$ 7,439	\$ 7,929	\$ 8,631



INFRASTRUCTURE INVESTMENT AUTHORITY

The mission of the Infrastructure Investment Authority (PENNVEST) is to improve Pennsylvania's water 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.

Infrastructure Investment Authority

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
<u>GENERAL FUND:</u>			
<i>Grants and Subsidies:</i>			
(F)Sewage Projects Revolving Loan Fund.....	\$ 66,000	\$ 67,000	\$ 68,739
(F)Drinking Water Projects Revolving Loan Fund.....	46,534	38,000	38,283
(F)Rural Communities Wastewater Treatment.....	668	636	636
Subtotal - Federal Funds.....	113,202	105,636	107,658
Total - Grants and Subsidies.....	<u>\$ 113,202</u>	<u>\$ 105,636</u>	<u>\$ 107,658</u>
GENERAL FUND TOTAL.....	<u>\$ 113,202</u>	<u>\$ 105,636</u>	<u>\$ 107,658</u>
<u>ENVIRONMENTAL STEWARDSHIP FUND:</u>			
<i>Grants and Subsidies:</i>			
Storm Water, Water and Sewer Grants (EA).....	<u>\$ 31,754</u>	<u>\$ 21,827^a</u>	<u>\$ 20,619</u>
<u>OTHER FUNDS:</u>			
PENNVEST FUND:			
PENNVEST Operations (EA).....	\$ 2,362	\$ 2,402	\$ 2,438
Grants - Other Revenue Sources (EA).....	2,125	2,125	1,500
Revenue Bond Loan Pool (EA).....	0	10	10
Public Revolving Loans and Administration.....	37,805	42,500	45,000
Private Revolving Loans.....	5,535	3,000	3,000
Growing Greener Grants.....	3,924	20,000	20,000
PENNVEST FUND TOTAL.....	<u>\$ 51,751</u>	<u>\$ 70,037</u>	<u>\$ 71,948</u>
PENNVEST WATER POLLUTION CONTROL REVOLVING FUND:			
PENNVEST Water Pollution Control Revolving Fund.....	\$ 9,628	\$ 13,500	\$ 13,500
Additional Sewage Projects Revolving Loans (EA).....	5,692	20,000	25,000
Transfer to Drinking Water Revolving Fund (EA).....	0	0	8,187
Sewage Projects Revolving Loan Fund (EA).....	0 ^b	0 ^b	0 ^b
On-lot Sewage Disposal Systems (EA).....	0 ^c	0 ^c	0 ^c
Rural Communities Wastewater Treatment (EA).....	0 ^d	0 ^d	0 ^d
PENNVEST WATER POLLUTION CONTROL REVOLVING FUND TOTAL.....	<u>\$ 15,320</u>	<u>\$ 33,500</u>	<u>\$ 46,687</u>
PENNVEST DRINKING WATER REVOLVING FUND:			
PENNVEST Drinking Water Project Revolving Fund.....	\$ 16,192	\$ 13,000	\$ 14,500
Additional Drinking Water Projects Revolving Loans (EA).....	1,448	4,000	13,187
Drinking Water Projects Revolving Loan Fund (EA).....	0 ^e	0 ^e	0 ^e
Loan Program Administration (EA).....	0 ^f	0 ^f	0 ^f
Technical Assistance to Small Systems (EA).....	1,037	610	1,000
Assistance to State Programs (EA).....	1,923	2,700	3,000
Local Assistance and Source Water Pollution (EA).....	2,445	3,500	5,000
PENNVEST DRINKING WATER REVOLVING FUND TOTAL.....	<u>\$ 23,045</u>	<u>\$ 23,810</u>	<u>\$ 36,687</u>
PENNVEST REVOLVING FUND:			
PENNVEST Revolving Fund.....	<u>\$ 1,809</u>	<u>\$ 950</u>	<u>\$ 950</u>

Infrastructure Investment Authority

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	31,754	21,827	20,619
FEDERAL FUNDS.....	113,202	105,636	107,658
OTHER FUNDS.....	91,925	128,297	156,272
TOTAL ALL FUNDS.....	\$ 236,881	\$ 255,760	\$ 284,549

^a The reduced current year General Fund Transfer amount will result in reducing this current year executive authorization from \$33,677,000 to \$21,827,000.

^b Not added to the total to avoid double counting Federal funds: 2000-01 Actual is \$65,600,000, 2001-02 Available is \$66,500,000 and 2002-03 Budget is \$68,239,000.

^c Not added to the total to avoid double counting Federal funds: 2000-01 Actual is \$400,000, 2001-02 Available is \$500,000 and 2002-03 Budget is \$500,000.

^d Not added to the total to avoid double counting Federal funds: 2000-01 Actual is \$668,000, 2001-02 Available is \$636,000 and 2002-03 Budget is \$636,000.

^e Not added to the total to avoid double counting Federal funds: 2000-01 Actual is \$40,000,000, 2001-02 Available is \$26,487,000 and 2002-03 Budget is \$27,970,000.

^f Not added to the total to avoid double counting Federal funds: 2000-01 Actual is \$1,130,000, 2001-02 Available is \$1,603,000 and 2002-03 Budget is \$1,313,000.

Infrastructure Investment Authority

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
PENNVEST							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
SPECIAL FUNDS.....	31,754	21,827	20,619	32,469	25,359	0	0
FEDERAL FUNDS.....	113,202	105,636	107,658	107,658	107,658	107,658	107,658
OTHER FUNDS.....	91,925	128,297	156,272	156,272	156,272	136,272	136,272
SUBCATEGORY TOTAL.....	\$ 236,881	\$ 255,760	\$ 284,549	\$ 296,399	\$ 289,289	\$ 243,930	\$ 243,930
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
SPECIAL FUNDS.....	31,754	21,827	20,619	32,469	25,359	0	0
FEDERAL FUNDS.....	113,202	105,636	107,658	107,658	107,658	107,658	107,658
OTHER FUNDS.....	91,925	128,297	156,272	156,272	156,272	136,272	136,272
DEPARTMENT TOTAL.....	\$ 236,881	\$ 255,760	\$ 284,549	\$ 296,399	\$ 289,289	\$ 243,930	\$ 243,930

Infrastructure Investment Authority

PROGRAM OBJECTIVE: To promote public health and a clean environment and to further economic development in the Commonwealth by providing a financing program, technical assistance and administrative support for community drinking water systems, municipal sewage treatment facilities and stormwater control projects.

Program: PENNVEST

The PENNVEST Program authorized by Act 16 of 1988 provides an investment pool of capital to rebuild and expand community drinking water systems and municipal sewage treatment facilities in the Commonwealth. These systems and facilities are essential for the protection of public health and the promotion of economic development. Many systems and facilities need to be repaired, upgraded or expanded to meet environmental standards and economic development goals. Act 5 of 1992 established a program to fund stormwater control projects. Funding these needed improvements has often proved difficult, especially for small communities.

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 storm water, 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.

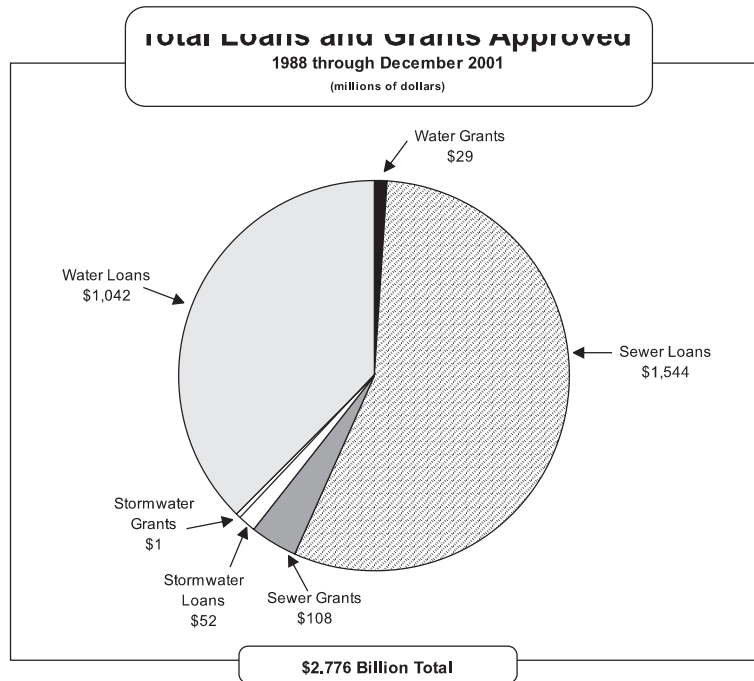
To facilitate fund management and accounting, several separate funds have been established. The PENNVEST Fund serves as the repository of interest and investment income, and loan repayments. Loans and grants and administrative costs are paid from this fund. The PENNVEST Water Pollution Control Revolving 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 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 and the PENNVEST Non-Revolving Equity Fund receive 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:	2000-01	2001-02	2002-03	2003-2004	2004-05	2005-06	2006-07
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	2	2	2
Total	<u>\$ 259</u>	<u>\$ 319</u>	<u>\$ 319</u>	<u>\$ 319</u>	<u>\$ 282</u>	<u>\$ 282</u>	<u>\$ 282</u>

PENNVEST projects implemented and PENNVEST loan awards have been changed from projections in last year's budget to show revised estimates based on actual activity.

Infrastructure Investment Authority

Program: PENNVEST (continued)



Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

**ENVIRONMENTAL STEWARDSHIP FUND:
PENNVEST**

\$ -1,208 —nonrecurring projects

Grant disbursements totalling \$1.5 million and administrative costs are to be funded from existing non-General Fund sources.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
ENVIRONMENTAL STEWARDSHIP FUND:							
Storm Water, Water and Sewer							
Grants (EA)	\$ 31,754	\$ 21,827	\$ 20,619	\$ 32,469	\$ 25,359	\$ 0	\$ 0



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), which provides free or subsidized health care insurance for children of low-income working parents. The department manages the Adult Basic Coverage Insurance Program which provides subsidized basic health care insurance for low income insured adults. The department manages the Underground Storage Tank Indemnification Fund, the Catastrophic Loss Benefits Continuation Fund, and the Worker's Compensation Security Fund.

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations	\$ 18,576	\$ 19,382	\$ 20,693
(A)Companies in Liquidation.....	963	1,199	1,270
(A)Duplicating and Mailing Services.....	44	45	45
(A)Workers' Compensation Security Services.....	159	167	112
(A)Reimbursements - Examination Travel.....	694	675	700
(A)Reimbursements - Market Conduct Travel.....	206	120	135
(A)Underground Storage Tank Indemnification Fund Expense.....	24	18	14
(A)Reimbursement - Catastrophic Loss Benefits Continuation Fund.....	17	25	7
Children's Health Insurance Administration	1,502	2,340	2,395
(F)Children's Health Insurance Administration.....	2,971	6,444	4,703
Children's Health Insurance	0	33,650	33,082
(F)Children's Health Insurance Program.....	102,420	99,974 ^a	116,017
Adult Health Insurance Administration	153	851	2,547
Subtotal - State Funds.....	\$ 20,231	\$ 56,223	\$ 58,717
Subtotal - Federal Funds.....	105,391	106,418	120,720
Subtotal - Augmentations.....	2,107	2,249	2,283
Total - General Government.....	\$ 127,729	\$ 164,890	\$ 181,720
STATE FUNDS.....	\$ 20,231	\$ 56,223	\$ 58,717
FEDERAL FUNDS.....	105,391	106,418	120,720
AUGMENTATIONS.....	2,107	2,249	2,283
GENERAL FUND TOTAL	\$ 127,729	\$ 164,890	\$ 181,720
TOBACCO SETTLEMENT FUND:			
<i>General Government:</i>			
Adult Health Insurance Program.....	\$ 0	\$ 77,738	\$ 93,280
OTHER FUNDS:			
GENERAL FUND:			
Children's Health Insurance Program.....	\$ 45,018	\$ 30,600	\$ 30,000
CATASTROPHIC LOSS BENEFITS CONTINUATION FUND:			
Administration (EA).....	\$ 1,330	\$ 1,744	\$ 1,827
Claims (EA).....	14,300	13,500	13,000
Loan Repayment(EA).....	12,000	12,000	15,300
CATASTROPHIC LOSS BENEFITS CONTINUATION FUND TOTAL	\$ 27,630	\$ 27,244	\$ 30,127
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Administration (EA).....	\$ 5,067	\$ 5,595	\$ 5,488
Claims (EA).....	35,000	60,000	60,000
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL	\$ 40,067	\$ 65,595	\$ 65,488
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 20,231	\$ 56,223	\$ 58,717
SPECIAL FUNDS.....	0	77,738	93,280
FEDERAL FUNDS.....	105,391	106,418	120,720
AUGMENTATIONS.....	2,107	2,249	2,283
OTHER FUNDS.....	112,715	123,439	125,615
TOTAL ALL FUNDS	\$ 240,444	\$ 366,067	\$ 400,615

^a Actually appropriated as \$105,974,000. Amount shown is the best current estimate of the amount available for 2001-02. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
INSURANCE INDUSTRY REGULATION							
GENERAL FUND.....	\$ 20,231	\$ 56,223	\$ 58,717	\$ 63,067	\$ 66,995	\$ 68,434	\$ 69,340
SPECIAL FUNDS.....	0	77,738	93,280	95,458	84,156	85,413	86,689
FEDERAL FUNDS.....	105,391	106,418	120,720	128,211	134,956	136,086	136,086
OTHER FUNDS.....	114,822	125,688	127,898	112,098	111,598	111,098	110,598
SUBCATEGORY TOTAL.....	\$ 240,444	\$ 366,067	\$ 400,615	\$ 398,834	\$ 397,705	\$ 401,031	\$ 402,713
ALL PROGRAMS:							
GENERAL FUND.....	\$ 20,231	\$ 56,223	\$ 58,717	\$ 63,067	\$ 66,995	\$ 68,434	\$ 69,340
SPECIAL FUNDS.....	0	77,738	93,280	95,458	84,156	85,413	86,689
FEDERAL FUNDS.....	105,391	106,418	120,720	128,211	134,956	136,086	136,086
OTHER FUNDS.....	114,822	125,688	127,898	112,098	111,598	111,098	110,598
DEPARTMENT TOTAL.....	\$ 240,444	\$ 366,067	\$ 400,615	\$ 398,834	\$ 397,705	\$ 401,031	\$ 402,713

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 1,700 insurance companies; authorizes the admission of new insurers to the State; tests and licenses insurance agents, brokers and bondsmen; reviews and approves about 15,000 rate and policy form filings each year; 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 300,000 consumer and customer 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. An automated solvency surveillance system designed to permit earlier identification of potentially troubled insurers has been implemented, and 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 Insurance Department's four regional offices provide the public with insurance information, education and complaint resolution services. The department also conducts field investigations of insurance law violations and undertakes on-site market conduct examinations of insurance company 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 fund appropriation, and the Federal State Children's Health Insurance Program, under Title XXI of the Social Security Act, and is supplemented with payments by participating working families in accordance with a sliding fee scale. As of December 31, 2001, enrollment has increased to about 118,000 children.

Act 77 of 2001 established the Tobacco Settlement Fund and provided funding for programs that improve the health status of Pennsylvania citizens. In this program, funds are provided for the Adult Basic Coverage Insurance Program, which provides health care insurance for adults between 19 and 65 years of age whose household income is less than 200 percent of poverty. The department's responsibility includes contracting with insurers for a benefit package and providing for outreach activities. Enrolled adults will contribute monthly to the cost of the coverage. Development of the program is underway, and it is estimated the first enrollments in the program will occur in 2002.

The Catastrophic Loss Benefits Continuation Fund, funded through certain motor vehicle violation surcharge fees, provides benefits to Pennsylvanians who were catastrophically injured in motor vehicle accidents prior to January 1, 1990, and incurred medical expenses in excess of \$100,000 up to a lifetime aggregate of \$1 million.

Program: Insurance Industry Regulation (continued)

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. Act 13 of 1998 added new programs within the fund to take

non-compliant tanks out of existence and clean up those sites. The new 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.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Consumer savings from departmental intervention in insurance claim disputes (in thousands)	\$5,587	\$5,700	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Interventions on behalf of consumers*	139,000	142,000	143,000	144,000	145,000	146,000	147,000
Companies in liquidation	14	11	7	5	5	5	5
Rate filings reviewed	6,421	6,250	6,250	6,250	6,250	6,250	6,250
Administrative hearings held	131	140	140	140	140	140	140
Policy /form filings reviewed	8,556	9,500	9,500	9,500	9,500	9,500	9,500
Enforcement investigations completed	384	350	350	350	350	350	350
Insurer market conduct examinations completed	33	100	100	100	100	100	100
Producer licensing filings	288,000	291,000	323,000	353,000	383,000	413,000	443,000
Company financial and corporate filings reviewed	2,857	2,915	2,960	2,960	2,960	2,960	2,960
Children's Health Insurance Program enrollment	110,890	125,312	133,041	141,246	146,516	147,132	147,785

Consumer savings from departmental intervention decrease from the projection shown in last year's budget because fewer recoveries by the agency were required.

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.

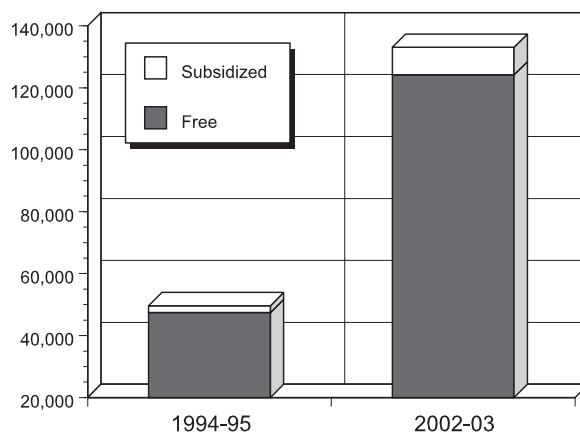
Administrative hearings held increased from the projection shown in last year's budget due to an increase in automobile policy termination appeals.

Insurer market conduct examinations completed decrease in 2000-01 from the projection shown in last year's budget because the department undertook examinations of large health maintenance organizations which required significant examiner resources. The diversity in the size and complexity of reviews will continue to effect examinations completed in any given year.

Producer licensing filings increase from the projection shown in last year's budget to reflect expected filings for viatical policies.

*New measure to reflect the agency's efforts on behalf of consumers.

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. The program has expanded from 49,659 in 1994-95 to an estimated 133,041 children to be enrolled in 2002-03.

Program: Insurance Industry Regulation (continued)

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	General Government Operations		TOBACCO SETTLEMENT FUND
\$	990 —to continue current program.		Adult Health Insurance
	290 —maintenance and support for technical applications.	\$ 15,542	—for a subsidized health insurance program for adults with a household income less than 200% of Federal poverty guidelines.
	31 —database operations.		
\$	1,311 <i>Appropriation Increase</i>		
\$	Children’s Health Insurance Administration		
	55 —to continue current program.		
\$	Children’s Health Insurance		
	–568 —to continue current program; costs offset by a portion of cigarette taxes provided through a restricted revenue account.		
\$	Adult Health Insurance Administration		
	822 —development of eligibility, enrollment and quality assurance systems.		
	874 —to continue current program.		
\$	1,696 <i>Appropriation Increase</i>		

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 18,576	\$ 19,382	\$ 20,693	\$ 20,693	\$ 20,693	\$ 20,693	\$ 20,693
Children’s Health Insurance Administration	1,502	2,340	2,395	2,395	2,395	2,395	2,395
Children’s Health Insurance	0	33,650	33,082	37,432	41,360	42,799	43,705
Adult Health Insurance Administration	153	851	2,547	2,547	2,547	2,547	2,547
TOTAL GENERAL FUND	\$ 20,231	56,223	\$ 58,717	\$ 63,067	\$ 66,995	\$ 68,434	\$ 69,340
TOBACCO SETTLEMENT FUND:							
Adult Health Insurance Program	\$ 0	\$ 77,738	\$ 93,280	\$ 95,458	\$ 84,156	\$ 85,413	\$ 86,689



DEPARTMENT OF LABOR AND INDUSTRY

The mission of the Department of Labor and Industry is to foster and maintain economic growth and economic development in Pennsylvania.

The mission is accomplished through programs 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)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 21,760	\$ 19,620	\$ 19,620
(F)National Occupational Information Coordinating Committee.....	32	0	0
(F)Workforce Investment Act - Administration.....	6,757	8,500	8,500
(F)Career Resources Network (EA).....	133	190	133
(F)Community Service and Corps.....	8,705	9,964	9,964
(F)Disability Determination.....	65,845	71,888	73,282
(F)New Hires.....	1,520	1,736	1,739
(A)Federal Indirect Cost Reimbursements.....	1,323	1,000	1,000
Subtotal.....	\$ 106,075	\$ 112,898	\$ 114,238
Occupational and Industrial Safety.....	11,488	11,688	11,688
(F)Asbestos Certification.....	75	79	0
(F)Building Code (EA).....	91	200	120
(A)Federal Indirect Cost Reimbursements.....	1,462	1,000	1,000
Internet Claims Processing.....	500	500	0
PENNSAFE.....	1,378	1,417	1,389
(F)Pipeline Safety (EA).....	65	72	0
(F)Underground Utility Line Protection.....	0	300	300
(A)PENNSAFE.....	3	0	0
(R)Asbestos and Lead Certification (EA).....	1,429	1,636	1,636
Pennsylvania Conservation Corps.....	6,117	6,288	6,162
Employer Information Resources.....	0	887	1,205
Pathways.....	0	0	100
Subtotal - State Funds.....	\$ 41,243	\$ 40,400	\$ 40,164
Subtotal - Federal Funds.....	83,223	92,929	94,038
Subtotal - Augmentations.....	2,788	2,000	2,000
Subtotal - Restricted Revenues.....	1,429	1,636	1,636
Total - General Government.....	\$ 128,683	\$ 136,965	\$ 137,838
Grants and Subsidies:			
Occupational Disease Payments.....	\$ 3,473	\$ 3,210	\$ 2,292
Vocational Rehabilitation Services.....	2,060	4,000	4,000
Entrepreneurial Assistance.....	1,030	1,061	1,061
Transfer to Vocational Rehabilitation Fund.....	35,148	36,202	37,083
Supported Employment.....	1,050	1,155	1,155
Centers for Independent Living.....	1,218	1,600	1,600
Workers' Compensation Payments.....	330	300	210
Training Activities.....	2,445	2,500	2,500
Assistive Technology.....	809	890	890
Self Employment Assistance.....	883 a	2,500	2,500
Employment Services.....	18,058 b	16,914	9,754
(F)Joint Jobs Initiative (EA).....	104,483	158,744	158,744
(F)Reed Act - Unemployment Insurance.....	5,434	11,000	15,000
(F)WIA - Adult Employment and Training.....	45,286	60,000	60,000
(F)WIA - Youth Employment and Training.....	51,969	52,000	52,000
(F)WIA - Statewide Activities.....	11,154	23,000	23,000
(F)WIA - Dislocated Workers.....	58,676	94,000	94,000
(F)Profile Reemployment Employment Security.....	2,448	0	0
(F)TANFBG - Summer Youth (EA).....	4,347	0	0
(F)TANFBG - Youth Employment and Training.....	0	15,000	15,000
(A)Joint Jobs Initiative.....	40,955	43,000	43,000
Subtotal.....	\$ 342,810	\$ 473,658	\$ 470,498
Beacon Lodge Camp.....	124	128	122

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
Subtotal - State Funds.....	\$ 66,628	\$ 70,460	\$ 63,167
Subtotal - Federal Funds.....	283,797	413,744	417,744
Subtotal - Augmentations.....	40,955	43,000	43,000
Total - Grants and Subsidies.....	<u>\$ 391,380</u>	<u>\$ 527,204</u>	<u>\$ 523,911</u>
STATE FUNDS.....	\$ 107,871	\$ 110,860	\$ 103,331
FEDERAL FUNDS.....	367,020	506,673	511,782
AUGMENTATIONS.....	43,743	45,000	45,000
RESTRICTED REVENUES.....	1,429	1,636	1,636
GENERAL FUND TOTAL.....	<u>\$ 520,063</u>	<u>\$ 664,169</u>	<u>\$ 661,749</u>
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
Vending Machine Proceeds - Surface Transportation.....	\$ 1,121	\$ 1,350	\$ 1,255
ADMINISTRATION FUND:			
Administration of Unemployment.....	\$ 192,106	\$ 199,600	\$ 199,100
EMPLOYMENT FUND FOR THE BLIND:			
General Operations.....	\$ 409	\$ 600	\$ 600
HAZARDOUS MATERIAL RESPONSE FUND:			
Hazardous Material Response Administration.....	\$ 110	\$ 130	\$ 138
REHABILITATION CENTER FUND:			
Operation of Rehabilitation Center.....	\$ 16,464	\$ 18,620	\$ 19,000
VOCATIONAL REHABILITATION FUND:			
General Operations (EA).....	\$ 123,238 ^c	\$ 124,846 ^c	\$ 131,969 ^c
WORKMEN'S COMPENSATION ADMINISTRATION FUND:			
Administration of Workers' Compensation.....	\$ 46,080	\$ 55,435	\$ 55,435
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 107,871	\$ 110,860	\$ 103,331
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	367,020	506,673	511,782
AUGMENTATIONS.....	43,743	45,000	45,000
RESTRICTED.....	1,429	1,636	1,636
OTHER FUNDS.....	379,528	400,581	407,497
TOTAL ALL FUNDS.....	<u>\$ 899,591</u>	<u>\$ 1,064,750</u>	<u>\$ 1,069,246</u>

^a Actually appropriated as part of the \$21,760,000 in General Government Operations in 2000-01.

^b 2000-01 Actual includes \$5,643,000 actually appropriated as part of Community Colleges in the Department of Education.

^c Transfer to Vocational Rehabilitation Fund and Supported Employment not added to the total to avoid double counting: 2000-01 Actual is \$36,198,000, 2001-02 Available is \$37,357,000, and 2002-03 Budget is \$38,238,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
COMMUNITY AND OCCUPATIONAL SAFETY AND STABILITY							
GENERAL FUND.....	\$ 34,626	\$ 32,725	\$ 32,697	\$ 32,697	\$ 32,697	\$ 32,697	\$ 32,697
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	263	651	420	420	420	420	420
OTHER FUNDS.....	4,327	3,766	3,774	3,774	3,774	3,774	3,774
SUBCATEGORY TOTAL.....	\$ 39,216	\$ 37,142	\$ 36,891	\$ 36,891	\$ 36,891	\$ 36,891	\$ 36,891
WORKERS COMPENSATION AND ASSISTANCE							
GENERAL FUND.....	\$ 3,803	\$ 3,510	\$ 2,502	\$ 2,502	\$ 2,502	\$ 2,502	\$ 2,502
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	67,365	73,624	75,021	75,021	75,021	75,021	75,021
OTHER FUNDS.....	238,186	255,035	254,535	254,535	254,535	254,535	254,535
SUBCATEGORY TOTAL.....	\$ 309,354	\$ 332,169	\$ 332,058	\$ 332,058	\$ 332,058	\$ 332,058	\$ 332,058
WORKFORCE INVESTMENT							
GENERAL FUND.....	\$ 28,003	\$ 29,589	\$ 22,221	\$ 22,054	\$ 21,139	\$ 21,168	\$ 20,916
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	299,392	432,398	436,341	436,341	436,341	436,341	436,341
OTHER FUNDS.....	40,955	43,000	43,000	43,000	43,000	43,000	43,000
SUBCATEGORY TOTAL.....	\$ 368,350	\$ 504,987	\$ 501,562	\$ 501,395	\$ 500,480	\$ 500,509	\$ 500,257
VOCATIONAL REHABILITATION							
GENERAL FUND.....	\$ 41,439	\$ 45,036	\$ 45,911	\$ 45,911	\$ 45,911	\$ 45,911	\$ 45,911
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	141,232	145,416	152,824	152,824	152,824	152,824	152,824
SUBCATEGORY TOTAL.....	\$ 182,671	\$ 190,452	\$ 198,735	\$ 198,735	\$ 198,735	\$ 198,735	\$ 198,735
ALL PROGRAMS:							
GENERAL FUND.....	\$ 107,871	\$ 110,860	\$ 103,331	\$ 103,164	\$ 102,249	\$ 102,278	\$ 102,026
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	367,020	506,673	511,782	511,782	511,782	511,782	511,782
OTHER FUNDS.....	424,700	447,217	454,133	454,133	454,133	454,133	454,133
DEPARTMENT TOTAL.....	\$ 899,591	\$ 1,064,750	\$ 1,069,246	\$ 1,069,079	\$ 1,068,164	\$ 1,068,193	\$ 1,067,941

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 2001-02. 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.

Labor and Industry

Program: Community and Occupational Safety and Stability (continued)

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Minimum wage violations cited	184	200	200	200	200	200	200
Child labor law violations	62	75	75	75	75	75	75
Nonpayment of wage violations	3,146	3,200	3,200	3,200	3,200	3,200	3,200
Mediated cases involving work stoppages:							
Public bargaining units	2.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Private bargaining units	4.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Unfair labor practice cases concluded	940	515	515	515	515	515	515
Union representation cases concluded	203	210	210	210	210	210	210
Total inspections performed	135,590	130,000	130,000	130,000	130,000	130,000	130,000
Prevailing Wage Law violations	220	300	300	300	300	300	300
Building approvals issued	13,278	13,500	13,500	13,500	13,500	13,500	13,500
New buildings certified	7,755	7,750	7,750	7,750	7,750	7,750	7,750
Renovations of existing buildings certified ...	5,706	6,750	6,750	6,750	6,750	6,750	6,750

Minimum wage violations cited and child labor law violations decreased from those shown in last year's budget because of a decline in complaints from the private sector.

Nonpayment of wage violations increased from the estimate in last year's budget due to changing economic conditions.

Mediated cases involving work stoppages (private bargaining units) were less in 2000-01 than projected in last year's budget due to a greater increase in contract length than anticipated.

Unfair labor practice cases concluded increased from the projection in last year's budget due to a special effort to close dormant and inactive cases.

Prevailing wage law violations increased from those shown in last year's budget due to an increase in complaints and investigations.

Renovations of existing buildings certified decreased in 2000-01 compared to the projections shown in last year's budget based on actual activity.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND
PENNSAFE
 \$ -28 —nonrecurring training and travel expenses.

General Government Operations and Occupational and Industrial Safety are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 21,760	\$ 19,620	\$ 19,620	\$ 19,620	\$ 19,620	\$ 19,620	\$ 19,620
Occupational and Industrial Safety	11,488	11,688	11,688	11,688	11,688	11,688	11,688
PENNSAFE	1,378	1,417	1,389	1,389	1,389	1,389	1,389
TOTAL GENERAL FUND	\$ 34,626	\$ 32,725	\$ 32,697	\$ 32,697	\$ 32,697	\$ 32,697	\$ 32,697

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 employes 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 employes 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 2001 was \$430.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Claimants qualifying for occupational disease payments out of Commonwealth funds	1,478	1,290	1,180	1,140	1,030	1,000	950
Reportable injuries*	81,813	82,000	82,000	82,000	82,000	82,000	82,000
Total petitions assigned	52,464	54,000	55,000	55,000	55,000	55,000	55,000
Judges' decisions	53,882	54,000	55,000	55,000	55,000	55,000	55,000
Average time in days—cases filed/ concluded	285	275	270	270	270	270	270
New claims for unemployment compensation	621,876	701,000	695,000	645,000	645,000	645,000	645,000

Average time in days - cases filed / concluded increased in 2000-01 from the projection shown in last year's budget based on actual data.

New claims for unemployment compensation increase from the projections shown in last year's budget due to higher unemployment rates.

* New program measure.

Program: Workers' Compensation and Assistance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ -918 **Occupational Disease Payments**
—nonrecurring payments.

\$ -90 **Workers Compensation Payments**
—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 to continue the Workers' Compensation Program through the Workmen's Compensation Administration Fund at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Occupational Disease Payments	\$ 3,473	\$ 3,210	\$ 2,292	\$ 2,292	\$ 2,292	\$ 2,292	\$ 2,292
Workers' Compensation Payments	330	300	210	210	210	210	210
TOTAL GENERAL FUND	\$ 3,803	\$ 3,510	\$ 2,502	\$ 2,502	\$ 2,502	\$ 2,502	\$ 2,502

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.

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.

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.

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
- 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.

Job Centers are evolving 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.

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.

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.

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.

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).

The department provides funds to assist dislocated workers through training programs, rapid response efforts, support services, and needs-based payments. Act 97 of 1997 created the Self-Employment Assistance Program that will provide entrepreneurial training, counseling, and technical assistance to about 1,375 dislocated workers in 2001-02.

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.

Labor and Industry

Program: Workforce Investment (continued)

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Individuals Obtaining Employment with Job Service Assistance	94,826	99,567	101,559	103,590	105,562	107,775	109,931
Workforce Investment Act:							
Adult Entered Employment Rate	70%	71%	72%	72%	72%	72%	72%
Adult Retention Rate	79%	79%	80%	80%	80%	80%	80%
Adult Average Wage Gain after Six Months .	\$3,250	\$3,320	\$3,390	\$3,390	\$3,390	\$3,390	\$3,390
Dislocated Worker Entered Employment							
Rate	80%	80%	81%	81%	81%	81%	81%
Dislocated Worker Retention Rate	89%	89%	90%	90%	90%	90%	90%
Youth (19-21) Entered Employment Rate	63%	63%	64%	64%	64%	64%	64%
Youth (19-21) Retention Rate	75%	76%	77%	77%	77%	77%	77%
Youth (19-21) Average Wage Gain after Six Months	\$2,510	\$2,510	\$2,560	\$2,560	\$2,560	\$2,560	\$2,560

Individuals placed through Job Service has been replaced with the new measure Individuals Obtaining Employment with Job Service Assistance to more accurately reflect program activity.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Internet Claims Processing \$ -500 —nonrecurring project.</p> <p>Pennsylvania Conservation Corps \$ -126 —nonrecurring projects.</p> <p>Employer Information Resources \$ 318 —to develop a centralized database of employer information for use by all agency program areas.</p>	<p>Pathways \$ 100 —Initiative — Case Management System Development. To provide resources for a case management system that will coordinate information sharing and manage the workflow of cases for persons with work injuries or disabilities.</p> <p>Employment Services \$ -7,160 —nonrecurring projects.</p>
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Training Activities and Self Employment Assistance are recommended at the current year funding levels.

In addition, \$479,341,000 in Federal and other funds are budgeted for this program in 2002-03.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
GENERAL FUND:							
Internet Claims Processing	\$ 500	\$ 500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Pennsylvania Conservation Corps	6,117	6,288	6,162	6,162	6,162	6,162	6,162
Employer Information Resources	0	887	1,205	1,138	223	252	0
Pathways	0	0	100	0	0	0	0
Training Activities	2,445	2,500	2,500	2,500	2,500	2,500	2,500
Self Employment Assistance	883	2,500	2,500	2,500	2,500	2,500	2,500
Employment Services	18,058	16,914	9,754	9,754	9,754	9,754	9,754
TOTAL GENERAL FUND	\$ 28,003	\$ 29,589	\$ 22,221	\$ 22,054	\$ 21,139	\$ 21,168	\$ 20,916

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 620,000 citizens of the Commonwealth who have physical or mental impairments that present a substantial impediment to employment. During 2000, approximately 78,000 customers with disabilities were referred to 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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Caseload:							
Carry-over	52,085	52,115	52,065	51,989	51,766	51,391	50,861
New referrals	25,537	25,795	26,055	26,211	26,369	26,527	26,686
Total caseload	77,622	77,910	78,120	78,200	78,135	77,918	77,547
Cases closed:							
Ineligible or plan not initiated	7,720	8,107	8,188	8,270	8,353	8,436	8,521
Placed in private employment	10,675	10,875	11,093	11,314	11,541	11,771	12,007
Placed in noncompetitive employment such as sheltered workshops	389	358	350	350	350	350	350
Nonrehabilitated	6,723	6,505	6,500	6,500	6,500	6,500	6,500
Total cases closed	25,507	25,845	26,131	26,434	26,744	27,057	27,378
Cases Carried Over	52,115	52,065	51,989	51,766	51,391	50,861	50,169
Most Severely Disabled Rehabilitated	11,064	11,233	11,443	11,664	11,891	12,121	12,357
Services for the Visually Impaired:							
Persons who are blind or visually impaired: Persons who are blind or visually impaired placed in employment	13,447	14,795	16,422	18,228	20,235	22,480	24,975
	514	524	535	545	556	567	587

Cases placed in noncompetitive employment such as sheltered workshops increases from the projections shown in last year's budget due to an improved placement system.

Labor and Industry

Program: Vocational Rehabilitation (continued)

Program Measures: (continued)	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Economic/client earnings information:							
Average weekly earnings for clients closed as competitively employed	\$311	\$316	\$322	\$328	\$335	\$342	\$348
Total weekly earnings for clients closed as competitively employed (in thousands)	\$3,311	\$3,351	\$3,391	\$3,431	\$3,472	\$3,514	\$3,557
Average taxes paid by a competitively employed client	\$4,205	\$4,289	\$4,370	\$4,460	\$4,550	\$4,640	\$4,745
Total taxes paid by competitively employed clients (in thousands)	\$44,888	\$46,459	\$48,805	\$49,760	\$51,500	\$53,300	\$55,170

Total weekly earnings for clients closed as competitively employed increases from projections shown in last year's budget due to greater than expected increases in competitive employment placements and average earnings per case.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 881	Transfer to Vocational Rehabilitation Fund —to continue current program.	\$ -6	Beacon Lodge Camp —recommended funding level.
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All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
GENERAL FUND:							
Vocational Rehabilitation Services	\$ 2,060	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Entrepreneurial Assistance	1,030	1,061	1,061	1,061	1,061	1,061	1,061
Transfer to Vocational Rehabilitation Fund ..	35,148	36,202	37,083	37,083	37,083	37,083	37,083
Supported Employment	1,050	1,155	1,155	1,155	1,155	1,155	1,155
Centers for Independent Living	1,218	1,600	1,600	1,600	1,600	1,600	1,600
Assistive Technology	809	890	890	890	890	890	890
Beacon Lodge Camp	124	128	122	122	122	122	122
TOTAL GENERAL FUND	\$ 41,439	\$ 45,036	\$ 45,911	\$ 45,911	\$ 45,911	\$ 45,911	\$ 45,911



LIQUOR CONTROL BOARD

The mission of the Liquor Control Board is to regulate the beverage alcohol industry in a fair and consistent manner; provide the best service to our 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.

The board consists of three members appointed by the Governor and confirmed by the Senate.

The dollar amounts shown are mainly from the State Stores Fund, a special enterprise fund, and are reflected herein as "Other Funds."

Liquor Control Board

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
(F)State College Alcohol Coalition - Department of Education.....	\$ 127	\$ 86	\$ 0
(F)Community Underage Drinking Project - NHTSA (EA).....	10	0	0
(F)Combat Underage Drinking Grant (EA).....	20	20	0
(F)Combat Underage Drinking College/Community Grants (EA).....	75	33	0
(F)Pennsylvanians Against Underage Drinking Grant (EA).....	570	400	195
Subtotal - Federal Funds.....	802	539	195
Total - General Government.....	<u>\$ 802</u>	<u>\$ 539</u>	<u>\$ 195</u>
GENERAL FUND TOTAL.....	<u>\$ 802</u>	<u>\$ 539</u>	<u>\$ 195</u>
<u>OTHER FUNDS:</u>			
STATE STORES FUND:			
General Operations (EA).....	\$ 239,715	\$ 252,367	\$ 253,255
Malt Beverage Surcharge.....	96	0	0
Underage Drinking Coalition Grant.....	199	207	197
Sale of Vehicles and Other Equipment.....	157	0	0
Comptroller Operations (EA).....	7,604	7,764	7,764
Transfer of Profits to General Fund (EA).....	50,000	120,000	155,000
STATE STORES FUND TOTAL.....	<u>\$ 297,771</u>	<u>\$ 380,338</u>	<u>\$ 416,216</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	802	539	195
OTHER FUNDS.....	297,771	380,338	416,216
TOTAL ALL FUNDS.....	<u>\$ 298,573</u>	<u>\$ 380,877</u>	<u>\$ 416,411</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
LIQUOR CONTROL							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	802	539	195	0	0	0	0
OTHER FUNDS.....	297,771	380,338	416,216	322,621	334,540	346,995	360,010
SUBCATEGORY TOTAL.....	\$ 298,573	\$ 380,877	\$ 416,411	\$ 322,621	\$ 334,540	\$ 346,995	\$ 360,010
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	802	539	195	0	0	0	0
OTHER FUNDS.....	297,771	380,338	416,216	322,621	334,540	346,995	360,010
DEPARTMENT TOTAL.....	\$ 298,573	\$ 380,877	\$ 416,411	\$ 322,621	\$ 334,540	\$ 346,995	\$ 360,010

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 638 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 sell by the drink. In addition, the board licenses those private establishments that make retail sales of alcoholic beverages by the drink. While malt and brewed beverages are not sold in State Liquor Stores, the Liquor Control Board regulates these sales by licensing the distributors who do sell these items. In all, some 86,000 licensing transactions of all types are processed each year.

Act 14 of 1987 reauthorized the Liquor Control Board and made changes to its responsibilities. Most notably, enforcement of liquor laws was transferred to the Pennsylvania State Police. In addition, an Office of Administrative Law Judge, a Bureau of Wine and a Bureau of Consumer Relations were created within the Liquor Control Board.

To ensure the safety and security of all Pennsylvanians the Liquor Control Board has, since 1990, operated a Nuisance Bar Program. 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 the licensee has abused its licensing 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. As of September 2001, the board has objected to the renewal of over 700 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 mission is threefold and consists of: 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 alcoholic beverage service and practices among licensees and persons that serve alcoholic beverages in Pennsylvania. The components of this mission are being accomplished by:

- Developing and disseminating a wide variety of free alcohol education materials (over 2.4 million pieces last year);
- Conducting several programs for youth, adults and beverage alcohol licensees;
- Bringing together and working with coalitions and partnerships with similar goals;
- Attending and participating in many local and Statewide events to promote appropriate messages;
- Utilizing the Pennsylvania Liquor Control Board's resources to increase public awareness of this mission and;
- Developing and maintaining a web site to deliver information and interact with the public.

In an initiative started in the 2001-02 fiscal year, the Liquor Control Board will be expanding its presence on the internet in the areas of alcohol abuse education, retail commerce and licensee commerce.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Pennsylvania State Liquor Stores	636	638	640	642	644	646	648
Gross Sales (includes taxes) (in thousands)	\$1,140,204	\$1,195,906	\$1,225,804	\$1,256,449	\$1,287,860	\$1,320,057	\$1,353,058
Alcohol Education Presentations	950	1,000	1,020	1,050	1,075	1,100	1,120

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>General Operations</p> <p>\$ 888 — to continue current program.</p>	<p>Transfer of Profits to General Fund</p> <p>\$ 35,000 — increase in amount available for transfer to General Fund.</p>
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Comptroller Operations is recommended at the current year level.



DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

The Department of Military and Veterans Affairs has a two-fold mission. The Federal mission is to provide organized, combat-ready units, both Army and Air National Guard, for call to Federal duty in the event of national emergency and to State duty in time of disaster or civil disorder. The Bureau of Veterans Affairs mission is to provide world-class service to Pennsylvania veterans, their spouses, and their dependents by operating a network of veterans assistance programs, veterans homes, and Scotland School for Veterans' Children.

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 at Erie, the Veterans Home at Hollidaysburg, the Southeastern Veterans Home at Spring City, the Northeastern Veterans Home at Scranton, the Southwestern Veterans Home at Pittsburgh, the Delaware Valley Veterans Home in Philadelphia and the Scotland School for Veterans' Children near Chambersburg.

Military and Veterans Affairs

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations	\$ 16,264	\$ 19,393^a	\$ 18,731
(F)Facilities Maintenance.....	12,812	13,900	32,392
(F)Employee Support.....	2,792	4,624 ^b	0
(F)Telecommunications Expansion.....	1,489	1,500 ^c	0
(F)Federal Construction Grants(EA).....	25,700	25,700	25,700
(F)Fort Indiantown Gap Base Realignment.....	7,348	9,384	0
(F)DCSI - Drug Enforcement Training (EA).....	0	579	0
(A)Rental of Armories and Other Facilities.....	122	122	122
(A)Lt. Governor's Residence.....	15	14	14
(A)Housing Fees.....	76	67	73
(A)Utility Reimbursements.....	203	315	310
(A)Recreational Reimbursements.....	77	87	85
(A)Purchasing Card Rebates.....	1	10	3
Burial Detail Honor Guard	40	40	39
American Battle Monuments	20	6	6
Veterans' Memorial	2,000	500	0
Armory Maintenance and Repair	1,250	1,485	1,530
Drug Interdiction	2	62	61
Special State Duty	100	100	100
Subtotal.....	\$ 70,311	\$ 77,888	\$ 79,166
Subtotal - State Funds.....	\$ 19,676	\$ 21,586	\$ 20,467
Subtotal - Federal Funds.....	50,141	55,687	58,092
Subtotal - Augmentations.....	494	615	607
Total - General Government.....	\$ 70,311	\$ 77,888	\$ 79,166
Institutional:			
Erie Soldiers and Sailors Home	\$ 5,727	\$ 6,467	\$ 6,557
(F)Operations and Maintenance.....	2,068	1,990	2,301
(F)Medical Reimbursement.....	55	55	75
(A)Aid and Attendance Payments.....	382	402	404
(A)Residents Fees.....	1,860	1,840	1,905
(A)Federal Veterans Centers.....	7	0	0
(A)Purchasing Card Rebates.....	2	0	0
(A)Miscellaneous Reimbursements.....	6	0	0
Subtotal.....	\$ 10,107	\$ 10,754	\$ 11,242
Hollidaysburg Veterans Home	19,408	20,362	22,142
(F)Operations and Maintenance.....	6,969	7,457 ^d	7,145
(F)Medical Reimbursement.....	156	160	250
(A)Aid and Attendance Payments.....	2,052	2,150	2,201
(A)Residents Fees.....	5,018	4,885	5,251
(A)Rental Receipts.....	0	12	20
(A)Institutional Reimbursements.....	458	0	0
(A)Purchasing Card Rebates.....	4	0	0
Subtotal.....	\$ 34,065	\$ 35,026	\$ 37,009
Southeastern Veterans Home	11,755	11,937	12,701
(F)Operations and Maintenance.....	4,147	4,253	4,386
(F)Medical Reimbursements.....	70	70	100
(A)Aid and Attendance Payments.....	1,042	1,164	1,136
(A)Residents Fees.....	2,194	2,235	2,280
(A)Purchasing Card Rebates.....	3	0	0
Subtotal.....	\$ 19,211	\$ 19,659	\$ 20,603
Northeastern Veterans Home	7,195	7,609	8,438
(F)Operations and Maintenance.....	3,407	3,563	3,648

Military and Veterans Affairs

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
(F)Medical Reimbursement.....	81	83	67
(A)Aid and Attendance Payments.....	1,031	972	1,034
(A)Residents Fees.....	1,866	1,928	1,954
(A)Purchasing Card Rebates.....	2	0	0
Subtotal.....	\$ 13,582	\$ 14,155	\$ 15,141
Southwestern Veterans Home.....	7,058	7,970	8,437
(F)Operations and Maintenance.....	3,630	3,887	4,133
(F)Medical Reimbursement.....	20	25	30
(A)Aid and Attendance Payments.....	1,336	1,114	1,264
(A)Residents Fees.....	2,127	2,144	2,200
(A)Purchasing Card Rebates.....	3	0	0
(A)Miscellaneous Reimbursements.....	1	0	0
Subtotal.....	\$ 14,175	\$ 15,140	\$ 16,064
Delaware Valley Veterans Home.....	0	6,188	8,529
(F)Operations and Maintenance.....	0	115	1,114
(F)Medical Reimbursements.....	0	5	10
(A)Aid and Attendance Payments.....	0	32	357
(A)Residents Fees.....	0	48	534
Subtotal.....	\$ 0	\$ 6,388	\$ 10,544
Scotland School for Veterans' Children.....	7,298	7,542	8,281
(F)ESEA Education Program.....	200	170	180
(F)School Milk Program.....	285	295	265
(F)Drug Free Schools and Communities - Scotland(EA).....	2	2	1
(F)Technology Literacy Challenge(EA).....	0	80	0
(F)Comprehensive School Reform Demonstration(EA).....	80	0	0
(F)Education Enhancement (EA).....	20	0	18
(A)Institutional Reimbursements.....	106	108	118
(A)Tuition Recovery.....	1,999	1,904	1,950
(A)Performance Incentive Award.....	14	0	0
(A)Link to Learn.....	19	30	22
(A)Purchasing Card Rebates.....	2	0	0
Subtotal.....	\$ 10,025	\$ 10,131	\$ 10,835
Subtotal - State Funds.....	\$ 58,441	\$ 68,075	\$ 75,085
Subtotal - Federal Funds.....	21,190	22,210	23,723
Subtotal - Augmentations.....	21,534	20,968	22,630
Total - Institutional.....	\$ 101,165	\$ 111,253	\$ 121,438
Grants and Subsidies:			
Education of Veterans Children.....	\$ 157	\$ 190	\$ 190
Education - National Guard.....	5,482	8,100 ^e	10,527
Veterans Assistance.....	924	1,230	1,230
Blind Veterans Pension.....	228	235	235
Paralyzed Veterans Pension.....	415	415	460
National Guard Pension.....	1	5	5
PA Air National Guard.....	25	75	25
Civil Air Patrol.....	300	300	300
Disabled American Veterans Transportation.....	0	250	0
Subtotal.....	\$ 7,532	\$ 10,800	\$ 12,972
Total - Grants and Subsidies.....	\$ 7,532	\$ 10,800	\$ 12,972

Military and Veterans Affairs

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
STATE FUNDS.....	\$ 85,649	\$ 100,461	\$ 108,524
FEDERAL FUNDS.....	71,331	77,897	81,815
AUGMENTATIONS.....	22,028	21,583	23,237
GENERAL FUND TOTAL.....	\$ 179,008	\$ 199,941	\$ 213,576
 OTHER FUNDS:			
PENNSYLVANIA VETERANS MEMORIAL TRUST FUND:			
Veterans Memorial(EA).....	\$ 2,747	\$ 3,327	\$ 200
 STATE TREASURY ARMORY FUND:			
Armory Improvements.....	\$ 627	\$ 650	\$ 650
 DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 85,649	\$ 100,461	\$ 108,524
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	71,331	77,897	81,815
AUGMENTATIONS.....	22,028	21,583	23,237
OTHER FUNDS.....	3,374	3,977	850
TOTAL ALL FUNDS.....	\$ 182,382	\$ 203,918	\$ 214,426

^a Includes \$192,000 executively authorized from State Match for DCSI Subgrants appropriation in the Executive Offices.

^b Includes recommended supplemental appropriation of \$400,000.

^c Includes recommended supplemental appropriation of \$527,000.

^d Includes recommended supplemental appropriation of \$500,000.

^e Includes recommended supplemental appropriation of \$2,100,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
STATE MILITARY READINESS							
GENERAL FUND.....	\$ 19,676	\$ 21,586	\$ 20,467	\$ 19,297	\$ 19,297	\$ 19,297	\$ 19,297
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	50,141	55,687	58,092	58,092	58,092	58,092	58,092
OTHER FUNDS.....	3,868	4,592	1,457	1,407	1,357	1,307	1,257
SUBCATEGORY TOTAL.....	\$ 73,685	\$ 81,865	\$ 80,016	\$ 78,796	\$ 78,746	\$ 78,696	\$ 78,646
VETERANS HOMES AND SCHOOL							
GENERAL FUND.....	\$ 58,441	\$ 68,075	\$ 75,085	\$ 75,085	\$ 75,085	\$ 75,085	\$ 75,085
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	21,190	22,210	23,723	23,723	23,723	23,723	23,723
OTHER FUNDS.....	21,534	20,968	22,630	22,630	22,630	22,630	22,630
SUBCATEGORY TOTAL.....	\$ 101,165	\$ 111,253	\$ 121,438	\$ 121,438	\$ 121,438	\$ 121,438	\$ 121,438
COMPENSATION AND ASSISTANCE							
GENERAL FUND.....	\$ 7,532	\$ 10,800	\$ 12,972	\$ 12,972	\$ 12,972	\$ 12,972	\$ 12,972
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 7,532	\$ 10,800	\$ 12,972	\$ 12,972	\$ 12,972	\$ 12,972	\$ 12,972
ALL PROGRAMS:							
GENERAL FUND.....	\$ 85,649	\$ 100,461	\$ 108,524	\$ 107,354	\$ 107,354	\$ 107,354	\$ 107,354
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	71,331	77,897	81,815	81,815	81,815	81,815	81,815
OTHER FUNDS.....	25,402	25,560	24,087	24,037	23,987	23,937	23,887
DEPARTMENT TOTAL.....	\$ 182,382	\$ 203,918	\$ 214,426	\$ 213,206	\$ 213,156	\$ 213,106	\$ 213,056

Military and Veterans Affairs

PROGRAM OBJECTIVE: To achieve and maintain a readiness capability in units of the Pennsylvania National Guard for quick and effective response to State or Federal mobilization.

Program: State Military Readiness

This program provides the administrative, logistical and training support necessary for the Pennsylvania National Guard to maintain requisite readiness capability to serve during emergencies. Such emergencies may result in full or partial mobilization of the Pennsylvania National Guard for State service in the Commonwealth or Federal service anywhere in the world. Costs for military equipment, supplies and training, such as monthly training assemblies and 15 days annual training, are funded 100 percent by the Federal Government.

The readiness capability of Pennsylvania National Guard units is evaluated according to established Federal inspection and training standards. Primary efforts are directed toward having the Pennsylvania National Guard in top readiness condition in order to perform its State and Federal missions. The training of personnel is directly dependent upon the adequacy of the operation, maintenance and repair of

numerous National Guard armories, support facilities, Air National Guard bases and installations. A Statewide communications network is in operation providing a quicker and more effective response to State or Federal mobilization. During 2001-02, funds were provided for base stations and mobile/portable radio equipment for agency participation in the Statewide Public Safety Radio System. Funding is recommended for continuation of this public safety initiative in 2002-03.

Included within this program are those activities essential to operate a network of 97 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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Pennsylvania National Guard personnel	20,448	20,511	20,956	20,956	20,956	20,956	20,956
Percentage of authorized strength level ...	93%	93%	93%	93%	93%	93%	93%

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>General Government Operations</p> <p>\$ 1,170 —Initiative — Public Safety Radio Equipment. To provide resources for base stations and mobile and portable radio equipment for agency participation in the Statewide Public Safety Radio System.</p> <p>219 —to perform maintenance on armories. 407 —to continue current program. -650 —nonrecurring operational costs. -1,808 —nonrecurring radio purchases.</p> <hr/> <p>\$ -662 <i>Appropriation Decrease</i></p> <p>Burial Detail Honor Guard \$ -1 —nonrecurring program costs.</p>	<p>Veterans Memorial \$ -500 —nonrecurring contribution to the Pennsylvania Veterans Memorial Trust Fund.</p> <p>Armory Maintenance and Repair \$ 45 —for maintenance improvements at logistical facilities throughout the Commonwealth. In addition, \$135,000 in Federal funds is recommended to support this program.</p> <p>Drug Interdiction \$ -1 —nonrecurring program costs.</p>
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All other appropriations are recommended at the current year funding levels.

Military and Veterans Affairs

Program: State Military Readiness (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 16,264	\$ 19,393	\$ 18,731	\$ 17,561	\$ 17,561	\$ 17,561	\$ 17,561
Burial Detail Honor Guard	40	40	39	39	39	39	39
American Battle Monuments	20	6	6	6	6	6	6
Veterans' Memorial	2,000	500	0	0	0	0	0
Armory Maintenance and Repair	1,250	1,485	1,530	1,530	1,530	1,530	1,530
Drug Interdiction	2	62	61	61	61	61	61
Special State Duty	100	100	100	100	100	100	100
TOTAL GENERAL FUND	\$ 19,676	\$ 21,586	\$ 20,467	\$ 19,297	\$ 19,297	\$ 19,297	\$ 19,297

Military and Veterans Affairs

PROGRAM OBJECTIVE: To provide nursing and domiciliary care for veterans and a school to educate veterans' children.

Program: Veterans Homes and School

The Department of Military and Veterans Affairs provides skilled nursing and domiciliary care for veterans who are disabled, indigent or in need of care. There are five 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 Northeastern Veterans Center in Scranton and the Southwestern Veterans Center in Pittsburgh.

Northeast Philadelphia is the location of a sixth veterans home that is currently under construction. This facility, the Delaware Valley Veterans Home, will provide 100 skilled nursing beds, 30 beds for dementia care and 40 personal care beds. This state-of-the-art facility is expected to open during 2002.

The program receives assistance from the Federal Department of Veterans Affairs at levels of \$24.40 per patient day for domiciliary care and \$53.17 per patient day for nursing home care.

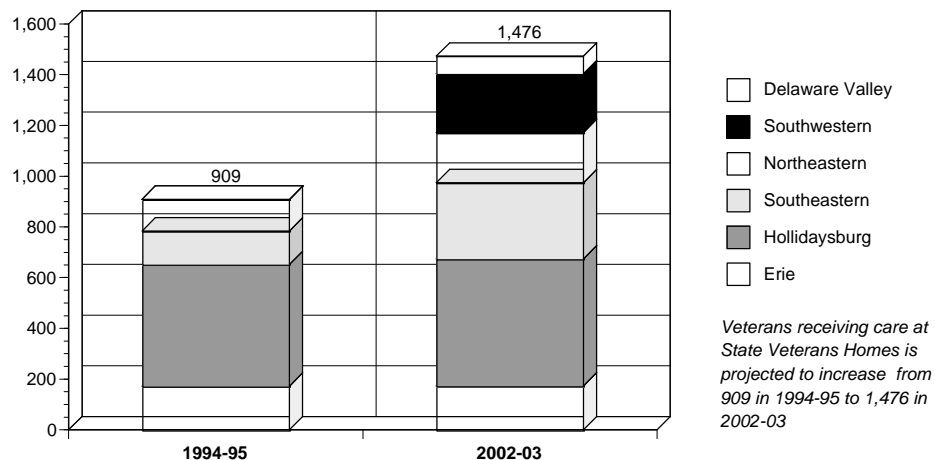
Residents of State veterans homes receive a daily allowance from the Federal Department of Veterans Affairs. Residents use these funds plus their own funds to help offset the cost of their care.

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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Veterans Homes:							
Capacity (December):							
Erie	175	175	175	175	175	175	175
Hollidaysburg	514	514	514	514	514	514	514
Southeastern	304	304	304	304	304	304	304
Northeastern	200	200	200	200	200	200	200
Southwestern	236	236	236	236	236	236	236
Delaware Valley	0	0	120	170	170	170	170
Population (December):							
Erie	164	161	174	174	174	174	174
Hollidaysburg	485	484	500	500	500	500	500
Southeastern	287	284	301	301	301	301	301
Northeastern	194	191	197	197	197	197	197
Southwestern	227	234	234	234	234	234	234
Delaware Valley	0	0	70	170	170	170	170
Scotland School:							
Capacity	370	370	370	370	370	370	370
Population	355	360	370	370	370	370	370

State Veterans Homes

Veterans Receiving Care



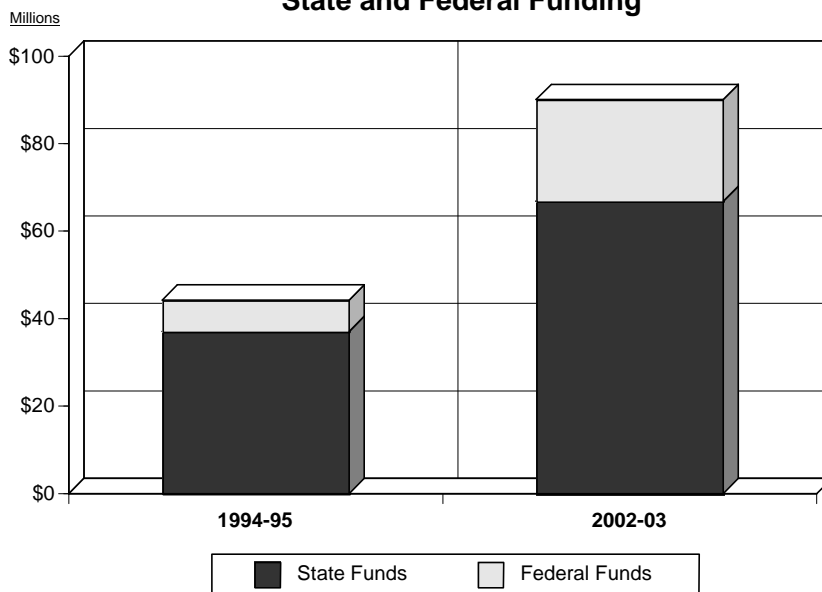
Military and Veterans Affairs

Program: Veterans Homes and School (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget		2000-01 Actual	2001-02 Available	2002-03 Budget
Erie Soldiers and Sailors Home				Northeastern Veterans Home			
State Funds.....	\$ 5,727	\$ 6,467	\$ 6,557	State Funds.....	\$ 7,195	\$ 7,609	\$ 8,438
Federal Funds.....	2,123	2,045	2,376	Federal Funds.....	3,488	3,646	3,715
Augmentations.....	2,257	2,242	2,309	Augmentations.....	2,899	2,900	2,988
TOTAL.....	\$ 10,107	\$ 10,754	\$ 11,242	TOTAL.....	\$ 13,582	\$ 14,155	\$ 15,141
Holidaysburg Veterans Home				Southwestern Veterans Home			
State Funds.....	\$ 19,408	\$ 20,362	\$ 22,142	State Funds.....	\$ 7,058	\$ 7,970	\$ 8,437
Federal Funds.....	7,125	7,617	7,395	Federal Funds.....	3,650	3,912	4,163
Augmentations.....	7,532	7,047	7,472	Augmentations.....	3,467	3,258	3,464
TOTAL.....	\$ 34,065	\$ 35,026	\$ 37,009	TOTAL.....	\$ 14,175	\$ 15,140	\$ 16,064
Southeastern Veterans Home				Delaware Valley Veterans Home			
State Funds.....	\$ 11,755	\$ 11,937	\$ 12,701	State Funds.....	\$ 0	\$ 6,188	\$ 8,529
Federal Funds.....	4,217	4,323	4,486	Federal Funds.....	0	120	1,124
Augmentations.....	3,239	3,399	3,416	Augmentations.....	0	80	891
TOTAL.....	\$ 19,211	\$ 19,659	\$ 20,603	TOTAL.....	\$ 0	\$ 6,388	\$ 10,544
Scotland School for Veterans Children				The Delaware Valley Veterans Home is scheduled to open during 2002.			
State Funds.....	\$ 7,298	\$ 7,542	\$ 8,281				
Federal Funds.....	587	547	464				
Augmentations.....	2,140	2,042	2,090				
TOTAL.....	\$ 10,025	\$ 10,131	\$ 10,835				

Veterans Homes State and Federal Funding



During 2002-03, an estimated \$90.1 million in State and Federal funds will be spent to support the operation of the six State veterans homes.

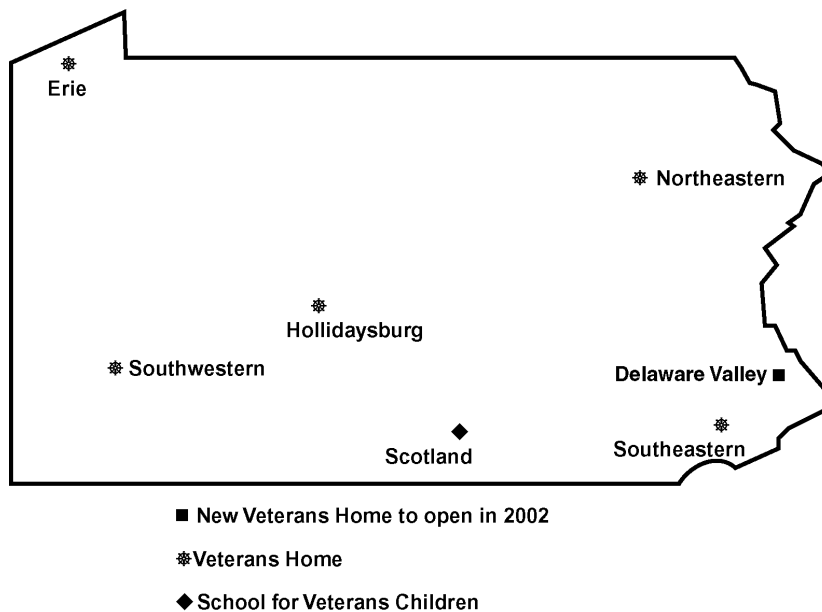
Military and Veterans Affairs

Program: Veterans Homes and School (continued)

Population and Capacity				
Institution	Population Dec 2001	Projected Population Dec 2002	Projected Capacity Dec 2002	Projected Percent of Capacity
Erie Soldiers and Sailors Home.....	161	174	175	99%
Hollidaysburg Veterans Home.....	484	500	514	97%
Southeastern Veterans Home.....	284	301	304	99%
Northeastern Veterans Home.....	191	197	200	99%
Southwestern Veterans Home.....	234	234	236	99%
Delaware Valley Veterans Home.....	....	70	120	58%
Scotland School for Veterans Children.....	360	370	370	100%
Total.....	1,714	1,846	1,919	96%

The Delaware Valley Veterans Home is scheduled to open during 2002.

Veterans Homes and School



Military and Veterans Affairs

Program: Veterans Homes and School (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Erie Soldiers and Sailors Home
 \$ 219 —to continue current program.
 35 —for patient care equipment.
 -164 —nonrecurring 2001-02 items.
\$ 90 *Appropriation Increase*

Hollidaysburg Veterans Home
 \$ 2,187 —to continue current program.
 175 —for patient care equipment.
 -582 —nonrecurring 2001-02 items.
\$ 1,780 *Appropriation Increase*

Southeastern Veterans Home
 \$ 1,346 —to continue current program.
 175 —for patient care equipment.
 -256 —savings anticipated through the hiring of
 additional staff to replace contracted nursing
 care services.
 -501 —nonrecurring 2001-02 items.
\$ 764 *Appropriation Increase*

Northeastern Veterans Home
 \$ 981 —to continue current program.
 67 —for patient care equipment.
 -219 —nonrecurring 2001-02 items.
\$ 829 *Appropriation Increase*

Southwestern Veterans Home
 \$ 626 —to continue current program.
 75 —for patient care equipment.
 -234 —nonrecurring 2001-02 items.
\$ 467 *Appropriation Increase*

Delaware Valley Veterans Home
 \$ 2,341 —staffing, operational costs and equipment for
 the opening of this new facility.

Scotland School for Veterans Children
 \$ 568 —to continue current program.
 121 —for educational enhancements including
 information technology and textbooks.
 50 —for equipment purchases.
\$ 739 *Appropriation Increase*

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Erie Soldiers and Sailors Home	\$ 5,727	\$ 6,467	\$ 6,557	\$ 6,557	\$ 6,557	\$ 6,557	\$ 6,557
Hollidaysburg Veterans Home	19,408	20,362	22,142	22,142	22,142	22,142	22,142
Southeastern Veterans Home	11,755	11,937	12,701	12,701	12,701	12,701	12,701
Northeastern Veterans Home	7,195	7,609	8,438	8,438	8,438	8,438	8,438
Southwestern Veterans Home	7,058	7,970	8,437	8,437	8,437	8,437	8,437
Delaware Valley Veterans Home	0	6,188	8,529	8,529	8,529	8,529	8,529
Scotland School for Veterans' Children	7,298	7,542	8,281	8,281	8,281	8,281	8,281
TOTAL GENERAL FUND	<u>\$ 58,441</u>	<u>\$ 68,075</u>	<u>\$ 75,085</u>	<u>\$ 75,085</u>	<u>\$ 75,085</u>	<u>\$ 75,085</u>	<u>\$ 75,085</u>

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 war 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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Veterans in Pennsylvania	1,256,294	1,246,000	1,236,000	1,226,000	1,216,000	1,206,000	1,206,000
Recipients of veterans assistance	5,501	6,100	6,200	6,200	6,200	6,200	6,200
Recipients of blind veterans pensions	116	116	120	120	120	120	120
Education of Children of Deceased and Disabled Veterans	167	170	170	170	170	170	170
National Guard personnel receiving educational financial aid	2,146	2,939	3,556	4,303	5,207	6,300	7,623
Participants in paralyzed veterans programs	204	204	255	255	255	255	255

The number of recipients of blind veterans pension and participants in paralyzed veterans programs is less than estimated in last year's budget due to a reduction in eligible veterans.

Education of children of deceased and disabled veterans is higher than projected in last year's budget to reflect an actual increase in program participation. This program measure was titled Students receiving financial aid in last year's budget.

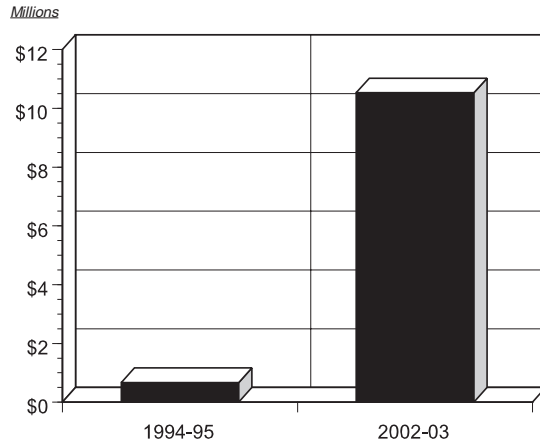
National Guard personnel receiving educational financial aid is projected to increase because of an enhanced full-time student assistance program implemented in 2000-01.

Participants in paralyzed veterans programs is expected to increase in 2002-03 as a result of Act 109 of 2001 which eliminated the residency and wartime service requirement.

Military and Veterans Affairs

Program: Compensation and Assistance (continued)

Educational Financial Aid for National Guard Personnel



Educational financial aid for National Guard personnel has increased from \$665,000 in 1994-95 to \$10.5 million in 2002-03 - an increase of over \$9.8 million.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Education — National Guard \$ 2,427 —for increased reimbursement of educational costs of National Guard personnel.</p> <p>Paralyzed Veterans Pension \$ 45 —for additional program participants.</p>	<p>PA Air National Guard \$ -50 —nonrecurring project.</p> <p>Disabled American Veterans Transportation \$ -250 —nonrecurring grant.</p>
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The budget recommends continuation of all other programs at sufficient levels to carry current programs forward.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Education of Veterans Children	\$ 157	\$ 190	\$ 190	\$ 190	\$ 190	\$ 190	\$ 190
Education — National Guard	5,482	8,100	10,527	10,527	10,527	10,527	10,527
Veterans Assistance	924	1,230	1,230	1,230	1,230	1,230	1,230
Blind Veterans Pension	228	235	235	235	235	235	235
Paralyzed Veterans Pension	415	415	460	460	460	460	460
National Guard Pension	1	5	5	5	5	5	5
PA Air National Guard	25	75	25	25	25	25	25
Civil Air Patrol	300	300	300	300	300	300	300
Disabled American Veterans Transportation	0	250	0	0	0	0	0
TOTAL GENERAL FUND	\$ 7,532	\$ 10,800	\$ 12,972	\$ 12,972	\$ 12,972	\$ 12,972	\$ 12,972



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)
2000-01 2001-02 2002-03
ACTUAL AVAILABLE BUDGET

MILK MARKETING FUND:

General Government:

General Operations.....	\$	2,393	\$	2,495	\$	2,522
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Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
MILK INDUSTRY REGULATION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
SPECIAL FUNDS.....	2,393	2,495	2,522	2,545	2,596	2,648	2,701
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 2,393	\$ 2,495	\$ 2,522	\$ 2,545	\$ 2,596	\$ 2,648	\$ 2,701
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
SPECIAL FUNDS.....	2,393	2,495	2,522	2,545	2,596	2,648	2,701
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 2,393	\$ 2,495	\$ 2,522	\$ 2,545	\$ 2,596	\$ 2,648	\$ 2,701

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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Licenses and permits issued	2,729	3,000	3,000	3,000	3,000	3,000	3,000
Audits of milk dealers for compliance with milk sales' rules and regulations	840	800	800	800	800	800	800

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

MILK MARKETING FUND	
General Operations	
\$ -85	—nonrecurring information technology development costs.
112	—to continue current program.
\$ 27	<i>Appropriation Increase</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
MILK MARKETING FUND:							
General Operations	\$ 2,393	\$ 2,495	\$ 2,522	\$ 2,545	\$ 2,596	\$ 2,648	\$ 2,701



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 detects those who cannot adjust to the community. State probation services and presentence 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.

Probation and Parole

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
<u>GENERAL FUND:</u>			
General Government:			
General Government Operations.....	\$ 68,166 ^a	\$ 78,623	\$ 80,183
(F)Residential Substance Abuse Treatment (EA).....	270	533	552
(F)DCSI - Residential Substance Abuse Treatment Aftercare (EA).....	38	348	78
(F)DCSI - County SAVE (EA).....	879	800	273
(F)DCSI - Parole Planning System Automation (EA).....	1,313	225	0
(F)DCSI - Sexual Offenders Treatment (EA).....	0	640	293
(F)DCSI - Case Management (EA).....	0	470	313
(F)DCSI - Critical Incident Response Training (EA).....	0	26	0
(A)Purchasing Card Rebate.....	3	4	6
(A)State Parole Supervision Fees.....	506	800	1,000
Subtotal.....	\$ 71,175	\$ 82,469	\$ 82,698
Sexual Offenders Assessment Board.....	1,556	2,799	3,058
(F)DCSI - Community Notification (EA).....	11	100	57
Subtotal.....	\$ 1,567	\$ 2,899	\$ 3,115
Drug Offenders Work Program.....	227	278	289
Subtotal - State Funds.....	\$ 69,949	\$ 81,700	\$ 83,530
Subtotal - Federal Funds.....	2,511	3,142	1,566
Subtotal - Augmentations.....	509	804	1,006
Total - General Government.....	\$ 72,969	\$ 85,646	\$ 86,102
Grants and Subsidies:			
Improvement of Adult Probation Services.....	\$ 18,856	\$ 19,970	\$ 20,726
(A)County Parole Supervision Fees.....	10,078	9,302	10,000
Subtotal.....	\$ 28,934	\$ 29,272	\$ 30,726
Subtotal - State Funds.....	\$ 18,856	\$ 19,970	\$ 20,726
Subtotal - Augmentations.....	10,078	9,302	10,000
Total - Grants and Subsidies.....	\$ 28,934	\$ 29,272	\$ 30,726
STATE FUNDS.....	\$ 88,805	\$ 101,670	\$ 104,256
FEDERAL FUNDS.....	2,511	3,142	1,566
AUGMENTATIONS.....	10,587	10,106	11,006
GENERAL FUND TOTAL.....	\$ 101,903	\$ 114,918	\$ 116,828
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
Firearms Education and Training Commission.....	\$ 177	\$ 378	\$ 373
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 88,805	\$ 101,670	\$ 104,256
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	2,511	3,142	1,566
AUGMENTATIONS.....	10,587	10,106	11,006
OTHER FUNDS.....	177	378	373
TOTAL ALL FUNDS.....	\$ 102,080	\$ 115,296	\$ 117,201

^a 2000-01 Actual includes \$457,000 actually appropriated as a part of State Match for DCSI Subgrants appropriation in Executive Offices.

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
REINTEGRATION OF THE ADULT OFFENDER							
GENERAL FUND.....	\$ 88,805	\$ 101,670	\$ 104,256	\$ 103,998	\$ 103,998	\$ 103,998	\$ 103,998
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,511	3,142	1,566	1,193	586	603	621
OTHER FUNDS.....	10,764	10,484	11,379	11,409	11,440	11,473	11,506
SUBCATEGORY TOTAL.....	\$ 102,080	\$ 115,296	\$ 117,201	\$ 116,600	\$ 116,024	\$ 116,074	\$ 116,125
ALL PROGRAMS:							
GENERAL FUND.....	\$ 88,805	\$ 101,670	\$ 104,256	\$ 103,998	\$ 103,998	\$ 103,998	\$ 103,998
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,511	3,142	1,566	1,193	586	603	621
OTHER FUNDS.....	10,764	10,484	11,379	11,409	11,440	11,473	11,506
DEPARTMENT TOTAL.....	\$ 102,080	\$ 115,296	\$ 117,201	\$ 116,600	\$ 116,024	\$ 116,074	\$ 116,125

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.

A number of initiatives have been implemented to strengthen the ability of the Board of Probation and Parole to perform its mission. Among these have been substantial increases in the number of parole agents and supportive staff, and inclusion of the board in the Statewide Public Safety Radio System.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Probationers and parolees in caseload:							
County	179,908	188,941	194,407	199,874	205,340	210,806	216,673
State	23,735	24,323	25,028	25,479	25,719	25,891	26,074
Annual addition to caseload population	11,220	11,669	12,136	12,621	13,126	13,651	14,197
Investigative reports completed	26,861	26,947	27,218	27,489	27,764	28,042	28,322
Annual caseload additions:							
Likely to return to prison	4,419	4,201	4,369	4,544	4,725	4,914	5,111
As a percentage of annual additions to caseload	39%	36%	36%	36%	36%	36%	36%
Average cases per parole agent	68	63	65	66	67	67	68

Investigative reports completed increase from those shown in last year's budget because of an undercount recorded last year resulting from data conversion from the old system and enhanced reporting capabilities in the new system.

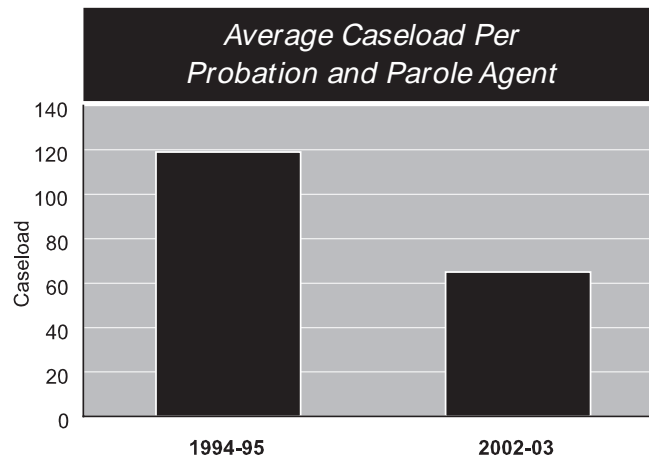
Probation and Parole

Program: Reintegration of the Adult Offender (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>General Government Operations</p> <p>\$ 4,457 —to continue current program.</p> <p>780 —increase in State matching funds for Federal grants.</p> <p>144 —Initiative - Management Support. To provide additional managerial support for statewide parole services.</p> <p>444 —Initiative - Enhancing Victims Services. To automate business processes and enhance website service delivery to the Victim Service Program.</p> <p>—4,265 —nonrecurring Statewide Public Safety Radio System costs.</p> <hr/> <p>\$ 1,560 <i>Appropriation Increase</i></p> <p>Sexual Offenders Assessment Board</p> <p>\$ 187 —to continue current program.</p> <p>72 —to support increased caseload.</p> <hr/> <p>\$ 259 <i>Appropriation Increase</i></p>	<p>Drug Offenders Work Program</p> <p>\$ 11 —to continue current program.</p> <p>Improvement of Adult Probation Services</p> <p>\$ 750 —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 2002-03 are \$10,000,000. This amount will augment State funds of \$20,441,000 and provide \$30,441,000 or 77 percent reimbursement to the counties.</p> <hr/> <p>6 —training costs.</p> <hr/> <p>\$ 756 <i>Appropriation Increase</i></p>
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The supervision of offenders by parole agents has been strengthened by reducing and maintaining the average agent's caseload at almost half of the 1994-95 actual caseload of 119. In 2002-03, it is estimated the average agent's caseload will be 65.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 68,166	\$ 78,623	\$ 80,183	\$ 79,853	\$ 79,853	\$ 79,853	\$ 79,853
Sexual Offenders Assessment Board	1,556	2,799	3,058	3,130	3,130	3,130	3,130
Drug Offenders Work Program	227	278	289	289	289	289	289
Improvement of Adult Probation Services	18,856	19,970	20,726	20,726	20,726	20,726	20,726
TOTAL GENERAL FUND	\$ 88,805	\$ 101,670	\$ 104,256	\$ 103,998	\$ 103,998	\$ 103,998	\$ 103,998



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.

Public Television Network

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
General Government Operations.....	\$ 3,083	\$ 5,267	\$ 3,690
Digital Equipment Conversion.....	5,770	0	0
	<hr/>	<hr/>	<hr/>
Total - General Government.....	\$ 8,853	\$ 5,267	\$ 3,690
<i>Grants and Subsidies:</i>			
Public Television Station Grants.....	\$ 6,546	\$ 7,796	\$ 7,796
	<hr/>	<hr/>	<hr/>
GENERAL FUND TOTAL.....	\$ 15,399	\$ 13,063	\$ 11,486

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
PUBLIC TELEVISION SERVICES							
GENERAL FUND.....	\$ 15,399	\$ 13,063	\$ 11,486	\$ 11,486	\$ 11,486	\$ 11,486	\$ 11,486
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.....	\$ 15,399	\$ 13,063	\$ 11,486	\$ 11,486	\$ 11,486	\$ 11,486	\$ 11,486
ALL PROGRAMS:							
GENERAL FUND.....	\$ 15,399	\$ 13,063	\$ 11,486	\$ 11,486	\$ 11,486	\$ 11,486	\$ 11,486
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.....	\$ 15,399	\$ 13,063	\$ 11,486	\$ 11,486	\$ 11,486	\$ 11,486	\$ 11,486

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 operation of the network, located in Hershey, is fully funded by a General Fund appropriation. The network 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. Public stations provide 1,316 hours of broadcasting per week.

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. It is expected that the project will be completed by June 30, 2002.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Households watching public television at least once a week	2,666,000	2,700,000	2,700,000	2,700,000	2,750,000	2,750,000	2,750,000
Contributing memberships	244,543	245,000	245,000	250,000	250,000	252,000	255,000

Public Television Network

Program: Public Television Services (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		General Government Operations
\$	423	—to continue current program.
	-2,000	—nonrecurring telecommunication conversion expenditures.
\$	<u>-1,577</u>	<i>Appropriation Decrease</i>

The Public Television Station Grants appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 3,083	\$ 5,267	\$ 3,690	\$ 3,690	\$ 3,690	\$ 3,690	\$ 3,690
Digital Equipment Conversion	5,770	0	0	0	0	0	0
Public Television Station Grants	6,546	7,796	7,796	7,796	7,796	7,796	7,796
TOTAL GENERAL FUND	\$ 15,399	\$ 13,063	\$ 11,486	\$ 11,486	\$ 11,486	\$ 11,486	\$ 11,486



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.

The dollar amounts shown are not appropriations from the General Fund. The commission receives a budgetary authorization ceiling and then bills the utilities for the amounts of the approved estimate of expenditures. The commission spends directly from the restricted revenue account in which the utilities' payments are placed when collected.

Public Utility Commission

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
(R)General Government Operations.....	\$ 41,619	\$ 42,127	\$ 42,898
(F)Natural Gas Pipeline Safety.....	300	350 ^a	350
(R)First Class City Taxicab Regulation (EA).....	1,518	1,837	1,841
(F)Motor Carrier Safety (EA).....	705	875	860
	<hr/>	<hr/>	<hr/>
Subtotal - Federal Funds.....	1,005	1,225	1,210
Subtotal - Restricted Revenues.....	43,137	43,964	44,739
	<hr/>	<hr/>	<hr/>
Total - General Government.....	\$ 44,142	\$ 45,189	\$ 45,949
	<hr/>	<hr/>	<hr/>
FEDERAL FUNDS.....	1,005	1,225	1,210
RESTRICTED REVENUES.....	43,137	43,964	44,739
	<hr/>	<hr/>	<hr/>
GENERAL FUND TOTAL.....	\$ 44,142	\$ 45,189	\$ 45,949
	<hr/>	<hr/>	<hr/>

^a Includes recommended supplemental appropriation of \$50,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 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.....	1,005	1,225	1,210	1,210	1,210	1,210	1,210
OTHER FUNDS.....	43,137	43,964	44,739	44,776	44,814	44,852	44,891
SUBCATEGORY TOTAL.....	\$ 44,142	\$ 45,189	\$ 45,949	\$ 45,986	\$ 46,024	\$ 46,062	\$ 46,101
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,005	1,225	1,210	1,210	1,210	1,210	1,210
OTHER FUNDS.....	43,137	43,964	44,739	44,776	44,814	44,852	44,891
DEPARTMENT TOTAL.....	\$ 44,142	\$ 45,189	\$ 45,949	\$ 45,986	\$ 46,024	\$ 46,062	\$ 46,101

Public Utility Commission

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 8,084 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.

In 2000-01, the Public Utility Commission completed 25 fixed utility rate cases. Rate increases of nearly \$32 million were allowed. Rate increases of \$5 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 which 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.

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 Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Utilities regulated:							
Fixed utilities:							
Electric distribution	16	16	16	16	16	16	16
Electric generation	91	95	100	107	115	117	125
Other	1,258	1,275	1,300	1,325	1,350	1,375	1,400
Transportation	6,675	6,700	6,750	6,750	6,800	6,900	6900
Rate requests received:							
Fixed utilities	25	28	28	28	28	32	32
Transportation	159	100	100	100	100	100	100
Rate cases completed:							
Fixed utilities	25	28	28	28	28	28	28
Transportation	159	100	100	100	100	100	100
Audits conducted:							
Fixed utilities:							
Financial	55	51	46	39	37	33	40
Energy fuel	47	32	32	32	32	32	32
Management	11	8	7	7	7	7	7

Rate cases received and completed, fixed utilities, decreased in 2000-01 and rate requests received and completed, transportation, increased in 2000-01 from the projections shown in last year's budget due to fluctuations in the new competitive markets.

Financial and management audits conducted increased while energy fuel audits conducted decreased in 2000-01 from those shown in last year's budget due to an emphasis placed on management issues.

Public Utility Commission

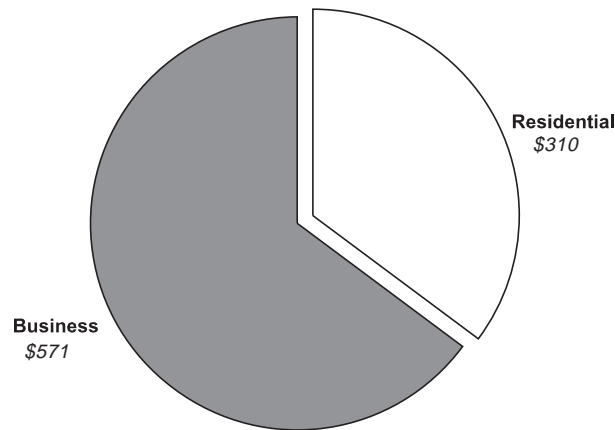
Program: Regulation of Public Utilities (continued)

Program Measures: (continued)	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Enforcement/investigations:							
Fixed utilities	985	1,000	1,000	1,000	1,000	1,000	1,000
Transportation:							
Rail safety	29,616	30,000	30,000	30,000	30,000	30,000	30,000
Motor safety	21,665	20,000	20,000	20,000	20,000	20,000	20,000
Consumer services:							
Fixed utilities:							
Complaints received, investigated and resolved	86,500	102,000	102,000	102,000	102,000	102,000	102,000
Electric deregulation:							
Homes eligible to participate (thousands) ..	4,517	4,517	4,517	4,517	4,517	4,517	4,517
Businesses eligible to participate (thousands)	569	569	569	569	569	569	569
Estimated savings:							
Homes (millions)	\$314	\$285	\$310	\$385	\$395	\$404	\$409
Businesses (millions)	\$558	\$555	\$571	\$644	\$710	\$779	\$800

Rail safety investigations were less than projected in last year's budget based on actual data.

Electric deregulation: businesses eligible to participate and estimated savings were less than last year's budget projections based on actual experience with deregulation.

2002-03
Customer Savings
as a Result of Electric Competition
 (Dollar Amounts in Millions)



In 2002-03, customer savings as a result of electric competition will approach \$900 million.

Program Recommendations:

This budget recommends the following from restricted accounts:
 (Dollar Amounts in Thousands)

\$ 771 **General Government Operations**
 —to continue current program.

\$ 4 **First Class City Taxicab Regulation**
 —to continue current program.



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, promote respect for employes, protect and serve Pennsylvania's most vulnerable citizens, and manage our resources effectively.

This mission is accomplished by promoting the financial independence of clients through a range of services including employment and training, work support, day 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.

Services are provided through regional and county agencies, county assistance offices and through various types of public and private institutions and community-based settings.

PROGRAM REVISION

Budgeted Amounts Include the Following Program Revisions:

Title	Appropriation	2002-03 State Funds (in thousands)
Medical Assistance Cost Containment		
	Medical Assistance - Outpatient.....	\$ -5,254
	Medical Assistance - Inpatient.....	-2,338
	Medical Assistance - Capitation.....	-2,542
	Long-Term Care.....	<u>-3,083</u>
	Program Revision Subtotal.....	<u>\$ -13,217</u>

This Program Revision limits the spend-down provisions for the Medically Needy Only eligibility category, eliminates the spend-down provisions for the Non-Money Payment eligibility category, tightens the income eligibility requirements for nursing home care, and limits eligibility for children with disabilities based on parental income.

Expanding Home and Community-Based Services

GENERAL FUND

Mental Health Services.....	\$ 1,357
Medical Assistance - Outpatient.....	108
Medical Assistance - Capitation.....	526
Long-Term Care.....	200
Community Mental Retardation Services.....	10,145
Services to Persons with Disabilities.....	1,156
Attendant Care.....	<u>1,490</u>
General Fund Total.....	<u>\$ 14,982</u>

TOBACCO SETTLEMENT FUND

Home and Community-Based Services.....	<u>\$ 6,986</u>
Program Revision Subtotal.....	<u>\$ 21,968</u>

This Program Revision provides home and community-based services for additional persons with mental retardation, individuals with disabilities and older Pennsylvanians; provides home and community-based behavioral health services for additional persons currently residing in State mental hospitals; redesigns the Statewide structure for the administration of home and community-based services for persons with physical disabilities; and increases fees for home health care services provided through the Medical Assistance Program. A total of \$66.8 million in State, Federal and Other funds is provided for this Program Revision across three agencies.

Department Total.....	<u><u>\$ 8,751</u></u>
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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)
 2000-01 2001-02 2002-03
 ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

General Government Operations.....	\$ 51,755	\$ 55,626	\$ 62,278
(F)Child Welfare Services - Administration.....	2,055	2,055	2,054
(F)Child Welfare - Title IV-E - Administration.....	2,450	2,737	2,863
(F)CCDFBG - Administration.....	3,591	12,843	12,057
(F)Medical Assistance - Administration.....	19,809	26,377	22,797
(F)TANFBG - Administration.....	4,724	5,224	4,623
(F)Food Stamps - Administration.....	4,000	4,597	4,770
(F)Developmental Disabilities - Basic Support.....	4,090	4,090	4,090
(F)Refugees and Persons Seeking Asylum - Administration.....	1,197	1,246	1,407
(F)Disabled Education - Administration.....	1,197	1,264	1,264
(F)MHSBG - Administration.....	98	261	158
(F)SSBG - Administration.....	3,691	3,691	3,610
(F)Training - Lead-Based Paint Abatement.....	89	136	137
(F)Community Based Family Resource and Support - Administration.....	676	689	689
(F)Real Choice Systems Change.....	0	50	1,167
(F)Medical Assistance Infrastructure.....	0	500	500
(A)Training Reimbursement.....	501	405	426
(A)Child Abuse Reviews.....	2,991	3,289	3,469
(A)Miscellaneous Reimbursements.....	63	0	0
Subtotal.....	<u>\$ 102,977</u>	<u>\$ 125,080</u>	<u>\$ 128,359</u>

Information Systems.....	32,425	45,395	60,545
(F)Medical Assistance - Information Systems.....	24,026	58,220	54,129
(F)Child Welfare - Title IV-E - Information Systems.....	561	2,677	3,202
(F)TANFBG - Information Systems.....	3,962	5,738	9,063
(F)Food Stamps - Information Systems.....	6,377	9,091	10,134
(F)Child Support Enforcement - Information Systems.....	1,036	1,245 ^a	7,010
(A)Intergovernmental Transfer - Technology.....	1,326	3,192	2,050
Subtotal.....	<u>\$ 69,713</u>	<u>\$ 125,558</u>	<u>\$ 146,133</u>

County Administration - Statewide.....	45,463	48,115	47,222
(F)TANFBG - Statewide.....	2,802	4,421	4,421
(F)Medical Assistance - Statewide.....	38,400	55,336	51,081
(F)Food Stamps - Statewide.....	10,590	14,871 ^b	17,441
(F)Ryan White - Statewide.....	830	560 ^c	1,520
(F)June 2001 Storm Disaster-Individual & Family Assistance Adm.....	0	147	0
(A)Fee for Material from Outside Vendors.....	25	27	27
(A)Food Stamps - Retained Collections.....	2,648	2,814	2,814
(A)Intergovernmental Transfer.....	896	759	883
Subtotal.....	<u>\$ 101,654</u>	<u>\$ 127,050</u>	<u>\$ 125,409</u>

County Assistance Offices.....	256,464	253,993	259,124
(F)TANFBG - County Assistance.....	35,071	49,844	49,844
(F)Medical Assistance - County Assistance.....	65,865	79,680	74,578
(F)Food Stamps - County Assistance.....	63,135	69,383 ^d	75,003
(F)SSBG - County Assistance.....	6,262	6,262	6,262
(F)LIHEABG - Administration.....	6,208	8,553 ^e	7,912
Subtotal.....	<u>\$ 433,005</u>	<u>\$ 467,715</u>	<u>\$ 472,723</u>

Child Support Enforcement.....	19,706	19,283^f	17,959
(F)TANFBG - Child Support Enforcement.....	0	1,850	1,850
(F)Child Support Enforcement - Title IV - D.....	93,076	135,820	135,226
(A)Title IV - D Incentive Collections.....	400	3,974	5,093
(A)Restitutions and Overpayments.....	59	0	0
(A)Food Stamp Collections.....	166	0	0
(A)State Retained Support Collections.....	2,341	2,341	2,341
Subtotal.....	<u>\$ 115,748</u>	<u>\$ 163,268</u>	<u>\$ 162,469</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
New Directions.....	72,516	73,098	69,713
(F)TANFBG - New Directions.....	53,982	138,406	165,070
(F)Medical Assistance - New Directions.....	4,424	5,851	4,391
(F)Food Stamps - New Directions.....	11,493	11,931	12,661
(F)Welfare to Work.....	39,768	42,600	29,312
Subtotal.....	\$ 182,183	\$ 271,886	\$ 281,147
Subtotal - State Funds.....	\$ 478,329	\$ 495,510	\$ 516,841
Subtotal - Federal Funds.....	515,535	768,246	782,296
Subtotal - Augmentations.....	11,416	16,801	17,103
Total - General Government.....	\$ 1,005,280	\$ 1,280,557	\$ 1,316,240
 Institutional:			
Youth Development Institutions and Forestry Camps.....	\$ 65,339	\$ 65,114	\$ 67,448
(F)SSBG - Basic Institutional Program.....	1,056	1,056	1,056
(F)Food Nutrition Services.....	750	750	750
(F)TANFBG - Youth Development Centers.....	4,200	9,207 _g	6,907
(F)DFSC - Special Programs - Juvenile Aftercare Services (EA).....	1,225	1,225	1,225
(F)DCSI - Mental Health Initiatives (EA).....	185	0	0
(F)DCSI - Training Academy (EA).....	0	23	11
(A)Cafeteria Reimbursements.....	3	5	5
(A)Institutional Reimbursements.....	4	5	5
Subtotal.....	\$ 72,762	\$ 77,385	\$ 77,407
Mental Health Services.....	594,725	624,606_h	626,996
(F)Medical Assistance - Mental Health.....	209,248	214,214 _i	218,019
(F)Medicare Services - State Mental Hospitals.....	10,735	12,500	11,067
(F)Homeless Mentally Ill.....	1,104	1,397	1,397
(F)MHSBG - Community Mental Health Services.....	13,118	19,266	17,745
(F)SSBG - Community Mental Health Services.....	14,808	14,808	14,808
(F)Mental Health Data Infrastructure.....	0	100 _j	100
(F)Sept. 2001 Disaster Relief - Crisis Counseling (EA).....	0	17 _k	0
(F)Disaster Counseling Preparedness (EA).....	0	3,058 _l	5,605 _m
(F)Emergency Disaster Relief - SSBG (EA).....	0	200 _n	0
(F)DCSI - Helping Communities Respond (EA).....	0	94	0
(A)Cafeteria Reimbursements.....	49	51	50
(A)Institutional Collections.....	13,116	11,680	11,118
(A)Miscellaneous Institutional Reimbursements.....	21	22	22
(A)Intergovernmental Transfer.....	16,154	14,387	9,250
(A)Miscellaneous.....	21	100	20
Subtotal.....	\$ 873,099	\$ 916,500	\$ 916,197
State Centers for the Mentally Retarded.....	118,118	113,921	112,534
(F)Medical Assistance - State Centers.....	130,412	133,671	134,814
(F)Medicare Services - State Centers.....	933	866 _o	657
(A)Institutional Collections - State Centers.....	10,950	10,378	10,155
(A)Institutional Reimbursements.....	115	40	40
Subtotal.....	\$ 260,528	\$ 258,876	\$ 258,200
Subtotal - State Funds.....	\$ 778,182	\$ 803,641	\$ 806,978
Subtotal - Federal Funds.....	387,774	412,452	414,161
Subtotal - Augmentations.....	40,433	36,668	30,665
Total - Institutional.....	\$ 1,206,389	\$ 1,252,761	\$ 1,251,804
 Grants and Subsidies:			
Cash Grants.....	\$ 292,301	\$ 271,774_p	\$ 310,085
(F)TANFBG - Cash Grants.....	254,874	280,232 _q	225,465
(F)CCDFBG - Cash Grants.....	117,796	110,557 _r	105,588
(F)Other Federal Support - Cash Grants.....	14,239	14,568	14,568

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
(F)LIHEABG - Low-Income Families and Individuals.....	142,000	166,508 ^s	162,632
(F)June 2001 Storm Disaster-Individual & Family Assistance.....	0	2,932	0
(A)Incentive Collections - Cash Grants.....	0	500	500
Subtotal.....	\$ 821,210	\$ 847,071	\$ 818,838
Supplemental Grants - Aged, Blind and Disabled.....	129,852	159,857^t	147,781
(A)Intergovernmental Transfer.....	26,924	26,985	26,985
Subtotal.....	\$ 156,776	\$ 186,842	\$ 174,766
Medical Assistance - Outpatient.....	668,586	581,548^u	486,976
(F)Medical Assistance - Outpatient.....	765,517	816,453 ^v	775,881
(A)Intergovernmental Transfer.....	420	102,797	155,565
Subtotal.....	\$ 1,434,523	\$ 1,500,798	\$ 1,418,422
Medical Assistance - Inpatient.....	418,707	394,609^w	343,971
(F)Medical Assistance - Inpatient.....	486,417	480,875 ^x	430,663
(A)Intergovernmental Transfer.....	0	207	0
Subtotal.....	\$ 905,124	\$ 875,691	\$ 774,634
Medical Assistance - Capitation.....	1,487,944	1,737,003^y	1,918,082
(F)Medical Assistance - Capitation.....	1,575,803	1,944,384 ^z	2,438,398
(A)Intergovernmental Transfer.....	0	0	150,000
Subtotal.....	\$ 3,063,747	\$ 3,681,387	\$ 4,506,480
Long-Term Care.....	722,565	584,962^{aa}	589,703
(F)Medical Assistance - Long-Term Care.....	2,080,852	2,166,046 ^{ab}	2,249,501
(A)Intergovernmental Transfer.....	1,008,700	1,220,394	1,275,094
Subtotal.....	\$ 3,812,117	\$ 3,971,402	\$ 4,114,298
Medical Assistance - Transportation.....	24,863	31,148	31,148
(F)Medical Assistance - Transportation.....	22,129	24,699	24,922
Subtotal.....	\$ 46,992	\$ 55,847	\$ 56,070
Expanded Medical Services for Women.....	8,516	8,686	8,686
AIDS Special Pharmaceutical Services.....	9,365	9,365	9,365
(F)AIDS - Ryan White.....	16,772	18,078	22,512
Subtotal.....	\$ 26,137	\$ 27,443	\$ 31,877
Special Pharmaceutical Services.....	3,706	5,141	6,427
Behavioral Health Services.....	46,960	47,909	47,909
(A)Intergovernmental Transfer.....	17,107	17,107	17,107
Subtotal.....	\$ 64,067	\$ 65,016	\$ 65,016
Psychiatric Services in Eastern PA.....	3,500	3,500	0
Mental Health Advocacy Program.....	400	0	0
Intermediate Care Facilities - Mentally Retarded.....	105,654	102,609	108,633
(F)Medical Assistance - ICF/MR.....	124,699	125,280	128,800
Subtotal.....	\$ 230,353	\$ 227,889	\$ 237,433
Community Mental Retardation Services.....	575,178	647,227	678,839
(F)Medical Assistance - Community MR Services.....	443,655	567,637	609,865
(F)SSBG - Community MR Services.....	13,984	13,984	13,984
(A)Intergovernmental Transfer.....	5,000	6,167	5,000
Subtotal.....	\$ 1,037,817	\$ 1,235,015	\$ 1,307,688
Early Intervention.....	54,503	61,328^{ac}	66,394
(F)SSBG - Early Intervention.....	2,195	2,195	2,195
(F)Medical Assistance - Early Intervention.....	13,941	14,814 ^{ad}	16,478
(F)Education for Children with Disabilities.....	12,242	12,483	12,733

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
Subtotal.....	\$ 82,881	\$ 90,820	\$ 97,800
Pennhurst Dispersal.....	3,052	3,102	3,093
MR Residential Services - Lansdowne.....	469	402	402
County Child Welfare.....	470,212	559,997	605,187
(F)Child Welfare Services.....	13,482	12,870	12,870
(F)Child Welfare - Title IV-E.....	395,813	345,144 ^{ae}	341,836
(F)Medical Assistance - Child Welfare.....	2,904	3,809	4,154
(F)TANFBG - Child Welfare.....	262,995	264,446 ^{af}	296,373
(F)SSBG - Child Welfare.....	12,021	12,021	12,021
(F)Child Welfare Training and Certification.....	10,110	13,499	19,615
(F)Community Based Family Resource and Support.....	306	130	131
Subtotal.....	\$ 1,167,843	\$ 1,211,916	\$ 1,292,187
Community Based Family Centers.....	3,184	3,248	3,248
(F)Family Preservation - Family Centers.....	6,212	6,336	6,336
(F)Family Resource & Support - Family Centers.....	1,000	471	471
(F)CCDFBG - Family Centers.....	0	4,000	3,000
Subtotal.....	\$ 10,396	\$ 14,055	\$ 13,055
Child Care Services.....	59,683	59,683	59,683
(F)CCDFBG - Child Care.....	120,708	131,401	154,269
(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.....	350	300	300
(F)TANFBG - Child Care Services.....	0	2,000	2,000
Subtotal.....	\$ 212,978	\$ 225,621	\$ 248,489
Domestic Violence.....	11,678	11,912	11,912
(F)Family Violence Prevention Services.....	3,400	3,400	3,400
(F)SSBG - Domestic Violence.....	1,205	1,205	1,205
(F)PHHSBG - Domestic Violence.....	150	150	150
(F)TANFBG - Domestic Violence.....	500	4,500 ^{ag}	4,500
(F)DFSC - Special Programs for Domestic Violence (EA).....	425	425	425
(A)Marriage Law Fees.....	733	733	733
Subtotal.....	\$ 18,091	\$ 22,325	\$ 22,325
Rape Crisis.....	5,843	6,067	6,067
(F)PHHSBG - Rape Crisis.....	2,353	2,246	559
(F)SSBG - Rape Crisis.....	634	634	634
(F)TANFBG - Rape Crisis.....	300	2,087	2,087
(F)Rape Prevention and Education.....	0	0	1,806
(F)DFSC - Special Programs for Rape Crisis (EA).....	142	142	142
Subtotal.....	\$ 9,272	\$ 11,176	\$ 11,295
Breast Cancer Screening.....	1,545	1,575	1,575
(F)SSBG - Family Planning.....	3,845	3,845	3,845
Subtotal.....	\$ 5,390	\$ 5,420	\$ 5,420
Human Services Development Fund.....	36,081	36,803	36,803
(F)Refugees and Persons Seeking Asylum - Social Services.....	6,123	6,683	6,785
(A)Intergovernmental Transfer.....	650	736	0
Subtotal.....	\$ 42,854	\$ 44,222	\$ 43,588
Legal Services.....	2,549	2,600	2,600
(F)SSBG - Legal Services.....	5,049	5,049	5,049
(F)SSBG - Legal Services Systems Improvements.....	0	0	2,000
Subtotal.....	\$ 7,598	\$ 7,649	\$ 9,649
Homeless Assistance.....	27,323	24,212	24,212

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
(F)SSBG - Homeless Services.....	2,183	2,183	2,183
(F)Homeless Services - SABG.....	1,983	1,983	1,983
(F)TANFBG - Homeless Assistance.....	0	2,000	2,000
Subtotal.....	\$ 31,489	\$ 30,378	\$ 30,378
Services to Persons with Disabilities.....	6,528	11,721	12,442
(F)SSBG - Services to Persons with Disabilities.....	120	120	120
(F)Medical Assistance - Services to Persons with Disabilities.....	12,743	19,017	20,427
(A)Intergovernmental Transfer.....	4,820	9,256	7,206
Subtotal.....	\$ 24,211	\$ 40,114	\$ 40,195
Attendant Care.....	23,300	24,566	26,838
(F)SSBG - Attendant Care.....	6,971	6,971	6,971
(F)Medical Assistance - Attendant Care.....	18,785	21,098 ^{ah}	23,186
(A)Attendant Care Parking Fines.....	103	103	103
(A)Intergovernmental Transfer.....	10,403	15,282	15,282
Subtotal.....	\$ 59,562	\$ 68,020	\$ 72,380
Respite Care.....	0	2,500	0
Acute Care Hospitals.....	19,550	19,550	0
Arsenal Family and Children's Center.....	160	160	152
Subtotal - State Funds.....	\$ 5,223,757	\$ 5,414,764	\$ 5,548,213
Subtotal - Federal Funds.....	7,012,164	7,674,127	8,209,255
Subtotal - Augmentations.....	1,074,860	1,400,267	1,653,575
Total - Grants and Subsidies.....	\$ 13,310,781	\$ 14,489,158	\$ 15,411,043
STATE FUNDS.....	\$ 6,480,268	\$ 6,713,915	\$ 6,872,032
FEDERAL FUNDS.....	7,915,473	8,854,825	9,405,712
AUGMENTATIONS.....	1,126,709	1,453,736	1,701,343
GENERAL FUND TOTAL.....	\$ 15,522,450	\$ 17,022,476	\$ 17,979,087
<u>TOBACCO SETTLEMENT FUND:</u>			
<i>Grants and Subsidies:</i>			
Medical Care for Workers with Disabilities (EA).....	\$ 0	\$ 25,766	\$ 31,093
(F)Medical Assistance - Workers with Disabilities (EA).....	0	30,728	39,221
(A)Premium Payments.....	0	318	3,074
Subtotal.....	\$ 0	\$ 56,812	\$ 73,388
Uncompensated Care (EA).....	0	34,501	41,458
(F)Medical Assistance - Uncompensated Care (EA).....	0	14,786	52,501
Hospital Uncompensated Care.....	0	15,000	0
(F)Medical Assistance - Hospital Uncompensated Care (EA).....	0	9,753	0
Subtotal.....	\$ 0	\$ 74,040	\$ 93,959
Home and Community-Based Services (EA).....	0	15,600	18,745
(F)Medical Assistance - Community Services (EA).....	0	18,602	20,713
Subtotal.....	\$ 0	\$ 34,202	\$ 39,458
Subtotal - State Funds.....	\$ 0	\$ 90,867	\$ 91,296
Subtotal - Federal Funds.....	0	73,869	112,435
Subtotal - Augmentations.....	0	318	3,074
Total - Grants and Subsidies.....	\$ 0	\$ 165,054	\$ 206,805

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
STATE FUNDS.....	\$ 0	\$ 90,867	\$ 91,296
FEDERAL FUNDS.....	0	73,869	112,435
AUGMENTATIONS.....	0	318	3,074
TOBACCO SETTLEMENT FUND TOTAL.....	\$ 0	\$ 165,054	\$ 206,805
OTHER FUNDS:			
GENERAL FUND:			
Annie E. Casey.....	\$ 617	\$ 693	\$ 695
CHILDREN'S TRUST FUND:			
Children's Trust Fund (EA).....	\$ 1,849	\$ 1,850	\$ 1,850
ENERGY CONSERVATION AND ASSISTANCE FUND:			
Low Income Energy Assistance.....	\$ 1,300	\$ 918	\$ 3,800
EMERGENCY MEDICAL SERVICES OPERATING FUND:			
Head Injury Support.....	\$ 0	\$ 898	\$ 503
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 6,480,268	\$ 6,713,915	\$ 6,872,032
SPECIAL FUNDS.....	0	90,867	91,296
FEDERAL FUNDS.....	7,915,473	8,928,694	9,518,147
AUGMENTATIONS.....	1,126,709	1,454,054	1,704,417
OTHER FUNDS.....	3,766	4,359	6,848
TOTAL ALL FUNDS.....	\$ 15,526,216	\$ 17,191,889	\$ 18,192,740

^a Includes recommended supplemental appropriation of \$483,000.

^b Includes recommended supplemental appropriation of \$1,324,000.

^c Includes recommended supplemental appropriation of \$30,000.

^d Includes recommended supplemental appropriation of \$1,850,000.

^e Includes recommended supplemental appropriation of \$1,024,000.

^f Reflects recommended appropriation reduction of \$666,000.

^g Includes recommended supplemental appropriation of \$2,300,000.

^h Includes \$31,000 actually appropriated as a part of State Match for DCSI Subgrants in the Executive Offices.

ⁱ Includes recommended supplemental appropriation of \$2,600,000.

^j Includes recommended supplemental appropriation of \$100,000.

^k Supplemental executive authorization from the Federal Government's Emergency Response Fund. Additional revisions may occur as the Federal Government provides more information on these funds.

^l Recommended supplemental executive authorization from the Federal Government's Emergency Response Fund. Additional revisions may occur as the Federal Government provides more information on these funds.

^m 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.

ⁿ Recommended supplemental executive authorization from the Federal Government's Emergency Response Fund. Additional revisions may occur as the Federal Government provides more information on these funds.

^o Includes recommended supplemental appropriation of \$226,000.

^p Includes recommended supplemental appropriation of \$15,156,000.

^q Includes recommended supplemental appropriation of \$15,774,000.

^r Includes recommended supplemental appropriation of \$8,517,000.

Footnotes to Summary by Fund and Appropriation

-
- ^s Includes recommended supplemental appropriation of \$16,382,000.
 - ^t Includes recommended supplemental appropriation of \$15,563,000.
 - ^u Includes recommended supplemental appropriation of \$17,925,000.
 - ^v Includes recommended supplemental appropriation of \$28,124,000.
 - ^w Includes recommended supplemental appropriation of \$13,524,000.
 - ^x Includes recommended supplemental appropriation of \$22,506,000.
 - ^y Includes recommended supplemental appropriation of \$4,514,000.
 - ^z Actually appropriated as \$1,992,384,000. Amount shown is the best current estimate of the amount available for 2001-02. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.
 - ^{aa} Reflects recommended appropriation reduction of \$7,256,000.
 - ^{ab} Actually appropriated as \$2,238,046,000. Amount shown is the best current estimate of the amount available for 2001-02. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.
 - ^{ac} Includes recommended supplemental appropriation of \$3,174,000.
 - ^{ad} Includes recommended supplemental appropriation of \$153,000.
 - ^{ae} Includes recommended supplemental appropriation of \$309,000.
 - ^{af} Includes recommended supplemental appropriation of \$20,446,000.
 - ^{ag} Includes recommended supplemental appropriation of \$1,000,000.
 - ^{ah} Includes recommended supplemental appropriation of \$617,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
HUMAN SERVICES SUPPORT							
GENERAL FUND.....	\$ 84,180	\$ 101,021	\$ 122,823	\$ 122,337	\$ 118,286	\$ 111,802	\$ 111,427
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	83,629	142,731	145,724	137,968	134,968	132,968	132,968
OTHER FUNDS.....	5,498	7,579	6,640	6,640	6,640	6,640	6,640
SUBCATEGORY TOTAL.....	\$ 173,307	\$ 251,331	\$ 275,187	\$ 266,945	\$ 259,894	\$ 251,410	\$ 251,035
MEDICAL ASSISTANCE							
GENERAL FUND.....	\$ 3,363,802	\$ 3,372,012	\$ 3,394,358	\$ 3,216,080	\$ 3,887,677	\$ 4,379,946	\$ 5,005,284
SPECIAL FUNDS.....	0	90,867	91,296	92,330	87,584	92,685	95,708
FEDERAL FUNDS.....	4,947,490	5,524,404	6,054,312	5,794,177	5,730,642	6,181,562	6,433,220
OTHER FUNDS.....	1,009,120	1,323,716	1,583,733	1,626,300	829,757	731,702	584,142
SUBCATEGORY TOTAL.....	\$ 9,320,412	\$ 10,310,999	\$ 11,123,699	\$ 10,728,887	\$ 10,535,660	\$ 11,385,895	\$ 12,118,354
INCOME MAINTENANCE							
GENERAL FUND.....	\$ 816,302	\$ 826,120	\$ 851,884	\$ 848,932	\$ 848,775	\$ 848,862	\$ 848,954
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	960,815	1,200,312	1,144,825	1,106,366	1,109,548	1,112,501	1,115,457
OTHER FUNDS.....	34,759	39,216	42,946	38,643	38,643	38,643	38,643
SUBCATEGORY TOTAL.....	\$ 1,811,876	\$ 2,065,648	\$ 2,039,655	\$ 1,993,941	\$ 1,996,966	\$ 2,000,006	\$ 2,003,054
MENTAL HEALTH							
GENERAL FUND.....	\$ 645,585	\$ 676,015	\$ 674,905	\$ 675,314	\$ 674,372	\$ 674,372	\$ 674,372
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	249,013	265,654	268,741	263,136	263,136	263,136	263,136
OTHER FUNDS.....	46,468	43,347	37,567	37,567	37,567	37,567	37,567
SUBCATEGORY TOTAL.....	\$ 941,066	\$ 985,016	\$ 981,213	\$ 976,017	\$ 975,075	\$ 975,075	\$ 975,075
MENTAL RETARDATION							
GENERAL FUND.....	\$ 856,974	\$ 928,589	\$ 969,895	\$ 980,071	\$ 982,681	\$ 985,779	\$ 988,877
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	742,061	870,930	919,526	930,851	933,838	936,928	940,018
OTHER FUNDS.....	16,065	16,585	15,195	10,075	10,033	10,033	10,033
SUBCATEGORY TOTAL.....	\$ 1,615,100	\$ 1,816,104	\$ 1,904,616	\$ 1,920,997	\$ 1,926,552	\$ 1,932,740	\$ 1,938,928
HUMAN SERVICES							
GENERAL FUND.....	\$ 713,425	\$ 810,158	\$ 858,167	\$ 869,039	\$ 881,367	\$ 893,942	\$ 906,768
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	932,465	924,663	985,019	986,771	993,744	994,170	1,001,425
OTHER FUNDS.....	18,565	27,970	25,184	25,184	25,184	25,184	25,184
SUBCATEGORY TOTAL.....	\$ 1,664,455	\$ 1,762,791	\$ 1,868,370	\$ 1,880,994	\$ 1,900,295	\$ 1,913,296	\$ 1,933,377

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
ALL PROGRAMS:							
GENERAL FUND.....	\$ 6,480,268	\$ 6,713,915	\$ 6,872,032	\$ 6,711,773	\$ 7,393,158	\$ 7,894,703	\$ 8,535,682
SPECIAL FUNDS.....	0	90,867	91,296	92,330	87,584	92,685	95,708
FEDERAL FUNDS.....	7,915,473	8,928,694	9,518,147	9,219,269	9,165,876	9,621,265	9,886,224
OTHER FUNDS.....	1,130,475	1,458,413	1,711,265	1,744,409	947,824	849,769	702,209
DEPARTMENT TOTAL.....	\$ 15,526,216	\$ 17,191,889	\$ 18,192,740	\$ 17,767,781	\$ 17,594,442	\$ 18,458,422	\$ 19,219,823

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 Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<table border="0"> <tr> <td colspan="2">General Government Operations</td> <td>425</td> <td>—replacement of data warehouse server.</td> </tr> <tr> <td>\$ 4,172</td> <td>—to continue current program.</td> <td>335</td> <td>—to convert Medical Assistance transaction data to the Health Insurance Portability and Accountability Act (HIPAA) format.</td> </tr> <tr> <td>2,233</td> <td>—to replace one-time Federal funds.</td> <td></td> <td></td> </tr> <tr> <td>68</td> <td>—personal care home hotline.</td> <td></td> <td></td> </tr> <tr> <td>129</td> <td>—to annualize hearings and appeals contract for services in the northeastern part of the State.</td> <td>-1,770</td> <td>—nonrecurring projects.</td> </tr> <tr> <td></td> <td></td> <td>1,700</td> <td>—Initiative — Home and Community Services Information System Enhancements. To develop an integrated client-based data system for home and community-based services.</td> </tr> <tr> <td>50</td> <td>—preparation for Federal Children and Families program review.</td> <td></td> <td></td> </tr> <tr> <td colspan="2"><hr/></td> <td></td> <td></td> </tr> <tr> <td>\$ 6,652</td> <td><i>Appropriation Increase</i></td> <td>1,500</td> <td>—Initiative — Youth Development Centers Information System. To implement an automated case management system for youth development centers and youth forestry camps.</td> </tr> <tr> <td colspan="2">Information Systems</td> <td></td> <td></td> </tr> <tr> <td>\$ 741</td> <td>—to continue current program.</td> <td></td> <td></td> </tr> <tr> <td>3,031</td> <td>—annualization of 2001-02 information technology initiatives.</td> <td>1,259</td> <td>—Initiative — Human Services Licensing Information System. To develop a centralized database for the administration of cross-system human services licensing programs.</td> </tr> <tr> <td>763</td> <td>—development of master client and provider indexes for use in department-wide systems.</td> <td></td> <td></td> </tr> <tr> <td>3,970</td> <td>—transfer of automated Medical Assistance eligibility determination costs from the County Administration-Statewide appropriation and extension to additional eligibility classes.</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td><hr/></td> <td></td> </tr> <tr> <td>3,196</td> <td>—transfer of PA Child Support Enforcement System (PACSES) mainframe cost from the Child Support Enforcement appropriation.</td> <td>\$ 15,150</td> <td><i>Appropriation Increase</i></td> </tr> </table>	General Government Operations		425	—replacement of data warehouse server.	\$ 4,172	—to continue current program.	335	—to convert Medical Assistance transaction data to the Health Insurance Portability and Accountability Act (HIPAA) format.	2,233	—to replace one-time Federal funds.			68	—personal care home hotline.			129	—to annualize hearings and appeals contract for services in the northeastern part of the State.	-1,770	—nonrecurring projects.			1,700	—Initiative — Home and Community Services Information System Enhancements. To develop an integrated client-based data system for home and community-based services.	50	—preparation for Federal Children and Families program review.			<hr/>				\$ 6,652	<i>Appropriation Increase</i>	1,500	—Initiative — Youth Development Centers Information System. To implement an automated case management system for youth development centers and youth forestry camps.	Information Systems				\$ 741	—to continue current program.			3,031	—annualization of 2001-02 information technology initiatives.	1,259	—Initiative — Human Services Licensing Information System. To develop a centralized database for the administration of cross-system human services licensing programs.	763	—development of master client and provider indexes for use in department-wide systems.			3,970	—transfer of automated Medical Assistance eligibility determination costs from the County Administration-Statewide appropriation and extension to additional eligibility classes.					<hr/>		3,196	—transfer of PA Child Support Enforcement System (PACSES) mainframe cost from the Child Support Enforcement appropriation.	\$ 15,150	<i>Appropriation Increase</i>	
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 51,755	\$ 55,626	\$ 62,278	\$ 62,278	\$ 62,278	\$ 62,278	\$ 62,278
Information Systems	32,425	45,395	60,545	60,059	56,008	49,524	49,149
TOTAL GENERAL FUND	\$ 84,180	\$ 101,021	\$ 122,823	\$ 122,337	\$ 118,286	\$ 111,802	\$ 111,427

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

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.

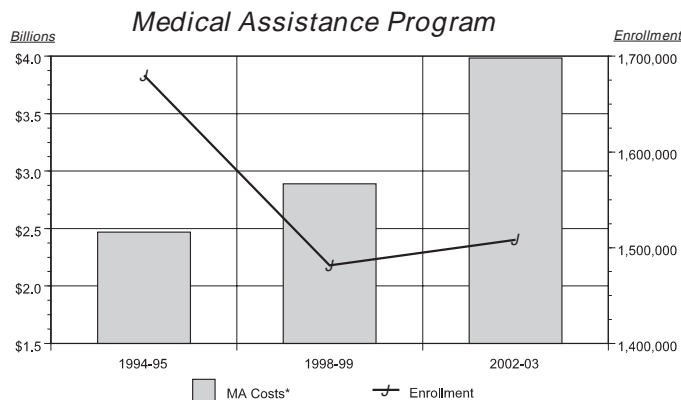
In the outpatient component of the Medical Assistance Program, providers of service are primarily reimbursed on a fee-for-service basis according to the Medical Assistance Fee Schedule.

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



* Outpatient, Inpatient, Capitation and Long-Term Care.

expanded to include women diagnosed with breast or cervical cancer who qualify for treatment within enhanced Federal guidelines.

Disabled workers will be 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% of the Federal poverty guidelines will pay a premium equal to five percent of their monthly income. They will then 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,

Program: Medical Assistance (continued)

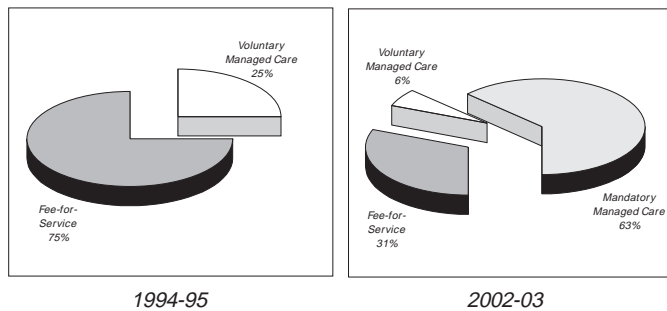
separately reimburses the physician, dentist, podiatrist or midwife who provided direct care services to the recipient and is under salary or contract with the hospital. These services are reimbursed in accordance with the fees established under the Medical Assistance Fee Schedule through the Medical Assistance Outpatient appropriation.

Rehabilitation hospitals and psychiatric services, both in special wings of acute care hospitals and private psychiatric facilities, are paid through a prospective payment system.

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.

limited inpatient care for an acute condition and certain clients in the Healthy Horizons Program. The department expanded mandatory participation to the ten county Lehigh/Capital region in October 2001, with full implementation scheduled for April 2002. 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.

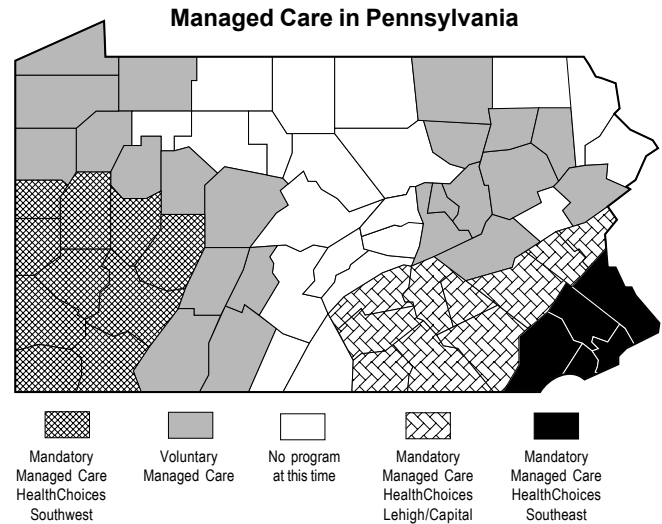
Medical Assistance Eligibility



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.

The department has expanded mandatory Medical Assistance participation in managed care to most eligible clients in five counties in Southeastern Pennsylvania and ten counties in Southwestern Pennsylvania. Physical health care is provided through contracts with six HMOs while behavioral health is provided through contracts with the participating counties who may cooperate with an independent MCO. An independent enrollment assistant helps recipients select the HMO and the behavioral health network provider that best meets their needs. The only clients that remain in the fee-for-service program in these areas are new Medically Needy Only clients who require



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

Program: Medical Assistance (continued)

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. The program capacity will be expanded by 900 slots by the end of 2002-03 through funding authorized by Act 77 of 2001, the Tobacco Settlement Act.

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. Enhanced services, beginning in 2001-02, 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 Program (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 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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Persons participating in Medical Assistance (monthly average)	1,433,228	1,477,748	1,500,374	1,507,559	1,522,813	1,539,093	1,556,248
Medical Assistance recipients served: (monthly average)							
Fee-for-service delivery	564,136	519,244	469,311	471,674	483,901	499,215	515,821
Capitation programs	869,092	958,504	1,031,063	1,035,885	1,038,912	1,039,878	1,040,427
Outpatient							
Outpatient services/visits:							
Physicians	3,303,426	3,200,589	2,762,496	2,789,932	2,862,527	2,953,072	3,051,263
Dentists	670,849	649,965	560,999	566,570	581,313	599,700	619,641
Total clinic	2,752,791	2,667,096	2,302,026	2,324,890	2,385,384	2,460,836	2,542,660
Home health	30,927	29,964	25,863	26,120	26,799	27,649	28,566
Prescriptions filled	14,013,357	13,577,117	11,718,693	11,835,082	12,143,034	12,527,133	12,943,664

Medical Assistance recipients served in fee-for-service increased in 2001-02 from the projection shown in last year's budget as a result of the economic slowdown.

Outpatient services/visits for total clinics and prescriptions and inpatient recipients served in general and rehabilitation hospitals increased in 2001-02 from the projections shown in last year's budget due to the increase in fee-for-service recipients as noted above.

Program: Medical Assistance (continued)

Program Measures: (continued)	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Inpatient							
Recipients served:							
General hospitals	99,145	96,059	82,910	83,734	85,912	88,630	91,577
Rehabilitation hospitals	4,321	4,186	3,613	3,649	3,744	3,863	3,991
Private psychiatric hospitals	20,022	19,399	16,743	16,910	17,350	17,899	18,494
Average admissions per recipient:							
General hospitals	1.24	1.24	1.24	1.24	1.24	1.24	1.24
Rehabilitation hospitals	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Private psychiatric hospitals	1.42	1.42	1.42	1.42	1.42	1.42	1.42
Average cost per case/admission:							
General hospitals	\$3,665	\$3,782	\$3,956	\$4,138	\$4,328	\$4,527	\$4,735
Rehabilitation hospitals	\$6,823	\$7,041	\$7,365	\$7,704	\$8,058	\$8,429	\$8,817
Private psychiatric hospitals	\$4,085	\$4,216	\$4,410	\$4,613	\$4,825	\$5,047	\$5,279
Capitation							
Average voluntary enrollment	125,371	90,750	83,908	92,524	95,642	96,595	97,131
Average HealthChoices Southeast enrollment	474,386	484,518	492,755	491,737	491,689	491,696	491,703
Average HealthChoices Southwest enrollment	269,335	273,920	276,908	275,606	275,580	275,583	275,587
Average HealthChoices Lehigh/Capital enrollment	0	109,316	177,492	176,018	176,001	176,004	176,006
Percent of total eligibles enrolled	60.64%	64.86%	68.72%	68.71%	68.22%	67.56%	66.85%
Transportation Program							
One-way trips (in thousands)	4,943	5,300	5,650	5,650	5,650	5,650	5,650
Long-Term Care							
Recipients receiving institutional long-term care (monthly average)	79,010	76,524	75,080	75,080	75,080	75,080	75,080
Recipients receiving home and community-based waiver services	6,572	8,246	9,460	10,090	10,840	11,330	11,805
Recipients receiving services through the Long-Term Care Capitated Assistance Program	397	688	1,120	1,585	1,965	2,325	3,000
Medical Care for Workers with Disabilities							
Recipients enrolled in program*	0	1,201	6,180	6,180	6,180	6,180	6,180

Recipients receiving home and community-based waiver services decreased from those shown in last year's budget due to fewer recipients enrolling in waiver services than anticipated.

*New program measure.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND			
	Medical Assistance — Outpatient		—90,987
\$	19,316 —change in caseload and utilization.		—annualized savings from expansion of mandatory managed care to the Lehigh/Capital region.
	19,012 —for an average drug cost increase of nine percent.	—4,106	—revision of Federal financial participation from 54.39% to 54.68%.
	4,244 —to replace carryover and other nonrecurring Federal funds.	—51,517	—utilization of Intergovernmental Transfer funds.
	4,180 —to reflect an increase in cost and clients eligible for Medicare Part B premiums.	550	—Initiative — Health Insurance Portability and Accountability. To translate payment transactions that are compliant with the Federal Health Insurance Portability and Accountability Act to payment transactions that can be processed by the current Medical Assistance Management Information System.
	717 —services for additional children as a result of enrollment and outreach activities.		
	560 —for other price changes.		
	8,755 —to annualize prior year initiatives.		
	—150 —savings from enrolling clients in the Hospital Insurance Premium Payment program.		

Program: Medical Assistance (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>108 —PRR — Expanding Home and Community-Based Services. This Program Revision increases fees paid to providers for home health care services provided through the Medical Assistance Program. See the Program Revision following the Human Services program for additional information.</p> <p>—5,254 —PRR — Medical Assistance Cost Containment. This Program Revision limits the spend-down provisions for the Medically Needy Only eligibility category, eliminates the spend-down provisions for the Non-Money Payment eligibility category, tightens the income eligibility requirements for nursing home care, and limits eligibility for children with disabilities based on parental income. See the Program Revision following this program for additional information.</p> <hr/> <p>\$ -94,572 <i>Appropriation Decrease</i></p>	<p>\$ 144,420</p> <p>63,351</p> <p>175,043</p> <p>1,297</p> <p>10,001</p> <p>3,014</p> <p>8,128</p> <p>1,298</p> <p>-2,715</p> <p>-11,413</p> <p>-60,000</p> <p>-150,000</p> <p>221</p> <p>450</p> <p>526</p> <p>-2,542</p> <hr/> <p>\$ 181,079</p>	<p>Medical Assistance — Capitation</p> <p>—for increased physical health rates and utilization in the HealthChoices Program.</p> <p>—for increased behavioral health rates and utilization in the HealthChoices Program.</p> <p>—annualized cost from expansion of the mandatory HealthChoices Program to the Lehigh/Capital region.</p> <p>—for increased rates and utilization in the voluntary HMO programs.</p> <p>—for special populations in the HealthChoices Program.</p> <p>—services for additional children as a result of enrollment and outreach activities.</p> <p>—to replace nonrecurring prior year carryover, adjustments and program costs.</p> <p>—to continue current program.</p> <p>—nonrecurring operating costs.</p> <p>—revision of Federal financial participation from 54.39% to 54.68%.</p> <p>—utilization of prior year Federal funds.</p> <p>—utilization of Intergovernmental Transfer funds.</p> <p>—Initiative — Health Insurance Portability and Accountability. To translate payment transactions that are compliant with the Federal Health Insurance Portability and Accountability Act to payment transactions that can be processed by the current Medical Assistance Management Information System.</p> <p>—Initiative — Mandatory Managed Care Expansion. To prepare for the expansion of mandatory Medical Assistance managed care in the nine-county Northeast region.</p> <p>—PRR — Expanding Home and Community-Based Services. This Program Revision increases fees paid to providers for home health care services provided through the Medical Assistance Program. See the Program Revision following the Human Services program for additional information.</p> <p>—PRR — Medical Assistance Cost Containment. This Program Revision limits the spend-down provisions for the Medically Needy Only eligibility category, eliminates the spend-down provisions for the Non-Money Payment eligibility category, and limits eligibility for children with disabilities based on parental income. See the Program Revision following this program for additional information.</p> <hr/> <p><i>Appropriation Increase</i></p>
<p>\$ 14,604 —change in caseload and utilization.</p> <p>-43,428 —annualized savings from expansion of mandatory managed care to the Lehigh/Capital region.</p> <p>2,487 —to provide for administrative and other cash flow changes.</p> <p>1,623 —for an increase in costs and clients eligible for Medicare Part A premiums.</p> <p>1,390 —services for additional children as a result of enrollment and outreach activities.</p> <p>512 —to annualize prior year initiatives.</p> <p>-28,690 —nonrecurring project.</p> <p>6,003 —to replace nonrecurring carryover.</p> <p>-546 —savings from enrolling clients in the Hospital Insurance Premium Payment program.</p> <p>-2,261 —revision of Federal financial participation from 54.39% to 54.68%.</p> <p>6 —Initiative — Health Insurance Portability and Accountability. To translate payment transactions that are compliant with the Federal Health Insurance Portability and Accountability Act to payment transactions that can be processed by the current Medical Assistance Management Information System.</p> <p>-2,338 —PRR — Medical Assistance Cost Containment. This Program Revision limits the spend-down provisions for the Medically Needy Only eligibility category, eliminates the spend-down provisions for the Non-Money Payment eligibility category, tightens the income eligibility requirements for nursing home care, and limits eligibility for children with disabilities based on parental income. See the Program Revision following this program for additional information.</p> <hr/> <p>\$ -50,638 <i>Appropriation Decrease</i></p>		

Program: Medical Assistance (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

	Long-Term Care		Special Pharmaceutical Services
\$ -21,916	—for decreased caseload and utilization.	\$ 869	—to provide an eight percent growth in utilization.
75,372	—for an average daily cost increase of seven percent.	627	—to reflect a nine percent growth in drug price.
8,210	—for long-term care capitation sites, including two additional sites.	-210	—increased savings from the pharmaceutical rebate and third-party recovery.
-57,358	—utilization of Intergovernmental Transfer Funds.		
1,246	—annualization of Breast and Cervical Cancer initiative.	\$ 1,286	<i>Appropriation Increase</i>
10,000	—nonrecurring prior year funds.		Acute Care
-7,941	—revision of Federal financial participation from 54.39% to 54.68%.	\$ -19,500	—nonrecurring projects.
11	—Initiative — Health Insurance Portability and Accountability. To translate payment transactions that are compliant with the Federal Health Insurance Portability and Accountability Act to payment transactions that can be processed by the current Medical Assistance Management Information System.		TOBACCO SETTLEMENT FUND
		\$ 5,327	Medical Care for Workers with Disabilities (EA)
			—to continue current program.
		\$ 6,957	Uncompensated Care (EA)
			—to continue current program.
		\$ -15,000	Hospital Uncompensated Care
			—nonrecurring project.
		\$ 6,123	Home and Community-Based Services (EA)
		-9,964	—to continue current program.
		6,986	—nonrecurring program costs.
			—PRR — Expanding Home and Community-Based Services. This Program Revision provides home and community-based services for additional older Pennsylvanians as an alternative to nursing home care. See the Program Revision following the Human Services program for additional information.
-3,083	—PRR — Medical Assistance Cost Containment. This Program Revision tightens the income eligibility requirements for nursing home care. See the Program Revision following this program for additional information.		
		\$ 3,145	<i>Appropriation Increase</i>
<hr/>			
\$ 4,741	<i>Appropriation Increase</i>		

All other appropriations are recommended at the current year funding levels.

The Expanding Home and Community-Based Services following the Human Services program provides \$1,181,000 in Federal funds and \$979,000 in Long-Term Care Intergovernmental Transfer Funds to provide home and community-based services for additional persons with disabilities, \$200,000 in Federal funds to redesign the statewide structure for the administration of home and community-based services for persons with physical disabilities, \$8,038,000 in Federal funds to provide home and community-based services for additional older Pennsylvanians as an alternative to nursing home care, and \$671,000 in Federal funds to increase fees paid to providers for home health care services provided through the Medical Assistance Program.

Program: Medical Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Medical Assistance – Outpatient	\$ 668,586	\$ 581,548	\$ 486,976	\$ 382,795	\$ 490,382	\$ 525,421	\$ 562,761
Medical Assistance – Inpatient	418,707	394,609	343,971	320,767	305,059	314,940	325,130
Medical Assistance – Capitation	1,487,944	1,737,003	1,918,082	1,907,806	2,214,965	2,589,212	3,032,596
Long-Term Care	722,565	584,962	589,703	548,863	821,422	894,524	1,028,948
Medical Assistance – Transportation	24,863	31,148	31,148	31,371	31,371	31,371	31,371
Expanded Medical Services for Women	8,516	8,686	8,686	8,686	8,686	8,686	8,686
AIDS Special Pharmaceutical Services	9,365	9,365	9,365	9,365	9,365	9,365	9,365
Special Pharmaceutical Services	3,706	5,141	6,427	6,427	6,427	6,427	6,427
Acute Care Hospitals	19,550	19,550	0	0	0	0	0
TOTAL GENERAL FUND	\$ 3,363,802	\$ 3,372,012	\$ 3,394,358	\$ 3,216,080	\$ 3,887,677	\$ 4,379,946	\$ 5,005,284
TOBACCO SETTLEMENT FUND:							
Medical Care for Workers with Disabilities (EA)	\$ 0	\$ 25,766	\$ 31,093	\$ 31,819	\$ 28,052	\$ 28,471	\$ 28,896
Uncompensated Care (EA)	0	34,501	41,458	42,426	37,402	37,961	38,528
Hospital Uncompensated Care	0	15,000	0	0	0	0	0
Home and Community-Based Services (EA)	0	15,600	18,745	18,085	22,130	26,253	28,284
TOTAL TOBACCO SETTLEMENT FUND	\$ 0	\$ 90,867	\$ 91,296	\$ 92,330	\$ 87,584	\$ 92,685	\$ 95,708

Program Revision: Medical Assistance Cost Containment

The Medical Assistance Program has experienced dramatic increases in expenditures over the last several years primarily due to the escalating cost of medical services. Since 1996-97, State expenditures for Medical Assistance have increased by 35 percent, or nearly \$850 million. Given the increases in medical costs combined with declining State revenue growth and the potential for rising caseloads due to the national recession, this Program Revision proposes a series of cost containment initiatives designed to maintain eligibility for those most in need of assistance while saving approximately \$13.2 million in 2002-03 and \$55 million in 2003-04.

Current eligibility determination procedures for the Medically Needy Only and the Non-Money Payment Medical Assistance eligibility categories provide deductions to reduce income to within eligibility levels, a process referred to as "spend-down". For the Medically Needy Only category, the deduction for paid medical expenses is limited to those services received during the retroactive period defined as three full calendar months prior to the date of application. The deduction for unpaid medical expenses, however, has no time limit and may represent outstanding liabilities that have accumulated over a period of months or years. This Program Revision proposes to limit the deduction for unpaid medical expenses to those services received during the retroactive period, consistent with the deduction for paid medical expenses. This change will save approximately \$4.5 million in 2002-03 and \$15.5 million in 2003-04. This Program Revision will also discontinue the paid and unpaid medical expense deductions and the standard \$10 per month income deduction for the Non-Money Payment eligibility category. Eliminating the spend-down provision for the Non-Money Payment eligibility category would save

approximately \$4.3 million in 2002-03 and \$13.8 million in 2003-04.

While the number of Medical Assistance recipients receiving nursing home care has begun to level off as a result of expanded home and community-based alternatives to institutionalization, the cost of nursing home care continues to increase. To control growth in State expenditures, this Program Revision proposes a series of initiatives that would tighten nursing home eligibility requirements, including an increase in the amount of resources that the spouse in a nursing facility must spend toward the cost of care prior to eligibility for Medical Assistance. In addition, this Program Revision would limit the amount of the allowable medical expense deduction when determining an individual's contribution towards the cost of care, eliminate the home maintenance deduction for nursing home applicants and recipients, and implement partial month ineligibility for certain asset transfers. These nursing home eligibility revisions will save \$3.2 million in 2002-03 and \$21.4 million in 2003-04.

In addition to tightening the spend-down provisions and nursing home financial eligibility requirements, this Program Revision proposes to implement policy that would require a portion of parental income to be considered available and counted when determining Medical Assistance income eligibility for children with disabilities in certain eligibility categories. Currently, only the child's income is considered while the entire amount of parental income is disregarded. Through this Program Revision, Medical Assistance eligibility for children with disabilities would be limited to those whose parents' gross annual income does not exceed \$100,000 for a family of four, saving \$1.2 million in 2002-03 and \$4.3 million in 2003-04.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Individuals eligible for the Medically Needy Only Medical Assistance eligibility category							
Current	239,078	231,923	233,053	234,216	235,808	237,783	240,063
Program Revision	0	0	228,859	225,744	227,167	229,049	231,232
Individuals eligible for the Non-Money Payment Medical Assistance eligibility category							
Current	592,744	611,156	623,748	629,790	636,223	643,016	650,174
Program Revision	0	0	621,361	624,968	631,304	638,045	645,148
Individuals eligible for nursing home care through the Medical Assistance Program							
Current	79,010	76,524	75,078	75,078	75,078	75,078	75,078
Program Revision	0	0	74,622	74,172	74,136	74,136	74,136

Program Revision: Medical Assistance Cost Containment (continued)

Program Measures: (continued)	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Children with disabilities eligible for Medical Assistance							
Current	92,727	95,607	97,577	98,522	99,529	100,591	101,711
Program Revision	0	0	96,794	97,478	98,485	99,547	100,667

Program Revision Recommendations:

 This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND			Medical Assistance – Capitation
	Medical Assistance – Outpatient		\$ -2,542	—savings generated through the following cost containment initiatives: limiting the spend-down provisions for the Medically Needy Only eligibility category (\$1.741 million); eliminating the spend-down provisions for the Non-Money Payment eligibility category (\$3.025 million); tightening the income eligibility requirements for nursing home care (\$42,000); and, limiting eligibility for children with disabilities based on parental income (\$446,000).
\$ -5,254				
	Medical Assistance – Inpatient		\$ -3,083	Long-Term Care —savings generated through tightening the income eligibility requirements for nursing home care.
\$ -2,338			\$ -13,217	<i>Program Revision Total</i>

Recommended Program Revision Costs by Appropriation:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
GENERAL FUND:							
Medical Assistance – Outpatient	\$ 0	\$ 0	\$ -5,254	\$ -17,490	\$ -20,356	\$ -22,918	\$ -25,809
Medical Assistance – Inpatient	0	0	-2,338	-8,220	-9,004	-9,584	-10,202
Medical Assistance – Capitation	0	0	-2,542	-10,155	-11,505	-12,276	-13,118
Long-Term Care	0	0	-3,083	-19,123	-21,553	-21,755	-21,965
GENERAL FUND TOTAL	\$ 0	\$ 0	\$ -13,217	\$ -54,988	\$ -62,418	\$ -66,533	\$ -71,094

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

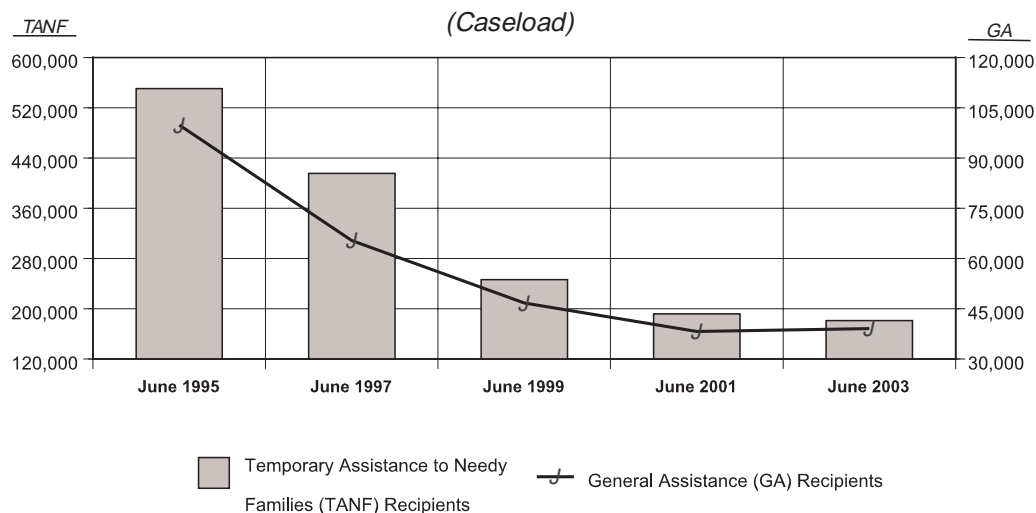
Assistance claims payments and most Cash Grants payments are generated through the central office using automated systems.

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. Also included in GA are children whose parents have terminated their own benefits but retain benefits for the child alone. 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 will be reached in March, 2002. The department has proposed regulations that will 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

Cash Grants



Program: Income Maintenance (continued)

crisis situations. The eligibility standard, which is subject to annual revision based on the availability of funding, includes every household member's income. Cash payments are made to energy suppliers for persons responsible for paying heating costs or directly to those households where home heating is included in the rent. Crisis payments 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 \$545.00 and \$817.00 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.

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.

Child Care Funding	
(\$ in Thousands)	
	2002-03
Low-Income Working Families	
State Funds*	\$ 59,683
Federal Funds	188,806
Total	<u>\$ 248,489</u>
TANF Recipients / Former TANF Recipients	
State Funds**	\$ 73,778
Federal Funds	127,207
Total	<u>\$ 200,985</u>
Grand Total	<u><u>\$ 449,474</u></u>
* Child Care Services appropriation.	
** Cash Grants appropriation.	

Program: Income Maintenance (continued)

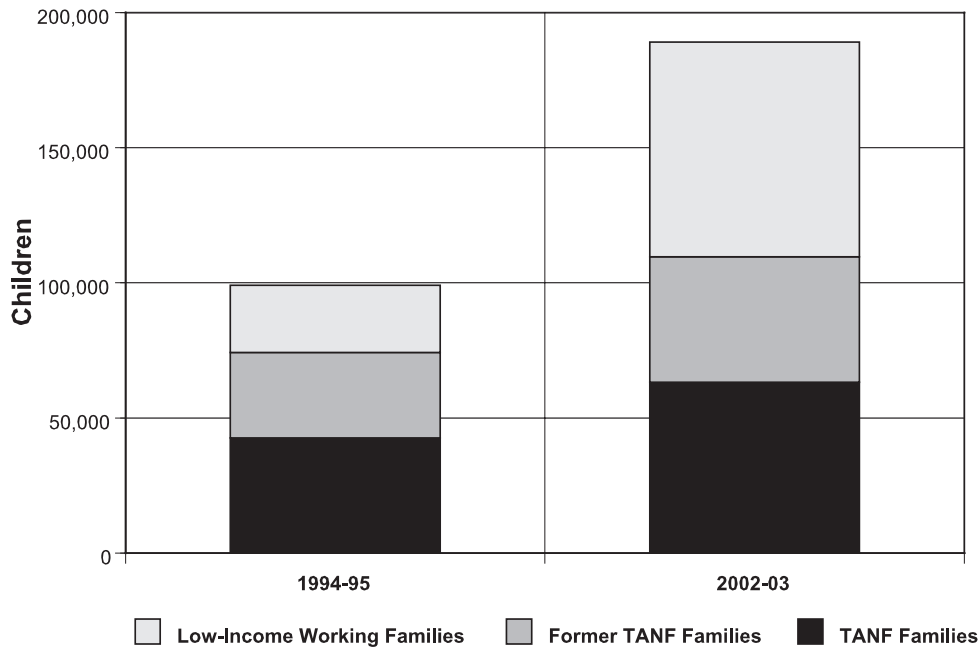
Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Persons receiving cash assistance, monthly average	242,214	231,115	220,945	220,945	220,945	220,945	220,945
Children of welfare recipients and former welfare recipients receiving child care	105,439	107,850	109,675	109,675	109,675	109,675	109,675
Average monthly child care system capacity*	53,338	54,555	55,480	55,480	55,480	55,480	55,480
Persons receiving State Supplemental Grants, monthly average	291,849	299,585	302,025	302,025	302,025	302,025	302,025
Households receiving energy cash payments	425,592	394,060	390,080	390,080	390,080	390,080	390,080

Children of welfare recipients and former welfare recipients receiving child care increase from the projections shown in last year's budget for two reasons: 1) persons successfully moving from welfare to work and; 2) a decrease in the length of time children remain in care which allows more children to be served.

Households receiving energy cash payments increase from the projections shown in last year's budget due to an increase in available Federal funds.

*New program measure.

Child Care



In 2002-03, the child care system will serve an estimated 55,000 more children of low-income working families than in 1994-95, an increase of 221%.

Program: Income Maintenance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	County Administration – Statewide		New Directions
\$ 2,042	—to continue current program.	\$ 783	—to continue current program.
-531	—nonrecurring projects.	247	—increase in job retention and advancement activities to prevent return to welfare.
-4,323	—transfer of the automated Medical Assistance Eligibility Determination System (MEDA) to the Information Systems appropriation.	-331	—nonrecurring match for Welfare to Work.
1,919	—Initiative — Mandatory Managed Care Expansion. To prepare for the expansion of mandatory Medical Assistance managed care into the nine-county Northeast region.	711	—increase required for the Temporary Assistance to Needy Families Maintenance of Effort.
		-4,795	—nonrecurring projects.
		\$ -3,385	<i>Appropriation Decrease</i>
\$ -893	<i>Appropriation Decrease</i>		
	County Assistance Offices	\$ 45,975	Cash Grants
\$ 5,765	—to continue current program.		—increase required for the Temporary Assistance to Needy Families Maintenance of Effort.
-634	—nonrecurring projects.	1,820	—impact of caseload increases.
		-8,507	—nonrecurring payments related to child support collections.
\$ 5,131	<i>Appropriation Increase</i>	-977	—nonrecurring State match of Federal funds for Tropical Storm Allison disaster.
		\$ 38,311	<i>Appropriation Increase</i>
	Child Support Enforcement		Supplemental Grants – Aged, Blind, Disabled
\$ 127	—to continue current program.		—for increased caseload and average benefits.
853	—increase in operating costs for the State centralized child support collection and disbursement system.	\$ 1,164	—to reflect Federal administrative fee increases.
64	—increase in PA Child Support Enforcement System (PACSES) operating costs.	1,260	—nonrecurring payment due to Federal requirement for advancement of State supplementary payments.
-2,368	—nonrecurring PA Child Support Enforcement System (PACSES) mainframe costs transferred to the Information Systems appropriation.	-14,500	
		\$ -12,076	<i>Appropriation Decrease</i>
\$ -1,324	<i>Appropriation Decrease</i>		

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
County Administration – Statewide	\$ 45,463	\$ 48,115	\$ 47,222	\$ 47,318	\$ 47,161	\$ 47,248	\$ 47,340
County Assistance Offices	256,464	253,993	259,124	259,124	259,124	259,124	259,124
Child Support Enforcement	19,706	19,283	17,959	17,959	17,959	17,959	17,959
New Directions	72,516	73,098	69,713	66,665	66,665	66,665	66,665
Cash Grants	292,301	271,774	310,085	310,085	310,085	310,085	310,085
Supplemental Grants – Aged, Blind and Disabled	129,852	159,857	147,781	147,781	147,781	147,781	147,781
TOTAL GENERAL FUND	\$ 816,302	\$ 826,120	\$ 851,884	\$ 848,932	\$ 848,775	\$ 848,862	\$ 848,954

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 joiners or through contracts with private, nonprofit organizations or agencies. Services, with some exceptions, are funded with State funds and county matching funds.

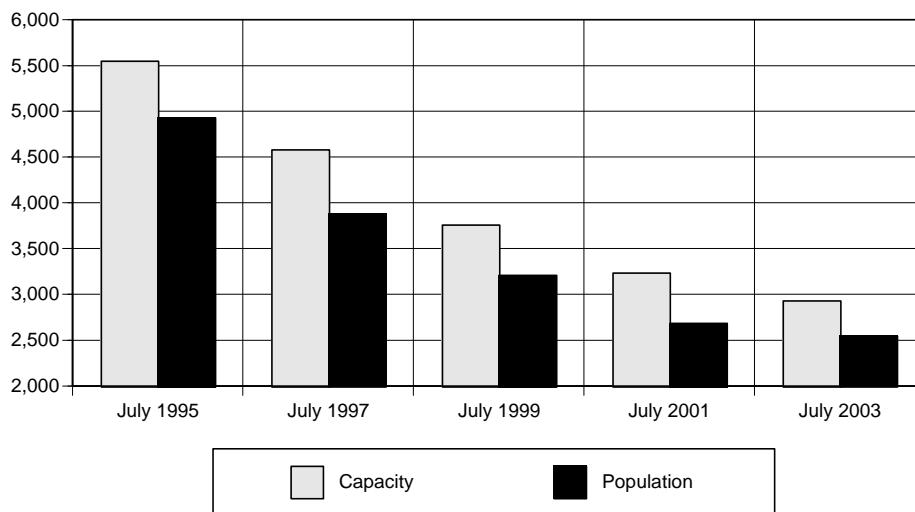
Program Element: State Mental Hospitals

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).

Program Element: Behavioral Health Services

The Behavioral Health Program provides, through grants to county governments, community mental health and drug and alcohol treatment services to low-income persons who are not eligible for Medical Assistance. Mental health services are targeted to persons who have serious mental illness with a history of involuntary psychiatric commitment or are receiving psychiatric services to avert institutionalization. Drug and alcohol services are targeted to persons receiving non-hospital drug and alcohol services or requiring three or more hospital detoxification admissions per year.

Mental Hospitals
Population Compared to Capacity



As more people receive mental health services in the community, the population at State mental hospitals has declined since July of 1995 by 2,382 or nearly 50%.

Program: Mental Health (continued)

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Persons provided mental health services (unduplicated)	203,812	205,760	207,852	209,900	212,000	214,100	216,300
State mental hospital population at end of fiscal year	2,692	2,585	2,552	2,552	2,552	2,552	2,552
Reduction of State Mental Hospital capacity through Community Hospital Integration Projects Program	1,892	2,170	2,203	2,203	2,203	2,203	2,203
Percentage of adults readmitted to State Mental Hospitals within one year of last discharge	19%	18%	17%	16%	15%	14%	13%
Persons served in community residential mental health facilities	7,165	7,217	7,322	7,400	7,470	7,550	7,620
Persons receiving intensive case management	16,163	16,305	16,501	16,666	16,832	17,000	17,170
Persons receiving family based mental health services	4,451	4,496	4,540	4,590	4,630	4,680	4,730

Hospital and Restoration Center Populations for the Prior, Current and Upcoming Year:

State Mental Hospitals	Population July 2000	Population July 2001	Projected Population July 2002	Projected Bed Capacity July 2002	Projected Percent of Capacity July 2002
Allentown.....	216	189	199	200	99.5%
Clarks Summit.....	228	238	221	276	80.1%
Danville.....	201	174	159	175	90.9%
Eastern State School and Hospital.....	8	-	-	-	N/A
Harrisburg.....	323	312	296	308	96.1%
Mayview.....	426	414	407	462	88.1%
Norristown.....	513	481	446	500	89.2%
South Mountain.....	229	182	182	210	86.7%
Torrance.....	292	255	257	300	85.7%
Warren.....	253	238	204	287	71.1%
Wernersville.....	239	209	214	250	85.6%
TOTAL.....	2,928	2,692	2,585	2,968	87.1%

Program: Mental Health (continued)

Total Proposed Expenditures by Hospital, Restoration Center and Community Programs:

	2000-01 Actual	2001-02 Available	2002-03 Budget		2000-01 Actual	2001-02 Available	2002-03 Budget
Allentown				South Mountain State Restoration Center			
State Funds.....	\$ 24,875	\$ 25,769	\$ 26,572	State Funds.....	\$ 12,152	\$ 9,299	\$ 11,320
Federal Funds.....	2,685	2,618	2,204	Federal Funds.....	8,976	11,424	10,080
Augmentations.....	1,883	1,652	1,677	Augmentations.....	2,067	1,923	1,828
TOTAL.....	<u>\$ 29,443</u>	<u>\$ 30,039</u>	<u>\$ 30,453</u>	TOTAL.....	<u>\$ 23,195</u>	<u>\$ 22,646</u>	<u>\$ 23,228</u>
Clarks Summit				Torrance			
State Funds.....	\$ 27,528	\$ 26,314	\$ 27,053	State Funds.....	\$ 31,303	\$ 32,161	\$ 33,168
Federal Funds.....	3,533	4,842	4,688	Federal Funds.....	3,446	3,242	2,916
Augmentations.....	2,012	1,954	1,944	Augmentations.....	2,306	1,934	2,047
TOTAL.....	<u>\$ 33,073</u>	<u>\$ 33,110</u>	<u>\$ 33,685</u>	TOTAL.....	<u>\$ 37,055</u>	<u>\$ 37,337</u>	<u>\$ 38,131</u>
Danville				Warren			
State Funds.....	\$ 22,520	\$ 23,157	\$ 24,755	State Funds.....	\$ 27,684	\$ 26,654	\$ 28,679
Federal Funds.....	2,697	3,115	1,994	Federal Funds.....	3,335	4,877	3,636
Augmentations.....	1,878	1,682	1,742	Augmentations.....	2,180	2,201	2,126
TOTAL.....	<u>\$ 27,095</u>	<u>\$ 27,954</u>	<u>\$ 28,491</u>	TOTAL.....	<u>\$ 33,199</u>	<u>\$ 33,732</u>	<u>\$ 34,441</u>
Eastern State School and Hospital				Wernersville			
State Funds.....	\$ 2,064	\$ 0	\$ 0	State Funds.....	\$ 26,227	\$ 25,970	\$ 27,674
Federal Funds.....	1,682	0	0	Federal Funds.....	3,850	4,979	4,067
Augmentations.....	5	0	0	Augmentations.....	1,974	2,044	1,768
TOTAL.....	<u>\$ 3,751</u>	<u>\$ 0</u>	<u>\$ 0</u>	TOTAL.....	<u>\$ 32,051</u>	<u>\$ 32,993</u>	<u>\$ 33,509</u>
Harrisburg				Administrative Cost			
State Funds.....	\$ 33,506	\$ 34,664	\$ 35,762	State Funds.....	\$ 4,492	\$ 4,114	\$ 3,407
Federal Funds.....	2,873	3,430	2,810	Federal Funds.....	45	0	0
Augmentations.....	2,357	2,006	1,971	Augmentations.....	20	100	0
TOTAL.....	<u>\$ 38,736</u>	<u>\$ 40,100</u>	<u>\$ 40,543</u>	TOTAL.....	<u>\$ 4,557</u>	<u>\$ 4,214</u>	<u>\$ 3,407</u>
Mayview				Community Programs			
State Funds.....	\$ 53,520	\$ 54,179	\$ 56,045	State Funds.....	\$ 259,843	\$ 294,256	\$ 282,366
Federal Funds.....	4,790	4,374	3,405	Federal Funds.....	205,968	216,206	227,080
Augmentations.....	2,293	2,155	1,955	Augmentations.....	8,154	6,387	1,250
TOTAL.....	<u>\$ 60,603</u>	<u>\$ 60,708</u>	<u>\$ 61,405</u>	TOTAL.....	<u>\$ 473,965</u>	<u>\$ 516,849</u>	<u>\$ 510,696</u>
Norristown				Maintenance and security costs for closed facilities			
State Funds.....	\$ 68,121	\$ 67,170	\$ 68,987	State Funds.....	\$ 890	\$ 899	\$ 1,208
Federal Funds.....	5,133	6,547	5,861				
Augmentations.....	2,232	2,202	2,152				
TOTAL.....	<u>\$ 75,486</u>	<u>\$ 75,919</u>	<u>\$ 77,000</u>				

Program: Mental Health (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Mental Health Services		Psychiatric Services in Eastern Pennsylvania	
\$	8,954	\$	-3,500
	—to annualize prior year community placements and diversion costs.		—nonrecurring project.
	2,696 —to continue current program for community mental health.		
	-99 —revision of Federal financial participation from 54.39% to 54.68%.		
	-4,684 —savings due to implementation of HealthChoices in the Lehigh/Capital region.		
	11,632 —to continue current program for State mental hospitals including impact on Federal earnings.		
	-15,966 —to reflect increased availability of Federal disproportionate share earnings.		
	-1,500 —nonrecurring project.		
	1,357 —PRR — Expanding Home and Community Based Services. This Program Revision provides home and community-based services for 33 persons currently residing in State hospitals. See the Program revision following the Human Services program for additional information.		
<hr/>			
\$	2,390		
	<i>Appropriation Increase</i>		

All other appropriations are recommended at the current year funding level.

This budget also recommends \$5,605,000 in Federal funds for disaster counseling preparedness initiatives.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Mental Health Services	\$ 594,725	\$ 624,606	\$ 626,996	\$ 627,405	\$ 626,463	\$ 626,463	\$ 626,463
Behavioral Health Services	46,960	47,909	47,909	47,909	47,909	47,909	47,909
Psychiatric Services in Eastern PA	3,500	3,500	0	0	0	0	0
Mental Health Advocacy Program	400	0	0	0	0	0	0
TOTAL GENERAL FUND	\$ 645,585	\$ 676,015	\$ 674,905	\$ 675,314	\$ 674,372	\$ 674,372	\$ 674,372

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

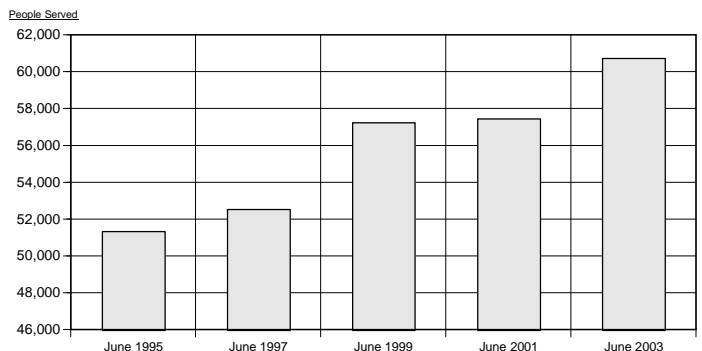
The Department of Public Welfare operates or provides funding for privately operated institutional care for people with mental retardation. The Commonwealth provides services through six State centers. The primary goal is to develop each resident's ability to function more independently thus preparing 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 9,386 since 1995. Over the same period, the population in the State Centers will have decreased by 54%.

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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Persons receiving MR services during fiscal year	76,988	81,322	84,983	85,019	85,055	85,091	85,127
Persons receiving community non-residential services:							
Early Intervention	17,753	20,105	22,812	22,812	22,812	22,812	22,812
Adult day services	25,791	28,090	29,141	29,177	29,213	29,249	29,285
Family support services	19,804	19,810	19,810	19,810	19,810	19,810	19,810
Persons receiving residential services (at end of fiscal year):							
Residents of community residential facilities (CRF)	16,510	17,778	18,021	18,057	18,093	18,129	18,165
Residents in private ICF/MRs	2,819	2,657	2,657	2,657	2,657	2,657	2,657
Residents in State Centers and mental retardation units	1,760	1,560	1,423	1,383	1,343	1,303	1,263
Residents transferred to more independent settings during fiscal year from:							
Community residential facilities	240	240	240	240	240	240	240
State Centers and MR units	202	170	107	10	10	10	10

Persons receiving early intervention services increase from those shown in last year's budget due to heightened public awareness, an increase in the number of direct referrals from families, aggressive child find efforts, and increases in referrals from physicians, hospitals, Head Start programs and child care centers.

Residents of community residential facilities increased from the projections shown in last year's budget based on updated data from the conversion to a new automated system.

Residents transferring to more independent settings from State Centers decreased in 2000-01 from the projections in last year's budget due to delays in site acquisition and difficulty in staff recruitment.

State Centers Population for the Prior, Current and Upcoming Year:

	Population July 2000	Population July 2001	Projected Population July 2002	Projected Bed Capacity July 2002	Projected Percent Capacity July 2002
State Centers					
Altoona.....	125	108	95	115	82.6%
Ebensburg.....	347	315	291	340	85.6%
Hamburg.....	217	197	156	225	69.3%
Polk.....	490	453	414	550	75.3%
Selinsgrove.....	497	450	408	600	68.0%
White Haven.....	263	235	196	300	65.3%
TOTAL STATE CENTERS.....	1,939	1,758	1,560	2,130	73.2%
Mayview Unit for Mentally Retarded.....	30	2	0	0	N/A
GRAND TOTAL.....	1,969	1,760	1,560	2,130	73.2%

Program: Mental Retardation (continued)

Proposed Expenditures by Center:

	2000-01 Actual	2001-02 Available	2002-03 Budget		2000-01 Actual	2001-02 Available	2002-03 Budget
ALTOONA				SELINSGROVE			
State funds.....	\$ 4,642	\$ 4,636	\$ 4,649	State funds.....	\$ 30,123	\$ 28,797	\$ 28,982
Federal funds.....	6,110	6,337	6,447	Federal funds.....	33,992	34,742	35,171
Augmentations.....	675	575	553	Augmentations...	2,878	2,734	2,732
TOTAL.....	<u>\$ 11,427</u>	<u>\$ 11,548</u>	<u>\$ 11,649</u>	TOTAL.....	<u>\$ 66,993</u>	<u>\$ 66,273</u>	<u>\$ 66,885</u>
EBENSBURG				WHITE HAVEN			
State funds.....	\$ 19,878	\$ 19,614	\$ 19,803	State funds.....	\$ 15,398	\$ 15,066	\$ 14,574
Federal funds.....	23,129	24,090	24,685	Federal funds.....	17,769	18,328	17,974
Augmentations.....	1,826	1,818	1,779	Augmentations...	1,493	1,350	1,325
TOTAL.....	<u>\$ 44,833</u>	<u>\$ 45,522</u>	<u>\$ 46,267</u>	TOTAL.....	<u>\$ 34,660</u>	<u>\$ 34,744</u>	<u>\$ 33,873</u>
HAMBURG				MAYVIEW			
State funds.....	\$ 12,378	\$ 12,142	\$ 11,669	State funds.....	\$ 1,865	\$ 1,384	\$ 309
Federal funds.....	14,945	15,523	15,115	Federal funds.....	1,731	0	0
Augmentations.....	1,088	994	927	Augmentations...	146	0	0
TOTAL.....	<u>\$ 28,411</u>	<u>\$ 28,659</u>	<u>\$ 27,711</u>	TOTAL.....	<u>\$ 3,742</u>	<u>\$ 1,384</u>	<u>\$ 309</u>
POLK				<p>Mayview no longer serves patients with mental retardation. Funds shown are residual costs.</p>			
State funds.....	\$ 28,722	\$ 28,408	\$ 28,858				
Federal funds.....	33,669	35,517	36,079				
Augmentations.....	2,959	2,947	2,879				
TOTAL.....	<u>\$ 65,350</u>	<u>\$ 66,872</u>	<u>\$ 67,816</u>				
<p>The following institutions are closed. Funds shown below are for security and maintenance pending final disposition of the facility.</p>							
	2000-01	2001-02	2002-03				
	Actual	Available	Budget				
State Funds							
Embreeville.....	\$ 1,206	\$ 1,602	\$ 1,327				
Laurelton.....	968	981	985				
Western.....	2,938	1,291	1,378				
TOTAL.....	<u>\$ 5,112</u>	<u>\$ 3,874</u>	<u>\$ 3,690</u>				

Program: Mental Retardation (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>State Centers for the Mentally Retarded</p> <p>\$ 875 —to continue current program.</p> <p>–742 —revision of Federal financial participation from 54.39% to 54.68%.</p> <p>1,414 —to replace nonrecurring Federal funds.</p> <p>–2,934 —to reflect annualization of community placements and consolidation of State Centers due to limited admission and patient attrition.</p> <hr/> <p>\$ –1,387 <i>Appropriation Decrease</i></p> <p>Intermediate Care Facilities – Mentally Retarded</p> <p>\$ 2,096 —to provide a two percent cost-of-living adjustment.</p> <p>1,550 —to annualize current facility per diem rates including current waivers.</p> <p>5,031 —to continue current program.</p> <p>–768 —savings from expansion of mandatory managed care to the Lehigh/Capital region.</p> <p>–1,097 —to annualize prior bed transfers to the community program.</p> <p>–788 —revision of Federal financial participation from 54.39% to 54.68%.</p> <hr/> <p>\$ 6,024 <i>Appropriation Increase</i></p>	<p>Community Mental Retardation Services</p> <p>\$ 23,955 —to annualize previous program revisions to provide services to people on the waiting list.</p> <p>2,268 —to continue automation of client care management systems.</p> <p>–2,756 —revision of Federal financial participation from 54.39% to 54.68%.</p> <p>–2,000 —to reflect availability of county carryover.</p> <p>10,145 —PRR — Expanding Home and Community-Based Services. This Program Revision provides home and community-based services for 1,175 additional persons with mental retardation. See the Program Revision following the Human Services program for additional information.</p> <hr/> <p>\$ 31,612 <i>Appropriation Increase</i></p> <p>Early Intervention</p> <p>\$ 1,565 —to annualize children added in 2001-02.</p> <p>–68 —revision of Federal financial participation from 54.39% to 54.68%.</p> <p>3,569 —Initiative — Expanded Early Intervention Services. To provide Early Intervention services to an additional 1,132 children.</p> <hr/> <p>\$ 5,066 <i>Appropriation Increase</i></p> <p>Pennhurst Dispersal</p> <p>\$ –9 —revision of Federal financial participation from 54.39% to 54.68%.</p>
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All other appropriations are recommended at the current year funding level.

The Expanding Home and Community-Based Services Program Revision following the Human Services program provides \$8,004,000 in Federal funds to provide home and community-based services for 1,175 additional persons with mental retardation.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
State Centers for the Mentally Retarded ..	\$ 118,118	\$ 113,921	\$ 112,534	\$ 112,534	\$ 112,046	\$ 112,046	\$ 112,046
Intermediate Care Facilities –							
Mentally Retarded	105,654	102,609	108,633	108,633	108,633	108,633	108,633
Community Mental Retardation Services ..	575,178	647,227	678,839	689,015	692,113	695,211	698,309
Early Intervention	54,503	61,328	66,394	66,394	66,394	66,394	66,394
Pennhurst Dispersal	3,052	3,102	3,093	3,093	3,093	3,093	3,093
MR Residential Services – Lansdowne ...	469	402	402	402	402	402	402
TOTAL GENERAL FUND	\$ 856,974	\$ 928,589	\$ 969,895	\$ 980,071	\$ 982,681	\$ 985,779	\$ 988,877

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 2000 Population	July 2001 Population	Projected July 2002 Population	Projected July 2002 Capacity	Projected July 2002 % of Capacity
YFC – Hickory Run	43	43	49	49	100%
YFC – Trough Creek	37	47	62	62	100%
New Castle	318	283	318	318	100%
Loysville	<u>347</u>	<u>347</u>	<u>364</u>	<u>364</u>	<u>100%</u>
Total Current Programs	745	720	793	793	100%

The YDCs/YFCs have a total capacity of 793 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: Child Care

Subsidized child care is 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

Program: Human Services (continued)

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.

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.

Program Element: Family Planning and Breast Cancer Screening

Family planning clinics provide educational, medical and social services to persons over age 16 to address contraceptive or infertility issues. Grants are provided to 200 clinics in the State.

Breast cancer screening for low-income women is directed toward those at high risk of developing breast cancer. The target group is all new family planning clients, all women 35 years 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 those non-disabled persons would do for themselves. Service enables 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.

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

Program: Human Services (continued)

intervention to prevent homelessness where an eviction is imminent. In addition to preventing homelessness, housing assistance is available to move people out of temporary shelters into permanent housing.

Case management services are utilized to assure ongoing coordination with the client and to assist the client with activities needed for self-sufficient living.

Specialized residences for the mentally ill homeless are being provided in a small number of counties with concentrations of these individuals. The program provides housing for an indefinite period of time, coupled with supportive services that will enable the client to move to a long-term semi-independent or independent living situation.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Youth Development Centers							
YDC — youth served	1,749	1,800	1,800	1,800	1,800	1,800	1,800
YDC — occupancy rates	96%	100%	100%	100%	100%	100%	100%
YDC — youth in work experience	445	445	445	445	445	445	445
Family Support Services							
Children receiving child welfare services at home	155,622	158,227	175,165	175,000	175,000	175,000	175,000
Out of home placement in:							
Community residential programs	20,727	21,751	21,197	22,100	22,100	22,100	22,100
Institutional care programs	5,872	6,108	5,978	6,200	6,200	6,200	6,200
Agency arranged adoptions	1,800	1,750	1,750	1,750	1,750	1,750	1,750
Children waiting for adoption	4,079	4,100	4,100	4,100	4,100	4,100	4,100
Children receiving child care	78,960	75,680	79,415	79,415	79,415	79,415	79,415
Average monthly subsidized child care system capacity*	42,680	44,000	46,170	46,170	46,170	46,170	46,170
Percent of child abuse reports substantiated	21.9%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%
Homeless Assistance							
Total persons receiving homeless services	114,731	104,000	102,000	100,000	100,000	100,000	100,000
Other Human Services							
Domestic violence victims served	51,419	60,070	60,070	60,070	60,070	60,070	60,070
Rape crisis/sexual assault persons served	18,333	18,350	18,350	18,350	18,350	18,350	18,350
Breast cancer screening clients	111,022	115,908	115,910	115,910	115,910	115,910	115,910
Legal service clients	26,993	24,190	24,190	24,190	24,190	24,190	24,190
Attendant care persons served	4,289	4,472	4,655	4,655	4,655	4,655	4,655
Persons with developmental disabilities served in nursing facilities	649	649	650	650	650	650	650
Persons with developmental disabilities served in the community	542	736	960	960	960	960	960

Out of home placement in institutional care programs decreases in 2000-01 from the projection shown in last year's budget because children were served in less restrictive settings.

Children waiting for adoption decreases from the projections shown in last year's budget due to improved data collection.

Children receiving child care decreases in 2001-02 from the projection shown in last year's budget due to children remaining in child care for a longer period of time than anticipated.

Domestic violence victims served decreases in 2000-01 from the projection shown in last year's budget because more service time per person was required than was estimated resulting in fewer persons served.

Legal service clients increases in 2000-01 from the projection shown in last year's budget because cases required less time than estimated resulting in more clients being served.

* New program measure. The average monthly subsidized child care system capacity increases in 2002-03 through the child care services expansion initiative.

Program: Human Services (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	Youth Development Institutions and Forestry Camps		Attendant Care
\$	1,054 —to continue current program.	\$	782 —to continue current program.
	-100 —nonrecurring projects.		1,490 —PRR — Expanding Home and Community-Based Services. This Program Revision provides home and community-based services for 170 additional persons with disabilities and redesigns the Statewide structure for the administration of home and community-based services for persons with physical disabilities. See the Program Revision following this program for additional information.
	930 —to provide contracted secure treatment facilities.		
	450 —to provide a professional development training institute.		
	<hr/>		
\$	2,334 <i>Appropriation Increase</i>		
	County Child Welfare		
\$	46,308 —for county needs-based budgets as mandated by Act 30 of 1991.		
	4,181 —to replace Federal funds.	\$	2,272 <i>Appropriation Increase</i>
	-5,359 —to reflect increased offset from YDC per diem billings to counties.		
	-1,006 —to reflect savings from subsidized legal custodianship.	\$	-2,500 Respite Care —nonrecurring project.
	191 —to annualize the cost of special grants.		
	875 —to improve county management of Federal funds.	\$	-8 Arsenal Family and Children's Center —recommended funding level.
	<hr/>		
\$	45,190 <i>Appropriation Increase</i>		
	Services to Persons with Disabilities		
\$	-435 —to reflect delayed Federal approval of the COMCARE program.		
	1,156 —PRR — Expanding Home and Community-Based Services. This Program Revision provides home and community-based services for 279 additional persons with disabilities and redesigns the Statewide structure for the administration of home and community-based services for persons with physical disabilities. See the Program Revision following this program for additional information.		
	<hr/>		
\$	721 <i>Appropriation Increase</i>		

All other appropriations are recommended at the current year funding levels.

This budget also recommends a total of \$17,150,000 in Federal funds for early child care and education initiatives, including \$7,900,000 to provide subsidized child care services to approximately 3,240 additional children, \$6,000,000 to implement a three-year demonstration program to improve the quality of care provided to children in regulated child care facilities and to enable parents to assess the quality of care through a new rating system for participating providers, \$3,000,000 to further promote comprehensive coordinated local planning around early childhood program needs, and \$250,000 to expand the availability of scholarships for child care workers to pursue career development opportunities.

This budget also recommends one-time funding of \$2,000,000 in Federal funds to improve access to legal services for low-income families.

The Expanding Home and Community-Based Services Program Revision following this program provides \$5,850,000 in Federal funds and \$3,292,000 in Long-Term Care Intergovernmental Transfer funds to provide home and community-based services for additional persons with disabilities and \$539,000 in Federal funds to redesign the Statewide structure for the administration of home and community-based services for persons with physical disabilities.

Program: Human Services (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Youth Development Institutions and Forestry Camps	\$ 65,339	\$ 65,114	\$ 67,448	\$ 67,448	\$ 67,448	\$ 67,448	\$ 67,448
County Child Welfare	470,212	559,997	605,187	616,398	628,726	641,301	654,127
Community Based Family Centers	3,184	3,248	3,248	3,248	3,248	3,248	3,248
Child Care Services	59,683	59,683	59,683	59,683	59,683	59,683	59,683
Domestic Violence	11,678	11,912	11,912	11,912	11,912	11,912	11,912
Rape Crisis	5,843	6,067	6,067	6,067	6,067	6,067	6,067
Breast Cancer Screening	1,545	1,575	1,575	1,575	1,575	1,575	1,575
Human Services Development Fund	36,081	36,803	36,803	36,803	36,803	36,803	36,803
Legal Services	2,549	2,600	2,600	2,600	2,600	2,600	2,600
Homeless Assistance	27,323	24,212	24,212	24,212	24,212	24,212	24,212
Services to Persons with Disabilities	6,528	11,721	12,442	12,449	12,449	12,449	12,449
Attendant Care	23,300	24,566	26,838	26,492	26,492	26,492	26,492
Respite Care	0	2,500	0	0	0	0	0
Arsenal Family and Children's Center	160	160	152	152	152	152	152
TOTAL GENERAL FUND	\$ 713,425	\$ 810,158	\$ 858,167	\$ 869,039	\$ 881,367	\$ 893,942	\$ 906,768

Program Revision: Expanding Home and Community-Based Services

The Commonwealth has made significant investments over the last several years to provide opportunities for persons with disabilities and for older Pennsylvanians to be as productive as possible, to fully participate in society and to remain in their homes and communities. Historically, services for individuals with mental and physical disabilities and for the elderly have been provided in institutional settings, such as State mental retardation centers, State mental hospitals and nursing homes. As a result of medical and technological advancements and the development of more sophisticated service delivery systems, many of these individuals are now able to remain in their homes and communities with the aid of appropriate support services. This Program Revision proposes \$66.7 million in total funds to continue the Commonwealth's commitment to provide services to individuals with disabilities and the elderly that promote independence and self-respect, and maximize opportunities for family and community involvement.

Over the last several years, the availability of services for persons with mental retardation has been progressively shifting from institutional care to home and community-based care. This Program Revision proposes \$18.1 million in total funds to further expand community opportunities for persons with mental retardation. Through this initiative, community residential placements will be provided for 367 additional individuals, of which 24 individuals are currently residing in State facilities. In addition, day and support services will be provided for 808 additional individuals on county waiting lists.

This Program Revision also proposes to enhance community-based services for individuals with mental illness. Approximately \$1.4 million is recommended to expand the availability of home and community-based mental health services for persons currently residing in State mental hospitals. Through this initiative, an additional 33 State hospital residents will be provided community residential placements with a corresponding reduction in State hospital beds. In addition to the funding recommended in this Program Revision, an increase of \$99 million in State funds is recommended for the HealthChoices Program to provide approximately 71,300 Medical Assistance recipients with access to community-based behavioral health services.

The Commonwealth currently offers a variety of Medical Assistance waiver programs that enable persons with disabilities to remain in their homes and communities. This Program Revision provides \$13.4 million in total funds to provide home and community-based services for 479 additional persons with disabilities who would otherwise need more restrictive and expensive institutional care, including persons who need attendant care services, persons who are ventilator dependent and persons with

physical and cognitive disabilities. To improve access and service delivery, this Program Revision also recommends \$1.5 million in total funds to redesign the Statewide structure for the administration of home and community-based services for persons with physical disabilities.

In addition, this Program Revision includes funds to continue to expand home and community-based opportunities for older Pennsylvanians. Approximately \$29.2 million in total funds is recommended to provide 2,643 additional older Pennsylvanians with a comprehensive package of medical and support services in their own homes and communities. Through these home-based services, older Pennsylvanians are provided alternatives to nursing home care. Of these individuals, 1,212 are projected to meet the Medical Assistance income and asset eligibility requirements and would receive all medically necessary services and supports offered through the Medical Assistance Program. The remaining 1,431 individuals are projected to meet the Medical Assistance income eligibility requirements but not the asset eligibility requirements. To obtain home and community-based services as an alternative to institutionalization, these individuals would share in the cost of their care until their assets meet the Medical Assistance eligibility requirements, at which time the Medical Assistance Program would become responsible for all eligible home and community-based care costs.

To ensure the continued availability of home and community-based services for individuals with acute or chronic health care needs, this Program Revision also recommends \$1.3 million in total funds to increase fees paid to providers for home health care services provided through the Medical Assistance Program. Through the use of home health care services, an individual's need for institutionalization can be significantly reduced or eliminated.

This Program Revision also recommends \$1.8 million to expand 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 39,400 additional rides will be provided to persons with disabilities, thereby increasing accessibility and promoting independence.

Through this Program Revision, the Commonwealth continues its commitment to improving the quality of life for persons with disabilities and for older Pennsylvanians. It strengthens and expands successful programs and implements new initiatives designed to enhance the continuum of home and community-based supports which enable persons with disabilities to live as independently as possible and older Pennsylvanians to live at home with dignity and among their family.

Program Revision: Expanding Home and Community-Based Services (continued)

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Additional persons receiving community mental retardation services Program Revision	0	0	1,175	1,275	1,375	1,475	1,575
Additional residents of State mental hospitals discharged to home and community-based care Program Revision	0	0	33	33	33	33	33
Additional persons with disabilities receiving home and community-based services Program Revision	0	0	479	479	479	479	479
Additional older Pennsylvanians receiving comprehensive home and community-based alternatives to nursing home care Program Revision	0	0	2,643	3,249	3,464	3,556	3,562
Additional discounted rides provided to persons with disabilities living in rural communities Program Revision	0	0	39,435	131,900	131,900	131,900	131,900

Program Revision Recommendations: This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND PUBLIC WELFARE</p> <p>Community Mental Retardation Services \$ 10,145 —to provide home and community-based services for 1,175 additional persons with mental retardation.</p> <p>Mental Health Services \$ 1,357 —to provide home and community-based services for 33 persons currently residing in State mental hospitals.</p> <p>Services to Persons with Disabilities \$ 963 —to provide home and community-based services for 279 additional persons with disabilities. 193 —to redesign the Statewide structure for the administration of home and community-based services for persons with physical disabilities.</p> <hr/> <p>\$ 1,156 <i>Appropriation Total</i></p> <p>Attendant Care \$ 1,144 —to provide attendant care services for 170 additional individuals. 346 —to redesign the Statewide structure for the administration of home and community-based services for persons with physical disabilities.</p> <hr/> <p>\$ 1,490 <i>Appropriation Total</i></p>	<p>\$ 200 Long-Term Care —to redesign the Statewide structure for the administration of home and community-based services for persons with physical disabilities.</p> <p>\$ 108 Medical Assistance – Outpatient —to increase fees paid to providers for home health care services provided through the Medical Assistance Program.</p> <p>\$ 526 Medical Assistance – Capitation —to increase fees paid to providers for home health care services provided through the Medical Assistance Program.</p> <p>TRANSPORTATION Transit and Rail Freight Operations \$ 45 —to provide administrative resources to expand transportation services for persons with disabilities living in rural communities.</p> <p>\$ 1,800 Fixed Route Transit —to expand transportation services for persons with disabilities living in rural communities.</p> <p>TOBACCO SETTLEMENT FUND AGING Home and Community-Based Services \$ 10,653 —to provide home and community-based services for older Pennsylvanians as an alternative to nursing home care.</p>
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Program Revision: Expanding Home and Community-Based Services (continued)

Program Revision Recommendations: (continued)

This budget recommends the following changes:
(Dollar Amounts in Thousands)

PUBLIC WELFARE	
Home and Community-Based Services	
\$	6,986 —to provide home and community-based services for older Pennsylvanians as an alternative to nursing home care.
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\$	34,466 <i>Program Revision Total</i>

In addition, this budget recommends \$8,004,000 in Federal funds to expand home and community-based services for persons with mental retardation; \$7,031,000 in Federal funds and \$4,271,000 in Intergovernmental Transfer funds to expand home and community-based services for persons with disabilities; \$739,000 in Federal funds to redesign the Statewide structure for the administration of home and community-based services for persons with physical disabilities; \$11,597,000 in Federal funds to expand home and community-based services for older Pennsylvanians as an alternative to nursing home care; and \$671,000 in Federal funds to increase fees for home health services provided through the Medical Assistance Program.

Recommended Program Revision Costs by Appropriation:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Public Welfare							
Mental Health Services	\$ 0	\$ 0	\$ 1,357	\$ 1,766	\$ 824	\$ 824	\$ 824
State Centers for the Mentally Retarded	0	0	0	0	-488	-488	-488
Medical Assistance – Outpatient	0	0	108	324	324	324	324
Medical Assistance – Capitation	0	0	526	1,158	1,274	1,401	1,541
Long-Term Care Facilities	0	0	200	400	400	400	400
Community Mental Retardation Services	0	0	10,145	20,321	23,419	26,517	29,615
Services to Persons with Disabilities	0	0	1,156	2,126	2,126	2,126	2,126
Attendant Care	0	0	1,490	2,090	2,090	2,090	2,090
Transportation							
Transit and Rail Freight Operations	0	0	45	53	53	53	53
Fixed Route Transit	0	0	1,800	1,800	1,800	1,800	1,800
GENERAL FUND TOTAL	\$ 0	\$ 0	\$ 16,827	\$ 30,038	\$ 31,822	\$ 35,047	\$ 38,285
TOBACCO SETTLEMENT FUND:							
Aging							
Home and Community-Based Services	\$ 0	\$ 0	\$ 10,653	\$ 19,555	\$ 19,017	\$ 16,093	\$ 12,575
Public Welfare							
Home and Community-Based Services	0	0	6,986	11,962	16,007	20,130	22,161
TOBACCO SETTLEMENT FUND TOTAL	\$ 0	\$ 0	\$ 17,639	\$ 31,517	\$ 35,024	\$ 36,223	\$ 34,736
TOTAL ALL FUNDS	\$ 0	\$ 0	\$ 34,466	\$ 61,555	\$ 66,846	\$ 71,270	\$ 73,021



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)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
General Government Operations.....	\$ 136,161	\$ 138,415	\$ 140,423
(A)Cigarette Fines and Penalties.....	15	15	15
(A)Cigarette Tax Enforcement.....	827	800	808
(A)Services to Special Funds.....	6,942	7,490	7,557
(A)EDP and Staff Support.....	6,194	6,392	5,901
(A)Tax Information.....	204	205	207
(A)Private Letter Valuation Charges.....	2	0	0
(A)Local Sales Tax.....	2,591	2,998	3,075
(A)Small Games of Chance.....	210	218	218
General Operations - Lottery Administration.....	45,232	46,840	47,156
(A)License Fees.....	16	120	15
(A)Winning Number.....	83	114	88
(A)Annuity Assignment Fees.....	2	50	50
(A)Sales of Automobiles.....	3	0	0
Commissions - Inheritance & Realty Transfer Taxes (EA).....	6,996	6,989	6,188
Subtotal - State Funds.....	\$ 188,389	\$ 192,244	\$ 193,767
Subtotal - Augmentations.....	17,089	18,402	17,934
Total - General Government.....	<u>\$ 205,478</u>	<u>\$ 210,646</u>	<u>\$ 211,701</u>
<i>Grants and Subsidies:</i>			
Distribution of Public Utility Realty Tax.....	\$ 60,073	\$ 48,000	\$ 36,300
STATE FUNDS.....	\$ 248,462	\$ 240,244	\$ 230,067
AUGMENTATIONS.....	17,089	18,402	17,934
GENERAL FUND TOTAL.....	<u>\$ 265,551</u>	<u>\$ 258,646</u>	<u>\$ 248,001</u>
<u>MOTOR LICENSE FUND:</u>			
<i>General Government:</i>			
Collections - Liquid Fuels Tax.....	\$ 12,453	\$ 13,157	\$ 13,032
(A)Fuel Tax Enforcement.....	15	25	25
Subtotal - State Funds.....	\$ 12,453	\$ 13,157	\$ 13,032
Subtotal - Augmentations.....	15	25	25
Total - General Government.....	<u>\$ 12,468</u>	<u>\$ 13,182</u>	<u>\$ 13,057</u>
<i>Refunds:</i>			
Refunding Liquid Fuels Tax (EA).....	\$ 8,490	\$ 9,000	\$ 9,200
STATE FUNDS.....	\$ 20,943	\$ 22,157	\$ 22,232
AUGMENTATIONS.....	15	25	25
MOTOR LICENSE FUND TOTAL.....	<u>\$ 20,958</u>	<u>\$ 22,182</u>	<u>\$ 22,257</u>
<u>LOTTERY FUND:</u>			
<i>General Government:</i>			
Lottery Advertising (EA).....	\$ 0	\$ 0	\$ 15,262
On-Line Vendor Commissions (EA).....	38,570	41,575	45,840
Instant Vendor Commissions (EA).....	13,854	15,119	19,007
Auditor General's Audit Costs (EA).....	86	86	86
Payment of Prize Money (EA).....	165,888	173,454	246,173
Total - General Government.....	<u>\$ 218,398</u>	<u>\$ 230,234</u>	<u>\$ 326,368</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
Grants and Subsidies:			
Property Tax & Rent Assistance for Older Pennsylvanians (EA).....	\$ 123,388	\$ 140,000	\$ 122,180
LOTTERY FUND TOTAL.....	\$ 341,786	\$ 370,234	\$ 448,548
 <u>RACING FUND:</u>			
General Government:			
Collections - State Racing (EA).....	\$ 221	\$ 228	\$ 231
 DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 248,462	\$ 240,244	\$ 230,067
SPECIAL FUNDS.....	362,950	392,619	471,011
AUGMENTATIONS.....	17,104	18,427	17,959
TOTAL ALL FUNDS.....	\$ 628,516	\$ 651,290	\$ 719,037

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
REVENUE COLLECTION AND ADMINISTRATION							
GENERAL FUND.....	\$ 188,389	\$ 192,244	\$ 193,767	\$ 193,767	\$ 193,767	\$ 193,767	\$ 193,767
SPECIAL FUNDS.....	239,562	252,619	348,831	351,172	356,821	362,526	368,291
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	17,104	18,427	17,959	17,959	17,959	17,959	17,959
SUBCATEGORY TOTAL.....	\$ 445,055	\$ 463,290	\$ 560,557	\$ 562,898	\$ 568,547	\$ 574,252	\$ 580,017
COMMUNITY DEVELOPMENT AND PRESERVATION							
GENERAL FUND.....	\$ 60,073	\$ 48,000	\$ 36,300	\$ 36,300	\$ 36,300	\$ 36,300	\$ 36,300
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.....	\$ 60,073	\$ 48,000	\$ 36,300	\$ 36,300	\$ 36,300	\$ 36,300	\$ 36,300
HOMEOWNERS AND RENTERS ASSISTANCE							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	123,388	140,000	122,180	120,958	119,748	118,851	117,365
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 123,388	\$ 140,000	\$ 122,180	\$ 120,958	\$ 119,748	\$ 118,851	\$ 117,365
ALL PROGRAMS:							
GENERAL FUND.....	\$ 248,462	\$ 240,244	\$ 230,067	\$ 230,067	\$ 230,067	\$ 230,067	\$ 230,067
SPECIAL FUNDS.....	362,950	392,619	471,011	472,130	476,569	481,377	485,656
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	17,104	18,427	17,959	17,959	17,959	17,959	17,959
DEPARTMENT TOTAL.....	\$ 628,516	\$ 651,290	\$ 719,037	\$ 720,156	\$ 724,595	\$ 729,403	\$ 733,682

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 such as the Pennsylvania Tax Information Data Exchange System (PA TIDES), the Electronic Data Interchange (EDI) Tax Filing Program, and Telefile.

Additionally, an internet version of PA TIDES has been implemented for tax filing enhancements. This has permitted the department to keep the cost of collection under \$.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.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Collections from delinquent accounts (in millions)	\$522	\$535	\$546	\$557	\$568	\$579	\$591
Amounts due as a result of audit assessments (in millions)	\$173	\$146	\$149	\$152	\$155	\$158	\$161
Personal Income Tax:							
Returns Processed	5,895,045	5,900,000	5,905,000	5,910,000	5,915,000	5,920,000	5,925,000
Corporation Taxes Settlement Time:							
Tax Liabilities Less Than \$50,000							
Settled in 9 months or less	109,964	120,000	121,900	131,400	135,200	139,000	142,800
Settled in 10 months or longer	141,268	123,100	125,000	120,000	120,000	120,000	120,000
Tax Liabilities Greater than \$50,000							
Settled in 9 months or less	0	200	200	200	200	200	200
Settled in 10 to 13 months	4,747	5,700	5,900	5,400	5,600	5,800	6,000
Returns requiring manual processing	18,377	18,000	18,000	18,000	18,000	18,000	18,000
Total Settled Accounts	274,356	267,000	270,000	275,000	279,000	283,000	287,000
Total Active Accounts	235,089	240,000	245,000	250,000	255,000	260,000	265,000
Lottery operating costs as a percent of ticket sales	5.07%	5.00%	5.52%	5.32%	5.27%	5.23%	5.18%

Collections from delinquent accounts increase from last year's budget based on actual data.

Amounts due as a result of audit assessments have been updated from last year's projections based on actual data containing a few large assessments which are not expected to recur in future year estimates.

The various Corporation Taxes Settled have been updated from last year's budget projections based on actual data and the latest evaluation of future year estimates.

Program: Revenue Collection and Administration (continued)

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND General Government Operations —to continue current program.</p> <p>\$ 2,008</p> <p>General Operations — Lottery Administration —to continue current program.</p> <p>\$ 316</p> <p>Commissions — Inheritance & Realty Transfer Taxes (EA) —based on current revenue estimates.</p> <p>\$ -801</p> <p>MOTOR LICENSE FUND Collections — Liquid Fuels Tax —nonrecurring computer costs.</p> <p>\$ -125</p> <p>Refunding Liquid Fuels Tax (EA) —to continue current program.</p> <p>\$ 200</p> <p>LOTTERY FUND Lottery Advertising (EA) —to enhance sales and improve the fund's solvency.</p> <p>\$ 15,262</p>	<p>\$ 4,265</p> <p>\$ 3,888</p> <p>\$ 72,719</p> <p>\$ 3</p>	<p>On-Line Vendor Commissions (EA) —based on the latest projection of program requirements including membership in the multi-state Powerball game and improved sales through enhanced advertising.</p> <p>Instant Vendor Commissions (EA) —based on the latest projection of program requirements including membership in the multi-state Powerball game and improved sales through enhanced advertising.</p> <p>Payment of Prize Money (EA) —based on the latest projection of program requirements including membership in the multi-state Powerball game and improved sales through enhanced advertising.</p> <p>RACING FUND Collections — Racing (EA) —to continue current program.</p>
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All other appropriations are recommended at the current year funding level.



Includes accomplishment of the PRIME recommendation in which the Department of Revenue created the first state income tax curriculum, PIT 101 for high school students.

Includes PRIME recommendation to complete the final steps necessary to redesign the way business liens are filed and settled.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 136,161	\$ 138,415	\$ 140,423	\$ 140,423	\$ 140,423	\$ 140,423	\$ 140,423
General Operations – Lottery Administration	45,232	46,840	47,156	47,156	47,156	47,156	47,156
Commissions – Inheritance & Realty Transfer Taxes (EA)	6,996	6,989	6,188	6,188	6,188	6,188	6,188
TOTAL GENERAL FUND	\$ 188,389	\$ 192,244	\$ 193,767	\$ 193,767	\$ 193,767	\$ 193,767	\$ 193,767
MOTOR LICENSE FUND:							
Collections – Liquid Fuels Tax	\$ 12,453	\$ 13,157	\$ 13,032	\$ 13,032	\$ 13,032	\$ 13,032	\$ 13,032
Refunding Liquid Fuels Tax (EA)	8,490	9,000	9,200	9,200	9,200	9,200	9,200
TOTAL MOTOR LICENSE FUND	\$ 20,943	\$ 22,157	\$ 22,232	\$ 22,232	\$ 22,232	\$ 22,232	\$ 22,232
LOTTERY FUND:							
Lottery Advertising (EA)	\$ 0	\$ 0	\$ 15,262	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000
On-Line Vendor Commissions (EA)	38,570	41,575	45,840	46,621	47,413	48,216	49,030
Instant Vendor Commissions (EA)	13,854	15,119	19,007	18,629	19,251	19,886	20,529
Auditor General's Audit Costs (EA)	86	86	86	86	86	86	86
Payment of Prize Money (EA)	165,888	173,454	246,173	250,373	254,608	258,875	263,183
TOTAL LOTTERY FUND	\$ 218,398	\$ 230,234	\$ 326,368	\$ 328,709	\$ 334,358	\$ 340,063	\$ 345,828
RACING FUND:							
Collections – State Racing (EA)	\$ 221	\$ 228	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231

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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Taxing authorities receiving funds	3,029	3,030	3,075	3,075	3,075	3,075	3,075

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Distribution of Public Utility Realty Tax
 \$ -11,700 —reflects normal fluctuations in tax assessments.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Distribution of Public Utility Realty Tax	\$ 60,073	\$ 48,000	\$ 36,300	\$ 36,300	\$ 36,300	\$ 36,300	\$ 36,300

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 2000-01, the average tax assistance payment was \$358.17 and the average rent rebate was \$383.84.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Households provided property tax or rent assistance	344,623	329,300	326,000	319,500	316,300	313,100	310,000

Households provided property tax or rent assistance decreased from the projection in last year's budget because the expansion of eligibility enacted in 1999 did not result in as great an increase in participation as expected.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Property Tax & Rent Assistance for Older Pennsylvanians (EA)
 \$ -17,820 —increases in eligibility resulting from Act 30 of 1999 which excludes 50 percent of Social Security and Railroad Retirement Benefit did not result in as great an increase in participation as had been anticipated.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
LOTTERY FUND:							
Property Tax & Rent Assistance for Older Pennsylvanians (EA)	\$ 123,388	\$ 140,000	\$ 122,180	\$ 120,958	\$ 119,748	\$ 118,851	\$ 117,365



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)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
General Government Operations.....	\$ 2,093	\$ 2,233	\$ 2,233
(A) Consumer Protection.....	4,901	5,160	5,659
Subtotal - State Funds.....	\$ 2,093	\$ 2,233	\$ 2,233
Subtotal - Augmentations.....	4,901	5,160	5,659
Total - General Government.....	<u>\$ 6,994</u>	<u>\$ 7,393</u>	<u>\$ 7,892</u>
STATE FUNDS.....	\$ 2,093	\$ 2,233	\$ 2,233
AUGMENTATIONS.....	4,901	5,160	5,659
GENERAL FUND TOTAL.....	<u>\$ 6,994</u>	<u>\$ 7,393</u>	<u>\$ 7,892</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
SECURITIES INDUSTRY REGULATION							
GENERAL FUND.....	\$ 2,093	\$ 2,233	\$ 2,233	\$ 2,233	\$ 2,233	\$ 2,233	\$ 2,233
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	4,901	5,160	5,659	5,659	5,659	5,659	5,659
SUBCATEGORY TOTAL.....	\$ 6,994	\$ 7,393	\$ 7,892	\$ 7,892	\$ 7,892	\$ 7,892	\$ 7,892
ALL PROGRAMS:							
GENERAL FUND.....	\$ 2,093	\$ 2,233	\$ 2,233	\$ 2,233	\$ 2,233	\$ 2,233	\$ 2,233
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	4,901	5,160	5,659	5,659	5,659	5,659	5,659
DEPARTMENT TOTAL.....	\$ 6,994	\$ 7,393	\$ 7,892	\$ 7,892	\$ 7,892	\$ 7,892	\$ 7,892

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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Securities filings received	5,585	6,000	6,000	6,000	6,000	6,000	6,000
Securities filings cleared	4,966	5,700	5,700	5,700	5,700	5,700	5,700
Dollar amounts of securities cleared for sale (trillions):	\$160	\$164	\$164	\$164	\$164	\$164	\$164
Broker-dealers registered	2,622	2,674	2,728	2,782	2,838	2,895	2,953
Agents registered	149,411	156,882	164,726	172,962	181,610	190,691	200,225
Investment advisers registered	1,439	1,554	1,678	1,813	1,958	2,114	2,284
Investment adviser representatives registered	2,639	2,771	2,909	3,055	3,208	3,368	3,537
Formal investigations conducted	367	370	380	390	400	410	420

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

This budget recommends funding for the General Government Operations appropriation at the current year level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 2,093	\$ 2,233	\$ 2,233	\$ 2,233	\$ 2,233	\$ 2,233	\$ 2,233



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)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
<u>GENERAL FUND:</u>			
<i>General Government:</i>			
General Government Operations.....	\$ 4,065	\$ 6,284	\$ 4,472
(A) Departmental Services.....	0 ^a	0 ^a	0 ^a
(R) Professional and Occupational Affairs.....	17,989 ^b	18,031 ^b	19,421 ^b
(R) State Board of Medicine.....	3,182 ^b	3,523 ^b	3,199 ^b
(R) State Board of Osteopathic Medicine.....	561 ^b	632 ^b	669 ^b
(R) State Board of Podiatry.....	190 ^b	217 ^b	262 ^b
(R) State Athletic Commission.....	310 ^b	346 ^b	364 ^b
(R) Athletic Commission-Transfer to General Fund (EA).....	0 ^c	600 ^c	0 ^c
(R) Corporation Bureau (EA).....	3,473 ^c	4,596 ^c	4,173 ^c
Subtotal.....	\$ 29,770	\$ 34,229	\$ 32,560
Voter Registration.....	949	9,328	1,412
Publishing Constitutional Amendments (EA).....	600	600	588
Electoral College.....	10	0	0
Publishing State Reapportionment Maps.....	0	1,400^d	200
Publishing Federal Reapportionment Maps.....	0	400^e	0
Subtotal - State Funds.....	\$ 5,624	\$ 18,012	\$ 6,672
Subtotal - Restricted Revenues.....	25,705	27,945	28,088
Total - General Government.....	\$ 31,329	\$ 45,957	\$ 34,760
<i>Grants and Subsidies:</i>			
Voting of Citizens in Military Service.....	\$ 20	\$ 8	\$ 8
Voter Registration Study.....	250	0	0
County Election Expenses (EA).....	52	400	0
Total - Grants and Subsidies.....	\$ 322	\$ 408	\$ 8
STATE FUNDS.....	\$ 5,946	\$ 18,420	\$ 6,680
RESTRICTED REVENUES.....	25,705	27,945	28,088
GENERAL FUND TOTAL.....	\$ 31,651	\$ 46,365	\$ 34,768
<u>OTHER FUNDS:</u>			
REAL ESTATE RECOVERY FUND:			
Real Estate Recovery Payments (EA).....	\$ 525	\$ 400	\$ 100
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 5,946	\$ 18,420	\$ 6,680
SPECIAL FUNDS.....	0	0	0
RESTRICTED.....	25,705	27,945	28,088
OTHER FUNDS.....	525	400	100
TOTAL ALL FUNDS.....	\$ 32,176	\$ 46,765	\$ 34,868

^a Not added to the total to avoid double counting: 2000-01 Actual is \$3,038,000, 2001-02 Available is \$3,540,000, and 2002-03 Budget is \$4,052,000.

^b Appropriated from a restricted revenue account.

^c Executive Authorization from a restricted revenue account.

^d Includes recommended supplemental appropriation of \$1,400,000.

^e Includes recommended supplemental appropriation of \$400,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
CONSUMER PROTECTION							
GENERAL FUND.....	\$ 5,946	\$ 18,420	\$ 6,680	\$ 6,480	\$ 6,502	\$ 6,480	\$ 6,480
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	26,230	28,345	28,188	27,887	27,887	27,887	27,887
SUBCATEGORY TOTAL.....	\$ 32,176	\$ 46,765	\$ 34,868	\$ 34,367	\$ 34,389	\$ 34,367	\$ 34,367
ALL PROGRAMS:							
GENERAL FUND.....	\$ 5,946	\$ 18,420	\$ 6,680	\$ 6,480	\$ 6,502	\$ 6,480	\$ 6,480
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	26,230	28,345	28,188	27,887	27,887	27,887	27,887
DEPARTMENT TOTAL.....	\$ 32,176	\$ 46,765	\$ 34,868	\$ 34,367	\$ 34,389	\$ 34,367	\$ 34,367

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 9,464 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 data base 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, extraditions are prepared for the Governor and bond issues for the Commonwealth are processed. Finally, 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.

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 23,000 trademarks and fictitious names as well as 130,000 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 fund raisers and solicitors, as well as regulation of the actual solicitation and distribution of collected funds. The major objective of the bureau is to increase the awareness and understanding of the Charitable Solicitations Act among Pennsylvania consumers and charitable organizations.

Act 55 of 1997 increased the number of charities required to register with the Department of State and established a system of mandatory arbitration to resolve complaints of unfair competition filed by small businesses against charities.

The State Athletic Commission monitors and regulates all professional and amateur boxing and kickboxing, amateur wrestling contests, and the licensing of all persons who participate in these events. There are 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, second, timekeeper and trainer.

Program: Consumer Protection (continued)

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Voter registration transactions	1,079,905	1,200,000	1,200,000	1,500,000	1,200,000	1,200,000	1,200,000
Professional licenses and renewals issued	392,164	393,000	393,000	393,000	393,000	393,000	393,000
Disciplinary actions by boards	2,179	2,700	2,700	2,700	2,700	2,700	2,700
Case files closed (BPOA)	5,733	7,000	7,100	7,200	7,300	7,400	7,500
Case files opened (BPOA)	6,915	7,300	7,300	7,300	7,400	7,500	7,600
Uniform Commercial Code financing statement filings and information requests fulfilled	145,775	146,000	146,000	146,000	146,000	146,000	146,000
Charity registrations	7,200	7,500	7,500	7,500	7,500	7,500	7,500
Open charities investigations	489	330	330	330	350	350	350
Closed charities investigations	436	330	330	330	330	330	330
Reviews of fictitious names, business corporations, trademark applications	163,858	165,000	165,000	165,000	165,000	165,000	165,000
Corporation information requests processed	339,752	340,000	340,000	340,000	340,000	340,000	340,000

Voter registration transactions decreased in 2000-01 from the projection shown in last year's budget because of a greater than expected decline following the presidential election.

Disciplinary actions by boards are greater than shown in last year's budget due to an increase in caseloads.

Case files opened and closed increased from the projections shown in last year's budget due to an increase in claims filed resulting from the new access to claims forms over the internet.

Open and closed charities investigations increased in 2000-01 from the projections shown in last year's budget due to an unexpected increase in complaints against charities.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations
 \$ -500 —nonrecurring project to enable electronic filing of campaign finance reports over the internet.
 -555 —nonrecurring costs to convert computer applications to a Sun/Oracle system.
 -822 —nonrecurring project to redesign and automate the notary public application process.
 65 —to continue current program.

Appropriation Decrease
 \$ -1,812

Voter Registration
 \$ -8,500 —nonrecurring costs of the voter registration central data base system.
 34 —to continue current program.
 550 —second year costs of the voter registration central data base system.

Appropriation Decrease
 \$ -7,916

Publishing Constitutional Amendments (EA)
 \$ -12 —nonrecurring costs.

Publishing State Reapportionment Maps
 \$ -1,200 —nonrecurring costs.

Publishing Federal Reapportionment Maps
 \$ -400 —nonrecurring costs.

County Election Expenses (EA)
 \$ -400 —nonrecurring special election costs.

Voting of Citizens in Military Service is recommended at the current year funding level.

In addition, this budget recommends the following changes in appropriations and an executive authorization from restricted accounts:

Professional and Occupational Affairs
 \$ -225 —nonrecurring systems enhancements.
 1,157 —to continue current program.
 242 —Initiative — Disciplinary Actions Online. To provide additional disciplinary action information for regulated professionals through the department's website.
 216 —data powerhouse transition and technology updates.

Appropriation Increase
 \$ 1,390

State Board of Medicine
 \$ -369 —nonrecurring systems enhancement and operational expenses.
 45 —Initiative — Disciplinary Actions Online. To provide additional disciplinary action information for regulated professionals through the department's website.

Appropriation Decrease
 \$ -324

Program: Consumer Protection (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ 26 —to continue current program.</p> <p>11 —Initiative — Disciplinary Actions Online. To provide additional disciplinary action information for regulated professionals through the department's website.</p> <hr/> <p>\$ 37 <i>Appropriation Increase</i></p>	<p>State Board of Osteopathic Medicine</p>	<p>\$ 18 —to continue current program.</p>	<p>State Athletic Commission</p>
<p>\$ 42 —to continue current program.</p> <p>3 —Initiative — Disciplinary Actions Online. To provide additional disciplinary action information for regulated professionals through the department's website.</p> <hr/> <p>\$ 45 <i>Appropriation Increase</i></p>	<p>State Board of Podiatry</p>	<p>\$ -600 —nonrecurring surplus transfer from the Athletic Commission Augmentation Account.</p>	<p>Athletic Commission — Transfer to General Fund (EA)</p>
		<p>\$ -104 —nonrecurring E-government initiative.</p> <p>-375 —nonrecurring second year costs of the data base conversion to Sun/Oracle.</p> <hr/> <p>56 —to continue current program.</p> <p>\$ -423 <i>Appropriation Decrease</i></p>	<p>Corporation Bureau (EA)</p>

Recommendations assume that fees for all boards will be sufficient to fund the recommended expenditure level.



Includes PRIME recommendation to provide improved public access to disciplinary action information for regulated professionals.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 4,065	\$ 6,284	\$ 4,472	\$ 4,472	\$ 4,472	\$ 4,472	\$ 4,472
Voter Registration	949	9,328	1,412	1,412	1,412	1,412	1,412
Publishing Constitutional Amendments (EA)	600	600	588	588	588	588	588
Electoral College	10	0	0	0	10	0	0
Publishing State Reapportionment Maps	0	1,400	200	0	0	0	0
Publishing Federal Reapportionment Maps	0	400	0	0	0	0	0
Voting of Citizens in Military Service	20	8	8	8	20	8	8
Voter Registration Study	250	0	0	0	0	0	0
County Election Expenses (EA)	52	400	0	0	0	0	0
TOTAL GENERAL FUND	\$ 5,946	\$ 18,420	\$ 6,680	\$ 6,480	\$ 6,502	\$ 6,480	\$ 6,480



STATE EMPLOYEES' RETIREMENT SYSTEM

The mission of the State Employees' Retirement System is to administer the retirement benefits plan for State employees and elected officials in accordance with Pennsylvania statutes; provide effective services to all active and retired members; to accumulate, manage and disburse the retirement fund assets in accordance with fiduciary standards and at a reasonable cost to Commonwealth taxpayers; and to maximize investment return while exercising a "prudent person" investment policy.

The State Employees' Retirement System is responsible for administering the State Employees' Retirement Fund and the supplemental retirement allowances and cost-of-living increases for annuitants. The system also administers the Commonwealth Deferred Compensation Program.

State Employees' Retirement System

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
<u>GENERAL FUND:</u>			
<i>Grants and Subsidies:</i>			
National Guard - Employer Contribution.....	\$ 1	\$ 0	\$ 0
Transfer to State Employees Retirement Fund.....	11,000	0	0
	<hr/>	<hr/>	<hr/>
Total - Grants and Subsidies.....	\$ 11,001	\$ 0	\$ 0
	<hr/>	<hr/>	<hr/>
GENERAL FUND TOTAL.....	\$ 11,001	\$ 0	\$ 0
	<hr/>	<hr/>	<hr/>
<u>OTHER FUNDS:</u>			
STATE EMPLOYEES' RETIREMENT FUND:			
State Employees' Retirement Administration.....	\$ 19,518	\$ 20,078	\$ 20,869
Directed Commissions.....	1,773	1,000	1,000
	<hr/>	<hr/>	<hr/>
STATE EMPLOYEES' RETIREMENT FUND TOTAL.....	\$ 21,291	\$ 21,078	\$ 21,869
	<hr/>	<hr/>	<hr/>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 11,001	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0
OTHER FUNDS.....	21,291	21,078	21,869
	<hr/>	<hr/>	<hr/>
TOTAL ALL FUNDS.....	\$ 32,292	\$ 21,078	\$ 21,869
	<hr/>	<hr/>	<hr/>

State Employees' Retirement System

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
STATE EMPLOYEES' RETIREMENT							
GENERAL FUND.....	\$ 11,001	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	21,291	21,078	21,869	21,364	21,324	21,324	21,324
SUBCATEGORY TOTAL.....	\$ 32,292	\$ 21,078	\$ 21,869	\$ 21,364	\$ 21,324	\$ 21,324	\$ 21,324
ALL PROGRAMS:							
GENERAL FUND.....	\$ 11,001	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	21,291	21,078	21,869	21,364	21,324	21,324	21,324
DEPARTMENT TOTAL.....	\$ 32,292	\$ 21,078	\$ 21,869	\$ 21,364	\$ 21,324	\$ 21,324	\$ 21,324

State Employees' Retirement System

PROGRAM OBJECTIVE: To provide an effective administrative system for the operation of the retirement system for State employees.

Program: State Employees' Retirement

The State Employees' Retirement System was established to administer the pension system created in 1924. Contributions by the employees and the employing agencies are made to the State Employees' Retirement Fund that uses those moneys and interest earnings for payment of annuities and disability benefits and for administration of the system. The State Employees' Retirement Fund is shown in the Special Funds Appendix.

The net assets available for benefits are in excess of \$28 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 ten years of service but is actuarially reduced to the equivalent of the annuity which would have been payable at superannuation retirement.

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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Benefit payments processed	6,987	7,000	7,000	7,000	7,000	7,000	7,000
Return on investment (in millions)	-\$2,074	\$2,229	\$2,332	\$2,429	\$2,521	\$2,610	\$2,698

The average processing time for benefit payments is 12 days.

Return on investment in the actual year is lower than the projection shown in last year's budget. The expected returns for 2001-02 and beyond are based upon normal returns.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

STATE EMPLOYEES' RETIREMENT FUND	
State Employees' Retirement Administration	
\$ 391	—to continue current program.
400	—Initiative — Customer Relationship Management. To acquire and implement a new customer service software program.
<hr/>	
\$ 791	<i>Appropriation Increase</i>

In addition to this appropriation, \$1,000,000 in Directed Commission expenditures are anticipated for the budget year.

No funding is required for the National Guard – Employer Contribution appropriation.

State Employees' Retirement System

Program: State Employees' Retirement (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
National Guard - Employer Contribution	\$ 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfer to State Employees Retirement Fund	11,000	0	0	0	0	0	0
TOTAL GENERAL FUND	\$ 11,001	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
STATE EMPLOYEES' RETIREMENT FUND:							
State Employees' Retirement Administration	\$ 19,518	\$ 20,078	\$ 20,869	\$ 20,364	\$ 20,324	\$ 20,324	\$ 20,324
Directed Commissions	1,773	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL STATE EMPLOYEES' RETIREMENT FUND	\$ 21,291	\$ 21,078	\$ 21,869	\$ 21,364	\$ 21,324	\$ 21,324	\$ 21,324



STATE POLICE

The mission of the State Police is to:

- *Promote traffic safety, enforce existing statutes, recognize and eliminate traffic hazards and encourage motorists to practice safe driving techniques.*
- *Effectively investigate crime and reduce criminal activity.*
- *Provide investigative assistance and support services to all law enforcement agencies within the Commonwealth.*
- *Maintain and provide to criminal justice agencies accurate, up-to-date law enforcement information.*
- *Continually elevate the competence level of law enforcement within the Commonwealth.*
- *Provide prompt, competent service in emergency situations.*
- *Ensure personal protection and security for the Governor and other persons designated by proper authority.*
- *Promote public awareness concerning personal responsibility regarding crime reduction and traffic safety practices.*
- *Enforce all other State statutes as directed by proper authority.*

The State Police receive a General Fund appropriation for criminal law enforcement and a Motor License Fund transfer for traffic patrol activities. In 2002-03, the recommended ratio is 32 percent General Fund and 68 percent Motor License Fund. In addition, the State Police receive reimbursements from the Turnpike Commission for turnpike patrol and an appropriation from the State Stores Fund for liquor control enforcement.

PROGRAM REVISION

Budgeted Amounts Include the Following Program Revision:

Title	Appropriation	2002-03 State Funds (in thousands)
Protecting Public Safety		

Automated Fingerprint Identification System.....	\$	1,421
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This Program Revision provides resources for additional storage capacity and off-site back-up capability for the AFIS database and new equipment for fingerprint retrieval and submission to the FBI. This is part of the \$16.5 million Protecting Public Safety Program Revision. Please see the Program Revision following the Institutionalization of Offenders program in the Department of Corrections for additional information on this Program Revision.

Department Total.....	\$	1,421
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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
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GENERAL FUND:

General Government:

General Government Operations	\$ 136,043	\$ 144,045^a	\$ 145,950
(F)Cyber Security (EA).....	0	4,100 ^b	4,100 ^c
(F)Law Enforcement Preparedness (EA).....	0	2,988 ^b	2,988 ^c
(F)Drug Enforcement.....	226	260	260
(F)DNA Laboratory Improvement.....	9	0	0
(F)Bulletproof Vests.....	876	1,473	1,473
(F)Identification System Integration.....	127	163	43
(F)DNA Analysis Outsourcing.....	504	0	0
(F)DNA Analysis Outsourcing (EA).....	0	343	343
(F)Marijuana Eradication.....	75	100	100
(F)DCSI - Robotic DNA Sampling(EA).....	95	0	0
(F)DCSI - Aerial Surveillance Equipment(EA).....	100	0	0
(F)DCSI - Redesign Crime Reporting System(EA).....	200	600	0
(F)DCSI - Digital Wiretap Network(EA).....	559	600	529
(F)DCSI - Minority Recruitment(EA).....	0	159	212
(F)Program Management(EA).....	14	20	20
(F)Central Repository Redesign(EA).....	425	800	213
(F)Motor Carrier Safety(EA).....	1,323	2,403	2,145
(F)DUI Enforcement(EA).....	600	600	600
(F)Safety Education(EA).....	25	25	25
(F)Interstate Highway Enforcement(EA).....	674	375	375
(F)Sobriety Test Training(EA).....	24	24	24
(F)Construction Zone Patrolling(EA).....	3,500	4,500	5,000
(F)Corridor Safety(EA).....	47	150	150
(F)Regulatory Checkpoints(EA).....	43	0	0
(F)Combat Underage Drinking(EA).....	330	360	360
(F)Information System for Lab and Crime Reports(EA).....	389	1,358	0
(F)PSP Against Child Exploitation(EA).....	0	299	0
(F)Crime Lab Enhancements(EA).....	254	1,800	628
(F)Occupant Protection(EA).....	448	550	550
(F)Hazardous Materials Suits(EA).....	0	250	250
(F)In-Car Video Cameras.....	0	250 ^d	250
(F)Lab Improvements(EA).....	0	397	0
(F)Computer Crime Prevention(EA).....	0	488	488
(F)Lab Improvements (EA).....	225	0	173
(F)Criminal History Information(EA).....	0	232	232
(F)Uniform Crime Report Redesign(EA).....	0	400	400
(F)Staff and Command Training (EA).....	0	0	173
(A)Turnpike Commission.....	21,961	22,500	23,300
(A)Sale of Automobiles.....	179	80	80
(A)Criminal History Record Checks.....	7,173	7,500	7,800
(A)Training Fees.....	108	25	65
(A)Reimbursement for Services.....	798	800	785
(A)Criminal History Fees - DPW.....	43	20	40
(A)Police Pursuits.....	58	50	50
(A)Bank Alarm Fees.....	0	60	40
(A)Fingerprint Record Checks.....	151	175	165
(A)Enforcement Reimbursements.....	0	40	20
(A)Registry of Protection.....	186	110	125
(A)Purchasing Card Rebates.....	29	25	25
(A)Transfer from Motor License Fund.....	0 ^e	0 ^e	0 ^e
Subtotal.....	\$ 177,821	\$ 201,497	\$ 200,549
CLEAN System	8,515	15,883	23,256
(A)Transfer from Motor License Fund.....	0 ^e	0 ^e	0 ^e
Municipal Police Training	3,733	5,106	5,731
(A)Transfer from Motor License Fund.....	0 ^e	0 ^e	0 ^e

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
Patrol Vehicles	2,794	2,820	3,050
(A)Automobile Sales.....	1,617	1,675	1,675
(A)Transfer from Motor License Fund.....	0 e	0 e	0 e
Subtotal.....	\$ 4,411	\$ 4,495	\$ 4,725
Automated Fingerprint Identification System	524	637	2,122
(F)DCSI-Criminal History Data(EA).....	1,855	1,968	0
(F)Fingerprint Card Scanner(EA).....	314	320	0
(F)Fingerprint Analysis(EA).....	613	812	0
(F)Fingerprint Card Archiving(EA).....	0	397	397
(F)Latent Print Transmission (EA).....	0	0	250
(F)Livescan Expansion (EA).....	0	0	160
Subtotal.....	\$ 3,306	\$ 4,134	\$ 2,929
Gun Checks	2,181	2,246	2,245
(R)Firearm Records Check.....	1,154	1,900	2,494
(F)Equipment Upgrades(EA).....	0	0	22
Subtotal.....	\$ 3,335	\$ 4,146	\$ 4,761
Subtotal - State Funds.....	\$ 153,790	\$ 170,737	\$ 182,354
Subtotal - Federal Funds.....	13,874	29,564	22,933
Subtotal - Augmentations.....	32,303	33,060	34,170
Subtotal - Restricted Revenues.....	1,154	1,900	2,494
Total - General Government.....	\$ 201,121	\$ 235,261	\$ 241,951
STATE FUNDS.....	\$ 153,790	\$ 170,737	\$ 182,354
FEDERAL FUNDS.....	13,874	29,564	22,933
AUGMENTATIONS.....	32,303	33,060	34,170
RESTRICTED REVENUES.....	1,154	1,900	2,494
GENERAL FUND TOTAL	\$ 201,121	\$ 235,261	\$ 241,951
<u>MOTOR LICENSE FUND:</u>			
<i>General Government:</i>			
General Government Operations.....	\$ 288,632	\$ 306,695	\$ 310,144
CLEAN System.....	18,095	33,976	49,419
Municipal Police Training.....	3,733	5,158	5,731
Patrol Vehicles.....	5,937	6,052	6,481
Subtotal.....	\$ 316,397	\$ 351,881	\$ 371,775
Total - General Government.....	\$ 316,397	\$ 351,881	\$ 371,775
MOTOR LICENSE FUND TOTAL	\$ 316,397	\$ 351,881	\$ 371,775
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
Seized/Forfeited Property - Federal.....	\$ 1,356	\$ 500	\$ 300
State Drug Act Forfeiture Funds.....	0	500	210
State Criminal Enforcement Forfeiture Funds.....	0	10	10
Crime Lab User Fees.....	0	400	200
Auto Theft and Arson Fund.....	240	1,304	1,420
Insurance Fraud Prevention.....	0	250	250
GENERAL FUND TOTAL	\$ 1,596	\$ 2,964	\$ 2,390

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
DNA DETECTION FUND:			
DNA Detection of Offenders(EA).....	\$ 85	\$ 191	\$ 155
STATE STORES FUND:			
Liquor Control Enforcement.....	\$ 17,138	\$ 18,371	\$ 18,738
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 153,790	\$ 170,737	\$ 182,354
SPECIAL FUNDS.....	316,397	351,881	371,775
FEDERAL FUNDS.....	13,874	29,564	22,933
AUGMENTATIONS.....	32,303	33,060	34,170
RESTRICTED.....	1,154	1,900	2,494
OTHER FUNDS.....	18,819	21,526	21,283
TOTAL ALL FUNDS.....	\$ 536,337	\$ 608,668	\$ 635,009

^a Includes \$52,000 executively authorized from State Match for DCSI Subgrants appropriation in the Executive Offices.

^b Recommended supplemental executive authorization from the Federal Government's Emergency Response Fund. Additional revisions may occur as the Federal Government provides more information on these funds.

^c 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

^d Includes recommended supplemental appropriation of \$250,000.

^e 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)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
PUBLIC PROTECTION AND LAW ENFORCEMENT							
GENERAL FUND.....	\$ 153,790	\$ 170,737	\$ 182,354	\$ 180,320	\$ 182,575	\$ 184,886	\$ 187,253
SPECIAL FUNDS.....	316,397	351,881	371,775	371,995	376,787	381,699	386,735
FEDERAL FUNDS.....	13,874	29,564	22,933	15,435	15,435	15,435	15,435
OTHER FUNDS.....	52,276	56,486	57,947	57,947	57,947	57,947	57,947
SUBCATEGORY TOTAL.....	\$ 536,337	\$ 608,668	\$ 635,009	\$ 625,697	\$ 632,744	\$ 639,967	\$ 647,370
ALL PROGRAMS:							
GENERAL FUND.....	\$ 153,790	\$ 170,737	\$ 182,354	\$ 180,320	\$ 182,575	\$ 184,886	\$ 187,253
SPECIAL FUNDS.....	316,397	351,881	371,775	371,995	376,787	381,699	386,735
FEDERAL FUNDS.....	13,874	29,564	22,933	15,435	15,435	15,435	15,435
OTHER FUNDS.....	52,276	56,486	57,947	57,947	57,947	57,947	57,947
DEPARTMENT TOTAL.....	\$ 536,337	\$ 608,668	\$ 635,009	\$ 625,697	\$ 632,744	\$ 639,967	\$ 647,370

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.

The department's Information Technology Strategic Plan will utilize state-of-the-art technology to automate a full range of State Police functions. The initial phase, known as the Enterprise Network, improved communications and productivity through the installation of 2,800 personal computers with electronic mail and office software applications. A second phase, the Incident Information Management System (IIMS), is currently being implemented. Data terminals are being installed in patrol vehicles and bar-coding is being used 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.

Program Element: Vehicle Standards Control

The vehicle inspection program within the Commonwealth is currently conducted jointly by the Department of Transportation and the State Police. This program was established to provide vehicle safety through periodic inspection of motor vehicles and removal of unsafe vehicles from the Commonwealth's highways. The administrative supervision of motor vehicle safety inspection stations, emissions inspection stations and motor vehicle dealers was transferred to the Department of Transportation on January 1, 1998. State Police continue to administer the school bus and mass transit vehicle inspection function and investigate complaints of improper practices by official inspection stations and motor vehicle dealers.

Program Element: Traffic Supervision

Enforcing the Commonwealth's traffic laws is a major responsibility of the State Police. The department emphasizes reducing traffic accidents and bringing the motoring public into voluntary compliance with all traffic laws through patrol and enforcement activities. Traffic patrolling 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 accidents. 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.

Recently, the State Police have reemphasized the use of Driving Under the Influence (DUI) sobriety checkpoints to combat drunk driving. New breath testing instruments that use infrared absorption technology were effectively used to test over 2,800 suspected offenders of DUI in 2000.

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 228 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 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.

Program: Public Protection and Law Enforcement (continued)

In a program sponsored by the National Highway Traffic Safety Administration, 198 Pennsylvania State Troopers have been trained and certified as child passenger safety technicians. In February 2001, the State Police implemented 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 also provide assistance to municipalities in suppression of violent crime through the Operation Triggerlock Program. Under this program, the State Police jointly work 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 law enforcement topics such as patrol techniques and criminal investigations, DNA analysis, and the role of the State Police Special Emergency Response Team.

Program Element: Criminal Law Enforcement

The majority of State Police efforts in criminal law enforcement are performed at the station level and consists of investigations of violence and property crimes. At the Statewide level, there are special investigations involving drugs and narcotics, organized crime, white-collar crime, public corruption, arson and criminal personality profiling.

The Bureau of Drug Law Enforcement is composed of Tactical Narcotic Teams and other special units that investigate the importation, manufacture, distribution and use of illegal drugs in the Commonwealth. State Police troopers, along with municipal, 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.

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. A special emergency response team has been trained and equipped to assist with high-risk and emergency situations. The department classifies emergency assistance into two separate categories: civil disorder and disturbances, and emergency management.

Civil disorder and disturbances are incidents that are or 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 and property, economic loss and disruption of normal living conditions.

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 seven 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 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. During the 2000-01 school year, over 621 programs were presented to 26,589 Pennsylvania school students.

The State Police have recently implemented 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: Public Protection and Law Enforcement (continued)

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Vehicle Standards Control							
School bus and mass transit vehicle inspections	26,129	26,000	26,000	26,000	26,000	26,000	26,000
Traffic Supervision							
Accidents per 1,000 miles of highway in Pennsylvania	1,338	1,342	1,346	1,350	1,354	1,358	1,362
Accidents per 1,000 miles of highway patrolled by State Police	632	634	636	638	640	642	644
Traffic citations issued	484,749	485,000	485,000	485,000	485,000	485,000	485,000
Crime Prevention							
Crimes per 100,000 population in State							
Police jurisdiction areas:							
Against persons	124	128	132	136	140	144	148
Against property	1,166	1,171	1,176	1,181	1,186	1,191	1,196
Criminal Law Enforcement							
Crimes against persons:							
Persons arrested	2,694	2,760	2,780	2,800	2,820	2,840	2,860
Clearance rate	66%	66%	66%	66%	66%	66%	66%
Percent of those arrested who are convicted	48%	56%	56%	56%	56%	56%	56%
Crimes against property:							
Persons arrested	9,594	9,690	9,730	9,770	9,810	9,850	9,890
Clearance rate	24%	23%	23%	23%	23%	23%	23%
Percent of those arrested who are convicted	71%	83%	83%	83%	83%	83%	83%
Liquor Control Enforcement							
Enforcement investigations	35,667	36,000	36,000	36,000	36,000	36,000	36,000

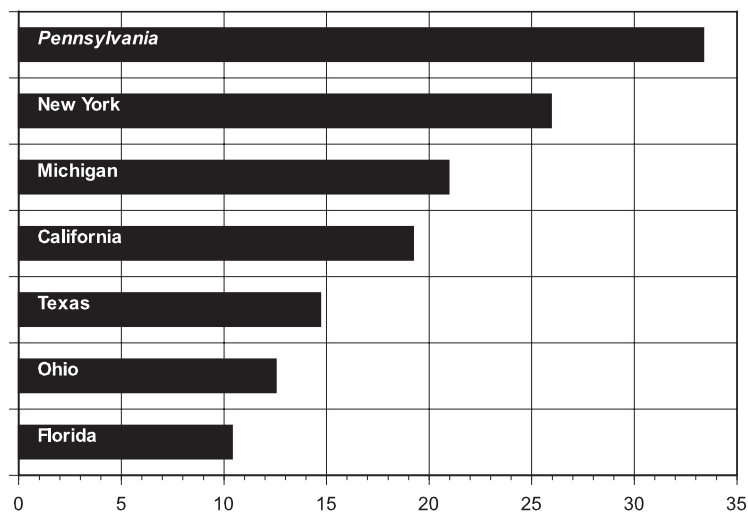
Crimes against persons - persons arrested increased from projections shown in last year's budget due to more intensive efforts relating to investigation of crimes committed against persons.

Crimes against persons - percent of those arrested who are convicted decreased in 2000-01 from the projection in last year's budget due to the volume of cases in the court system.

Crimes against property - percent of those arrested who are convicted decreased in 2000-01 from the projection in last year's budget due to the volume of cases in the court system.

State Police

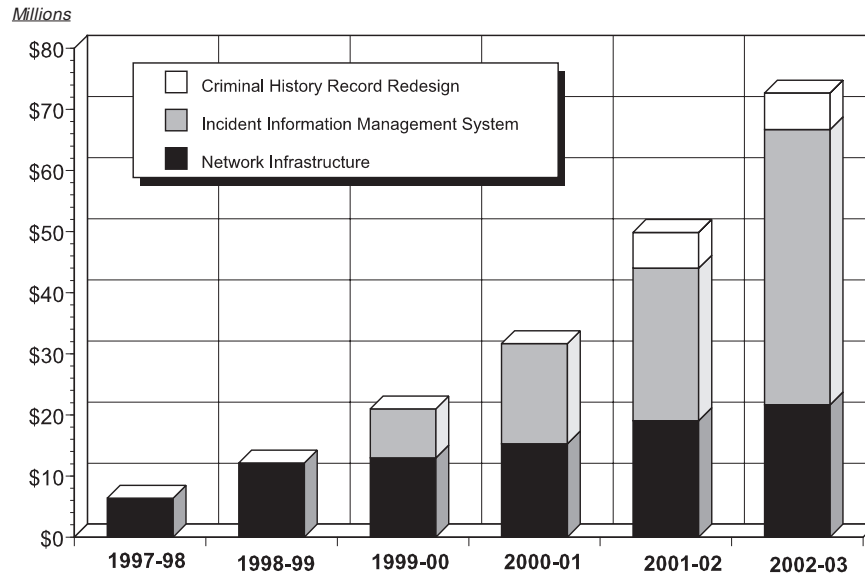
Per 100,000 Population



Full-time law enforcement officers as of October 2000.

Program: Public Protection and Law Enforcement (continued)

State Police Information Technology



Funding for the State Police's Commonwealth Law Enforcement Assistance Network (CLEAN) is projected to increase from \$6.3 million in 1997-98 to \$72.7 million in 2002-03, an increase of over 1,000%.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND AND MOTOR LICENSE FUND COMBINED		
	General Government Operations	\$	
\$ 7,240	—Initiative — Additional State Police Troopers. To provide administrative resources for an additional 100 State Police Troopers.	860	Patrol Vehicles
8,802	—to continue current operations.	8,671	—Initiative — Additional State Police Trooper Support. To acquire patrol vehicles for an additional 100 State Police Troopers.
3,700	—to continue improvements in the public safety radio system.	-8,872	—to replace approximately 460 patrol vehicles.
3,600	—for equipment enhancements and replacements.	\$ 659	—nonrecurring 2001-02 cost of vehicle replacements.
-17,988	—nonrecurring equipment purchases.		<i>Appropriation Increase</i>
\$ 5,354	<i>Appropriation Increase</i>	\$ 1,421	Automated Fingerprint Identification System
	CLEAN System		—PRR — Protecting Public Safety. This Program Revision provides resources for additional storage capacity and off-site back-up capability for the AFIS database and new equipment for fingerprint retrieval and submission to the FBI. See the Program Revision following the Institutionalization of Offenders program in the Department of Corrections for additional information.
\$ 45,026	—for the Incident Information Management System.	64	—to continue current program.
21,667	—for related Enterprise Network infrastructure.	\$ 1,485	<i>Appropriation Increase</i>
5,982	—for the Criminal History Record Redesign.		Gun Checks
-49,859	—nonrecurring 2001-02 costs.	\$ -1	—nonrecurring program costs.
\$ 22,816	<i>Appropriation Increase</i>		
	Municipal Police Training		
\$ 2,708	—Initiative — Computer Enhancements. To redesign and automate existing database applications.		
-1,510	—nonrecurring 2001-02 costs including Phase 1 of computer enhancements.		
\$ 1,198	<i>Appropriation Increase</i>		

Program: Public Protection and Law Enforcement (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

STATE STORES FUND	
Liquor Control Enforcement	
\$ 262	—to continue current program.
105	—to replace high mileage vehicles.
\$ 367	<i>Appropriation Increase</i>

In addition, the Cyber Security initiative provides \$4,100,000 in Federal funds to defend against, detect, and respond to incidents of cyber attacks on the information infrastructure of the Commonwealth.

In addition, the Protecting Public Safety Program Revision following the Institutionalization of Offenders program in the Department of Corrections provides \$410,000 in Federal funds for new equipment for fingerprint retrieval and submission to the FBI.

In addition, the Law Enforcement Preparedness initiative provides \$2,988,000 in Federal funds to enhance law enforcement emergency preparedness.



Includes accomplishment of the Prime recommendation in which State Police developed an improved Uniform Crime Reporting System. The new e-business system is available through the internet 24 hours a day, 7 days a week, to over 1,000 police agencies in the Commonwealth. Estimated annual savings are \$850,000.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 136,043	\$ 144,045	\$ 145,950	\$ 146,966	\$ 149,221	\$ 151,532	\$ 153,899
CLEAN System	8,515	15,883	23,256	23,256	23,256	23,256	23,256
Municipal Police Training	3,733	5,106	5,731	4,377	4,377	4,377	4,377
Patrol Vehicles	2,794	2,820	3,050	2,775	2,775	2,775	2,775
Automated Fingerprint Identification System	524	637	2,122	701	701	701	701
Gun Checks	2,181	2,246	2,245	2,245	2,245	2,245	2,245
TOTAL GENERAL FUND	\$ 153,790	\$ 170,737	\$ 182,354	\$ 180,320	\$ 182,575	\$ 184,886	\$ 187,253
MOTOR LICENSE FUND:							
General Government Operations	\$ 288,632	\$ 306,695	\$ 310,144	\$ 312,303	\$ 317,095	\$ 322,007	\$ 327,043
CLEAN System	18,095	33,976	49,419	49,419	49,419	49,419	49,419
Municipal Police Training	3,733	5,158	5,731	4,377	4,377	4,377	4,377
Patrol Vehicles	5,937	6,052	6,481	5,896	5,896	5,896	5,896
TOTAL MOTOR LICENSE FUND	\$ 316,397	\$ 351,881	\$ 371,775	\$ 371,995	\$ 376,787	\$ 381,699	\$ 386,735
STATE STORES FUND:							
Liquor Control Enforcement	\$ 17,138	\$ 18,371	\$ 18,738	\$ 18,738	\$ 18,738	\$ 18,738	\$ 18,738



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)

2000-01 2001-02 2002-03
ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

General Government Operations.....	\$	1,338	\$	1,388	\$	1,402
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Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
EDUCATION SUPPORT SERVICES							
GENERAL FUND.....	\$ 1,338	\$ 1,388	\$ 1,402	\$ 1,402	\$ 1,402	\$ 1,402	\$ 1,402
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 1,338	\$ 1,388	\$ 1,402	\$ 1,402	\$ 1,402	\$ 1,402	\$ 1,402
ALL PROGRAMS:							
GENERAL FUND.....	\$ 1,338	\$ 1,388	\$ 1,402	\$ 1,402	\$ 1,402	\$ 1,402	\$ 1,402
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 1,338	\$ 1,388	\$ 1,402	\$ 1,402	\$ 1,402	\$ 1,402	\$ 1,402

Tax Equalization Board

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, in lieu of tax payments under Project 70 Land Acquisitions, 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)

\$ 14 **General Government Operations**
—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
General Government Operations	\$ 1,338	\$ 1,388	\$ 1,402	\$ 1,402	\$ 1,402	\$ 1,402	\$ 1,402



DEPARTMENT OF TRANSPORTATION

The mission of the Department of Transportation is to provide, through the active involvement of customers, employees and partners, an intermodal transportation system and services that exceed the expectation of those who use them.

PROGRAM REVISION

Budgeted Amounts Include the Following Program Revision:

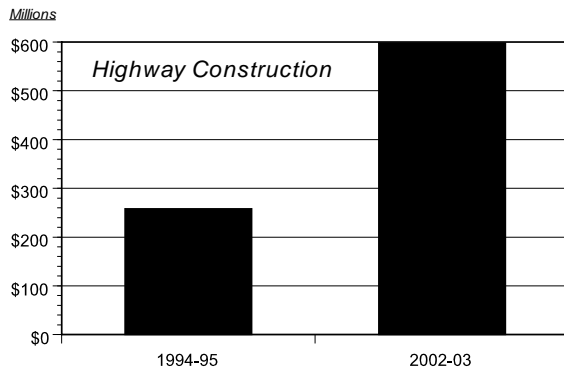
Title	Appropriation	2002-03 State Funds (in thousands)
Expanding Home and Community-Based Services		
	Transit and Rail Freight Operations.....	\$ 45
	Fixed Route Transit.....	<u>1,800</u>
	Program Revision Subtotal.....	<u>\$ 1,845</u>

This Program Revision provides resources for additional transportation services for persons with disabilities living in rural communities. This is part of the \$66.8 million Expanding Home and Community-Based Services Program Revision. Please see the Program Revision following the Human Services program in the Department of Public Welfare for additional information on this Program Revision.

Department Total..... \$ 1,845

State Funding for Transportation

Construction and Maintenance Projects



HIGHWAY CONSTRUCTION

Total State expenditures for highway construction and bridges are anticipated to increase by over \$340 million, or 132%, from fiscal year 1994-95 to 2002-03. In addition, it is estimated that almost \$1.4 billion in Federal funds will also be available in 2002-03, bringing the total for highway construction to almost \$2 billion.

This has allowed the Department of Transportation to dedicate additional resources to new road projects on the State road system which will not only improve traffic flow and safety, but will have far reaching economic benefits. The number of miles of new highway construction is planned to increase over 53% from 1994-95 to 2002-03.

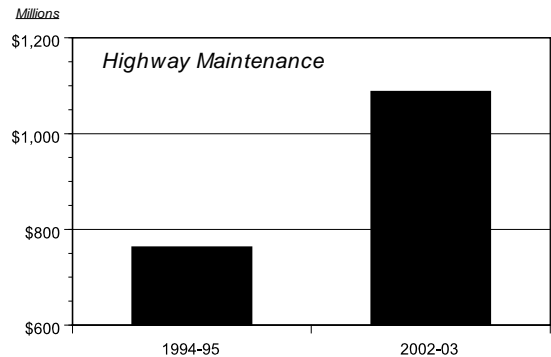
Projects such as the reconstruction of the US 202/US 422 interchange in Montgomery County, widening of US 30 in Bedford County, reconstruction of PA 283 in Dauphin County and reconstruction of 18 miles of I-81 in Dauphin County are now able to be advanced to the final design and project award stages.

HIGHWAY MAINTENANCE

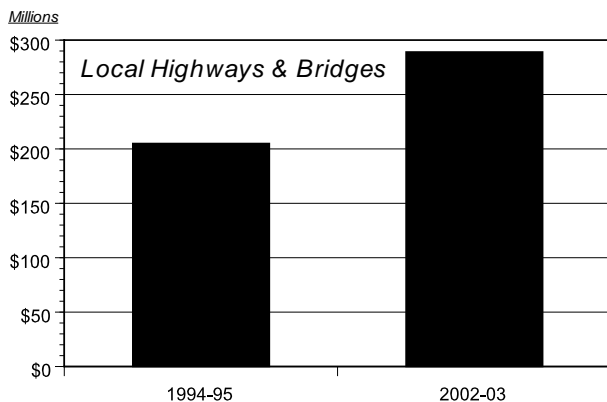
Increases of over \$325 million, or 43%, from 1994-95 to 2002-03 and planned State expenditures for 2002-03 that will exceed \$1 billion will enable the department to upgrade its maintenance program on the forty thousand miles of highway maintained by the State. In addition, it is estimated that \$199 million in Federal funds will also be available in 2002-03, bringing the total for highway maintenance to almost \$1.3 billion.

While patching and other surface repairs are still an important part of the maintenance program, more emphasis is being placed on better riding and longer lasting improvements such as resurfacing and structural restoration. For example, the number of miles of State maintained highways scheduled for structural restoration is planned to increase over 94% from 1994-95 to 2002-03.

These actions will facilitate the flow of traffic for drivers on Pennsylvania's highways.



Local Highway and Transit Assistance



LOCAL HIGHWAYS AND BRIDGES

Locally administered highways in the Commonwealth total over seventy-six thousand miles. This represents over 65% of all highways in Pennsylvania. In addition, there are over 6,300 local bridges greater than 20 feet in length.

Total State spending has increased the amount of State grants available for Pennsylvania's municipalities from \$205 million in 1994-95 to a recommended \$289 million in 2002-03, an increase of over 41%.

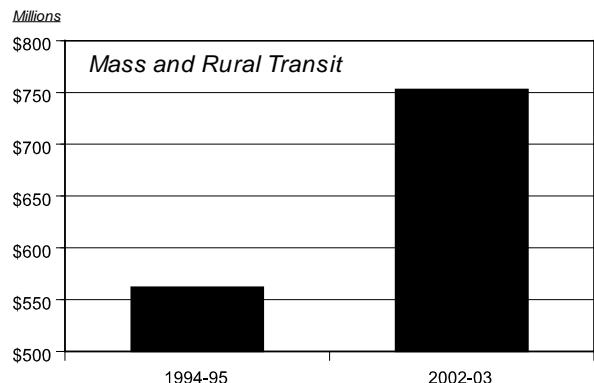
This will enable our local governments to increase the number of bridges brought up to standard and miles of local highways improved by over 234 miles, or an increase of almost 16%.

MASS AND RURAL TRANSIT

State funding for transit, including capital and Older Pennsylvanians Free Transit Lottery funds has increased by over \$190 million, or over 33%, from 1994-95 to 2002-03. This money is used for various capital projects, operations and asset maintenance.

Increased funding has enabled transit entities to utilize their full fleet of buses, restore previously discontinued service and add new bus routes.

Capital and maintenance funding provided by the State has enabled the transit entities to construct and modernize facilities, build park and ride facilities, upgrade communications equipment and maintain and replace vehicles. This has contributed to more convenient and comfortable transit trips for traveling Pennsylvanians.



Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
General Government:			
Transit and Rail Freight Operations.....	\$ 1,875	\$ 2,031	\$ 2,031
(F)FTA - Technical Studies Grants.....	2,643	3,064	3,127
(F)Capital Assistance.....	129	136	151
(F)Surface Transportation Assistance.....	437	888	927
(F)FTA - Capital Improvement Grants.....	3,845	4,000	4,300
(F)Title IV Rail Assistance.....	9	44	45
(R)Project Management Oversight - PTAF (EA).....	403	1,106	1,000
(A)Local Contribution - Rail Freight.....	4	25	0
(A)PTAF - Oversight.....	0 ^a	0 ^a	0 ^a
Rail Safety Inspection.....	442	455	464
Vehicle Sales Tax Collections.....	1,911	1,948	1,948
Welcome Centers.....	2,184	2,334	2,360
Relocation of Transportation and Safety Operations.....	174	0	0
Voter Registration.....	946	989	998
Organ Donor Operations.....	100	103	104
Comprehensive Rail Freight Study.....	0	124	124
Subtotal - State Funds.....	\$ 7,632	\$ 7,984	\$ 8,029
Subtotal - Federal Funds.....	7,063	8,132	8,550
Subtotal - Augmentations.....	4	25	0
Subtotal - Restricted Revenues.....	403	1,106	1,000
Total - General Government.....	\$ 15,102	\$ 17,247	\$ 17,579
Grants and Subsidies:			
Mass Transportation Assistance.....	\$ 270,019	\$ 270,019	\$ 270,019
Rural Transportation Assistance.....	2,000	2,000	1,000
(F)TANFBG - Access to Jobs.....	4,876	10,000	11,320
(F)TEA 21 - Access to Jobs.....	0	2,000	2,000
Fixed Route Transit.....	13,660^b	17,470^b	27,800
Intercity Transportation.....	5,635^c	6,323^c	6,513
(F)Surface Transportation - Operating.....	7,191	9,000	9,000
(F)Surface Transportation Assistance Capital.....	70	4,000	4,000
(F)FTA - Capital Improvements.....	977	27,000	27,000
(F)FTA - Intelligent Vehicles - Public Transit.....	855	3,885	3,890
(F)FTA - Intelligent Transit System Deployment.....	0	20,000	20,000
(R)Technical Assistance - PTAF (EA).....	2,163	5,854	1,496
(R)Community Transportation Equipment Grants - PTAF (EA).....	3,088	3,208	2,300
(R)Mass Transit Grants (EA).....	69,000	69,000	69,000
(R)Rural Transit Grants (EA).....	4,800	4,800	4,800
(R)Community Transportation (EA).....	1,622	1,646	1,200
Rail Freight Assistance.....	8,495	8,500	4,250
(A)Reimbursement - Rail Freight Assistance.....	97	200	200
Subtotal - State Funds.....	\$ 299,809	\$ 304,312	\$ 309,582
Subtotal - Federal Funds.....	13,969	75,885	77,210
Subtotal - Augmentations.....	97	200	200
Subtotal - Restricted Revenues.....	80,673	84,508	78,796
Total - Grants and Subsidies.....	\$ 394,548	\$ 464,905	\$ 465,788
STATE FUNDS.....	\$ 307,441	\$ 312,296	\$ 317,611
FEDERAL FUNDS.....	21,032	84,017	85,760
AUGMENTATIONS.....	101	225	200
RESTRICTED REVENUES.....	81,076	85,614	79,796
GENERAL FUND TOTAL.....	\$ 409,650	\$ 482,152	\$ 483,367

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
<u>MOTOR LICENSE FUND:</u>			
General Government:			
General Government Operations.....	\$ 32,221	\$ 46,471	\$ 48,067
Highway Systems Technology.....	34,735	25,000	17,100
Refunding Collected Monies (EA).....	3,619	4,500	4,250
Relocation of Transportation and Safety Operations.....	3,565	0	0
(F)Federal Aid - Intelligent Transportation System.....	140	2,934	0
(A)Reimbursement - Other Agencies.....	223	5	5
(A)Mass Transportation.....	100	95	95
(A)Duplicating Services.....	106	114	114
(A)Aviation Restricted Revenue.....	166	146	121
(A)Administrative Hearings.....	41	40	40
(A)Intern Program - PHEAA Reimbursement.....	8	5	0
(A)Reimbursement Lease Payments - Department of Health.....	0	75	75
(A)Litter Fine Receipts.....	0	9	9
Subtotal.....	\$ 74,924	\$ 79,394	\$ 69,876
Highway and Safety Improvements.....	174,022	196,750	188,000
Security Wall Pilot Program.....	11,000	10,000	10,000
Highway Capital Projects (EA).....	203,900	210,200	210,776
(F)Highway Research, Planning and Construction.....	828,818	858,516	1,209,284
(F)Highway Safety Program.....	17	100	100
(A)Transfer from Highway Capital Projects (EA).....	0 ^d	0 ^d	0 ^d
(A)Transfer from Highway Capital Projects - Excise Tax (EA).....	0 ^e	0 ^e	0 ^e
(A)Transfer from Security Walls Pilot Project Appropriation.....	0 ^f	0 ^f	0 ^f
(A)Highway Construction Contributions.....	10,454	6,000	7,600
(A)Reimbursements - Accident Damage Claims.....	10	0	0
(A)Intern Program - PHEAA Reimbursement.....	79	0	0
(A)Reimbursement - Other Agencies.....	132	0	0
(R)Highway Capital Projects - Excise Tax (EA).....	51,457	55,347	56,407
(R)Highway Bridge Projects (EA).....	49,552	80,000	90,000
(R)Bridges - Excise Tax (EA).....	40,999	42,324	43,135
(F)Federal Aid - Highway Bridge Projects.....	156,368	170,000	190,000
(F)Federal Disaster Reimbursement - FHWA.....	680	0	0
(A)Bridge Construction Contributions.....	916	1,800	1,800
(A)Bridge Reimbursement from Local Governments.....	44	200	200
Subtotal.....	\$ 1,528,448	\$ 1,631,237	\$ 2,007,302
Highway Maintenance.....	634,819	662,750	666,000
Secondary Roads - Maintenance and Resurfacing (EA).....	62,279	61,870	64,373
Highway Maintenance Safety Projects.....	15,000	15,000	15,000
Reinvestment - Facilities.....	6,140	9,148	9,540
(F)Highway Research, Planning and Construction.....	124,213	190,000	195,000
(F)State and Community Highway Safety.....	2,250	3,000	4,000
(F)Federal Disaster Reimbursement - DEP.....	1,725	0	0
(F)Federal Disaster Reimbursement - FHWA.....	(2,745)	0	0
(R)Highway Maintenance - Excise Tax (EA).....	131,306	136,740	139,358
(R)Highway Maintenance Enhancement (EA).....	147,717	198,512	203,989
(R)Highway Betterment (EA).....	106,060	0	0
(A)Highway Maintenance Contributions.....	6,375	10,700	10,800
(A)Sale of Automobiles.....	225	300	400
(A)Sale of Gas, Oil and Antifreeze.....	21	100	90
(A)Sale of Equipment.....	3,349	3,500	4,000
(A)Heavy Hauling - Bonded Roads.....	410	500	500
(A)Sale of Signs.....	296	200	300
(A)Accident Damage Claims.....	7,182	5,000	5,000
(A)Litter Fine Receipts.....	9	0	0
(A)Recovered Permit Compliance Cost.....	3	0	5
(A)Intern Program - PHEAA Reimbursement.....	228	200	300
(A)Reimbursement - Maintenance of Drivers Exam Sites.....	0 ^g	0 ^g	0 ^g

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
Subtotal.....	\$ 1,246,862	\$ 1,297,520	\$ 1,318,655
Safety Administration and Licensing.....	106,182	119,252	120,492
(F)State and Community Highway Safety.....	76	600	600
(F)Reimbursement - Drivers License Suspension/Denial.....	49	100	100
(F)Reimbursement - Advertising Emmission Inspection.....	0	750	750
(F)Reimbursement - Ignition Interlock System.....	0	450	0
(F)Congestion Mitigation Air Quality.....	0	1,000	1,000
(A)Administrative Support.....	142	100	100
(A)Computer Support.....	105	300	300
(A)Photo ID Program.....	11,126	13,700	13,700
(A)Vehicle Sales Tax Collections.....	0 ^h	0 ^h	0 ^h
(A)Emission Mechanic Training Courses.....	1	10	10
(A)Reimbursement - Special Plates Administrative Costs.....	62	175	175
(A)Reimbursement - Data Line Charges.....	138	350	350
(A)Reimbursement - Information Technology.....	1,500	0	0
(A)Reimbursement - Organ Donor Program.....	0 ⁱ	0 ⁱ	0 ⁱ
Enhanced Titling and Registration.....	13,400	6,100	0
Subtotal.....	\$ 132,781	\$ 142,887	\$ 137,577
(R)Aviation Operations.....	3,964 ^j	5,252 ^j	4,885 ^j
(F)Aviation Planning.....	343	11	13
(F)Reimbursement - Statewide Program.....	0	1,113	1,000
(F)Airport Inspections.....	5	6	12
(A)Reimbursement - Flight Operations.....	706	985	805
(A)Airport Inspections and Licensing.....	5	5	6
(A)General Fund Reimbursement.....	54	0	0
(A)Reimbursement - Statewide Program.....	1	32	60
(A)Reimbursement - General Fund Flight Services.....	0 ^k	0 ^k	0 ^k
(A)Reimbursement - Other State Airports.....	1	0	0
Subtotal.....	\$ 5,079	\$ 7,404	\$ 6,781
Subtotal - State Funds.....	\$ 1,300,882	\$ 1,367,041	\$ 1,353,598
Subtotal - Federal Funds.....	1,111,939	1,228,580	1,601,859
Subtotal - Augmentations.....	44,218	44,646	46,960
Subtotal - Restricted Revenues.....	531,055	518,175	537,774
Total - General Government.....	\$ 2,988,094	\$ 3,158,442	\$ 3,540,191
Grants and Subsidies:			
Local Road Maintenance and Construction Payments.....	\$ 179,302	\$ 180,772	\$ 184,879
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).....	37,133	39,092	39,817
(R)Payments to Municipalities (EA).....	25,653	27,357	27,872
(R)Local Grants for Bridge Projects (EA).....	10,957	25,000	25,000
(R)County Bridges - Excise Tax (EA).....	3,420	7,851	6,453
(F)Federal Aid - Local Grants for Bridge Projects.....	703	1,000	1,000
(F)Federal Aid - County Bridges.....	56	200	200
(A)Local Governments.....	100	200	200
(R)Toll Roads - Excise Tax (EA).....	44,379	45,512	46,288
(R)Annual Maintenance Payments - Highway Transfer (EA).....	10,795	11,163	11,575
(R)Restoration Projects - Highway Transfer (EA).....	5,156	8,226	8,347
(R)Airport Development.....	6,928 ^j	7,500 ^j	9,000 ^j
(F)Federal Reimbursement - Airport Development.....	7,356	18,000	18,000
(R)Real Estate Tax Rebate.....	250 ^j	250 ^j	250 ^j
Subtotal.....	\$ 365,188	\$ 405,123	\$ 411,881

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
Subtotal - State Funds.....	\$ 212,302	\$ 213,772	\$ 217,879
Subtotal - Federal Funds.....	8,115	19,200	19,200
Subtotal - Augmentations.....	100	200	200
Subtotal - Restricted Revenues.....	144,671	171,951	174,602
Total - Grants and Subsidies.....	<u>\$ 365,188</u>	<u>\$ 405,123</u>	<u>\$ 411,881</u>
STATE FUNDS.....	\$ 1,513,184	\$ 1,580,813	\$ 1,571,477
FEDERAL FUNDS.....	1,120,054	1,247,780	1,621,059
AUGMENTATIONS.....	44,318	44,846	47,160
RESTRICTED REVENUES.....	675,726	690,126	712,376
MOTOR LICENSE FUND TOTAL.....	<u>\$ 3,353,282</u>	<u>\$ 3,563,565</u>	<u>\$ 3,952,072</u>
 <u>LOTTERY FUND:</u>			
<i>Grants and Subsidies:</i>			
Older Pennsylvanians Shared Rides (EA).....	\$ 62,207	\$ 66,630	\$ 71,063
Older Pennsylvanians Free Transit (EA).....	52,173	58,845	66,059
Total - Grants and Subsidies.....	<u>\$ 114,380</u>	<u>\$ 125,475</u>	<u>\$ 137,122</u>
LOTTERY FUND TOTAL.....	<u>\$ 114,380</u>	<u>\$ 125,475</u>	<u>\$ 137,122</u>
 <u>OTHER FUNDS:</u>			
GENERAL FUND:			
Federal Grants - Railroad Freight Rehabilitation.....	\$ 1	\$ 250	\$ 250
Child Passenger Restraint Fund.....	49	50	50
GENERAL FUND TOTAL.....	<u>\$ 50</u>	<u>\$ 300</u>	<u>\$ 300</u>
 MOTOR LICENSE FUND:			
Federal Reimbursements - Highway Safety Program.....	\$ 6,538	\$ 6,500	\$ 6,600
Reimbursements to Municipalities - Vehicle Code Fines.....	13,065	15,000	16,000
Federal Reimbursements - Flood Related Costs.....	1,725	2,000	2,000
Reimbursements to Other States-Apportioned Registration Plan.....	47,589	20,000	35,000
Federal Reimbursements - Bridge Projects.....	36,389	35,000	40,000
Federal Reimbursement - Delisting HIA.....	51	0	0
Motorcycle Safety Education.....	2,209	2,000	2,000
Equipment Rental Security Deposits.....	0	1,000	1,000
Payments to Blind/Visually Handicapped.....	1,504	1,600	1,600
Federal Reimbursements - Political Subdivisions.....	84,137	45,000	50,000
License and Registration Pickups.....	0	15	15
Engineering Software Maintenance.....	91	200	200
Federal Reimbursement - Backup Withholding.....	25	0	0
MOTOR LICENSE FUND TOTAL.....	<u>\$ 193,323</u>	<u>\$ 128,315</u>	<u>\$ 154,415</u>
 HIGHWAY BEAUTIFICATION FUND:			
Control of Junkyards (EA).....	\$ 2	\$ 15	\$ 15
Control of Outdoor Advertising (EA).....	342	700	700
HIGHWAY BEAUTIFICATION FUND TOTAL.....	<u>\$ 344</u>	<u>\$ 715</u>	<u>\$ 715</u>
 INFRASTRUCTURE BANK FUND:			
Infrastructure Bank Loans (EA).....	\$ 5,343	\$ 15,000	\$ 10,000

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
LIQUID FUELS TAX FUND:			
Payments to Counties.....	\$ 30,484	\$ 31,000	\$ 31,000
Auditor General's Audit Costs (EA).....	462	500	500
LIQUID FUELS TAX FUND TOTAL.....	<u>\$ 30,946</u>	<u>\$ 31,500</u>	<u>\$ 31,500</u>
MOTOR VEHICLE TRANSACTION RECOVERY FUND:			
Reimbursement to Transportation.....	\$ 151	\$ 208	\$ 212
PUBLIC TRANSPORTATION ASSISTANCE FUND:			
Transfer to General Fund (EA).....	\$ 01	\$ 01	\$ 01
Mass Transit Grants (EA).....	181,057	175,585	188,262
Rural Transit Grants (EA).....	5,133	4,891	5,342
PUBLIC TRANSPORTATION ASSISTANCE FUND TOTAL.....	<u>\$ 186,190</u>	<u>\$ 180,476</u>	<u>\$ 193,604</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 307,441	\$ 312,296	\$ 317,611
SPECIAL FUNDS.....	1,627,564	1,706,288	1,708,599
FEDERAL FUNDS.....	1,141,086	1,331,797	1,706,819
AUGMENTATIONS.....	44,419	45,071	47,360
RESTRICTED.....	756,802	775,740	792,172
OTHER FUNDS.....	416,347	356,514	390,746
TOTAL ALL FUNDS.....	<u>\$ 4,293,659</u>	<u>\$ 4,527,706</u>	<u>\$ 4,963,307</u>

^a Not added to the total to avoid double counting: 2000-01 Actual is \$10,000, 2001-02 Available is \$10,000, and 2002-03 Budget is \$10,000.

^b 2000-01 actually appropriated as \$17,156,000 and 2001-02 actually appropriated as \$21,590,000. Amounts shown are net of transfer to Intercity Transportation.

^c 2000-01 Actual includes \$3,496,000 actually appropriated as a part of Fixed Route Transit. 2001-02 Available includes \$4,120,000 actually appropriated as a part of Fixed Route Transit.

^d Not added to the total to avoid double counting: 2000-01 Actual is \$0, 2001-02 Available is \$210,200,000 and 2002-03 Budget is \$210,776,000.

^e Not added to the total to avoid double counting 2000-01 Actual is \$0, 2001-02 Available is \$55,346,000, and 2002-03 Budget is \$56,407,000.

^f Not added to the total to avoid double counting: 2000-01 Actual is \$0, 2001-02 Available is \$10,000,000, and 2002-03 Budget is \$10,000,000.

^g Not added to the total to avoid double counting: 2000-01 Actual is \$1,000, 2001-02 Available is \$0, and 2002-03 Budget is \$5,000.

^h Not added to the total to avoid double counting: 2000-01 Actual is \$1,911,000, 2001-02 Available is \$1,948,000, and 2002-03 Budget is \$1,948,000.

ⁱ Not added to the total to avoid double counting: 2000-01 Actual is \$100,000, 2001-02 Available is \$103,000, and 2002-03 Budget is \$104,000.

^j Appropriated from a restricted revenue account.

^k Not added to the total to avoid double counting: 2000-01 Actual is \$600,000, 2001-02 Available is \$600,000, and 2002-03 Budget is \$0.

^l Not added to the total to avoid double counting: 2000-01 Actual is \$4,777,000, 2001-02 Available is \$4,756,000, and 2002-03 Budget is \$4,796,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
TRANSPORTATION SUPPORT SERVICES							
GENERAL FUND.....	\$ 2,049	\$ 2,155	\$ 2,155	\$ 2,039	\$ 2,039	\$ 2,039	\$ 2,039
SPECIAL FUNDS.....	74,140	75,971	69,417	67,417	66,417	66,392	66,417
FEDERAL FUNDS.....	7,203	11,066	8,550	8,550	8,550	8,550	8,550
OTHER FUNDS.....	1,121	1,645	1,509	1,509	1,509	1,509	1,509
SUBCATEGORY TOTAL.....	\$ 84,513	\$ 90,837	\$ 81,631	\$ 79,515	\$ 78,515	\$ 78,490	\$ 78,515
STATE HIGHWAY AND BRIDGE CONSTRUCTION/RECONSTRUCTION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	416,922	444,950	436,776	423,170	420,368	423,676	424,991
FEDERAL FUNDS.....	985,883	1,028,616	1,399,384	1,324,533	1,327,325	1,288,451	1,249,531
OTHER FUNDS.....	169,339	211,274	219,810	215,652	177,311	180,998	184,709
SUBCATEGORY TOTAL.....	\$ 1,572,144	\$ 1,684,840	\$ 2,055,970	\$ 1,963,355	\$ 1,925,004	\$ 1,893,125	\$ 1,859,231
STATE HIGHWAY AND BRIDGE MAINTENANCE							
GENERAL FUND.....	\$ 2,184	\$ 2,334	\$ 2,360	\$ 2,360	\$ 2,360	\$ 2,360	\$ 2,360
SPECIAL FUNDS.....	718,238	748,768	754,913	738,770	774,993	786,058	803,141
FEDERAL FUNDS.....	125,443	193,000	199,000	199,000	199,000	199,000	199,000
OTHER FUNDS.....	447,409	402,676	412,477	415,667	421,900	428,251	434,692
SUBCATEGORY TOTAL.....	\$ 1,293,274	\$ 1,346,778	\$ 1,368,750	\$ 1,355,797	\$ 1,398,253	\$ 1,415,669	\$ 1,439,193
LOCAL HIGHWAY AND BRIDGE ASSISTANCE							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	184,302	185,772	189,879	192,440	195,483	198,576	201,719
FEDERAL FUNDS.....	759	1,200	1,200	1,200	1,200	1,200	1,200
OTHER FUNDS.....	257,751	245,389	256,764	257,446	258,882	260,347	271,830
SUBCATEGORY TOTAL.....	\$ 442,812	\$ 432,361	\$ 447,843	\$ 451,086	\$ 455,565	\$ 460,123	\$ 474,749
MASS TRANSPORTATION							
GENERAL FUND.....	\$ 272,461	\$ 272,474	\$ 271,483	\$ 271,483	\$ 271,483	\$ 271,483	\$ 271,483
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	4,876	12,000	13,320	13,320	13,320	13,320	13,320
OTHER FUNDS.....	255,190	249,476	262,604	265,995	270,384	273,676	277,666
SUBCATEGORY TOTAL.....	\$ 532,527	\$ 533,950	\$ 547,407	\$ 550,798	\$ 555,187	\$ 558,479	\$ 562,469
INTERCITY TRANSPORTATION							
GENERAL FUND.....	\$ 14,130	\$ 14,823	\$ 10,763	\$ 10,763	\$ 10,763	\$ 10,763	\$ 10,763
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	9,093	63,885	63,890	63,890	63,890	63,890	63,890
OTHER FUNDS.....	7,065	11,129	6,746	6,755	6,766	6,774	6,784
SUBCATEGORY TOTAL.....	\$ 30,288	\$ 89,837	\$ 81,399	\$ 81,408	\$ 81,419	\$ 81,427	\$ 81,437

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
AIR TRANSPORTATION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	7,704	19,130	19,025	19,025	19,025	19,025	19,025
OTHER FUNDS.....	11,960	14,024	15,006	15,006	15,006	15,006	15,006
SUBCATEGORY TOTAL.....	\$ 19,664	\$ 33,154	\$ 34,031	\$ 34,031	\$ 34,031	\$ 34,031	\$ 34,031
SAFETY ADMINISTRATION AND LICENSING							
GENERAL FUND.....	\$ 2,957	\$ 3,040	\$ 3,050	\$ 3,050	\$ 3,050	\$ 3,050	\$ 3,050
SPECIAL FUNDS.....	119,582	125,352	120,492	120,492	120,492	120,492	120,492
FEDERAL FUNDS.....	125	2,900	2,450	2,450	2,450	2,450	2,450
OTHER FUNDS.....	63,023	36,858	51,862	51,862	51,862	51,862	51,862
SUBCATEGORY TOTAL.....	\$ 185,687	\$ 168,150	\$ 177,854	\$ 177,854	\$ 177,854	\$ 177,854	\$ 177,854
OLDER PENNSYLVANIANS TRANSIT							
GENERAL FUND.....	\$ 13,660	\$ 17,470	\$ 27,800	\$ 27,800	\$ 27,800	\$ 27,800	\$ 27,800
SPECIAL FUNDS.....	114,380	125,475	137,122	139,904	142,743	145,638	148,591
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	4,710	4,854	3,500	3,500	3,500	3,500	3,500
SUBCATEGORY TOTAL.....	\$ 132,750	\$ 147,799	\$ 168,422	\$ 171,204	\$ 174,043	\$ 176,938	\$ 179,891
ALL PROGRAMS:							
GENERAL FUND.....	\$ 307,441	\$ 312,296	\$ 317,611	\$ 317,495	\$ 317,495	\$ 317,495	\$ 317,495
SPECIAL FUNDS.....	1,627,564	1,706,288	1,708,599	1,682,193	1,720,496	1,740,832	1,765,351
FEDERAL FUNDS.....	1,141,086	1,331,797	1,706,819	1,631,968	1,634,760	1,595,886	1,556,966
OTHER FUNDS.....	1,217,568	1,177,325	1,230,278	1,233,392	1,207,120	1,221,923	1,247,558
DEPARTMENT TOTAL.....	\$ 4,293,659	\$ 4,527,706	\$ 4,963,307	\$ 4,865,048	\$ 4,879,871	\$ 4,876,136	\$ 4,887,370

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.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND	MOTOR LICENSE FUND
	Transit and Rail Freight Operations	General Government Operations
\$ 45	—PRR — Expanding Home and Community-Based Services. This Program Revision provides administrative resources to expand transportation services for persons with disabilities living in rural communities. See the Program Revision following the Human Services program in the Department of Public Welfare for additional information.	\$ 1,596 —to continue current program.
		Highway Systems Technology
		\$ -7,900 —nonrecurring projects.
		Refunding Collected Monies (EA)
		\$ -250 —nonrecurring items.
-45	—nonrecurring operating costs.	
\$ 0	<i>Appropriation Unchanged</i>	

The Comprehensive Rail Freight Study appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Transit and Rail Freight Operations	\$ 1,875	\$ 2,031	\$ 2,031	\$ 2,039	\$ 2,039	\$ 2,039	\$ 2,039
Relocation of Transportation and Safety Operations	174	0	0	0	0	0	0
Comprehensive Rail Freight Study	0	124	124	0	0	0	0
TOTAL GENERAL FUND	\$ 2,049	\$ 2,155	\$ 2,155	\$ 2,039	\$ 2,039	\$ 2,039	\$ 2,039

Transportation

Program: Transportation Support Services (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
MOTOR LICENSE FUND:							
General Government Operations	\$ 32,221	\$ 46,471	\$ 48,067	\$ 48,067	\$ 48,067	\$ 48,067	\$ 48,067
Highway Systems Technology	34,735	25,000	17,100	15,100	14,100	14,075	14,100
Refunding Collected Monies (EA)	3,619	4,500	4,250	4,250	4,250	4,250	4,250
Relocation of Transportation and Safety Operations	3,565	0	0	0	0	0	0
TOTAL MOTOR LICENSE FUND	\$ 74,140	\$ 75,971	\$ 69,417	\$ 67,417	\$ 66,417	\$ 66,392	\$ 66,417

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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Miles of new highway construction	37	36	40	40	40	40	40
Miles of Interstate reconstruction	78	78	75	75	75	75	75
Miles of non-Interstate reconstruction	50	50	50	50	50	50	50
Intersections improved to increase safety and capacity	185	185	185	185	185	185	185
Bridges maintained (larger than 8 feet)	26,038	26,041	26,044	26,047	26,050	26,053	26,056
Bridges replaced/repaired	287	300	280	255	245	245	235

Activity in Miles of new highway construction also includes additional projects such as the redesign and reconstruction of major highway interchanges which are not reflected in the 2002-03 data and beyond.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Highway and Safety Improvements
 \$ -8,750 —to continue current program. This funding is in combination with Act 26 of 1991 revenues for 2002-03 of \$56.407 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 2002-03 include reconstruction of the US 202/US 422 interchange in Montgomery County; reconstruction of US 222 in Berks County; relocation of US 22 (Lewistown Bypass) in Mifflin County; widening of US 119 in Indiana County; interchange improvement and bridge replacement at US 202 and I-76 in Montgomery County; widening of US 30 in Bedford County; relocation of US 15 in Tioga County; construction of the East Side Access (SR 4034) in Erie County; reconstruction of

the US 22/US 119 interchange (Blairsville Interchange) in Indiana County and reconstruction of PA 283 in Dauphin County.

Another priority is the preservation of the Interstate Highway System. During 2002-03, key projects in this area will include reconstruction of 18 miles of I-81 in Dauphin County; construction of an interchange between I-79, US 19 and the Turnpike in Butler County; restoration of approximately 1 mile of roadway and 6 bridge decks on I-95 in Philadelphia County; reconstruction of Exit 51 on I-81 in Lackawanna County and reconstruction of the I-279/I-376 connector in Allegheny County. New construction will continue on approximately 27 miles of I-99 in Centre County.

Program: State Highway and Bridge Construction/Reconstruction (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 576 **Highway Capital Projects (EA)**
—to continue current program.

Bridge Restricted Revenue

Major bridge projects to be started or continued during 2002-03 include Wintergreen Gorge Bridge in Erie County; I-80 bridges in Clearfield County; Watsonstown River Bridge in Northumberland County; Blakely Borough Bridge at US 6 and PA 347 in Lackawanna County; Cacoosing Creek Bridge in Berks County; Conshohocken Road RR Bridge in Montgomery County; Fruitville Pike Bridge in Lancaster County; South Cessna Bridge in Bedford County; Main Street Viaduct in Butler County; Fort Pitt Bridge Phase C in Allegheny County and the Apollo Bridge in Westmoreland County.

Security Wall Pilot Program and Payment to Turnpike Commission are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
MOTOR LICENSE FUND:							
Highway and Safety Improvements	\$ 174,022	\$ 196,750	\$ 188,000	\$ 173,000	\$ 174,000	\$ 181,000	\$ 181,000
Security Wall Pilot Program	11,000	10,000	10,000	10,000	5,000	0	0
Highway Capital Projects (EA)	203,900	210,200	210,776	212,170	213,368	214,676	215,991
Payment to Turnpike Commission (EA)	28,000	28,000	28,000	28,000	28,000	28,000	28,000
TOTAL MOTOR LICENSE FUND	\$ 416,922	\$ 444,950	\$ 436,776	\$ 423,170	\$ 420,368	\$ 423,676	\$ 424,991

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.

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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Miles of State maintained highways	40,051	40,017	39,938	39,870	39,809	39,755	39,703
Miles of State maintained highways improved:							
Structural restoration	236	311	330	300	300	300	300
Maintenance resurfacing	2,724	2,866	2,465	2,280	2,240	2,240	2,200
Surface repairs	3,905	3,509	3,410	3,200	3,090	3,090	3,130
Total	6,865	6,686	6,205	5,780	5,630	5,630	5,630
Truck weight and safety enforcement:							
Trucks weighed	472,466	450,000	450,000	450,000	450,000	450,000	450,000
Weight violations	3,318	3,500	3,500	3,500	3,500	3,500	3,500
Trucks inspected	20,591	28,900	28,900	28,900	28,900	28,900	28,900
Safety violations	67,726	81,100	81,100	81,100	81,100	81,100	81,100

Miles of State maintained highways improved structural restoration are higher in 2002-03 and subsequent years than in last year's budget due to a correction in the reporting of the categories of road improvements.

Miles of State maintained highways improved maintenance resurfacing are lower and surface repairs are higher than in last years budget due to a correction in the reporting categories of road improvements.

Trucks weighed are higher than in last year's budget and trucks inspected are lower based on a realignment of these program.

Weight violations are lower than in last year's budget due to effectiveness of the weight inspection program.

Safety violations are lower than in last year's budget due to a shift in emphasis to the trucks weighed program.

Program: State Highway and Bridge Maintenance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND	MOTOR LICENSE FUND
<p>Welcome Centers</p> <p>\$ 358 —to continue current program.</p> <p>—332 —nonrecurring items.</p> <hr style="width: 50%; margin-left: 0;"/> <p>\$ 26 <i>Appropriation Increase</i></p>	<p>Highway Maintenance</p> <p>\$ 3,250 —to continue current program.</p> <p>Secondary Roads — Maintenance and Resurfacing</p> <p>\$ 2,503 —to continue current program.</p> <p>Reinvestment — Facilities</p> <p>\$ 392 —to continue current program.</p>

Highway Maintenance Safety Projects is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Welcome Centers	\$ 2,184	\$ 2,334	\$ 2,360	\$ 2,360	\$ 2,360	\$ 2,360	\$ 2,360
MOTOR LICENSE FUND:							
Highway Maintenance	\$ 634,819	\$ 662,750	\$ 666,000	\$ 664,000	\$ 699,000	\$ 709,000	\$ 725,000
Secondary Roads — Maintenance and Resurfacing (EA)	62,279	61,870	64,373	65,230	66,453	67,518	68,601
Highway Maintenance Safety Projects	15,000	15,000	15,000	0	0	0	0
Reinvestment — Facilities	6,140	9,148	9,540	9,540	9,540	9,540	9,540
TOTAL MOTOR LICENSE FUND	\$ 718,238	\$ 748,768	\$ 754,913	\$ 738,770	\$ 774,993	\$ 786,058	\$ 803,141

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 fuel 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 2,572 municipalities.

Oil Franchise Tax

- In addition to the distribution of 20 percent of the remaining eleven and one-half cent liquid fuels tax, the 2,572 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 4,200 miles of these roads have been returned to the Commonwealth's municipalities.

The General Assembly established improvements to local bridges through the Highway Bridge Capital Act of 1982 and subsequent amendments. As with the State bridges contained in these capital acts, the improvements are funded through the following sources:

- Annual registration fees for Commonwealth registered vehicles having a registered weight in excess of 26,000 pounds.
- A 55 mill oil franchise tax effective October 1, 1997 (Act 3 of 1997), which replaced a six cents per gallon tax previously charged and is based on the average wholesale price of motor fuel used by carriers in the operation of their commercial vehicles on roads located within the Commonwealth.
- One percent of an additional 55 mill oil franchise tax is provided by Act 26 of 1991 for local bridge funding.

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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Miles of highway locally administered:							
Total	75,888	76,258	76,321	76,719	77,090	77,434	77,776
Percent of all highways in the							
Commonwealth	65.5%	65.6%	65.6%	65.8%	65.9%	66.1%	66.2%
Miles of local highways improved	1,697	1,725	1,725	1,725	1,725	1,725	1,725
Local bridges:							
Total (greater than 20 feet)	6,345	6,348	6,351	6,354	6,357	6,360	6,353
Brought up to standard through State							
Bridge Program	47	65	60	55	55	50	50

Local bridges brought up to standard through State Bridge Program are lower in 2000-01 than estimated in last year's budget due to the completion of fewer projects than anticipated.

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**

\$ 4,107 — to continue program based on current
year estimated revenue collections.

Supplemental Local Road Maintenance and Construction Payments is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
MOTOR LICENSE FUND:							
Local Road Maintenance and Construction Payments	\$ 179,302	\$ 180,772	\$ 184,879	\$ 187,440	\$ 190,483	\$ 193,576	\$ 196,719
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	\$ 184,302	\$ 185,772	\$ 189,879	\$ 192,440	\$ 195,483	\$ 198,576	\$ 201,719

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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Passengers carried by State-assisted operators (millions annually)	310.1	307.9	309.3	311.1	313.9	315.7	317.6
Passengers per vehicle hour	27.3	25.8	25.6	25.8	25.8	25.8	25.8
Percentage share of average income of mass transit trips:							
From passenger	43.3	44.9	44.6	44.6	44.5	44.4	44.2
From Commonwealth	46.5	44.9	45.6	45.6	45.6	45.7	45.8
From Federal Government	0.9	0.9	0.9	0.9	0.9	0.9	0.9
From local government	9.1	8.9	8.9	8.9	9.0	9.0	9.1

Passengers per vehicle hour are lower than in last year's budget due to an overall decrease in ridership.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Rail Safety Inspection \$ 9 —to continue current program.</p>	<p>Rural Transportation Assistance \$ -1,000 —nonrecurring grants.</p>
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The Mass Transportation Assistance appropriation is recommended at the current year funding level.

Transportation

Program: Mass Transportation (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Rail Safety Inspection	\$ 442	\$ 455	\$ 464	\$ 464	\$ 464	\$ 464	\$ 464
Mass Transportation Assistance	270,019	270,019	270,019	270,019	270,019	270,019	270,019
Rural Transportation Assistance	2,000	2,000	1,000	1,000	1,000	1,000	1,000
TOTAL GENERAL FUND	\$ 272,461	\$ 272,474	\$ 271,483	\$ 271,483	\$ 271,483	\$ 271,483	\$ 271,483

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 three separate intercity transportation programs: intercity bus service such as that operated by Greyhound and Trailways, Commonwealth flight services, 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 393,000 passengers will utilize Commonwealth subsidized intercity bus services in 2001-02. 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 available to support intercity bus operations and supplement the existing State-sponsored program.

The Commonwealth's rail freight network provides a competitive cost advantage for business and industry that depend upon cost effective transportation of bulk commodities.

In reaction to the pending abandonment of former Penn Central, Erie/Lackawanna and Lehigh Valley rail lines, Pennsylvania became actively involved in a rail freight assistance program in the late 1970's. With financial assistance from the Federal Railroad Administration, the Department of Transportation purchased 155 miles of track that were not retained in the Conrail system. Additional lines were saved from abandonment through acquisition by the private sector or local government with financial assistance from the Federal Government. While the Federal Government

initially provided operating subsidies for lines that were not included in the Conrail System, the Federal operating subsidy program was terminated after 1981.

The Commonwealth continues to own 42 miles of rail line that serves 4 industries. 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 \$300,000 and 50 percent of the funding for construction projects not to exceed \$100,000.

The Intercity Transportation program provides financial support for the Keystone Rail Service (Harrisburg/Philadelphia).

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Intercity Bus:							
Passengers handled	391,000	393,000	393,000	393,000	393,000	393,000	398,000
Subsidy per bus mile	\$0.57	\$0.57	\$0.57	\$0.57	\$0.57	\$0.57	\$0.57
Rail Freight:							
Miles of rail lines:							
State assisted	350	175	175	175	175	175	175
State owned	73	34	34	9	9	1	1
Intercity Rail:							
Passengers handled	207,000	210,600	213,000	215,000	215,000	215,000	215,000
Subsidy per passenger mile	\$0.22	\$0.24	\$0.24	\$0.24	\$0.24	\$0.24	\$0.24

Miles of rail lines - State assisted, declines in 2001-02 and subsequent years due to a decrease in available resources.

Miles of rail lines - State owned are lower than projected in last year's budget due to a continuing effort to privatize these lines.

The intercity rail measures have been transferred from the Older Pennsylvanians Transit program.

The intercity rail subsidy per passenger mile is higher than in last year's budget due to updated projections reflecting actual costs.

Transportation

Program: Intercity Transportation (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	Intercity Transportation		Rail Freight Assistance
\$ 190	—to continue current program.	\$ -4,250	—nonrecurring grants.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Intercity Transportation	\$ 5,635	\$ 6,323	\$ 6,513	\$ 6,513	\$ 6,513	\$ 6,513	\$ 6,513
Rail Freight Assistance	8,495	8,500	4,250	4,250	4,250	4,250	4,250
TOTAL GENERAL FUND	\$ 14,130	\$ 14,823	\$ 10,763	\$ 10,763	\$ 10,763	\$ 10,763	\$ 10,763

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. On January 2, 1998, the Commonwealth signed an agreement with a local authority to divest itself of Harrisburg International and Capital City Airports. The local authority assumed the operation of these airports immediately. Local governments or authorities now operate all airline service airports in Pennsylvania.

The department provides programs to improve the safety and effectiveness of the Commonwealth's aviation network. These program activities include the maintenance of 46 aviation weather information systems throughout the State, and 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 \$18 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:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Airports receiving State grants:							
Airport development grants	43	52	52	57	57	60	60

Program Recommendations:

The budget recommends the Airport Development Grants Program at the \$9 million level. This is an increase of \$1.5 million over the current year. 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 9.9 million vehicles were registered under Pennsylvania's annual renewal cycle. This total included over 182,000 heavy trucks greater than 17,000 pounds and more than 106,000 trailers greater than 10,000 pounds. The number of licensed drivers has remained constant over the past few years at 8.4 million, including 320,000 commercial drivers. The four-year drivers 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 a million driving knowledge tests are conducted each year so those applicants can be certified to operate passenger and commercial vehicles. 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 9 million motor vehicles is intended to minimize traffic accidents due to mechanical failure. The Commonwealth's current emission inspection program inspects 3.2 million vehicles annually with the intended purpose of improving air quality. 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 98 offices Statewide that offer driver examination and/or photo licensing services and is working with private business to further decentralize its driver and vehicle services to improve access. 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 177 messenger sites on-line, with further expansion planned through 2002. 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.

In 2001 the department successfully implemented its Internet e-government license and registration renewal system for use by the general public. This new program gives customers the ability to renew their non-commercial drivers license, photo identification card or vehicle registration electronically.

Transportation

Program: Safety Administration and Licensing (continued)

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Vehicles inspected:							
Safety inspections	10,052,300	10,253,000	9,844,000	10,026,000	10,208,000	10,388,000	10,584,000
Emission inspections	3,551,149	3,600,000	4,410,000	5,450,000	5,590,000	5,700,000	5,814,000
Registrations:							
New	1,697,000	1,714,000	1,765,000	1,783,000	1,801,000	1,819,000	1,837,000
Renewed	8,355,000	8,439,000	8,608,000	8,694,000	8,781,000	8,869,000	8,958,000
Licensed drivers:							
New	236,700	236,700	236,700	236,700	236,700	236,700	236,700
Renewed	2,084,200	2,032,905	2,133,700	1,941,667	2,097,010	2,044,585	2,228,597
New commercial drivers licensed	16,878	16,878	16,878	16,878	16,878	16,878	16,878
Photo identification cards issued							
(non-driver photo)	223,800	223,800	223,800	223,800	223,800	223,800	223,800

Vehicles inspected emission inspections are higher than projected in last year's budget due to an increase in the number of eligible vehicles.

Renewed driver licenses fluctuate because they are staggered over a four year period.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		GENERAL FUND							
		Voter Registration							
\$	9	—to continue current program.	\$	1,240					
		Organ Donor Operations							
\$	1	—to continue current program.	\$	-6,100					

Vehicle Sales Tax Collections is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Vehicle Sales Tax Collections	\$ 1,911	\$ 1,948	\$ 1,948	\$ 1,948	\$ 1,948	\$ 1,948	\$ 1,948
Voter Registration	946	989	998	998	998	998	998
Organ Donor Operations	100	103	104	104	104	104	104
TOTAL GENERAL FUND	\$ 2,957	\$ 3,040	\$ 3,050	\$ 3,050	\$ 3,050	\$ 3,050	\$ 3,050
MOTOR LICENSE FUND:							
Safety Administration and Licensing	\$ 106,182	\$ 119,252	\$ 120,492	\$ 120,492	\$ 120,492	\$ 120,492	\$ 120,492
Enhanced Titling and Registration	13,400	6,100	0	0	0	0	0
TOTAL MOTOR LICENSE FUND	\$ 119,582	\$ 125,352	\$ 120,492	\$ 120,492	\$ 120,492	\$ 120,492	\$ 120,492

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 Fixed Route Program also provides financial support for a pilot transportation project for persons with disabilities.

Program Measures:	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Free transit trips	43,409,494	44,837,067	46,361,468	47,288,695	48,234,470	49,199,157	50,183,640
Trips on State assisted shared ride vehicles	6,201,307	6,314,000	6,502,000	6,632,000	6,765,000	6,900,000	7,038,000
Cost to the Commonwealth per trip:							
Free Transit	\$1.49	\$1.58	\$1.81	\$1.81	\$1.81	\$1.81	\$1.81
State assisted shared ride vehicles	\$9.70	\$10.41	\$10.85	\$11.28	\$11.73	\$12.15	\$12.69

The cost to the Commonwealth per trip for free transit includes Fixed Route Transit and Older Pennsylvanians Free Transit funding.

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		LOTTERY FUND	
Fixed Route Transit		Older Pennsylvanians Shared Rides	
\$ 10,330	—to continue current program	\$ 4,433	—to continue current program
-1,800	—nonrecurring grants		
1,800	—PRR — Expanding Home and Community - Based Services. This Program Revision expands transportation services for persons with disabilities living in rural communities. See the Program Revision following the Human Services program in the Department of Public Welfare for additional information.	\$ 7,214	Older Pennsylvanians Free Transit
			—to continue current program
\$ 10,330	<i>Appropriation Increase</i>		

Transportation

Program: Older Pennsylvanians Transit (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Fixed Route Transit	\$ 13,660	\$ 17,470	\$ 27,800	\$ 27,800	\$ 27,800	\$ 27,800	\$ 27,800
LOTTERY FUND:							
Older Pennsylvanians Shared Rides (EA)	\$ 62,207	\$ 66,630	\$ 71,063	\$ 72,524	\$ 74,015	\$ 75,535	\$ 77,086
Older Pennsylvanians Free Transit (EA) ..	52,173	58,845	66,059	67,380	68,728	70,103	71,505
TOTAL LOTTERY FUND	\$ 114,380	\$ 125,475	\$ 137,122	\$ 139,904	\$ 142,743	\$ 145,638	\$ 148,591



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)
 2000-01 2001-02 2002-03
 ACTUAL AVAILABLE BUDGET

GENERAL FUND:

General Government:

Senate:

Fifty Senators.....	\$ 4,560	\$ 4,560	\$ 4,628
Senate President - Personnel Expenses.....	290	290	294
Employes of Chief Clerk.....	4,800	4,800	4,872
Salaried Officers and Employes.....	7,236	7,236	7,345
Reapportionment Expenses.....	200	200	200
Incidental Expenses.....	2,700	2,700	2,741
Postage - Chief Clerk and Legislative Journal.....	666	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.....	416	1,149	1,149
Legislative Printing and Expenses.....	7,625	7,077	7,077
Computer Services (R).....	4,532	4,532	4,600
Computer Services (D).....	4,532	4,532	4,600
Committee on Appropriations (R).....	3,126	3,400	3,451
Committee on Appropriations (D).....	3,126	3,400	3,451
Special Leadership Account (R).....	8,947	9,170	9,308
Special Leadership Account (D).....	8,947	9,170	9,308
Legislative Management Committee (R).....	5,678	5,678	5,763
Legislative Management Committee (D).....	5,678	5,678	5,763
Senate Flag Purchase.....	24	24	24
Subtotal.....	\$ 73,166	\$ 75,079	\$ 76,057

House of Representatives:

Members' Salaries, Speaker's Extra Compensation.....	\$ 13,118	\$ 18,662	\$ 19,222
House Employes (R).....	9,820	10,115	10,418
House Employes (D).....	9,820	10,115	10,418
Speaker's Office.....	845	871	897
Bi-Partisan Committee, Chief Clerk, Comptroller.....	7,501	7,727	7,959
Reapportionment Expenses.....	200	200	200
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)

	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 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.....	586	604	622
Incidental Expenses.....	5,775	6,845	6,845
Expenses - Representatives.....	3,100	3,100	3,100
Legislative Printing and Expenses.....	25,000	14,000	14,000
Members' Home Office Expenses.....	2,100	2,033	2,033
National Legislative Conference - Expenses.....	194	194	194
Committee on Appropriations (R).....	1,833	1,888	1,945
Committee on Appropriations (D).....	1,833	1,888	1,945
Special Leadership Account (R).....	10,835	11,161	11,496
Special Leadership Account (D).....	10,835	11,161	11,496
Legislative Management Committee (R).....	12,465	12,839	13,224
Legislative Management Committee (D).....	12,465	12,839	13,224
Commonwealth Emergency Medical System.....	35	35	35
House Flag Purchase.....	24	24	24
School for New Members.....	15	0	0
Information Technology.....	0	10,000	10,000
Subtotal.....	\$ 130,860	\$ 138,762	\$ 141,758
Legislative Reference Bureau:			
Legislative Reference Bureau - Salaries & Expenses.....	\$ 6,460	\$ 6,783	\$ 7,122
Contingent Expenses.....	20	20	20
Printing of PA Bulletin and PA Code.....	510	595	678
Subtotal.....	\$ 6,990	\$ 7,398	\$ 7,820
Legislative Budget and Finance Committee.....	\$ 2,080	\$ 2,250	\$ 2,262
Commonwealth Mail Processing Center.....	0	0	400
Legislative Miscellaneous and Commissions:			
Legislative Data Processing Center.....	\$ 3,598	\$ 3,751	\$ 3,751
Joint State Government Commission.....	1,720	1,764	1,842
Local Government Commission.....	822	919	966
Local Government Codes.....	23	31	28
Joint Legislative Air and Water Pollution Control Committee.....	476	485	483
Legislative Audit Advisory Commission.....	154	154	154
Independent Regulatory Review Commission.....	1,850	1,850	1,850
Capitol Preservation Committee.....	650	730	976
Capitol Restoration.....	3,510	3,510	4,150
Flag Conservation.....	0	0	60
Colonial History.....	187	197	197
Capitol Centennial.....	0	0	100
Rare Books Conservation.....	0	0	400
Commission on Sentencing.....	915	992 ^a	1,126
(F)DCSI - Web Expansion & JNET Interface (EA).....	0	0	203
Center For Rural Pennsylvania.....	1,030	1,050	1,050
Legislative Reapportionment Commission.....	0	650	0
Legislative Service Agency Renovation.....	190	0	0
Council of State Governments - Annual Meeting.....	0	200	0
Health Care Cost Containment Council.....	3,808	3,922	3,973
State Ethics Commission.....	1,623	1,692	1,770
Subtotal.....	\$ 20,556	\$ 21,897	\$ 23,079

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01	2001-02	2002-03
	ACTUAL	AVAILABLE	BUDGET
Subtotal - State Funds.....	\$ 233,652	\$ 245,386	\$ 251,173
Subtotal - Federal Funds.....	0	0	203
Total - General Government.....	<u>\$ 233,652</u>	<u>\$ 245,386</u>	<u>\$ 251,376</u>
STATE FUNDS.....	\$ 233,652	\$ 245,386	\$ 251,173
FEDERAL FUNDS.....	0	0	203
GENERAL FUND TOTAL.....	<u>\$ 233,652</u>	<u>\$ 245,386</u>	<u>\$ 251,376</u>

^a Includes \$57,000 actually appropriated as a part of State Match for DCSI Subgrants appropriation in Executive Offices.

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
LEGISLATURE							
GENERAL FUND.....	\$ 233,652	\$ 245,386	\$ 251,173	\$ 241,088	\$ 241,073	\$ 241,088	\$ 241,073
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	203	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 233,652	\$ 245,386	\$ 251,376	\$ 241,088	\$ 241,073	\$ 241,088	\$ 241,073
ALL PROGRAMS:							
GENERAL FUND.....	\$ 233,652	\$ 245,386	\$ 251,173	\$ 241,088	\$ 241,073	\$ 241,088	\$ 241,073
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	203	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 233,652	\$ 245,386	\$ 251,376	\$ 241,088	\$ 241,073	\$ 241,088	\$ 241,073

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)

\$ 5,787 **Legislature**
—to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
TOTAL GENERAL FUND	\$ 233,652	\$ 245,386	\$ 251,173	\$ 241,088	\$ 241,073	\$ 241,088	\$ 241,073



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)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
GENERAL FUND:			
General Government:			
Supreme Court:			
Supreme Court.....	\$ 11,414	\$ 11,742	\$ 12,476
(A) Filing Fees.....	347	346	346
Justices Expenses.....	180	180	180
Judicial Council.....	183 ^a	178 ^a	179
District Court Administrators.....	11,529 ^b	12,699 ^b	13,621
Court Management Education.....	150 ^c	150 ^c	150
Civil Procedural Rules Committee.....	386	395	403
Appellate/Orphans Rules Committee.....	154	169	175
Rules of Evidence Committee.....	175	181	163
Minor Court Rules Committee.....	190	182	171
Criminal Procedural Rules Committee.....	384	390	409
Domestic Relations Committee.....	155	162	167
Juvenile Court Rules Committee.....	149	158	167
Committee on Racial and Gender Bias.....	0	500 ^d	227
Court Administrator.....	6,773	7,102	7,482
(A) Miscellaneous.....	4	4	4
Integrated Criminal Justice System.....	2,992	3,026	3,140
(R) Judicial Computer System.....	18,768	26,328	38,261
Subtotal.....	\$ 53,933	\$ 63,892	\$ 77,721
Superior Court:			
Superior Court.....	\$ 22,041	\$ 23,697	\$ 25,243
(A) Filing Fees.....	245	265	265
Judges Expenses.....	237	237	237
Subtotal.....	\$ 22,523	\$ 24,199	\$ 25,745
Commonwealth Court:			
Commonwealth Court.....	\$ 13,160	\$ 14,683	\$ 15,719
(A) Filing Fees.....	204	200	200
Judges Expenses.....	143	143	143
Court Security.....	60	150	0
Subtotal.....	\$ 13,567	\$ 15,176	\$ 16,062
Courts of Common Pleas:			
Courts of Common Pleas.....	\$ 53,698	\$ 58,550	\$ 61,467
Senior Judges.....	3,668	3,759	3,898
Judicial Education.....	727	727	727
Ethics Committee.....	54	40	42
Subtotal.....	\$ 58,147	\$ 63,076	\$ 66,134
District Justices:			
District Justices.....	\$ 47,326	\$ 47,582	\$ 49,366
District Justice Education.....	546	546	576
(A) Registration Fees.....	27	28	28
Subtotal.....	\$ 47,899	\$ 48,156	\$ 49,970
Philadelphia Courts:			
Traffic Court.....	\$ 691	\$ 679	\$ 685
Municipal Court.....	4,458	4,511	4,660
Law Clerks.....	39	39	39
Domestic Violence Services.....	204	204	204
Subtotal.....	\$ 5,392	\$ 5,433	\$ 5,588

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2000-01 ACTUAL	2001-02 AVAILABLE	2002-03 BUDGET
Pittsburgh Magistrate Court.....	\$ 0	\$ 1,200	\$ 1,200
Judicial Conduct Board.....	959	999	1,046
Court of Judicial Discipline.....	407	426	426
Subtotal - State Funds.....	\$ 183,232	\$ 195,386	\$ 204,788
Subtotal - Augmentations.....	827	843	843
Subtotal - Restricted Revenues.....	18,768	26,328	38,261
Total - General Government.....	<u>\$ 202,827</u>	<u>\$ 222,557</u>	<u>\$ 243,892</u>
Grants and Subsidies:			
Reimbursement of County Costs:			
Jurors.....	\$ 1,469	\$ 1,469	\$ 1,469
County Courts.....	30,401	31,356	31,356
Senior Judge Reimbursement.....	0	3,000	3,000
Subtotal.....	<u>\$ 31,870</u>	<u>\$ 35,825</u>	<u>\$ 35,825</u>
Total - Grants and Subsidies.....	<u>\$ 31,870</u>	<u>\$ 35,825</u>	<u>\$ 35,825</u>
STATE FUNDS.....	\$ 215,102	\$ 231,211	\$ 240,613
AUGMENTATIONS.....	827	843	843
RESTRICTED REVENUES.....	18,768	26,328	38,261
GENERAL FUND TOTAL.....	<u>\$ 234,697</u>	<u>\$ 258,382</u>	<u>\$ 279,717</u>

^a This appropriation was titled "Statewide Funding – Judicial Council" in 2000-01 and 2001-02.

^b This appropriation was titled "Statewide Funding – County Court Administrators" in 2000-01 and 2001-02.

^c This appropriation was titled "Statewide Funding – Court Management Education" in 2000-01 and 2001-02.

^d Actually appropriated as \$100,000 for Committee on Racial and Gender Bias and \$400,000 for Equity Commission.

Program Funding Summary

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
STATE JUDICIAL SYSTEM							
GENERAL FUND.....	\$ 215,102	\$ 231,211	\$ 240,613	\$ 240,386	\$ 240,386	\$ 240,386	\$ 240,386
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	19,595	27,171	39,104	39,104	39,104	39,104	39,104
SUBCATEGORY TOTAL.....	\$ 234,697	\$ 258,382	\$ 279,717	\$ 279,490	\$ 279,490	\$ 279,490	\$ 279,490
ALL PROGRAMS:							
GENERAL FUND.....	\$ 215,102	\$ 231,211	\$ 240,613	\$ 240,386	\$ 240,386	\$ 240,386	\$ 240,386
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	19,595	27,171	39,104	39,104	39,104	39,104	39,104
DEPARTMENT TOTAL.....	\$ 234,697	\$ 258,382	\$ 279,717	\$ 279,490	\$ 279,490	\$ 279,490	\$ 279,490

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 \$4,000. 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 police magistrates in addition to the county district justices who may issue arrest warrants and preside at arraignments and preliminary hearings for all criminal offenses occurring 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) administers the Commonwealth's court system. The AOPC provides services for approximately 1,600 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 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 2001 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 Automation Project 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; and 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). In 2002-03, the Common Pleas Project will reach the point where a pilot program is expected to be operational during the latter half of the fiscal year. The initial focus will be automation of the criminal courts. 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)

<p>Supreme Court</p> <p>\$ 415 —for information technology upgrades and office furnishings.</p> <p>319 —to continue current program.</p> <hr/> <p>\$ 734 <i>Appropriation Increase</i></p> <p>District Court Administrators</p> <p>\$ 605 —for eight additional administrators.</p> <p>317 —to continue current program.</p> <hr/> <p>\$ 922 <i>Appropriation Increase</i></p> <p>Committee on Racial and Gender Bias</p> <p>\$ -273 —nonrecurring program costs.</p> <p>Superior Court</p> <p>\$ 603 —for additional senior judge service and support staff.</p> <p>943 —to continue current program.</p> <hr/> <p>\$ 1,546 <i>Appropriation Increase</i></p>	<p>Commonwealth Court</p> <p>\$ 400 —for additional senior judge service and support staff.</p> <p>636 —to continue current program.</p> <hr/> <p>\$ 1,036 <i>Appropriation Increase</i></p> <p>Court Security</p> <p>\$ -150 —nonrecurring program costs.</p> <p>Courts of Common Pleas</p> <p>\$ 905 —for fifteen new judges effective January 2002.</p> <p>2,012 —to continue current program.</p> <hr/> <p>\$ 2,917 <i>Appropriation Increase</i></p>
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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, as well as salary increases for law clerks of the appellate courts and other support staff.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND:							
Supreme Court	\$ 11,414	\$ 11,742	\$ 12,476	\$ 12,476	\$ 12,476	\$ 12,476	\$ 12,476
Justices Expenses	180	180	180	180	180	180	180
Judicial Council	183	178	179	179	179	179	179
District Court Administrators	11,529	12,699	13,621	13,621	13,621	13,621	13,621
Court Management Education	150	150	150	150	150	150	150
Civil Procedural Rules Committee	386	395	403	403	403	403	403
Appellate/Orphans Rules Committee	154	169	175	175	175	175	175
Rules of Evidence Committee	175	181	163	163	163	163	163
Minor Court Rules Committee	190	182	171	171	171	171	171
Criminal Procedural Rules Committee	384	390	409	409	409	409	409
Domestic Relations Committee	155	162	167	167	167	167	167
Juvenile Court Rules Committee	149	158	167	167	167	167	167
Committee on Racial and Gender Bias	0	500	227	0	0	0	0
Court Administrator	6,773	7,102	7,482	7,482	7,482	7,482	7,482
Integrated Criminal Justice System	2,992	3,026	3,140	3,140	3,140	3,140	3,140
Superior Court	22,041	23,697	25,243	25,243	25,243	25,243	25,243
Judges Expenses	237	237	237	237	237	237	237
Commonwealth Court	13,160	14,683	15,719	15,719	15,719	15,719	15,719
Judges Expenses	143	143	143	143	143	143	143
Court Security	60	150	0	0	0	0	0
Courts of Common Pleas	53,698	58,550	61,467	61,467	61,467	61,467	61,467
Senior Judges	3,668	3,759	3,898	3,898	3,898	3,898	3,898
Judicial Education	727	727	727	727	727	727	727
Ethics Committee	54	40	42	42	42	42	42

Program: State Judicial System (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL FUND (continued):							
District Justices	\$ 47,326	\$ 47,582	\$ 49,366	\$ 49,366	\$ 49,366	\$ 49,366	\$ 49,366
District Justice Education	546	546	576	576	576	576	576
Traffic Court	691	679	685	685	685	685	685
Municipal Court	4,458	4,511	4,660	4,660	4,660	4,660	4,660
Law Clerks	39	39	39	39	39	39	39
Domestic Violence Services	204	204	204	204	204	204	204
Pittsburgh Magistrate Court	0	1,200	1,200	1,200	1,200	1,200	1,200
Judicial Conduct Board	959	999	1,046	1,046	1,046	1,046	1,046
Court of Judicial Discipline	407	426	426	426	426	426	426
Jurors	1,469	1,469	1,469	1,469	1,469	1,469	1,469
County Courts	30,401	31,356	31,356	31,356	31,356	31,356	31,356
Senior Judge Reimbursement	0	3,000	3,000	3,000	3,000	3,000	3,000
TOTAL GENERAL FUND	\$ 215,102	\$ 231,211	\$ 240,613	\$ 240,386	\$ 240,386	\$ 240,386	\$ 240,386

CAPITAL BUDGET Program Summary

This section contains the 2002-03 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; and, (b) the acquisition, construction and equipping of rural and intercity common carrier surface transportation systems or any components thereof. 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.

2002-03 New Project Authorizations — This section itemizes and describes the new capital projects recommended for authorization in 2002-03 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 2003-04 through 2006-07. 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 2002-03 and projects which will be authorized in the future (2003-07).

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)

	2002-03 Estimated	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
GENERAL OBLIGATION BOND FUNDING					
Revenues					
Capital Facilities Bonds:					
Public Improvement Projects - Buildings and Structures.....	\$ 250,000	\$ 190,000	\$ 210,000	\$ 220,000	\$ 220,000
Public Improvement Projects - Furniture and Equipment.....	40,000	60,000	55,000	22,000	20,000
Redevelopment Assistance Projects.....	260,000	180,000	80,000	35,000	5,000
Flood Control Projects.....	6,000	15,000	13,000	1,000	1,000
Transportation Assistance Projects.....	150,000	150,000	150,000	150,000	150,000
Less: Costs of Issue.....	-10,590	-8,925	-7,620	-6,420	-3,960
Miscellaneous Revenue.....	26,990	11,380	9,997	9,155	9,178
Change in Available Cash.....	9,657	27,815	29,031	17,687	-485
Total.....	<u>\$ 732,057</u>	<u>\$ 625,270</u>	<u>\$ 539,408</u>	<u>\$ 448,422</u>	<u>\$ 400,733</u>
Expenditures					
Capital Facilities Fund:					
Public Improvement Projects - Buildings and Structures.....	\$ 279,723	\$ 209,465	\$ 216,197	\$ 223,914	\$ 223,914
Public Improvement Projects - Furniture and Equipment.....	32,315	63,788	55,283	22,423	20,423
Redevelopment Assistance Projects.....	263,040	186,947	105,088	50,167	5,852
Flood Control Projects.....	6,979	15,070	12,840	1,918	544
Transportation Assistance Projects.....	150,000	150,000	150,000	150,000	150,000
Total - General Obligation Bonds.....	<u>\$ 732,057</u>	<u>\$ 625,270</u>	<u>\$ 539,408</u>	<u>\$ 448,422</u>	<u>\$ 400,733</u>
FROM CURRENT REVENUES					
Public Improvement Projects - Fish and Boat Fund.....	2,103	1,417	1,942	2,274	1,866
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.....	5,635	5,635	5,635	5,635	5,635
Acquisition, Rehabilitation and Development Projects Environmental Stewardship Fund.....	13,919	17,300	17,000	19,600	19,600
Public Improvement Projects - State Stores Fund	2,000	9,044	0	0	0
Highway Projects - Motor License Fund.....	277,315	272,836	270,547	272,206	271,079
Total Current Revenues.....	<u>\$ 300,972</u>	<u>\$ 308,232</u>	<u>\$ 296,124</u>	<u>\$ 300,715</u>	<u>\$ 299,180</u>
TOTAL - ALL FUNDS	<u><u>\$ 1,033,029</u></u>	<u><u>\$ 933,502</u></u>	<u><u>\$ 835,532</u></u>	<u><u>\$ 749,137</u></u>	<u><u>\$ 699,913</u></u>

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)

	2002-03	2003-04	2004-05	2005-06	2006-07	Total
Agriculture.....	\$ 30,116	\$ 835	\$ 884	\$ 933	\$ 982	\$ 33,750
Conservation and Natural Resources.....	\$ 66,204	46,102	32,343	33,585	34,826	213,060
Corrections.....	\$ 30,116	50,914	53,910	56,904	59,899	251,743
Education.....	\$ 7,658	41,687	44,139	46,591	49,043	189,118
Environmental Protection.....	\$ 18,551	235	249	262	276	19,573
Emergency Management Agency.....	\$ 0	7,263	6,579	6,730	6,421	26,993
Executive Offices.....	\$ 6,047	0	0	0	0	6,047
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.....	\$ 60,335	16,030	16,973	17,916	18,859	130,113
Historical and Museum Commission.....	\$ 2,090	10,303	10,909	11,516	12,122	46,940
Liquor Control Board.....	\$ 11,044	0	0	0	0	11,044
Military and Veterans Affairs.....	\$ 27,753	3,353	3,550	3,748	3,945	42,349
Public Welfare.....	\$ 12,405	13,150	13,924	14,697	15,471	69,647
State Police.....	\$ 10,875	6,190	6,554	6,918	7,282	37,819
Transportation.....	0	230,743	260,786	280,830	280,874	1,053,233
TOTAL.....	\$ 283,194	\$ 430,805	\$ 453,300	\$ 482,630	\$ 492,000	\$ 2,141,929

RECOMMENDED 2002-03 NEW PROJECT AUTHORIZATIONS STATE FUNDS

This table provides a summary of new project authorizations by department and capital program category within bond and current revenue sources.

(Dollar Amounts in Thousands)

Capital Facilities Bond Funds

	Public Improvement Projects	Original Furniture & Equipment	Transportation Assistance Projects	Flood Control Projects
Agriculture.....	\$ 0	\$ 0	\$ 0	\$ 0
Conservation and Natural Resources.....	8,500	400	0	0
Corrections.....	30,116	0	0	0
Education.....	5,731	1,927	0	0
Emergency Management.....	0	0	0	0
Environmental Protection.....	4,560	0	0	13,991
Executive Offices.....	6,047	0	0	0
Fish and Boat Commission.....	0	0	0	0
Game Commission.....	0	0	0	0
General Services.....	59,752	583	0	0
Historical and Museum Commission.....	1,200	890	0	0
Liquor Control Board.....	0	0	0	0
Military and Veterans Affairs.....	27,593	160	0	0
Public Welfare.....	12,405	0	0	0
State Police.....	10,875	0	0	0
Transportation.....	0	0	61,569	0
TOTAL.....	\$ 166,779	\$ 3,960	\$ 61,569	\$ 13,991

Current Revenues

	Highway Projects	Public Improvement Projects	All Funds
Agriculture.....	\$ 0	\$ 0	\$ 0
Conservation and Natural Resources.....	0	57,304	66,204
Corrections.....	0	0	30,116
Education.....	0	0	7,658
Emergency Management.....	0	0	0
Environmental Protection.....	0	0	18,551
Executive Offices.....	0	0	6,047
Fish and Boat Commission.....	0	0	0
Game Commission.....	0	0	0
General Services.....	0	0	60,335
Historical and Museum Commission.....	0	0	2,090
Liquor Control Board.....	0	11,044	11,044
Military and Veterans Affairs.....	0	0	27,753
Public Welfare.....	0	0	12,405
State Police.....	0	0	10,875
Transportation.....	87,237	9,875	158,681
TOTAL.....	\$ 87,237	\$ 78,223	\$ 411,759

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
2002-03 PUBLIC IMPROVEMENT PROJECTS				
Management of Recreational Areas and Facilities.....	\$ 65,369	\$ 0	\$ 835	\$ 66,204
TOTAL PROJECTS.....	<u>\$ 65,369</u>	<u>\$ 0</u>	<u>\$ 835</u>	<u>\$ 66,204</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 7,665	\$ 0	\$ 835	\$ 8,500
Capital Facilities Fund - Furniture and Equipment.....	400	0	0	400
Subtotal General Obligation Bond Issues.....	<u>\$ 8,065</u>	<u>\$ 0</u>	<u>\$ 835</u>	<u>\$ 8,900</u>
Current Revenues				
Keystone Recreation, Park and Conservation Fund - Improvements and Rehabilitation.....	\$ 21,399	\$ 0	\$ 0	\$ 21,399
Environmental Stewardship Fund - Acquisition, Improvements and Rehabilitation.....	33,305	0	0	33,305
State Parks Operations - Improvements and Rehabilitation.....	<u>2,600</u>	<u>0</u>	<u>0</u>	<u>2,600</u>
Subtotal Current Revenues.....	<u>\$ 57,304</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 57,304</u>
TOTAL.....	<u>\$ 65,369</u>	<u>\$ 0</u>	<u>\$ 835</u>	<u>\$ 66,204</u>

Department of Conservation and Natural Resources 2002-03 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Management of Recreational Areas and Facilities

Poe Valley State Park, Centre County	\$ 4,165	\$ 0	\$ 835	\$ 5,000
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REHABILITATE DAM: This project will provide for the rehabilitation of the Poe Valley Dam which forms a 25 acre lake within the state park. When completed, this project is not expected to change operating costs.

Marsh Creek State Park, Chester County	3,500	0	0	3,500
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CONSTRUCT ACCESS ROAD AND RECREATIONAL FACILITIES: This project will construct a day use facility that includes picnic areas, pavilions, restrooms, access roads, causeways and utilities at the 1,565 acre park. When completed, this project is not expected to change operating costs.

Presque Isle State Park, Erie County	400	0	0	400
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ORIGINAL FURNITURE AND EQUIPMENT FOR VARIOUS DGS PROJECTS: This project will provide for the original movable furniture and equipment so that the preceding construction project can become operational.

PROGRAM TOTAL.....	\$ 8,065	\$ 0	\$ 835	\$ 8,900
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Department of Conservation and Natural Resources 2002-03 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS</i>				
Program: Management of Recreational Areas and Facilities				
Bendigo State Park, Elk County	\$ 300	\$ 0	\$ 0	\$ 300
NEW SEWAGE SYSTEM: This project will construct a new sewage system to service the State Park. When completed, this project is not expected to change operating costs.				
Black Moshannon State Park, Centre County	400	0	0	400
RENOVATE WASHHOUSES AND RESTROOMS: This project will renovate three existing washhouses and one day use restroom within the park. When completed, this project is not expected to change operating costs.				
Cherry Springs State Park, Potter County	300	0	0	300
REPLACE RESTROOMS AND INSTALL SEPTIC SYSTEM: This project will replace day use restrooms and install a septic system to service a portion of the park. When completed, this project is not expected to change operating costs.				
Colonel Denning State Park, Cumberland County	500	0	0	500
BATHHOUSE, CONCESSIONS AND RESTROOM IMPROVEMENTS: This project provides improvements including renovations to the bathhouse, concessions and restrooms within a portion of the park. When completed, this project is not expected to change operating costs.				
Colonel Denning State Park, Cumberland County	350	0	0	350
RENOVATE DAY RESTROOMS AND SEWAGE SYSTEMS: This project will renovate day restrooms and sewage systems within a portion of the park. When completed, this project is not expected to change operating costs.				
Colton Point State Park, Tioga County	300	0	0	300
REPLACE RESTROOM: This project will provide for replacement of an existing restroom facility within the park. When completed, this project is not expected to change operating costs.				
Cook Forest State Park, Clarion County	400	0	0	400
REHABILITATE WATER SYSTEM: This project will repair and restore water systems within a portion of the park. When completed, this project is not expected to change operating costs.				

Department of Conservation and Natural Resources 2002-03 Projects

	(Dollar Amounts in Thousands)			Total Project Cost
	Base Project Cost	Land Cost	Design & Contingencies	
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Delaware Canal State Park, Bucks County	\$ 500	\$ 0	\$ 0	\$ 500
REHABILITATE LOCK # 7: This project will restore lock #7 to functional status so that it can regulate the water level in the canal. When completed, this project is not expected to change operating costs.				
Denton Hill State Park, Potter County	300	0	0	300
ROAD AND PARKING IMPROVEMENTS: This project provides for road and parking improvements including drainage, shoulder grading and resurfacing of various roads and parking areas in the park. When completed, this project is not expected to change operating costs.				
Elk State Park, Elk County	300	0	0	300
REPLACE COMFORT STATION: This project provides for complete replacement of the comfort station within the park. When completed, this project is not expected to change operating costs.				
Evansburg State Park, Montgomery County	335	0	0	335
ROAD IMPROVEMENTS: This project provides for road improvements including drainage, shoulder grading and resurfacing of various roads in the park. When completed, this project is not expected to change operating costs.				
Forbes State Park, Westmoreland County	1,500	0	0	1,500
ROAD IMPROVEMENTS: This project provides for road improvements including drainage, shoulder grading and resurfacing all major roads in the park. When completed, this project is not expected to change operating costs.				
Fort Washington State Park, Montgomery County	400	0	0	400
ROAD IMPROVEMENTS: This project provides for road improvements including drainage, shoulder grading and resurfacing all major roads in the park. When completed, this project is not expected to change operating costs.				
Gouldsboro State Park, Monroe County	600	0	0	600
REPLACE BATHHOUSE SEWAGE SYSTEM: This project will replace several outdated bathhouse sewage collection systems with modern facilities. When completed, this project is not expected to change operating costs.				
Hills Creek State Park, Tioga County	300	0	0	300
OFFICE IMPROVEMENTS: This project provides for renovation of existing office spaces within administrative buildings in the park. When completed, this project is not expected to change operating costs.				

Department of Conservation and Natural Resources 2002-03 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Hyner Run State Park, Clinton County	\$ 300	\$ 0	\$ 0	\$ 300
SEWAGE TREATMENT PLANT: This project will replace outdated sewage systems with a new sewage treatment plant and collection lines. When completed, this project is not expected to change operating costs.				
Hyner Run State Park, Clinton County	350	0	0	350
REPLACE BATHHOUSE AND RESTROOMS: This project will replace the bathhouse and several outdated restrooms with modern facilities. When completed, this project is not expected to change operating costs.				
Hyner Run State Park, Clinton County	300	0	0	300
REPLACE CAMPGROUND RESTROOMS: This project will upgrade restroom facilities within a portion the park. When completed, this project is not expected to change operating costs.				
Kettle Creek State Park, Clinton County	300	0	0	300
ROAD IMPROVEMENTS: This project provides for road improvements including drainage, shoulder grading and resurfacing all major roads in the park. When completed, this project is not expected to change operating costs.				
Kettle Creek State Park, Clinton County	300	0	0	300
REPAIR TIMBER CRIB DAM: This project will repair the existing dam. When completed, this project is not expected to change operating costs.				
Kooser State Park, Somerset County	800	0	0	800
ROAD AND BRIDGE IMPROVEMENTS: This project provides for road and bridge improvements including drainage, shoulder grading and resurfacing all major roads in the park as well as repair and/or replacement of various bridges within the park. When completed, this project is not expected to change operating costs.				
Kooser State Park, Somerset County	550	0	0	550
WATER TREATMENT UPGRADES: This project will upgrade the surface water treatment by installing improved filtration, modern pumps and upgraded electrical service. When completed, this project is not expected to change operating costs.				

Department of Conservation and Natural Resources 2002-03 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Little Pine State Park, Lycoming County	\$ 300	\$ 0	\$ 0	\$ 300
REPLACE RESTROOMS: This project will upgrade restroom facilities within a portion the park. When completed, this project is not expected to change operating costs.				
Marsh Creek State Park, Chester County	325	0	0	325
REHABILITATE PARKING AREAS: This project provides for the stabilization and resurfacing of parking areas throughout the park. When completed, this project is not expected to change operating costs.				
Moraine State Park, Butler County	350	0	0	350
RESURFACE BIKE TRAIL: This project provides for the stabilization and resurfacing of bike trails throughout the park. When completed, this project is not expected to change operating costs.				
Moraine State Park, Butler County	800	0	0	800
REHABILITATE CRESCENT BAY BOAT LIVERY: This project provides for the rehabilitation of the existing boat livery. When completed, this project is not expected to change operating costs.				
Moshannon State Forest, Clearfield County	300	0	0	300
CONSTRUCT SNOWMOBILE RUNS, BRIDGES AND TRAILS: This project provides for the construction of snowmobile trails and amenities within a portion of the forest. When completed, this project is not expected to change operating costs.				
Mt. Pisgah State Park, Bradford County	300	0	0	300
REPLACE POOL DECK AND ADA ACCESS: This project provides for the replacement of the existing pool deck as well as to provide for improved ADA access to park facilities. When completed, this project is not expected to change operating costs.				
Nockamixon State Park, Bucks County	350	0	0	350
ROAD IMPROVEMENTS: This project provides for road improvements including drainage, shoulder grading and resurfacing all major roads in the park. When completed, this project is not expected to change operating costs.				

Department of Conservation and Natural Resources 2002-03 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Ohiopyle State Park, Fayette County	\$ 750	\$ 0	\$ 0	\$ 750
REHABILITATE FURNCLIFF RAILROAD AND TURNOUT AREA: This project provides for the rehabilitation of certain sections of the Furncliff railroad bed and improvements to the river turnout. When completed, this project is not expected to change operating costs.				
Neshaminy State Park, Bucks County	372	0	0	372
POOL RESTORATION AND CONCRETE REPAIRS: This project provides for the repair of the pool and associated amenities within the park. When completed, this project is not expected to change operating costs.				
Ohiopyle State Park, Fayette County	325	0	0	325
PARK OFFICE ACCESS: This project will improve the access to the park office. When completed, this project is not expected to change operating costs.				
Ole Bull State Park, Potter County	300	0	0	300
REPLACE MAINTENANCE BUILDING: This project will replace the existing maintenance building with a more modern facility. When completed, this project is not expected to change operating costs.				
Park Region #1, Cameron County	350	0	0	350
WATER TREATMENT UPGRADES: This project will upgrade the surface water treatment by installing improved filtration, modern pumps and upgraded electrical service. When completed, this project is not expected to change operating costs.				
Poe Valley State Park, Centre County	1,000	0	0	1,000
REPAIR DAM: This project will repair the existing dam. When completed, this project is not expected to change operating costs.				
Presque Isle State Park, Erie County	342	0	0	342
REPAIR BEACHHOUSE, PHASE 1: This project will repair a portion of the existing beachhouse. When completed, this project is not expected to change operating costs.				
Pymatuning State Park, Crawford County	800	0	0	800
REHABILITATE JAMESTOWN AND TUTTLE WASHHOUSES: This project will rehabilitate various washhouses throughout the park. When completed, this project is not expected to change operating costs.				

Department of Conservation and Natural Resources 2002-03 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Raccoon Creek State Park, Beaver County	\$ 400	\$ 0	\$ 0	\$ 400
REHABILITATE WASHHOUSES: This project will rehabilitate various washhouses throughout the park. When completed, this project is not expected to change operating costs.				
Ralph Stover State Park, Bucks County	500	0	0	500
REPLACE PIT LATRINES: This project will replace pit latrines and install modern toilet facilities and upgrade sewer collection systems where necessary. When completed, this project is not expected to change operating costs.				
Reeds Gap State Park, Mifflin County	300	0	0	300
RENOVATE MAINTENANCE BUILDING: This project will renovate the existing maintenance building to be a more modern facility. When completed, this project is not expected to change operating costs.				
Reeds Gap State Park, Mifflin County	1,000	0	0	1,000
REPLACE SWIMMING POOL: This project will replace the existing swimming pool with a more modern facility. When completed, this project is not expected to change operating costs.				
Ridley Creek State Park, Delaware County	300	0	0	300
ROAD IMPROVEMENTS: This project provides for road improvements including drainage, shoulder grading and resurfacing all major roads in the park. When completed, this project is not expected to change operating costs.				
Ridley Creek State Park, Delaware County	500	0	0	500
OFFICE IMPROVEMENTS: This project provides for renovation of existing office spaces within administrative buildings in the park. When completed, this project is not expected to change operating costs.				
S.B. Elliott State Park, Clearfield County	300	0	0	300
RENOVATE CABINS AND WASHHOUSES: This project provides for renovation of existing cabins and washhouses within a portion of the park. When completed, this project is not expected to change operating costs.				

Capital Budget

Department of Conservation and Natural Resources 2002-03 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Sinnemahoning State Park, Cameron County	\$ 300	\$ 0	\$ 0	\$ 300
CONSTRUCT OFFICE AND SEPTIC SYSTEM: This project provides for replacement of the existing park office and septic system with more modern facilities. When completed, this project is not expected to change operating costs.				
Weiser State Forest, Schuylkill County	800	0	0	800
CONSTRUCT NEW HEADQUARTERS OFFICE: This project provides for replacement of the existing forest office with more modern facilities. When completed, this project is not expected to change operating costs.				
Worlds End State Park, Sullivan County	350	0	0	350
ROAD IMPROVEMENTS: This project provides for road improvements including drainage, shoulder grading and resurfacing all major roads in the park. When completed, this project is not expected to change operating costs.				
 PROGRAM TOTAL.....	<u>\$ 21,399</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,399</u>

Department of Conservation and Natural Resources 2002-03 Projects

	(Dollar Amounts in Thousands)			Total Project Cost
	Base Project Cost	Land Cost	Design & Contingencies	
FROM ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Chapman State Park, Warren County	\$ 350	\$ 0	\$ 0	\$ 350
INSTALL SEWER AND WATER SYSTEMS: This project will install sewage collection, treatment and wastewater disposal systems where necessary along with water supply and treatment systems. When completed, this project is not expected to change operating costs.				
Codorus State Park, York County	400	0	0	400
REHABILITATE SEWAGE LIFT STATIONS: This project will rehabilitate various sewage lift stations throughout the park. When completed, this project is not expected to change operating costs.				
Codorus State Park, York County	350	0	0	350
MODERNIZE WATER SYSTEMS: This project will install modern water supply and treatment systems. When completed, this project is not expected to change operating costs.				
Delaware State Forest, Pike County	750	0	0	750
REPLACE OWEGO HEADQUARTERS: This project will replace the existing office building with a more usable facility. When completed, this project is not expected to change operating costs.				
Denton Hill State Park, Potter County	300	0	0	300
REHABILITATE SEWAGE SYSTEM: This project will rehabilitate the sewage treatment plant, lift stations and lagoons. When completed, this project is not expected to change operating costs.				
Frances Slocum State Park, Luzerne County	350	0	0	350
REHABILITATE SEWAGE SYSTEM: This project will rehabilitate the sewage treatment plant, lift stations and lagoons. When completed, this project is not expected to change operating costs.				
French Creek State Park, Berks County	610	0	0	610
REPLACE PIT LATRINES: This project will replace all pit latrines in the moorage area and extend the sewer and water systems to the office and maintenance areas. When completed, this project is not expected to change operating costs.				

Department of Conservation and Natural Resources 2002-03 Projects

	(Dollar Amounts in Thousands)			Total Project Cost
	Base Project Cost	Land Cost	Design & Contingencies	
FROM ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
French Creek State Park, Berks County	\$ 310	\$ 0	\$ 0	\$ 310
REHABILITATE SWIMMING POOL: This project will rehabilitate the existing swimming pool into a more modern facility. When completed, this project is not expected to change operating costs.				
Gifford Pinchot State Park, York County	750	0	0	750
MODERNIZE WATER SYSTEMS: This project will install modern water supply and treatment systems. When completed, this project is not expected to change operating costs.				
Gifford Pinchot State Park, York County	450	0	0	450
REHABILITATE SEWAGE LIFT STATIONS: This project will rehabilitate various sewage lift stations throughout the park. When completed, this project is not expected to change operating costs.				
Hickory Run State Park, Carbon County	900	0	0	900
REHABILITATE BUILDINGS AND WATER SYSTEMS: This project will rehabilitate various buildings throughout the park along with water supply and treatment systems. When completed, this project is not expected to change operating costs.				
Hickory Run State Park, Carbon County	1,500	0	0	1,500
REPLACE VISITOR CENTER, CONTACT STATION AND OFFICE: This project will replace existing visitor center, contact station and office with more modern facilities. When completed, this project is not expected to change operating costs.				
Hickory Run State Park, Carbon County	650	0	0	650
REPLACE PIT LATRINES AND UPGRADE WASHHOUSES: This project will replace pit latrines with modern flush systems and also upgrade shower and washing facilities throughout the park where necessary. When completed, this project is not expected to change operating costs.				
Hickory Run State Park, Carbon County	600	0	0	600
REHABILITATE SEWAGE SYSTEM: This project will rehabilitate the sewage treatment plant, lift stations and lagoons. When completed, this project is not expected to change operating costs.				

Department of Conservation and Natural Resources 2002-03 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Hyner Run State Park, Clinton County	\$ 550	\$ 0	\$ 0	\$ 550
BRIDGE RECONSTRUCTION AND ROAD IMPROVEMENT: This project will upgrade several bridges to increase capacity and improve the surface of park roads. When completed, this project is not expected to change operating costs.				
Lackawanna State Park, Lackawanna County	575	0	0	575
REHABILITATE SWIMMING POOL AND BUILDINGS: This project will rehabilitate the existing swimming pool and various buildings into more modern facilities. When completed, this project is not expected to change operating costs.				
Laurel Hill State Park, Somerset County	1,200	0	0	1,200
REHABILITATE GROUP CAMPS: This project will rehabilitate all group camping areas in the park. When completed, this project is not expected to change operating costs.				
Laurel Hill State Park, Somerset County	1,350	0	0	1,350
REHABILITATE DAY USE BUILDINGS: This project will rehabilitate all day use buildings in the park. When completed, this project is not expected to change operating costs.				
Laurel Hill State Park, Somerset County	1,240	0	0	1,240
ROAD IMPROVEMENTS: This project provides for road improvements including drainage, shoulder grading and resurfacing all major roads in the park. When completed, this project is not expected to change operating costs.				
Little Buffalo State Park, Perry County	1,275	0	0	1,275
REHABILITATE SWIMMING POOL: This project will rehabilitate the existing swimming pool into a more modern facility. When completed, this project is not expected to change operating costs.				
Little Pine State Park, Lycoming County	300	0	0	300
ROAD IMPROVEMENTS: This project provides for road improvements including drainage, shoulder grading and resurfacing all major roads in the park. When completed, this project is not expected to change operating costs.				

Department of Conservation and Natural Resources 2002-03 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Marsh Creek State Park, Chester County	\$ 500	\$ 0	\$ 0	\$ 500
RENOVATE POOL FACILITY: This project will renovate the pool, piping, filter system and surrounding area where necessary. When completed, this project is not expected to change operating costs.				
Nockamixon State Park, Bucks County	1,500	0	0	1,500
RENOVATE MARINA FACILITY: This project will renovate the marina and docks where necessary. When completed, this project is not expected to change operating costs.				
Nockamixon State Park, Bucks County	1,475	0	0	1,475
REHABILITATE SEWAGE LIFT STATIONS: This project will rehabilitate various sewage lift stations throughout the park. When completed, this project is not expected to change operating costs.				
Park Region #4, Bucks County	740	0	0	740
REHABILITATE WATER TANKS: This project will rehabilitate water tanks throughout the park region. When completed, this project is not expected to change operating costs.				
Prince Gallitzin State Park, Cambria County	360	0	0	360
REHABILITATE CAMPGROUND STORE: This project will rehabilitate the campground store. When completed, this project is not expected to change operating costs.				
Prince Gallitzin State Park, Cambria County	600	0	0	600
REHABILITATE SEWAGE SYSTEM: This project will rehabilitate the sewage treatment plant, lift stations and lagoons. When completed, this project is not expected to change operating costs.				
Promised Land State Park, Pike County	2,000	0	0	2,000
REHABILITATE CAMPGROUND: This project will rehabilitate the campground. When completed, this project is not expected to change operating costs.				
Promised Land State Park, Pike County	1,100	0	0	1,100
REPLACE SHOWER HOUSES AND COMFORT STATIONS: This project will replace shower houses and comfort stations with more modern systems. When completed, this project is not expected to change operating costs.				

Department of Conservation and Natural Resources 2002-03 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Promised Land State Park, Pike County	\$ 750	\$ 0	\$ 0	\$ 750
MODERNIZE WATER SYSTEMS: This project will install modern water supply and treatment systems. When completed, this project is not expected to change operating costs.				
Pymatuning State Park, Crawford County	1,420	0	0	1,420
REPLACE PIT LATRINES: This project will replace all pit latrines in the moorage area and extend the sewer and water systems to the office and maintenance areas. When completed, this project is not expected to change operating costs.				
Pymatuning State Park, Crawford County	750	0	0	750
REPLACE PIT LATRINES: This project will replace all pit latrines in the moorage area and extend the sewer and water systems to the office and maintenance areas. When completed, this project is not expected to change operating costs.				
R.B. Winter State Park, Union County	925	0	0	925
REPLACE BATHHOUSES AND COMFORT STATIONS: This project will replace bathhouses and comfort stations with more modern systems. When completed, this project is not expected to change operating costs.				
Raccoon Creek State Park, Beaver County	550	0	0	550
REPLACE PIT LATRINES: This project will replace pit latrines with modern flush systems and also provide water and sewer systems where necessary. When completed, this project is not expected to change operating costs.				
Ricketts Glen State Park, Luzerne County	400	0	0	400
ROAD IMPROVEMENTS: This project provides for road improvements including drainage, shoulder grading and resurfacing all major roads in the park. When completed, this project is not expected to change operating costs.				
Ryerson Station State Park, Greene County	1,275	0	0	1,275
PARK REHABILITATION AND MODERNIZATION: This project will provide for the rehabilitation and modernization of various park facilities and amenities. When completed, this project is not expected to change operating costs.				

Department of Conservation and Natural Resources 2002-03 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ENVIRONMENTAL STEWARDSHIP FUND				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Shawnee State Park, Bedford County	\$ 600	\$ 0	\$ 0	\$ 600
REHABILITATE SEWAGE SYSTEM: This project will rehabilitate the sewage treatment plant, lift stations and lagoons. When completed, this project is not expected to change operating costs.				
Shikellamy State Park, Northumberland County	400	0	0	400
ROAD IMPROVEMENTS: This project provides for road improvements including drainage, shoulder grading and resurfacing all major roads in the park. When completed, this project is not expected to change operating costs.				
Sizerville State Park, Cameron County	900	0	0	900
REPLACE PIT LATRINES AND BATHHOUSE: This project will replace pit latrines with modern flush systems and replace the bathhouse. When completed, this project is not expected to change operating costs.				
Tiadaghton State Forest, Lycoming County	800	0	0	800
CONSTRUCT OFFICE: This project provides for replacement of the existing forest office with more modern facility. When completed, this project is not expected to change operating costs.				
Tobyhanna State Park, Monroe County	1,500	0	0	1,500
REHABILITATE DAY USE AND CAMP GROUNDS: This project will rehabilitate all day use areas and buildings and camp sites. When completed, this project is not expected to change operating costs.				
 PROGRAM TOTAL.....	\$ 33,305	\$ 0	\$ 0	\$ 33,305

Capital Budget

Department of Conservation and Natural Resources 2002-03 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE PARK OPERATIONS				
CURRENT REVENUES				
 <i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Ricketts Glen State Park, Luzerne County	\$ 2,250	\$ 0	\$ 0	\$ 2,250
REPLACE BATHHOUSES AND COMFORT STATIONS: This project will replace bathhouses and comfort stations with more modern systems. When completed, this project is not expected to change operating costs.				
Ricketts Glen State Park, Luzerne County	350	0	0	350
REHABILITATE SEWAGE SYSTEM: This project will rehabilitate the sewage treatment plant, lift stations and lagoons. When completed, this project is not expected to change operating costs.				
 PROGRAM TOTAL.....	<u>\$ 2,600</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,600</u>

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
2002-03 PUBLIC IMPROVEMENT PROJECTS				
Institutionalization of Offenders.....	\$ 26,897	\$ 0	\$ 5,379	\$ 32,276
TOTAL PROJECTS.....	<u>\$ 26,897</u>	<u>\$ 0</u>	<u>\$ 5,379</u>	<u>\$ 32,276</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 24,897	\$ 0	\$ 5,219	\$ 30,116
Capital Facilities Fund - Furniture and Equipment.....	0	0	0	0
Subtotal General Obligation Bond Issues.....	<u>24,897</u>	<u>0</u>	<u>5,219</u>	<u>30,116</u>
Federal Funds	<u>2,000</u>	<u>0</u>	<u>160</u>	<u>2,160</u>
TOTAL.....	<u>\$ 26,897</u>	<u>\$ 0</u>	<u>\$ 5,379</u>	<u>\$ 32,276</u>

Department of Corrections 2002-03 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Institutionalization of Offenders

State Correctional Institution at Graterford

\$ 5,985	\$ 0	\$ 1,197	\$ 7,182
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BOILER RENOVATIONS AND WATER TREATMENT PLANT: This project will: construct a water treatment plant to adequately treat all potable water used at the facility; renovate the existing boiler plant to improve steam production capacity and utilize multiple fuels; repair and replace boiler plant feed water; induce and force draft fan systems and coal handling machinery; and install necessary equipment to monitor the operation of boilers and determine compliance with regulatory parameters. When completed, this project is expected to decrease operating costs by an estimated \$75,000 per year.

SECONDARY ELECTRICAL SYSTEM UPGRADES: This project will include the replacement of fused knife blade type panel boards and G & W oil switches. This project will also replace branch wiring of RH type with THHN/THWN to include all lug panels. When completed, this project is not expected to change operating costs.

2,000	0	400	2,400
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SPRINKLERS AND VENTILATION SYSTEMS: This project will install sprinklers in cells and common areas on A through E housing units. This project will also include changes to cell blocks F through I for ventilation and smoke/fire alarms systems. When completed, this project is not expected to change operating costs.

3,600	0	720	4,320
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State Correctional Institution at Greensburg

3,900	0	780	4,680
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LIFE SAFETY AND ADA UPGRADES: This project will include: the replacement of walls, windows and doors to provide fire-rated partitions; install additional sprinklers, fire alarm systems, smoke detectors and audio-visual strobe alarms; install new ADA-accessible cell toilets, lavatories, hand rails and grab bars; install new air handling units to provide for adequate ventilation; and include the replacement of a passenger elevator. When completed, this project is not expected to change operating costs.

State Correctional Institution at Frackville

1,050	0	210	1,260
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FIRE ALARM AND SECURITY PANEL REPLACEMENTS: This project will replace the fire alarm, security panels and approximately 800 devices making up the fires and security system. When completed, this project is not expected to change operating costs.

State Correctional Institution at Cresson

1,512	0	302	1,814
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NEW WATER TOWER: This project will construct a 750,000 gallon water tank and tie into existing water systems along with installing a monitoring system. When completed, this project is not expected to change operating costs.

Department of Corrections 2002-03 Projects

(Dollar Amounts in Thousands)

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS (continued)

State Correctional Institution at Camp Hill	\$ 3,425	\$ 0	\$ 685	\$ 4,110
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MAIN STEAM TUNNEL RENOVATIONS: This project will renovate the main steam tunnel including repair of walls, ceiling pipes expansion joints traps, manholes, venting system, security grills and new wiring of electrical circuits to include high heat lighting fixtures. This project will also include the removal of all asbestos and reinsulation. When completed, this project is expected to decrease operating costs by an estimated \$50,000 per year.

REPLACEMENT OF GROUP 1 PLUMBING COMPONENTS: This project will: renovate all piping in housing units A-D, kitchen #1, infirmary first and second floors, POC cells, old visiting room and Group 1 corridor; remove and replace all domestic hot and cold piping, valves, water heaters and fittings; remove and replace all steam supply piping and condensate return piping, fitting, expansion joints, traps and drip legs; remove and replace all insulation on piping as required; and remove and replace all sanitary waste piping from kitchen #1, staff dining room, all cells and infirmary to the sewage main. When completed, this project is not expected to change operating costs.	3,425	0	685	4,110
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State Correctional Institution at Rockview	State 0	0	240	240
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CONSTRUCT 30-CELL ADDITION TO EXISTING RHU: This project will construct a 30-cell addition to the existing restricted housing unit. The building addition shall be approximately 5,000 square feet with 30 cells, 4 showers, storage and mechanical spaces as necessary.

Fed.	2,000	0	160	2,160
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Total State.....	\$ 24,897	\$ 0	\$ 5,219	\$ 30,116
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Total Federal.....	2,000	0	160	2,160
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PROGRAM TOTAL.....	<u>\$ 26,897</u>	<u>\$ 0</u>	<u>\$ 5,379</u>	<u>\$ 32,276</u>
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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
2002-03 PUBLIC IMPROVEMENT PROJECTS				
State Owned Schools.....	\$ 5,040	\$ 0	\$ 691	\$ 5,731
Higher Education - State-Related Universities.....	1,455	0	0	1,455
Higher Education - State System of Higher Education.....	472	0	0	472
TOTAL PROJECTS.....	\$ 6,967	\$ 0	\$ 691	\$ 7,658

SOURCE OF FUNDS

General Obligation Bond Issues

Capital Facilities Fund - Buildings and Structures.....	\$ 5,040	\$ 0	\$ 691	\$ 5,731
Capital Facilities Fund - Furniture and Equipment.....	1,927	0	0	1,927
TOTAL.....	\$ 6,967	\$ 0	\$ 691	\$ 7,658

Department of Education 2002-03 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.

(Dollar Amounts in Thousands)

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: State Owned Schools

Scranton School for the Deaf

\$ 140	\$ 0	\$ 21	\$ 161
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CAMPUS SAFETY IMPROVEMENTS: This project will integrate, consolidate, upgrade and add additional capabilities to the school's fire alarm, security, evacuation and emergency systems with equipment and training. When completed, this project is not expected to change operating costs.

Thaddeus Stevens College of Technology

200	0	0	200
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REPAIR HIGH VOLTAGE LINES: This project will repair the deteriorating high voltage electrical distribution system at the College. When completed, this project is not expected to change operating costs.

700	0	70	770
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ADDITIONAL FUNDS FOR DGS PROJECT 417-31, RENOVATION OF FIRE TOWERS: This project will provide additional funding to make fire and safety improvements and essential renovations to HVAC and plumbing systems at Brenner, Bourne and Metzger Halls. This added funding will increase the total investment in this project to \$1.7 million. When completed, this project is not expected to change operating costs.

INSTALL SPRINKLER SYSTEMS IN DORMITORIES: This project will install sprinklers in five dormitories at the College. When completed, this project is not expected to change operating costs.

4,000	0	600	4,600
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PROGRAM TOTAL.....

\$ 5,040	\$ 0	\$ 691	\$ 5,731
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Program: Higher Education - State-Related Universities

Temple University

1,455	0	0	1,455
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ORIGINAL FURNITURE AND EQUIPMENT FOR THE NEW LEARNING CENTER-AMBLER CAMPUS: This project will provide for the purchase of moveable furniture and equipment to allow the preceding construction project to become operational. When completed, this project is not expected to change operating costs.

PROGRAM TOTAL.....

\$ 1,455	\$ 0	\$ 0	\$ 1,455
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Capital Budget

Department of Education 2002-03 Projects

(Dollar Amounts in Thousands)

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS (continued)

Program: Higher Education - State System of Higher Education

Bloomsburg University	\$	472	\$	0	\$	0	\$	472
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ORIGINAL FURNITURE AND EQUIPMENT FOR THE RENOVATION OF NAVY HALL: This project will provide for the purchase of moveable furniture and equipment to allow the preceding construction project to become operational. When completed, this project is not expected to change operating costs.

PROGRAM TOTAL.....	<u>\$</u>	<u>472</u>	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>472</u>
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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
2002-03 PUBLIC IMPROVEMENT PROJECTS				
Environmental Protection and Management.....	\$ 3,800	\$ 0	\$ 760	\$ 4,560
FLOOD CONTROL PROJECTS				
Environmental Protection and Management.....	13,241	0	750	13,991
TOTAL PROJECTS.....	<u>\$ 17,041</u>	<u>\$ 0</u>	<u>\$ 1,510</u>	<u>\$ 18,551</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 17,041	\$ 0	\$ 1,510	\$ 18,551
Capital Facilities Fund - Furniture and Equipment.....	0	0	0	0
TOTAL.....	<u>\$ 17,041</u>	<u>\$ 0</u>	<u>\$ 1,510</u>	<u>\$ 18,551</u>

Department of Environmental Protection 2002-03 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	Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Environmental Protection and Management

<p>Borough of Danville, Montour County ADDITIONAL FUNDS FOR DGS PROJECT 181-5, DANVILLE FLOOD PROTECTION: This project will construct a compacted earth levee along the southern bank of Mahoning Creek and channel improvements including replacement of the Route 11 bridge and the railroad bridge with a box culvert to eliminate the need for closure structures at this location. This will increase the total funding for this project to nearly \$3.3 million. Since the locality will be responsible for maintenance, there will be no change in State operating costs.</p>	\$ 1,200	\$ 0	\$ 240	\$ 1,440
<p>Borough of Indiana, Indiana County INDIANA FLOOD PROTECTION: This project will construct a rock-lined channel for approximately 6,500 feet and replace two culverts at Water Street and Chestnut Street. Since the locality will be responsible for maintenance, there will be no change in State operating costs.</p>	1,100	0	220	1,320
<p>Borough of Duryea, Luzerne County REHABILITATION OF DURYEY FLOOD PROTECTION: This project will replace the existing 1,000 foot sandbag closure with a permanent structure to meet current standards and repair and or replace deteriorated drainage structures. Since the locality will be responsible for maintenance, there will be no change in State operating costs.</p>	1,500	0	300	1,800
<p>PROGRAM TOTAL.....</p>	\$ 3,800	\$ 0	\$ 760	\$ 4,560

Department of Environmental Protection 2002-03 Projects

(Dollar Amounts in Thousands)

	Project Cost	Land Cost	Design & Contingencies	Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
 FLOOD CONTROL PROJECTS				
Program: Environmental Protection and Management				
Scranton Federal Flood Control Project, Lackawanna County	\$ 8,151	\$ 0	\$ 0	\$ 8,151
LACKAWANNA RIVER FLOOD PROTECTION: This project will provide additional flood protection within the City of Scranton along the Lackawanna River. Since the locality will be responsible for maintenance, there will be no change in State operating costs.				
Clymer Federal Flood Control Project, Indiana County	290	0	0	290
OVERBANK PROTECTION: This project will provide protection to the borough from overbank flows on the Two Lick Creek and tributaries up to the 100-year flood plain. Since the locality will be responsible for maintenance, there will be no change in State operating costs.				
Benson Federal Flood Control Project, Somerset County	550	0	0	550
OVERBANK PROTECTION: This project will provide protection to the borough from overbank flows on the Stoneycreek River and tributaries up to the 100-year flood plain. Since the locality will be responsible for maintenance, there will be no change in State operating costs.				
Plymouth Federal Flood Control Project, Luzerne County	3,750	0	750	4,500
FLOOD PROTECTION REHABILITATION: This project will repair or replace ±1,800 feet of concrete pipe and improve and repair the detention dam to meet current standards. Since the locality will be responsible for maintenance, there will be no change in State operating costs.				
Hooverville Federal Flood Control Project, Somerset County	500	0	0	500
OVERBANK PROTECTION: This project will provide protection to the borough from overbank flows on the Stoneycreek River and tributaries up to the 100-year flood plain. Since the locality will be responsible for maintenance, there will be no change in State operating costs.				
 PROGRAM TOTAL.....	<u>\$ 13,241</u>	<u>\$ 0</u>	<u>\$ 750</u>	<u>\$ 13,991</u>

EXECUTIVE OFFICES

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
2002-03 PUBLIC IMPROVEMENT PROJECTS				
Administration.....	\$ 5,039	\$ 0	\$ 1,008	\$ 6,047
TOTAL PROJECTS.....	<u>\$ 5,039</u>	<u>\$ 0</u>	<u>\$ 1,008</u>	<u>\$ 6,047</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 5,039	\$ 0	\$ 1,008	\$ 6,047
TOTAL.....	<u>\$ 5,039</u>	<u>\$ 0</u>	<u>\$ 1,008</u>	<u>\$ 6,047</u>

Capital Budget

Executive Offices 2002-03 Projects

(Dollar Amounts in Thousands)

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Administration

**Commonwealth Technology Center, Dauphin County
SECURITY AND AVAILABILITY OF OPERATIONS**

IMPROVEMENTS: This project will construct security enhancements, additional and redundant environmental and electrical systems, establish command center functionality and establish connectivity to other Commonwealth mission critical computer systems. When completed, any additional operating costs and staffing requirements generated by this project are included in the recommended operating budget for the Technology Center.

\$ 5,039	\$ 0	\$ 1,008	\$ 6,047
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PROGRAM TOTAL.....

<u>\$ 5,039</u>	<u>\$ 0</u>	<u>\$ 1,008</u>	<u>\$ 6,047</u>
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Capital Budget

DEPARTMENT OF GENERAL SERVICES

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2002-03 PUBLIC IMPROVEMENT PROJECTS				
Facility, Property and Commodity Management.....	\$ 50,376	\$ 0	\$ 9,959	\$ 60,335
TOTAL PROJECTS.....	<u>\$ 50,376</u>	<u>\$ 0</u>	<u>\$ 9,959</u>	<u>\$ 60,335</u>
 SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 49,793	\$ 0	\$ 9,959	\$ 59,752
Capital Facilities Fund - Furniture and Equipment.....	<u>583</u>	<u>0</u>	<u>0</u>	<u>583</u>
TOTAL.....	<u>\$ 50,376</u>	<u>\$ 0</u>	<u>\$ 9,959</u>	<u>\$ 60,335</u>

Capital Budget

Department of General Services 2002-03 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Facility, Property and Commodity Management

Main Capitol Building	\$ 5,000	\$ 0	\$ 1,000	\$ 6,000
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ADDITIONAL FUNDS FOR DGS PROJECT 948-37, CONNECT CAPITOL TO CENTRAL CHILLED WATER PLANT: This project will provide additional funds necessary to complete the connection of the Main Capitol Building to the Central Chilled Water Plant. This will increase the funding for this project to \$31.1 million. When completed, this project is not expected to change State operating costs.

Capitol Complex	44,793	0	8,959	53,752
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ADDITIONAL FUNDS FOR DGS PROJECT 948-35, FIRE, SAFETY AND SECURITY IMPROVEMENTS: This project will provide additional funding to complete the installation of fire and safety improvements, security improvements throughout Capitol complex buildings and grounds and the restoration to historically accurate specifications various areas within the Capitol building. This will increase the total funding for this project to \$263 million. When completed, this project is not expected to change operating costs.

	583	0	0	583
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ORIGINAL FURNITURE AND EQUIPMENT FOR DGS PROJECT 948-35, FIRE SARETY AND SECURITY IMPROVEMENTS: This project will provide for the original movable security equipment items so that the security aspects of the preceding construction project can become operational.

PROGRAM TOTAL.....	\$ 50,376	\$ 0	\$ 9,959	\$ 60,335
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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
2002-03 PUBLIC IMPROVEMENT PROJECTS				
State Historic Preservation.....	\$ 1,890	\$ 0	\$ 200	\$ 2,090
TOTAL PROJECTS.....	<u>\$ 1,890</u>	<u>\$ 0</u>	<u>\$ 200</u>	<u>\$ 2,090</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 1,000	\$ 0	\$ 200	\$ 1,200
Capital Facilities Fund - Furniture and Equipment.....	\$ 890	\$ 0	\$ 0	\$ 890
TOTAL.....	<u>\$ 1,890</u>	<u>\$ 0</u>	<u>\$ 200</u>	<u>\$ 2,090</u>

Historical and Museum Commission 2002-03 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: State Historic Preservation

Fort Pitt Museum, Allegheny County

\$ 250	\$ 0	\$ 0	\$ 250
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ORIGINAL FURNITURE AND EQUIPMENT FOR DGS PROJECT 989-2, MUSEUM ADDITION: This project will provide for the original movable furniture and equipment so that the preceding construction project can become operational.

Pennsbury Manor, Bucks County

300	0	0	300
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ORIGINAL FURNITURE AND EQUIPMENT FOR DGS PROJECT 971-5, CONSTRUCTION OF VISITORS CENTER: This project will provide for the original movable furniture and equipment so that the preceding construction project can become operational.

PERMANENT EXHIBITS FOR DGS PROJECT 971-5, CONSTRUCTION OF VISITORS CENTER: This project will provide for the development and new construction of orientation exhibits in the new addition of the visitor's center. When completed, this project is not expected to change State operating costs.

1,000	0	200	1,200
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Washington's Crossing Historic Park, Bucks County

340	0	0	340
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ORIGINAL FURNITURE AND EQUIPMENT FOR DGS PROJECT 996-15, EXPANSION OF VISITORS CENTER: This project will provide for the original movable furniture and equipment so that the preceding construction project can become operational.

PROGRAM TOTAL.....	<u>\$ 1,890</u>	<u>\$ 0</u>	<u>\$ 200</u>	<u>\$ 2,090</u>
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LIQUOR CONTROL BOARD

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
2002-03 PUBLIC IMPROVEMENT PROJECTS				
Liquor Control.....	\$ 9,203	\$ 0	\$ 1,841	\$ 11,044
TOTAL PROJECTS.....	<u>\$ 9,203</u>	<u>\$ 0</u>	<u>\$ 1,841</u>	<u>\$ 11,044</u>
SOURCE OF FUNDS				
Current Revenues				
State Stores Fund - Buildings and Structures.....	\$ 9,203	\$ 0	\$ 1,841	\$ 11,044
TOTAL.....	<u>\$ 9,203</u>	<u>\$ 0</u>	<u>\$ 1,841</u>	<u>\$ 11,044</u>

Liquor Control Board 2002-03 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM STATE STORES CURRENT REVENUES

PUBLIC IMPROVEMENT PROJECTS

Program: Liquor Control

Distribution Center #1, Philadelphia County
 CONSTRUCTION OF AN ADDITION ONTO THE EXISTING DISTRIBUTION CENTER AND INSTALLATION OF A MATERIALS HANDLING SYSTEM: This project will construct a new addition of approximately 13,000 square feet onto the existing distribution center and will install an improved materials handling system. The construction will include electrical, lighting, HVAC, sprinkler systems and extended doors. When completed, this project is not expected to change annual operating costs.

\$ 9,203	\$ 0	\$ 1,841	\$ 11,044
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PROGRAM TOTAL.....

<u>\$ 9,203</u>	<u>\$ 0</u>	<u>\$ 1,841</u>	<u>\$ 11,044</u>
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DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2002-03 PUBLIC IMPROVEMENT PROJECTS				
State Military Readiness.....	\$ 13,667	\$ 15,025	\$ 2,733	\$ 31,425
Veterans Homes and School.....	10,520	0	1,826	12,346
 TOTAL PROJECTS.....	<u>\$ 24,187</u>	<u>\$ 15,025</u>	<u>\$ 4,559</u>	<u>\$ 43,771</u>
 SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 10,625	\$ 15,025	\$ 1,943	\$ 27,593
Capital Facilities Fund - Furniture and Equipment.....	160	0	0	160
 Federal Funds	<u>13,402</u>	<u>0</u>	<u>2,616</u>	<u>16,018</u>
 TOTAL.....	<u>\$ 24,187</u>	<u>\$ 15,025</u>	<u>\$ 4,559</u>	<u>\$ 43,771</u>

Department of Military and Veterans Affairs 2002-03 Projects

<i>This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.</i>	(Dollar Amounts in Thousands)				
	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/Operations Maintenance Shop, Adams County	State	\$ 0	\$ 1,300	\$ 0	\$ 1,300
LAND ACQUISITION FOR A COMBINED READINESS CENTER/OPERATIONS MAINTENANCE SHOP: This project will acquire land for the federally financed construction of facilities to support the new Intermediate Brigade Combat Team. When completed, this facility will replace the Gettysburg armory and is not expected to change operating costs.					
Readiness Center, Bedford and Huntingdon Counties	State	0	700	0	700
LAND ACQUISITION FOR A READINESS CENTER: This project will acquire land for the federally financed construction of facilities to support the new Intermediate Brigade Combat Team. When completed, this facility will replace Huntingdon and Everett armories and is expected to reduce annual operating costs by approximately \$75,000.					
Readiness Center, Cambria and Centre Counties	State	0	700	0	700
LAND ACQUISITION FOR A READINESS CENTER: This project will acquire land for the federally financed construction of facilities to support the new Intermediate Brigade Combat Team. When completed, this facility will replace Tyrone and Bellfonte armories and is expected to reduce annual operating costs by approximately \$75,000.					
Operations Maintenance Shop, Chester County	State	0	400	0	400
LAND ACQUISITION FOR AN OPERATIONS MAINTENANCE SHOP: This project will acquire land for the federally financed construction of facilities to support the new Intermediate Brigade Combat Team. When completed, this facility will replace the Pheonixville armory and is not expected to change operating costs.					
Readiness Center, Cumberland County	State	0	1,200	0	1,200
LAND ACQUISITION FOR A READINESS CENTER: This project will acquire land for the federally financed construction of facilities to support the new Intermediate Brigade Combat Team. When completed, this facility will replace the Carlisle Armory, Carlisle Maintenance Shop and the Columbia Armory and is expected to reduce annual operating costs by approximately \$150,000.					

Department of Military and Veterans Affairs 2002-03 Projects

<i>This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.</i>	(Dollar Amounts in Thousands)				
	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost	
FROM CAPITAL FACILITIES BOND FUNDS					
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>					
Readiness Center, Delaware County	State \$	0	\$ 1,600	\$ 0	\$ 1,600
LAND ACQUISITION FOR A READINESS CENTER: This project will acquire land for the federally financed construction of facilities to support the new Intermediate Brigade Combat Team. When completed, this facility is expected to replace the West Chester and Media Armories and is expected to reduce annual operating costs by approximately \$75,000.					
Combined Readiness Center/Operations Maintenance Shop, Erie County	State	0	1,750	0	1,750
LAND ACQUISITION FOR A COMBINED READINESS CENTER/OPERATIONS MAINTENANCE SHOP: This project will acquire land for the federally financed construction of facilities to support the new Intermediate Brigade Combat Team. When completed, this project will replace the Erie, Corry and Meadville Armories and the Erie Maintenance Shop and is expected to reduce annual operating costs by approximately \$150,000.					
Combined Readiness Center/Operations Maintenance Shop, Lancaster County	State	0	1,925	0	1,925
LAND ACQUISITION FOR A COMBINED READINESS CENTER/OPERATIONS MAINTENANCE SHOP: This project will acquire land for the federally financed construction of facilities to support the new Intermediate Brigade Combat Team. When completed, this facility will replace the Lancaster Armory, Lancaster Maintenance Shop and Pottstown Armory and is expected to reduce annual operating costs by approximately \$75,000.					
Combined Readiness Center/Operations Maintenance Shop, McKean and Elk Counties	State	0	825	0	825
LAND ACQUISITION FOR A COMBINED READINESS CENTER/OPERATIONS MAINTENANCE SHOP: This project will acquire land for the federally financed construction of facilities to support the new Intermediate Brigade Combat Team. When completed, this facility will replace the Ridgeway, Bradford and Kane Armories and the Clearfield Maintenance Shop and is expected to reduce annual operating costs by approximately \$150,000.					

Department of Military and Veterans Affairs 2002-03 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					
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>					
<p>Operations Maintenance Shop, Mifflin County</p> <p>LAND ACQUISITION FOR AN OPERATIONS MAINTENANCE SHOP: This project will acquire land for the federally financed construction of facilities to support the new Intermediate Brigade Combat Team. When completed, this facility will replace the Lewistown Maintenance Shop and is not expected to change operating costs.</p>	State \$	0	\$ 700	\$ 0	\$ 700
<p>Combined Readiness Center/Operations Maintenance Shop, Northampton County</p> <p>LAND ACQUISITION FOR A COMBINED READINESS CENTER/OPERATIONS MAINTENANCE SHOP: This project will acquire land for the federally financed construction of facilities to support the new Intermediate Brigade Combat Team. When completed, this facility will replace the Allentown Maintenance Shop and is not expected to change operating costs.</p>	State	0	1,400	0	1,400
<p>Combined Readiness Center/Operations Maintenance Shop, Philadelphia County</p> <p>LAND ACQUISITION FOR A COMBINED READINESS CENTER/OPERATIONS MAINTENANCE SHOP: This project will acquire land for the federally financed construction of facilities to support the new Intermediate Brigade Combat Team. When completed, this facility will replace the Philadelphia-Ogontz and Ft. Mifflin Maintenance Shops and is not expected to change operating costs.</p>	State	0	2,525	0	2,525
<p>Fort Indiantown Gap Readiness Center, Lebanon County</p> <p>CONSTRUCTION OF A NEW READINESS CENTER: This project will construct a new 120,000 square foot structure to include an assembly hall, dining facility, classrooms, State and National Guard offices and locker facilities. When completed, this project is not expected to change operating costs.</p>	State Fed.	3,667 10,000	0 0	733 2,000	4,400 12,000
Total State.....	\$	3,667	\$ 15,025	\$ 733	\$ 19,425
Total Federal.....	\$	10,000	\$ 0	\$ 2,000	\$ 12,000
PROGRAM TOTAL.....	\$	<u>13,667</u>	<u>\$ 15,025</u>	<u>\$ 2,733</u>	<u>\$ 31,425</u>

Department of Military and Veterans Affairs 2002-03 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Veterans Homes and School

<p>Hollidaysburg Veterans Home, Blair County INSTALLATION OF TWO ELEVATORS IN EISENHOWER HALL: This project will install two upgraded elevators with a capacity of 22 passengers each. These will replace elevators currently in use that were installed in 1949. When completed, this project is not expected to change operating costs.</p>	State \$ 200 \$ 0 \$ 40 \$ 240
<p>Northeastern Veterans Center, Lackawanna County UPGRADE FLOOR COVERING: This project will install an upgraded rubberized floor covering over 54,245 square feet throughout the four story facility. When completed, this project is not expected to change operating costs.</p>	State 510 0 0 510
<p>Pennsylvania Soldiers' and Sailors' Home, Erie County CONSTRUCT A DEMENTIA/ALZHEIMER UNIT: This project will construct a dementia/alzheimer patient care unit with a capacity of approximately 75 patients. When completed, this project is expected to increase operating costs by approximately \$2.1 million per year including about 28 additional personnel.</p>	State 1,918 0 384 2,302 Fed. 3,082 0 616 3,698
<p>ORIGINAL FURNITURE AND EQUIPMENT FOR THE DEMENTIA/ALZHEIMER UNIT AT THE PENNSYLVANIA SOLDIERS' AND SAILORS' HOME: This project will provide the original moveable furniture and equipment so that the preceding construction project can become operational.</p>	State 160 0 0 160 Fed. 320 0 0 320
<p>Scotland School for Veterans' Children, Franklin County RENOVATION OF THE STUDENT CENTER, THIRTEEN COTTAGES, FREY GYMNASIUM, A WAREHOUSE AND MAINTENANCE BUILDING: This project will provide renovations to HVAC systems, roofs, windows, lighting and plumbing systems. When completed, this project is not expected to change operating costs.</p>	State 3,930 0 786 4,716
<p>Southeastern Veterans Center, Chester County UPGRADE FACILITY ROADWAYS: This project will replace about 2 miles of the existing road network on the facility grounds. When completed, this project is not expected to change operating costs.</p>	State 400 0 0 400
<p>Total State.....</p>	<p>\$ 7,118 \$ 0 \$ 1,210 \$ 8,328</p>
<p>Total Federal.....</p>	<p>\$ 3,402 \$ 0 \$ 616 \$ 4,018</p>
<p>PROGRAM TOTAL.....</p>	<p><u>\$ 10,520</u> <u>\$ 0</u> <u>\$ 1,826</u> <u>\$ 12,346</u></p>

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
2002-03 PUBLIC IMPROVEMENT PROJECTS				
Mental Health.....	\$ 8,657	\$ 0	\$ 1,121	\$ 9,778
Mental Retardation.....	1,406	0	141	1,547
Human Services.....	900	0	180	1,080
TOTAL PROJECTS.....	<u>\$ 10,963</u>	<u>\$ 0</u>	<u>\$ 1,442</u>	<u>\$ 12,405</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 10,963	\$ 0	\$ 1,442	\$ 12,405
Capital Facilities Fund - Furniture and Equipment.....	0	0	0	0
TOTAL.....	<u>\$ 10,963</u>	<u>\$ 0</u>	<u>\$ 1,442</u>	<u>\$ 12,405</u>

Department of Public Welfare 2002-03 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: Mental Health				
Danville State Hospital, Montour County	\$ 877	\$ 0	\$ 87	\$ 964
DEMOLISH DETERIORATED STRUCTURES: This project will provide demolition of approximately nine selected structures at this facility including but not limited to yard shops, Oakwood, Edgewood Edgehill and Curwin buildings along with a root house and pump house. When completed, this project is not expected to change operating costs.				
Harrisburg State Hospital, Dauphin County	760	0	152	912
INSTALL CEILINGS IN THE PETRY #17 AND EATON #54 BUILDINGS: This project will install ceilings to hide all horizontal sprinkler piping in all patient, nursing and administrative areas of the buildings. When completed, this project is not expected to change operating costs.				
Mayview State Hospital, Allegheny County	1,252	0	125	1,377
DEMOLISH DETERIORATED STRUCTURES: This project will provide demolition of approximately twelve selected structures at this facility including but not limited to residence buildings, banking center and medical center. When completed, this project is not expected to change operating costs.				
Norristown State Hospital, Montgomery County	1,389	0	139	1,528
DEMOLISH DETERIORATED STRUCTURES: This project will provide demolition of approximately fourteen selected structures at this facility including but not limited to offices, workshops, well houses, storage and ward buildings. When completed, this project is not expected to change operating costs.				
South Mountain Restoration Center, Franklin County	580	0	58	638
DEMOLISH DETERIORATED STRUCTURES: This project will provide demolition of approximately three selected structures at this facility including but not limited to units 4 and 11 and the Mountain View buildings. When completed, this project is not expected to change operating costs.				
RENOVATION OF CAMPUS WATER SUPPLY LINES: This project will replace the main feed water supply lines throughout the campus. When completed, this project is not expected to change operating costs.	1,800	0	360	2,160

Department of Public Welfare 2002-03 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Torrance State Hospital, Westmoreland County	\$ 1,199	\$ 0	\$ 120	\$ 1,319
DEMOLISH DETERIORATED STRUCTURES: This project will provide demolition of approximately three selected structures at this facility including but not limited to the Reighard, Dix and McKinnis buildings. When completed, this project is not expected to change operating costs.				
Wernersville State Hospital, Berks County	800	0	80	880
DEMOLISH DETERIORATED STRUCTURES: This project will provide demolition of approximately four selected structures at this facility including but not limited to all the buildings and equipment associated with sewage treatment, the North building and staff garage. When completed, this project is not expected to change operating costs.				
 PROGRAM TOTAL.....	\$ 8,657	\$ 0	\$ 1,121	\$ 9,778
Program: Mental Retardation				
Hamburg Center, Berks County	\$ 512	\$ 0	\$ 51	\$ 563
DEMOLISH DETERIORATED STRUCTURES: This project will provide demolition of approximately five selected structures at this facility including but not limited a boiler plant, sewer system facilities and coal storage shed. When completed, this project is not expected to change operating costs.				
Polk Center, Venango County	715	0	72	787
DEMOLISH DETERIORATED STRUCTURES: This project will provide demolition of the Gardenside building. When completed, this project is not expected to change operating costs.				
Selinsgrove Center, Snyder County	179	0	18	197
DEMOLISH DETERIORATED STRUCTURES: This project will provide demolition of building D-5. When completed, this project is not expected to change operating costs.				
 PROGRAM TOTAL.....	\$ 1,406	\$ 0	\$ 141	\$ 1,547

Capital Budget

Department of Public Welfare 2002-03 Projects

(Dollar Amounts in Thousands)

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS (continued)

Program: Human Services

<p>Loysville Youth Development Center, Perry County CONSTRUCT A WATER FILTRATION SYSTEM: This project will provide for the installation of a water supply filtration system for the entire complex. When completed, this project is not expected to change operating costs.</p>	\$ 500	\$ 0	\$ 100	\$ 600
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<p>Southwest Secure Treatment Center, Westmoreland County ADDITIONAL FUNDS FOR DGS PROJECT 513-29, UPGRADE HVAC SYSTEM: This project will upgrade the HVAC system in the Wiseman building which includes living areas, gymnasium, school and support facilities. Total funding for this project will increase to \$2.2 million. When completed, this project is not expected to change operating costs.</p>	400	0	80	480
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PROGRAM TOTAL.....	\$ 900	\$ 0	\$ 180	\$ 1,080
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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
2002-03 PUBLIC IMPROVEMENT PROJECTS				
Public Protection and Law Enforcement.....	\$ 9,173	\$ 0	\$ 1,702	\$ 10,875
TOTAL PROJECTS.....	<u>\$ 9,173</u>	<u>\$ 0</u>	<u>\$ 1,702</u>	<u>\$ 10,875</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 9,173	\$ 0	\$ 1,702	\$ 10,875
Capital Facilities Fund - Furniture and Equipment.....	0	0	0	0
TOTAL.....	<u>\$ 9,173</u>	<u>\$ 0</u>	<u>\$ 1,702</u>	<u>\$ 10,875</u>

State Police 2002-03 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Public Protection and Law Enforcement

Greensburg Headquarters, Westmoreland County

	\$ 4,350	\$ 0	\$ 870	\$ 5,220
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CONSTRUCT NEW HEADQUARTERS BUILDING: This project provides for the construction of a new 30,000 square foot facility to replace the current building. The new building will contain all current State Police vehicle and criminal functions along with support for other near by stations. When completed, this project is not expected to change operating costs.

Washington Headquarters, Washington County

	4,823	0	832	5,655
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CONSTRUCT NEW HEADQUARTERS BUILDING: This project provides for the construction of a new 33,500 square foot facility to replace the current building. The new building will contain all current State Police vehicle and criminal functions along with automotive and procurement support. When completed, this project is not expected to change operating costs.

PROGRAM TOTAL.....

	<u>\$ 9,173</u>	<u>\$ 0</u>	<u>\$ 1,702</u>	<u>\$ 10,875</u>
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DEPARTMENT OF TRANSPORTATION

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2002-03 PUBLIC IMPROVEMENT PROJECTS				
State Highway and Bridge Maintenance.....	\$ 9,050	\$ 0	\$ 825	\$ 9,875
Subtotal.....	\$ 9,050	\$ 0	\$ 825	\$ 9,875
TRANSPORTATION ASSISTANCE PROJECTS				
Urban Mass Transportation.....	\$ 361,853	\$ 0	\$ 6,157	\$ 368,010
Subtotal.....	\$ 361,853	\$ 0	\$ 6,157	\$ 368,010
HIGHWAY PROJECTS				
State Highway and Bridge Construction/Reconstruction.....	\$ 295,122	\$ 19,514	\$ 19,428	\$ 334,064
TOTAL PROJECTS.....	<u>\$ 666,025</u>	<u>\$ 19,514</u>	<u>\$ 26,410</u>	<u>\$ 711,949</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Transportation Assistance.....	\$ 55,412	\$ 0	\$ 6,157	\$ 61,569
Current Revenues				
Motor License Fund.....	\$ 83,719	\$ 5,612	\$ 7,781	\$ 97,112
Federal Funds	\$ 513,561	\$ 13,572	\$ 10,707	\$ 537,840
Local Funds	\$ 13,333	\$ 330	\$ 1,765	\$ 15,428
TOTAL.....	<u>\$ 666,025</u>	<u>\$ 19,514</u>	<u>\$ 26,410</u>	<u>\$ 711,949</u>

Department of Transportation 2002-03 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 MOTOR LICENSE FUND CURRENT REVENUES				
PUBLIC IMPROVEMENT PROJECTS				
Program: State Highway and Bridge Maintenance				
Highway Maintenance Facility, Chester County	\$ 2,500	\$ 0	\$ 250	\$ 2,750
CONSTRUCT OR ACQUIRE A REPLACEMENT MAINTENANCE FACILITY: This project will replace the existing facility which is not located well for the types of vehicle maintenance performed and requires a larger building. When completed, this project is not expected to change operating costs.				
Salt Storage Facility, Lackawanna County	400	0	0	400
CONSTRUCT A SALT STORAGE FACILITY WITH COMPOSITE MATERIALS: This project will construct a new salt storage facility designed for regional use on heavy traffic roadways. The building will be constructed of composite materials which will be less costly per ton of stored material. When completed, this project is expected to reduce operating costs by the initial materials cost and less maintenance over the life of the facility.				
Highway District #3 Office, Lycoming County	3,000	0	300	3,300
RENOVATE AND CONSTRUCT AN ADDITION TO THE EXISTING DISTRICT #3 OFFICE BUILDING: This project will renovate the existing building to gain more efficient floor space and construct an addition. When completed, this project is not expected to change operating costs.				
Salt Storage Facility, Northumberland County	400	0	0	400
CONSTRUCT A SALT STORAGE FACILITY WITH COMPOSITE MATERIALS: This project will construct a new salt storage facility designed for regional use on heavy traffic roadways. The building will be constructed of composite materials which will be less costly per ton of stored material. When completed, this project is expected to reduce operating costs through less maintenance over the life of the facility.				
Highway Maintenance Facility, Snyder and Union Counties	2,750	0	275	3,025
CONSTRUCT A REPLACEMENT MAINTENANCE FACILITY: This project will replace the existing facility which is not located well for the types of vehicle maintenance performed and requires a larger building. When completed, this project is expected to reduce operating costs through less maintenance over the life of the facility.				
PROGRAM TOTAL	\$ 9,050	\$ 0	\$ 825	\$ 9,875

Department of Transportation 2002-03 Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
TRANSPORTATION ASSISTANCE PROJECTS				
Program: Urban Mass Transportation				
<i>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.</i>				
Berks and Reading Transit Authority				
ACQUISITION OF 16 FIXED ROUTE TRANSIT BUSES:	State \$ 900	\$ 0	\$ 100	\$ 1,000
This project will acquire 16 fixed route transit buses as replacement vehicles.	Fed. 4,800	0	0	4,800
	Local 200	0	0	200
ACQUISITION OF 10 PARATRANSIT BUSES: This project will acquire 10 paratransit buses to replace those which have exceeded useful life standards.	State 450	0	50	500
	Fed. 2,400	0	0	2,400
	Local 100	0	0	100
CONSTRUCTION OF PHASE II OF DOWNTOWN INTERMODAL FACILITY: This project will provide for the continued construction of the Reading's downtown intermodal facility.	State 375	0	42	417
	Fed. 2,000	0	0	2,000
	Local 83	0	0	83
Capitol Area Transit				
ACQUISITION OF 20 FIXED ROUTE TRANSIT BUSES:	State 885	0	98	983
This project will acquire 20 fixed route transit buses as replacement vehicles.	Fed. 4,800	0	0	4,800
	Local 217	0	0	217
DESIGN AND CONSTRUCTION OF CORRIDOR ONE RAIL COMMUTER PROJECT: This project will provide for the continued design and construction of the commuter rail project.	State 13,500	0	1,500	15,000
	Fed. 72,000	0	0	72,000
	Local 3,000	0	0	3,000
Centre Area Transit Authority				
CONSTRUCTION OF DOWNTOWN OFFICE: This project provides for the construction of a downtown pass sales office.	State 15	0	2	17
	Fed. 80	0	0	80
	Local 3	0	0	3
EXPANSION OF ADMINISTRATIVE OFFICES: This project will provide for the continued expansion project for the Authority's administrative headquarters offices.	State 30	0	3	33
	Fed. 160	0	0	160
	Local 7	0	0	7
Endless Mountains Transportation Authority				
PURCHASE OF BUS WASHING EQUIPMENT, 4 PARATRANSIT VEHICLES AND MAINTENANCE EQUIPMENT: This project will acquire equipment and paratransit vehicles.	State 52	0	6	58
	Fed. 280	0	0	280
	Local 12	0	0	12
Fayette County				
CONSTRUCTION OF TRANSIT TRANSFER FACILITY: This project will construct a transfer facility in the area of the Connellsville Airport.	State 398	0	44	442
	Fed. 2,119	0	0	2,119
	Local 88	0	0	88
Luzerne County Transit Authority				
ACQUISITION OF 10 FIXED ROUTE TRANSIT BUSES: This project will acquire 10 fixed route transit buses as replacement vehicles.	State 412	0	46	458
	Fed. 2,200	0	0	2,200
	Local 92	0	0	92

Department of Transportation 2002-03 Projects

(Dollar Amounts in Thousands)

TRANSPORTATION ASSISTANCE PROJECTS (continued)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
Southeastern Pennsylvania Transportation Authority					
IMPROVEMENTS TO THE 30TH STREET STATION: This project will provide design and initial construction of accessibility improvements to the Market Frankford Subway and improvements to the Market Frankford Elevated and AMTRAK rail stations.	State	463	0	51	514
	Fed.	2,467	0	0	2,467
	Local	103	0	0	103
IMPROVEMENTS TO SYSTEMWIDE COMMUNICATIONS: This project will continue the improvements to the "Intelligent Transportation System" communications infrastructure. The system will integrate video, voice and computer networks.	State	375	0	42	417
	Fed.	500	0	0	500
	Local	83	0	0	83
F.F.Y. 2003-04 SECTION 5307 FORMULA PROGRAM: This project will provide for bus purchases, upgrades to surface communications and track, signal and station improvements.	State	11,381	0	1,265	12,646
	Fed.	60,702	0	0	60,702
	Local	2,529	0	0	2,529
F.F.Y. 2003-04 SECTION 5309 FIXED GUIDEWAY PROGRAM: This project will provide for rail car acquisition, station rehabilitation, elevated reconstruction and improved train control systems.	State	15,750	0	1,750	17,500
	Fed.	84,000	0	0	84,000
	Local	3,500	0	0	3,500
TRACKLESS TROLLEY ACQUISITION: This project will provide for the acquisition of 55 to 60 trackless trolleys to replace vehicles that have exceeded useful life standards.	State	2,812	0	313	3,125
	Fed.	15,000	0	0	15,000
	Local	625	0	0	625
CALLOWHILL BUS GARAGE REPLACEMENT: This project will design and construct a replacement facility to house buses and perform maintenance.	State	1,875	0	208	2,083
	Fed.	10,000	0	0	10,000
	Local	417	0	0	417
UPGRADES TO RAIL STATION PARKING AREAS: This project will upgrade rail station parking, signage and lighting at a number of suburban stations.	State	1,407	0	156	1,563
	Fed.	7,500	0	0	7,500
	Local	312	0	0	312
AUTOMATIC VEHICLE LOCATOR SYSTEM: This project will install vehicle locator devices based on Global Positioning Satellite technology on paratransit vehicles.	State	750	0	83	833
	Fed.	4,000	0	0	4,000
	Local	167	0	0	167
F.F.Y. 2003-04 BUS PURCHASE PROGRAM: This project will purchase approximately 200 accessible full sized transit buses.	State	3,207	0	356	3,563
	Fed.	17,100	0	0	17,100
	Local	712	0	0	712
Williamsport Bureau of Transit					
MAINTENANCE FACILITY AND RELATED EQUIPMENT: This project will provide for phase II improvements to the McDade Trade and Transit Center as well as acquire electronic fareboxes and maintenance equipment.	State	375	0	42	417
	Fed.	2,000	0	0	2,000
	Local	83	0	0	83
TOTAL STATE FUNDS.....		\$ 55,412	\$ 0	\$ 6,157	\$ 61,569
TOTAL FEDERAL FUNDS.....		294,108	0	0	294,108
TOTAL LOCAL FUNDS.....		12,333	0	0	12,333
PROGRAM TOTAL.....		<u>\$ 361,853</u>	<u>\$ 0</u>	<u>\$ 6,157</u>	<u>\$ 368,010</u>

Capital Budget

Department of Transportation 2002-03 Projects

(DOLLAR AMOUNTS IN THOUSANDS)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base			Total
		Project	Land	Design &	Project
		Cost	Cost	Contingencies	Cost
Allegheny County, I-79	State	\$ 550	\$ 25	\$ 0	\$ 575
Ramp E Relocation	Fed	4,950	225	0	5,175
South Fayette Township & Bridgeville Borough	Other	0	0	0	0
Interchange Improvement	Total	5,500	250	0	5,750
Allegheny County, I-79	State	1,255	0	0	1,255
I-279 to SR 4052	Fed	11,295	0	0	11,295
Franklin Park Borough & Marshall Township	Other	0	0	0	0
Restoration	Total	12,550	0	0	12,550
Allegheny County, US 19	State	4,000	600	0	4,600
West End Bypass to West End Bridge	Fed	16,000	2,400	0	18,400
City of Pittsburgh	Other	0	0	0	0
Add lanes/realignment	Total	20,000	3,000	0	23,000
Beaver County, PA 51	State	1,800	100	80	1,980
Rochester-Monaca Bridge to Aliquippa-Ambridge Bridge	Fed	7,200	400	320	7,920
City of Aliquippa	Other	0	0	0	0
Reconstruction, Safety Improvements	Total	9,000	500	400	9,900
Beaver County, PA 60	State	2,740	0	411	3,151
PA 51 Interchange to Green Garden Road Interchange	Fed	10,960	0	1,644	12,604
Hopewell Township	Other	0	0	0	0
Reconstruction	Total	13,700	0	2,055	15,755
Beaver County, SR 3009	State	260	40	50	350
Kane Road at Gringo Road	Fed	1,040	160	0	1,200
Hopewell Township	Other	0	0	0	0
Two Lane Relocation	Total	1,300	200	50	1,550
Bradford County, SR 6006	State	800	230	0	1,030
Towanda Borough to Patterson Boulevard (State Street)	Fed	3,200	920	0	4,120
North Towanda Township	Other	0	0	0	0
New Roadway	Total	4,000	1,150	0	5,150
Bucks County, SR 263	State	2,700	0	0	2,700
At Old York Road	Fed	0	0	0	0
Warminster Township	Other	0	150	325	475
Additional Lanes	Total	2,700	150	325	3,175
Chester County, US 30	State	180	180	40	400
At Waterloo Road	Fed	720	720	160	1,600
Easttown Township	Other	0	0	0	0
Addition of Signals & Left Turn Lanes	Total	900	900	200	2,000
Chester County, PA 100	State	500	0	0	500
Eagle Bypass	Fed	0	0	0	0
Upper Uwchlan Township	Other	1,000	0	0	1,000
Relocation and Widening	Total	1,500	0	0	1,500
Chester County, PA 100	State	2,936	0	0	2,936
PA Turnpike to PA 113	Fed	11,744	300	0	12,044
Uwchlan Township	Other	0	100	1,400	1,500
Interchange Improvements	Total	14,680	400	1,400	16,480
Clearfield County, I-80	State	400	0	70	470
Centre County Line to Exit 120	Fed	3,600	0	0	3,600
Cooper, Graham, Bradford, & Lawrence Townships	Other	0	0	0	0
Resurface	Total	4,000	0	70	4,070

Capital Budget

Department of Transportation 2002-03 Projects

(DOLLAR AMOUNTS IN THOUSANDS)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base			Total
		Project	Land	Design &	Project
		Cost	Cost	Contingencies	Cost
Cumberland County, PA 174	State	\$ 720	\$ 30	\$ 60	\$ 810
I-81 to Lees Cross Roads	Fed	2,880	120	240	3,240
Shippensburg & Southampton Townships	Other	0	0	0	0
Add Lane	Total	3,600	150	300	4,050
Dauphin Co. Mulberry Street Bridge Ramp	State	135	141	115	391
Mulberry Street Bridge to Cameron Street	Fed	542	564	460	1,566
City of Harrisburg	Other	0	0	0	0
Redeck Ramp	Total	677	705	575	1,957
Dauphin County, PA-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, I-83	State	850	2	27	879
19th Street to I-81, I-283 to PA Turnpike, & Eisenhower Intch.	Fed	7,650	18	245	7,913
L. Paxton, L. Swatara & Swatara Townships & City of Harrisburg	Other	0	0	0	0
Restoration	Total	8,500	20	272	8,792
Delaware County, PA 252	State	2,352	240	425	3,017
Palmer's Mill Road to Kirk Lane	Fed	0	0	0	0
Upper Providence Township	Other	0	60	0	60
Widening & Signal Improvement	Total	2,352	300	425	3,077
Delaware County, Rt. 322	State	300	0	0	300
Ramps	Fed	1,200	0	0	1,200
City of Chester	Other	0	0	0	0
Interchange & Access Improvements	Total	1,500	0	0	1,500
Fayette County, SR 40	State	200	0	150	350
SR 40 & US 119 where they run concurrently	Fed	800	0	0	800
South Union Township	Other	0	0	0	0
Reconstruction	Total	1,000	0	150	1,150
Fayette County, SR 4020	State	2,520	500	300	3,320
Prison Entrance to SR 166	Fed	1,680	0	0	1,680
Luzerne Township	Other	0	0	0	0
Restoration	Total	4,200	500	300	5,000
Fayette County, SR 31	State	2,380	200	0	2,580
PA 982 to PA 1058	Fed	4,420	799	0	5,219
Bullskin Township	Other	0	0	0	0
Safety Improvement	Total	6,800	999	0	7,799
Franklin County, I-81	State	2,042	1	2	2,045
Exit 10 to Exit 20	Fed	18,378	9	16	18,403
Guilford & Greene Townships	Other	0	0	0	0
Restoration	Total	20,420	10	18	20,448
Huntingdon County, SR 26	State	330	30	80	440
North of Jackson Corner	Fed	1,320	120	320	1,760
Miller Township	Other	0	0	0	0
Slide Repair	Total	1,650	150	400	2,200

Capital Budget

Department of Transportation 2002-03 Projects

(DOLLAR AMOUNTS IN THOUSANDS)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base			Total
		Project	Land	Design &	Project
		Cost	Cost	Contingencies	Cost
Lancaster County, PA-41	State	\$ 381	\$ 14	\$ 0	\$ 395
US-30 to T-942	Fed	1,523	56	0	1,579
Salisbury Township	Other	0	0	0	0
Additional Lane	Total	1,904	70	0	1,974
Lancaster County, PA 283	State	3,134	20	33	3,187
Elizabethtown Road to PA-230	Fed	12,535	80	132	12,747
Mount Joy and Rapho Townships	Other	0	0	0	0
Restoration, Improve Shoulders and Guiderail	Total	15,669	100	165	15,934
Lawrence County, SR 1005	State	600	100	100	800
Maitland Lane to Mercer County Line	Fed	2,400	400	400	3,200
New Wilmington Borough and Neshannock Township	Other	0	0	0	0
Reconstruction & Widening	Total	3,000	500	500	4,000
Lebanon County, SR 4020	State	460	10	20	490
PA-72 to SR 4019 through Fort Indiantown Gap	Fed	1,838	40	80	1,958
Union & East Hanover Townships	Other	0	0	0	0
Restoration	Total	2,298	50	100	2,448
Luzerne County, SR 93	State	300	14	34	348
Rock Glen Road to County Road	Fed	1,200	56	136	1,392
Conyngham Borough	Other	0	0	0	0
Restoration	Total	1,500	70	170	1,740
Lycoming County, SR 220,	State	18,500	0	15	18,515
Woodward Township to Lycoming Creek	Fed	0	0	0	0
Woodward Township & City of Williamsport	Other	0	0	0	0
Restoration	Total	18,500	0	15	18,515
Mercer County, SR 60	State	400	0	300	700
PA 60 at I-80 Signing	Fed	1,600	0	0	1,600
Shenango Township	Other	0	0	0	0
Safety Improvement	Total	2,000	0	300	2,300
Montgomery County, Morris Road	State	230	60	110	400
At North Wales Road	Fed	920	240	438	1,598
Worcester & Whitpain Townships	Other	0	0	0	0
Intersection Improvements	Total	1,150	300	548	1,998
Montgomery County, PA 463	State	400	0	0	400
Stump Road to Upper State Road	Fed	1,600	0	0	1,600
Montgomery Township	Other	0	20	40	60
Widening	Total	2,000	20	40	2,060
Montgomery County, Swamp Road	State	1,000	120	370	1,490
At PA 663	Fed	0	0	0	0
New Hanover Township	Other	0	0	0	0
Intersection Improvements	Total	1,000	120	370	1,490
Susquehanna County, SR 706	State	400	5	20	425
Jessup & Bridgewater Townships	Fed	1,600	20	80	1,700
Montrose Borough	Other	0	0	0	0
Reconstruction	Total	2,000	25	100	2,125
Susquehanna County, SR 706	State	300	20	40	360
Bridgewater Township & Montrose Borough	Fed	1,200	80	160	1,440
Reconstruction	Other	0	0	0	0
	Total	1,500	100	200	1,800

Capital Budget

Department of Transportation 2002-03 Projects

(DOLLAR AMOUNTS IN THOUSANDS)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base			Total
		Project	Land	Design &	Project
		Cost	Cost	Contingencies	Cost
Susquehanna County, SR 706	State	\$ 400	\$ 20	\$ 40	\$ 460
Bridgewater & New Milford Townships	Fed	1,600	80	160	1,840
Reconstruction	Other	0	0	0	0
	Total	2,000	100	200	2,300
Washington County, SR 19	State	60	250	150	460
Intersection at PA 18 & SR 4008	Fed	240	0	0	240
City of Burgettstown	Other	0	0	0	0
Intersection Improvement	Total	300	250	150	700
Washington County, SR 19	State	880	140	80	1,100
SR 19 & SR 136 Restoration	Fed	3,520	560	476	4,556
City of Washington	Other	0	0	0	0
Restoration	Total	4,400	700	556	5,656
Washington County, SR 40	State	300	100	60	460
I-70 to SR 18	Fed	2,700	900	240	3,840
City of Washington	Other	0	0	0	0
Signal Improvement	Total	3,000	1,000	300	4,300
Washington County, I-79	State	1,500	25	300	1,825
Interchange at I-70	Fed	13,500	225	200	13,925
South Strabane Township	Other	0	0	0	0
Interchange Improvement	Total	15,000	250	500	15,750
Washington County, SR 837	State	1,000	55	0	1,055
At SR 1063	Fed	4,000	0	0	4,000
Union Township	Other	0	0	0	0
Slide and Reconstruction	Total	5,000	55	0	5,055
Wayne County, SR 590	State	300	0	60	360
Various Locations	Fed	1,200	0	240	1,440
Hamlin & Salem Townships	Other	0	0	0	0
Intersection Improvements	Total	1,500	0	300	1,800
Westmoreland County, SR 3011	State	1,466	0	120	1,586
Center Avenue to Arona Road	Fed	5,864	0	480	6,344
New Stanton Borough	Other	0	0	0	0
Two Lane Relocation	Total	7,330	0	600	7,930
Westmoreland County, SR 30	State	600	920	800	2,320
Intersection at PA 981	Fed	2,400	0	0	2,400
Unity Township	Other	0	0	0	0
Intersection Improvement	Total	3,000	920	800	4,720
Westmoreland County, SR 30	State	900	20	74	994
Jeannette to North - South Bypass	Fed	3,600	80	0	3,680
Hempfield Township	Other	0	0	0	0
Add Lane and Signal Update	Total	4,500	100	74	4,674
Westmoreland County, I-70	State	2,000	300	120	2,420
Sony Interchange	Fed	8,000	800	480	9,280
East Huntingdon Township	Other	0	0	0	0
Interchange Improvement	Total	10,000	1,100	600	11,700

Capital Budget

Department of Transportation 2002-03 Projects

(DOLLAR AMOUNTS IN THOUSANDS)

HIGHWAY PROJECTS

FROM CURRENT REVENUES

Program: Highway and Safety Improvement

		Base			Total
		Project	Land	Design &	Project
		Cost	Cost	Contingencies	Cost
Westmoreland County, SR 119	State	\$ 400	\$ 100	\$ 500	\$ 1,000
Bridges over Turnpike to Youngwood	Fed	1,600	0	0	1,600
New Stanton & Hempfield Townships	Other	0	0	0	0
Restoration	Total	2,000	100	500	2,600
Westmoreland County, SR 119	State	1,000	40	0	1,040
SR 3099 to Greensburg	Fed	4,000	160	0	4,160
City of Greensburg	Other	0	0	0	0
Safety Improvement	Total	5,000	200	0	5,200
Westmoreland County, SR 130	State	500	0	0	500
SR 4002 to Toll 66	Fed	2,000	0	0	2,000
Hempfield Township	Other	0	0	0	0
Safety Improvement	Total	2,500	0	0	2,500
Westmoreland County, SR 356	State	200	200	300	700
Various Locations	Fed	800	0	0	800
Allegheny Township	Other	0	0	0	0
Intersection Improvements	Total	1,000	200	300	1,500
Westmoreland County, SR 366	State	1,000	0	0	1,000
PA 56 to Industrial Boulevard	Fed	4,000	0	0	4,000
New Kensington Township	Other	0	0	0	0
Widening, Safety Improvements	Total	5,000	0	0	5,000
Westmoreland County, SR 711	State	225	400	300	925
US 30 to North of Ligonier	Fed	900	1,600	1,200	3,700
Ligonier Township	Other	0	0	0	0
Two Lane Relocation	Total	1,125	2,000	1,500	4,625
Westmoreland County, SR 1045	State	600	0	600	1,200
At St. Vincent College	Fed	2,400	0	0	2,400
Unity Township	Other	0	0	0	0
Two Lane Relocation	Total	3,000	0	600	3,600
York County, PA 94	State	2,000	200	200	2,400
Hanover Borough to Maryland State line	Fed	8,000	800	800	9,600
Hanover, Penn, and West Manheim Townships	Other	0	0	0	0
Reconstruction	Total	10,000	1,000	1,000	12,000
York County, PA 74	State	1,000	120	300	1,420
Maryland Line to Red Lion Borough, Chanceford,	Fed	4,000	480	1,200	5,680
L. Chanceford, Peach Bottom,	Other	0	0	0	0
Red Lion, Windsor, York Twps. Safety Improvements	Total	5,000	600	1,500	7,100
York County, SR 2011	State	460	40	100	600
Nursery Road to Mt. Pisgah Road	Fed	1,840	160	400	2,400
Hellam & Lower Windsor Townships	Other	0	0	0	0
Reconstruct & Realign Roadway	Total	2,300	200	500	3,000
York County, US 30	State	1,000	0	0	1,000
I-83 to SR 2003	Fed	4,000	0	0	4,000
Manchester & Springettsbury Townships	Other	0	0	0	0
Access, Intersection & Safety Improvements	Total	5,000	0	0	5,000
Total State.....		\$ 74,669	\$ 5,612	\$ 6,956	\$ 87,237
Total Federal.....		\$ 219,453	\$ 13,572	\$ 10,707	\$ 243,732
Total Other.....		\$ 1,000	\$ 330	\$ 1,765	\$ 3,095
PROGRAM TOTAL.....		<u>\$ 295,122</u>	<u>\$ 19,514</u>	<u>\$ 19,428</u>	<u>\$ 334,064</u>

FORECAST OF FUTURE NEW PROJECT AUTHORIZATIONS State Funds

This table provides a summary of the estimated level of future authorizations by department from bond funds and current revenue sources.

(Dollar Amounts in Thousands)

	2003-04	2004-05	2005-06	2006-07
Agriculture.....	\$ 835	\$ 884	\$ 933	\$ 982
Conservation and Natural Resources.....	46,102	32,343	33,585	34,826
Corrections.....	50,914	53,910	56,904	59,899
Education.....	41,687	44,139	46,591	49,043
Emergency Management Agency.....	235	249	262	276
Environmental Protection.....	7,263	6,579	6,730	6,421
Fish and Boat Commission.....	2,000	1,500	1,000	1,000
Game Commission.....	2,000	1,000	1,000	1,000
General Services.....	16,030	16,973	17,916	18,859
Historical and Museum Commission.....	10,303	10,909	11,516	12,122
Military and Veterans Affairs.....	3,353	3,550	3,748	3,945
Public Welfare.....	13,150	13,924	14,697	15,471
State Police.....	6,190	6,554	6,918	7,282
Transportation.....	230,743	260,786	280,830	280,874
TOTAL.....	\$ 430,805	\$ 453,300	\$ 482,630	\$ 492,000

Capital Budget

Forecast of Future Projects

This section contains estimated authorizations (State funds only) for future Capital Budgets from 2003-04 through 2006-07. 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)

	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
FROM CAPITAL FACILITIES BOND FUNDS				
Agriculture				
PUBLIC IMPROVEMENT PROJECTS: Provides for improvements at the Farm Show Complex and the laboratory.	\$ 835	\$ 884	\$ 933	\$ 982
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.	21,102	22,343	23,585	24,826
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.	50,914	53,910	56,904	59,899
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.	41,687	44,139	46,591	49,043
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.	235	249	262	276
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.	5,458	5,779	6,100	6,421
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.	1,805	800	630	0
General Services				
PUBLIC IMPROVEMENT PROJECTS: Provides for the construction, renovation and improvements to State office buildings and facilities.	16,030	16,973	17,916	18,859

Capital Budget

Forecast of Future Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS (continued)	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 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.	\$ 10,303	\$ 10,909	\$ 11,516	\$ 12,122
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.	3,353	3,550	3,748	3,945
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.	13,150	13,924	14,697	15,471
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.	6,190	6,554	6,918	7,282
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.	743	786	830	874
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.	80,000	80,000	80,000	80,000
CAPITAL FACILITIES BOND FUNDS				
Total — Public Improvement Program.....	\$ 170,000	\$ 180,000	\$ 190,000	\$ 200,000
Total — Flood Control Program.....	1,805	800	630	0
Total — Transportation Assistance Program.....	80,000	80,000	80,000	80,000
SUBTOTAL— CAPITAL FACILITIES BOND FUNDS.....	\$ 251,805	\$ 260,800	\$ 270,630	\$ 280,000

Capital Budget

Forecast of Future Projects

(Dollar Amounts in Thousands)

	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 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	\$ 10,000	\$ 10,000	\$ 10,000
PUBLIC IMPROVEMENT PROJECTS — ENVIRONMENTAL STEWARDSHIP FUND: Provides for the acquisition, rehabilitation and development of open space, forests, parks and scenic environments.	10,000	0	0	0
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.	150,000	180,000	200,000	200,000
CURRENT REVENUES				
Total – Public Improvement Program.....	\$ 29,000	\$ 12,500	\$ 12,000	\$ 12,000
Total – Highway Program.....	150,000	180,000	200,000	200,000
SUBTOTAL – CURRENT REVENUES.....	179,000	192,500	212,000	212,000
TOTAL – ALL PROGRAMS.....	\$ 430,805	\$ 453,300	\$ 482,630	\$ 492,000

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	2002-03 Estimated	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
Executive Offices.....	\$ 22,053	\$ 21,592	\$ 21,955	\$ 1,512	\$ 2,419
Agriculture.....	36,018	962	1,064	995	823
Conservation and Natural Resources.....	35,239	38,272	40,045	43,877	45,128
Community and Economic Development.....	264,342	190,085	108,322	52,750	7,130
Corrections.....	66,478	24,302	30,504	37,901	47,478
Education.....	113,832	138,122	115,223	95,416	72,594
Emergency Management Agency.....	526	1,269	1,329	1,103	639
Environmental Protection.....	15,747	27,252	25,858	13,869	9,870
Fish and Boat Commission.....	2,103	1,417	1,942	2,274	1,866
Game Commission.....	0	2,000	1,000	1,000	1,000
General Services.....	18,027	24,237	28,470	35,797	41,933
Historical and Museum Commission.....	8,446	9,671	13,087	9,089	9,143
Liquor Control Board.....	2,000	9,044	0	0	0
Military and Veterans Affairs.....	2,279	7,390	8,576	10,725	14,252
Public Welfare.....	7,739	9,953	11,840	13,378	15,234
State Police.....	2,731	2,155	3,274	5,121	7,980
Transportation.....	435,469	425,779	423,043	424,330	422,424
TOTAL - ALL STATE FUNDS.....	\$ 1,033,029	\$ 933,502	\$ 835,532	\$ 749,137	\$ 699,913

Capital Budget

Estimate of Capital Expenditures

This table provides estimated capital expenditures by department for currently authorized capital projects, projects recommended in this budget and potential future authorizations.

(Dollar Amounts in Thousands)

	<u>2002-03</u> <u>Estimated</u>	<u>2003-04</u> <u>Estimated</u>	<u>2004-05</u> <u>Estimated</u>	<u>2005-06</u> <u>Estimated</u>	<u>2006-07</u> <u>Estimated</u>
CAPITAL FACILITIES BOND FUNDS					
Executive Offices					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Furniture and Equipment.....	21,993	21,048	21,048	0	0
Projects in 2002-03 Budget					
Buildings and Structures.....	60	544	907	1,512	2,419
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2003-07)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - EXECUTIVE OFFICES.....	\$ 22,053	\$ 21,592	\$ 21,955	\$ 1,512	\$ 2,419
Agriculture					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 36,017	\$ 949	\$ 978	\$ 781	\$ 387
Furniture and Equipment.....	1	5	2	0	0
Projects in 2002-03 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2003-07)					
Buildings and Structures.....	0	8	84	214	436
Furniture and Equipment.....	0	0	0	0	0
TOTAL - AGRICULTURE.....	\$ 36,018	\$ 962	\$ 1,064	\$ 995	\$ 823
Conservation and Natural Resources					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 15,413	\$ 13,966	\$ 13,905	\$ 11,105	\$ 5,495
Furniture and Equipment.....	87	95	108	0	0
Projects in 2002-03 Budget					
Buildings and Structures.....	85	765	1,275	2,125	3,400
Furniture and Equipment.....	100	300	0	0	0
Future Projects (2003-07)					
Buildings and Structures.....	0	211	2,122	5,412	10,998
Furniture and Equipment.....	0	0	0	0	0
TOTAL - CONSERVATION AND NATURAL RESOURCES.....	\$ 15,685	\$ 15,337	\$ 17,410	\$ 18,642	\$ 19,893
Community and Economic Development					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 1,302	\$ 3,138	\$ 3,234	\$ 2,583	\$ 1,278
Furniture and Equipment.....	0	0	0	0	0
Projects in 2002-03 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2003-07)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Subtotal.....	\$ 1,302	\$ 3,138	\$ 3,234	\$ 2,583	\$ 1,278
Redevelopment Assistance Projects					
Projects Currently Authorized					
Acquisition and Construction.....	263,040	186,947	105,088	50,167	5,852
TOTAL - COMMUNITY AND ECONOMIC DEVELOPMENT.....	\$ 264,342	\$ 190,085	\$ 108,322	\$ 52,750	\$ 7,130

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	2002-03	2003-04	2004-05	2005-06	2006-07
	Estimated	Estimated	Estimated	Estimated	Estimated
Corrections					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 66,177	\$ 21,083	\$ 20,866	\$ 16,664	\$ 8,246
Furniture and Equipment.....	0	0	0	650	650
Projects in 2002-03 Budget					
Buildings and Structures.....	301	2,710	4,517	7,529	12,046
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2003-07)					
Buildings and Structures.....	0	509	5,121	13,058	26,536
Furniture and Equipment.....	0	0	0	0	0
TOTAL - CORRECTIONS.....	<u>\$ 66,478</u>	<u>\$ 24,302</u>	<u>\$ 30,504</u>	<u>\$ 37,901</u>	<u>\$ 47,478</u>
Education					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 104,589	\$ 99,973	\$ 81,654	\$ 64,807	\$ 32,072
Furniture and Equipment.....	8,704	35,771	28,516	18,484	16,504
Projects in 2002-03 Budget					
Buildings and Structures.....	57	516	860	1,433	2,292
Furniture and Equipment.....	482	1,445	0	0	0
Future Projects (2003-07)					
Buildings and Structures.....	0	417	4,193	10,692	21,726
Furniture and Equipment.....	0	0	0	0	0
TOTAL - EDUCATION.....	<u>\$ 113,832</u>	<u>\$ 138,122</u>	<u>\$ 115,223</u>	<u>\$ 95,416</u>	<u>\$ 72,594</u>
Emergency Management Agency					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 526	\$ 1,267	\$ 1,306	\$ 1,043	\$ 516
Furniture and Equipment.....	0	0	0	0	0
Projects in 2002-03 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2003-07)					
Buildings and Structures.....	0	2	23	60	123
Furniture and Equipment.....	0	0	0	0	0
TOTAL - EMERGENCY MANAGEMENT.....	<u>\$ 526</u>	<u>\$ 1,269</u>	<u>\$ 1,329</u>	<u>\$ 1,103</u>	<u>\$ 639</u>
Environmental Protection					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 8,722	\$ 11,717	\$ 11,785	\$ 9,411	\$ 4,657
Furniture and Equipment.....	0	0	0	0	0
Projects in 2002-03 Budget					
Buildings and Structures.....	46	410	684	1,140	1,824
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2003-07)					
Buildings and Structures.....	0	55	549	1,400	2,845
Furniture and Equipment.....	0	0	0	0	0
Subtotal	<u>\$ 8,768</u>	<u>\$ 12,182</u>	<u>\$ 13,018</u>	<u>\$ 11,951</u>	<u>\$ 9,326</u>
Flood Control Projects					
Projects Currently Authorized					
Structures and Improvements.....	\$ 4,740	\$ 5,547	\$ 9,282	\$ 1,000	\$ 0
Projects in 2002-03 Budget					
Structures and Improvements.....	2,239	9,234	2,239	0	0
Future Projects (2003-07)					
Structures and Improvements.....	0	289	1,319	918	544
Subtotal	<u>\$ 6,979</u>	<u>\$ 15,070</u>	<u>\$ 12,840</u>	<u>\$ 1,918</u>	<u>\$ 544</u>
TOTAL - ENVIRONMENTAL PROTECTION.....	<u>\$ 15,747</u>	<u>\$ 27,252</u>	<u>\$ 25,858</u>	<u>\$ 13,869</u>	<u>\$ 9,870</u>

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	2002-03 Estimated	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
General Services					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 17,214	\$ 17,146	\$ 17,527	\$ 13,997	\$ 6,927
Furniture and Equipment.....	69	1,116	367	2,750	2,750
Projects in 2002-03 Budget					
Buildings and Structures.....	598	5,378	8,963	14,938	23,901
Furniture and Equipment.....	146	437	0	0	0
Future Projects (2003-07)					
Buildings and Structures.....	0	160	1,613	4,112	8,355
Furniture and Equipment.....	0	0	0	0	0
TOTAL - GENERAL SERVICES.....	<u>\$ 18,027</u>	<u>\$ 24,237</u>	<u>\$ 28,470</u>	<u>\$ 35,797</u>	<u>\$ 41,933</u>
Historical and Museum Commission					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 8,210	\$ 7,191	\$ 7,023	\$ 5,608	\$ 2,775
Furniture and Equipment.....	10	30	10	0	0
Projects in 2002-03 Budget					
Buildings and Structures.....	12	108	180	300	480
Furniture and Equipment.....	214	676	0	0	0
Future Projects (2003-07)					
Buildings and Structures.....	0	103	1,036	2,642	5,369
Furniture and Equipment.....	0	1,563	4,838	539	519
TOTAL - HISTORICAL AND MUSEUM	<u>\$ 8,446</u>	<u>\$ 9,671</u>	<u>\$ 13,087</u>	<u>\$ 9,089</u>	<u>\$ 9,143</u>
Military and Veterans Affairs					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 1,496	\$ 3,605	\$ 3,716	\$ 2,967	\$ 1,468
Furniture and Equipment.....	467	1,148	383	0	0
Projects in 2002-03 Budget					
Buildings and Structures.....	276	2,483	4,139	6,898	11,037
Furniture and Equipment.....	40	120	0	0	0
Future Projects (2003-07)					
Buildings and Structures.....	0	34	338	860	1,747
Furniture and Equipment.....	0	0	0	0	0
TOTAL - MILITARY AFFAIRS.....	<u>\$ 2,279</u>	<u>\$ 7,390</u>	<u>\$ 8,576</u>	<u>\$ 10,725</u>	<u>\$ 14,252</u>
Public Welfare					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 7,613	\$ 8,671	\$ 8,645	\$ 6,904	\$ 3,417
Furniture and Equipment.....	2	34	11	0	0
Projects in 2002-03 Budget					
Buildings and Structures.....	124	1,116	1,861	3,101	4,962
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2003-07)					
Buildings and Structures.....	0	132	1,323	3,373	6,855
Furniture and Equipment.....	0	0	0	0	0
TOTAL - PUBLIC WELFARE.....	<u>\$ 7,739</u>	<u>\$ 9,953</u>	<u>\$ 11,840</u>	<u>\$ 13,378</u>	<u>\$ 15,234</u>

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	<u>2002-03</u> Estimated	<u>2003-04</u> Estimated	<u>2004-05</u> Estimated	<u>2005-06</u> Estimated	<u>2006-07</u> Estimated
State Police					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 2,622	\$ 1,114	\$ 1,020	\$ 814	\$ 403
Furniture and Equipment.....	0	0	0	0	0
Projects in 2002-03 Budget					
Buildings and Structures.....	109	979	1,631	2,719	4,350
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2003-07)					
Buildings and Structures.....	0	62	623	1,588	3,227
Furniture and Equipment.....	0	0	0	0	0
TOTAL - STATE POLICE	<u>\$ 2,731</u>	<u>\$ 2,155</u>	<u>\$ 3,274</u>	<u>\$ 5,121</u>	<u>\$ 7,980</u>
Transportation					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 8,154	\$ 2,936	\$ 2,421	\$ 1,934	\$ 957
Furniture and Equipment.....	0	0	0	0	0
Projects in 2002-03 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2003-07)					
Buildings and Structures.....	0	7	75	190	388
Furniture and Equipment.....	0	0	0	0	0
Subtotal.....	<u>\$ 8,154</u>	<u>\$ 2,943</u>	<u>\$ 2,496</u>	<u>\$ 2,124</u>	<u>\$ 1,345</u>
Transportation Assistance Projects					
Projects Currently Authorized					
Mass Transit, Rail and Air.....	\$ 150,000	\$ 108,372	\$ 103,529	\$ 95,686	\$ 92,843
Projects in 2002-03 Budget					
Mass Transit, Rail and Air.....	0	24,628	18,471	12,314	6,157
Future Projects (2003-07)					
Mass Transit, Rail and Air.....	0	17,000	28,000	42,000	51,000
Subtotal.....	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>
TOTAL - TRANSPORTATION.....	<u>\$ 158,154</u>	<u>\$ 152,943</u>	<u>\$ 152,496</u>	<u>\$ 152,124</u>	<u>\$ 151,345</u>
TOTAL - CAPITAL FACILITIES BOND FUNDS					
Public Improvement Projects					
Buildings and Structures.....	\$ 279,723	\$ 209,465	\$ 216,197	\$ 223,914	\$ 223,914
Furniture and Equipment.....	32,315	63,788	55,283	22,423	20,423
Redevelopment Assistance Projects					
Acquisition and Construction.....	263,040	186,947	105,088	50,167	5,852
Flood Control Projects					
Structures and Improvements.....	6,979	15,070	12,840	1,918	544
Transportation Assistance Projects.....					
Mass Transit, Rail and Air.....	150,000	150,000	150,000	150,000	150,000
TOTAL.....	<u>\$ 732,057</u>	<u>\$ 625,270</u>	<u>\$ 539,408</u>	<u>\$ 448,422</u>	<u>\$ 400,733</u>

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	<u>2002-03</u> <u>Estimated</u>	<u>2003-04</u> <u>Estimated</u>	<u>2004-05</u> <u>Estimated</u>	<u>2005-06</u> <u>Estimated</u>	<u>2006-07</u> <u>Estimated</u>
CURRENT REVENUES					
FISH AND BOAT FUND					
Fish and Boat Commission					
Public Improvement Projects					
Projects Currently Authorized.....	\$ 2,103	\$ 750	\$ 750	\$ 750	\$ 750
Projects in 2002-03 Budget.....	0	0	0	0	0
Future Projects (2003-07).....	0	667	1,192	1,524	1,116
TOTAL - FISH AND BOAT COMMISSION.....	<u>\$ 2,103</u>	<u>\$ 1,417</u>	<u>\$ 1,942</u>	<u>\$ 2,274</u>	<u>\$ 1,866</u>
GAME FUND					
Game Commission					
Public Improvement Projects					
Projects Currently Authorized.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Projects in 2002-03 Budget.....	0	0	0	0	0
Future Projects (2003-07).....	0	2,000	1,000	1,000	1,000
TOTAL - GAME COMMISSION.....	<u>\$ 0</u>	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>
KEYSTONE RECREATION, PARK AND CONSERVATION FUND					
Conservation and Natural Resources					
Keystone Recreation, Park and Conservation Projects - Acquisition, Improvements and Restoration					
Projects Currently Authorized.....	\$ 4,265	\$ 3,165	\$ 2,965	\$ 2,965	\$ 2,965
Projects in 2002-03 Budget.....	1,370	1,400	1,400	1,000	1,000
Future Projects (2003-07).....	0	1,070	1,270	1,670	1,670
Subtotal.....	<u>\$ 5,635</u>	<u>\$ 5,635</u>	<u>\$ 5,635</u>	<u>\$ 5,635</u>	<u>\$ 5,635</u>
ENVIRONMENTAL STEWARDSHIP FUND					
Conservation and Natural Resources					
Environmental Stewardship Projects - Acquisition, Rehabilitation and Development					
Projects Currently Authorized.....	\$ 10,548	\$ 15,000	\$ 15,700	\$ 19,600	\$ 19,600
Projects in 2002-03 Budget.....	3,371	2,000	750	0	0
Future Projects (2003-07).....	0	300	550	0	0
Subtotal.....	<u>\$ 13,919</u>	<u>\$ 17,300</u>	<u>\$ 17,000</u>	<u>\$ 19,600</u>	<u>\$ 19,600</u>
TOTAL - CONSERVATION AND NATURAL RESOURCES.....	<u>\$ 19,554</u>	<u>\$ 22,935</u>	<u>\$ 22,635</u>	<u>\$ 25,235</u>	<u>\$ 25,235</u>
STATE STORES FUND					
Liquor Control Board					
Public Improvement Projects					
Projects Currently Authorized.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Projects in 2002-03 Budget.....	2,000	9,044	0	0	0
Future Projects (2003-07).....	0	0	0	0	0
TOTAL - LIQUOR CONTROL BOARD.....	<u>\$ 2,000</u>	<u>\$ 9,044</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	<u>2002-03</u> <u>Estimated</u>	<u>2003-04</u> <u>Estimated</u>	<u>2004-05</u> <u>Estimated</u>	<u>2005-06</u> <u>Estimated</u>	<u>2006-07</u> <u>Estimated</u>
MOTOR LICENSE FUND					
Transportation					
Highway and Bridge Projects					
Projects Currently Authorized.....	\$ 277,315	\$ 259,194	\$ 251,609	\$ 244,986	\$ 230,417
Projects in 2002-03 Budget.....	0	8,185	13,527	13,610	18,976
Future Projects (2003-07).....	0	5,457	5,411	13,610	21,686
TOTAL - TRANSPORTATION.....	<u>\$ 277,315</u>	<u>\$ 272,836</u>	<u>\$ 270,547</u>	<u>\$ 272,206</u>	<u>\$ 271,079</u>
TOTAL - CURRENT REVENUES					
Public Improvement Projects					
Fish and Boat Fund.....	2,103	1,417	1,942	2,274	1,866
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.....	5,635	5,635	5,635	5,635	5,635
Acquisition, Rehabilitation and Development Projects					
Environmental Stewardship Fund.....	13,919	17,300	17,000	19,600	19,600
Public Improvement Projects					
State Stores Fund.....	2,000	9,044	0	0	0
Highway and Bridge Projects					
Motor License Fund	277,315	272,836	270,547	272,206	271,079
TOTAL - CURRENT REVENUES.....	<u>\$ 300,972</u>	<u>\$ 308,232</u>	<u>\$ 296,124</u>	<u>\$ 300,715</u>	<u>\$ 299,180</u>
TOTAL - ALL STATE FUNDS.....	<u>\$ 1,033,029</u>	<u>\$ 933,502</u>	<u>\$ 835,532</u>	<u>\$ 749,137</u>	<u>\$ 699,913</u>



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, but for no longer than 20 years.
 - All long-term financing should be sold by competitive bid.
 - Short-term borrowing should not comprise a majority of outstanding debt.
 - Level principal maturity structures are the preferred debt structure for long-term financings.
 - 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, 2001. Issues that have been completely redeemed are not included. The Constitution permits capital budget debt to be issued without voter approval but subject to a debt limit. Except for debt issued for disaster recovery purposes, all other debt requires voter approval.

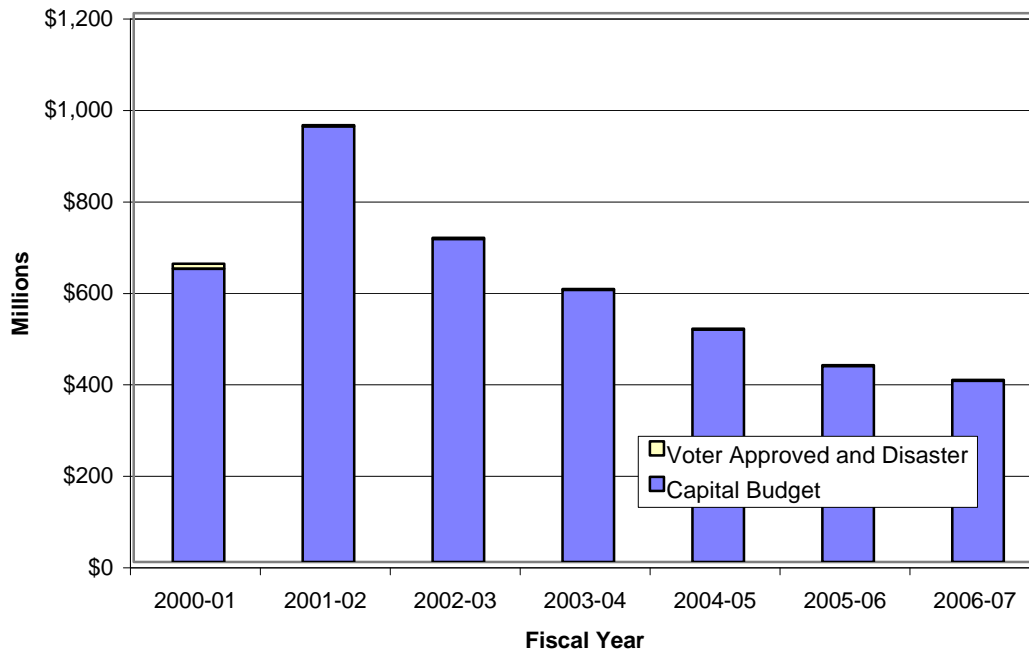
	(Dollar Amounts in Thousands)		
	Total Debt Authorized	Total Original Debt Issued	Debt Outstanding*
Debt Subject to Constitutional Limit			
Capital Budget.....	\$ 43,039,535	\$ 11,302,630	\$ 3,977,612
Capital Budget Refunding Bonds Outstanding.....			932,446
Less: Capital Debt Fund Balance.....			-2
Subtotal.....	<u>\$ 43,039,535</u>	<u>\$ 11,302,630</u>	<u>\$ 4,910,056</u>
Debt Not Subject to Constitutional Limit - Voter Approved and Disaster			
Disaster Relief.....	\$ 192,708	\$ 170,800	\$ 11,395
Disaster Relief 1996.....	110,000	26,000	24,645
Economic Revitalization.....	190,000	176,000	19,335
Land and Water Development.....	500,000	499,700	16,040
Nursing Home Loan Agency.....	100,000	69,000	550
Vietnam Veterans' Compensation.....	65,000	62,000	935
Volunteer Companies Loan.....	50,000	50,000	19,830
Water Facilities - 1981 Referendum.....	300,000	288,500	93,755
PENNVEST- 1988 & 1992 Referenda.....	650,000	383,000	221,185
Agricultural Conservation Easement.....	100,000	100,000	61,755
Local Criminal Justice.....	200,000	192,000	143,500
Keystone Recreation, Park and Conservation.....	50,000	50,000	41,050
Refunding Bonds Outstanding.....			150,383
Less: Non-capital Sinking Fund Balances.....			-13
Subtotal.....	<u>\$ 2,507,708</u>	<u>\$ 2,067,000</u>	<u>\$ 804,345</u>
TOTAL.....	<u>\$ 45,547,243</u>	<u>\$ 13,369,630</u>	<u>\$ 5,714,400</u>

* Total of debt issued plus accreted interest on capital appreciation bonds less debt redeemed or refunded.

GENERAL OBLIGATION BOND ISSUES 2000-01 Through 2006-07

This table shows the projected amount of general obligation bonds of the Commonwealth to be issued during the current fiscal year and the subsequent five fiscal years based on current projects. Refunding bonds are not included in the data.

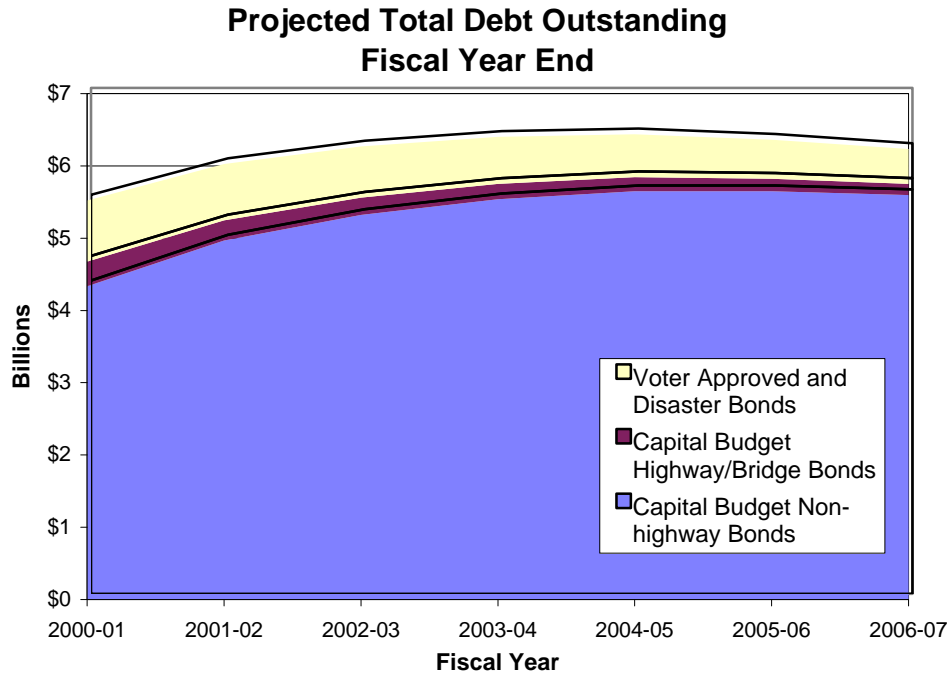
New General Obligation Bond Issues



	(Dollar Amounts in Thousands)						
	2000-01 Actual	2001-02 Estimated	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
General Obligation Bond Issues							
Capital Budget							
Buildings and Structures.....	\$ 311,000	\$ 590,000	\$ 250,000	\$ 190,000	\$ 210,000	\$ 220,000	\$ 220,000
Flood Control.....	10,000	4,000	6,000	15,000	13,000	1,000	1,000
Furnishings and Equipment.....	75,000	30,000	40,000	60,000	55,000	22,000	20,000
Redevelopment Assistance.....	115,000	178,000	260,000	180,000	80,000	35,000	5,000
Transportation Assistance.....	130,000	150,000	150,000	150,000	150,000	150,000	150,000
Subtotal.....	<u>\$ 641,000</u>	<u>\$ 952,000</u>	<u>\$ 706,000</u>	<u>\$ 595,000</u>	<u>\$ 508,000</u>	<u>\$ 428,000</u>	<u>\$ 396,000</u>
Voter Approved and Disaster							
Disaster Relief.....	\$ 3,000	\$ 1,000	\$ 1,000	\$ 0	\$ 0	\$ 0	\$ 0
Local Criminal Justice.....	2,000	1,000	0	0	0	0	0
PENNVEST -- 1988 & 1992 Referenda.....	6,000	1,000	1,000	1,000	1,000	1,000	1,000
Water Facilities Loan -- 1981 Referendum.....	0	0	1,000	1,000	1,000	1,000	1,000
Subtotal.....	<u>\$ 11,000</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>
TOTAL.....	<u>\$ 652,000</u>	<u>\$ 955,000</u>	<u>\$ 709,000</u>	<u>\$ 597,000</u>	<u>\$ 510,000</u>	<u>\$ 430,000</u>	<u>\$ 398,000</u>

GENERAL OBLIGATION DEBT OUTSTANDING 2000-01 Through 2006-07

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)].



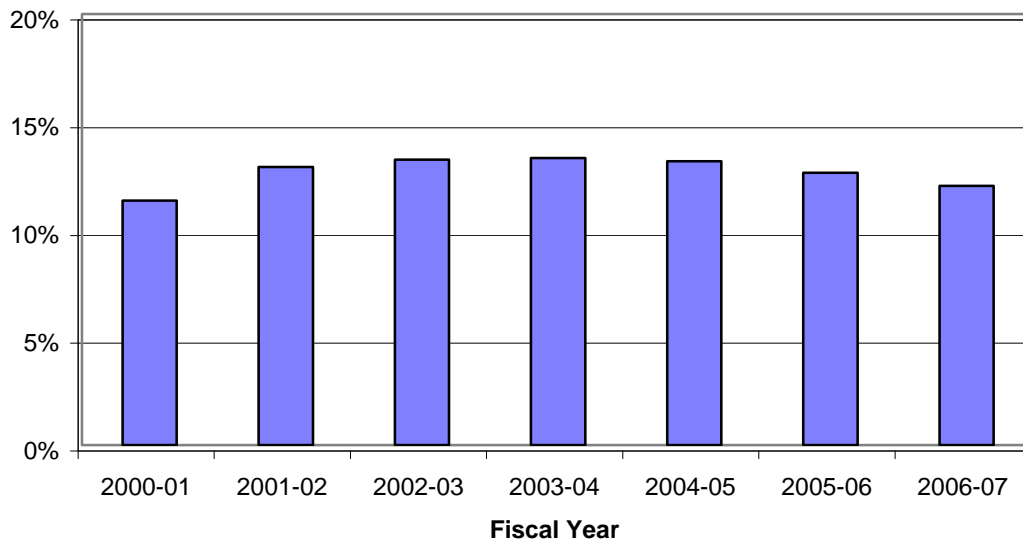
(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimated	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
Fiscal Year End Debt Outstanding							
Capital Budget Non-highway Bonds.....	\$ 4,333,239	\$ 4,966,277	\$ 5,322,280	\$ 5,539,191	\$ 5,647,739	\$ 5,647,787	\$ 5,596,436
Capital Budget Highway/Bridge Bonds..	341,769	282,175	238,817	214,379	196,028	174,577	154,003
Voter Approved and Disaster Bonds....	847,035	777,421	708,618	647,794	592,639	538,371	483,595
TOTAL.....	\$ 5,522,043	\$ 6,025,873	\$ 6,269,715	\$ 6,401,364	\$ 6,436,406	\$ 6,360,735	\$ 6,234,034

CONSTITUTIONAL DEBT LIMIT 2000-01 Through 2006-07

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 five fiscal years.

Capital Budget Debt as a Percent of the Debt Limit



(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimated	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
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Debt Limit Projection

Capital Budget Debt Subject to Constitutional Debt Limit:

Outstanding Debt

Beginning of Fiscal Year.....	\$ 4,095,649	\$ 4,567,293	\$ 5,248,452	\$ 5,561,097	\$ 5,753,570	\$ 5,843,767	\$ 5,822,364
Debt to be Issued.....	641,000	952,000	706,000	595,000	508,000	428,000	396,000
Debt to be Retired*.....	-169,356	-270,841	-393,355	-402,527	-417,803	-449,403	-467,925

Outstanding Debt

End of Fiscal Year**.....	\$ 4,567,293	\$ 5,248,452	\$ 5,561,097	\$ 5,753,570	\$ 5,843,767	\$ 5,822,364	\$ 5,750,439
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Debt Limit (from below).....	40,264,669	40,681,765	41,972,515	43,191,096	44,391,008	46,071,270	47,822,420
Capital Budget Debt as a percent of Debt Limit.....	11.3%	12.9%	13.2%	13.3%	13.2%	12.6%	12.0%

Calculation of Debt Limit:

Average Tax Revenues

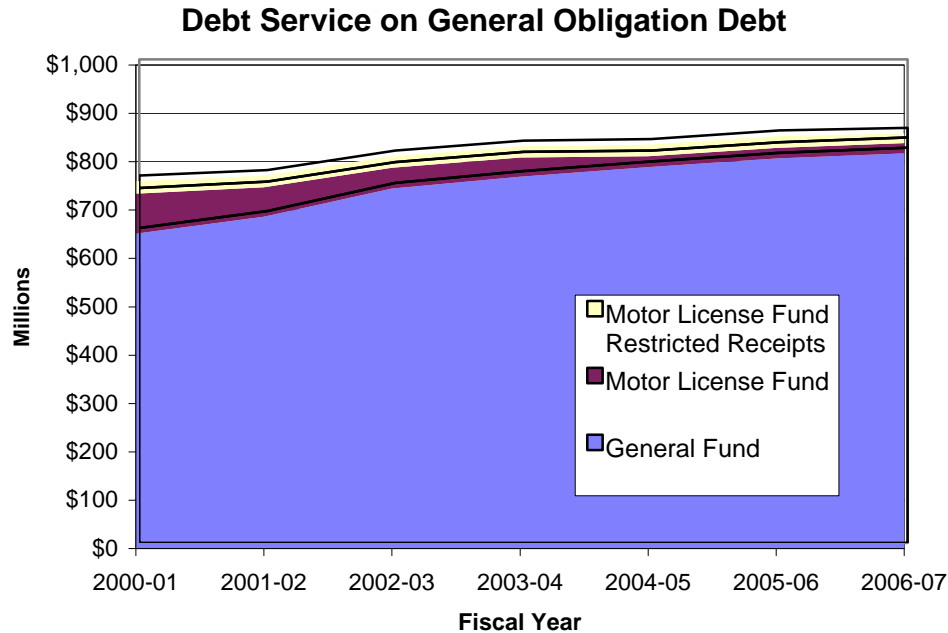
Previous Five Years.....	\$ 23,008,382	\$ 23,246,723	\$ 23,984,294	\$ 24,680,626	\$ 25,366,290	\$ 26,326,440	\$ 27,327,097
Debt Limit (1.75 times revenues).	40,264,669	40,681,765	41,972,515	43,191,096	44,391,008	46,071,270	47,822,420

* Net of interest accreting on capital appreciation bonds during fiscal year.

** 2000-01 amount is net of sinking fund balances.

DEBT SERVICE ON GENERAL OBLIGATION DEBT 2000-01 Through 2006-07

This table shows the estimated debt service payable by the Commonwealth on currently outstanding general obligation bonds and on projected general obligation bond issues.



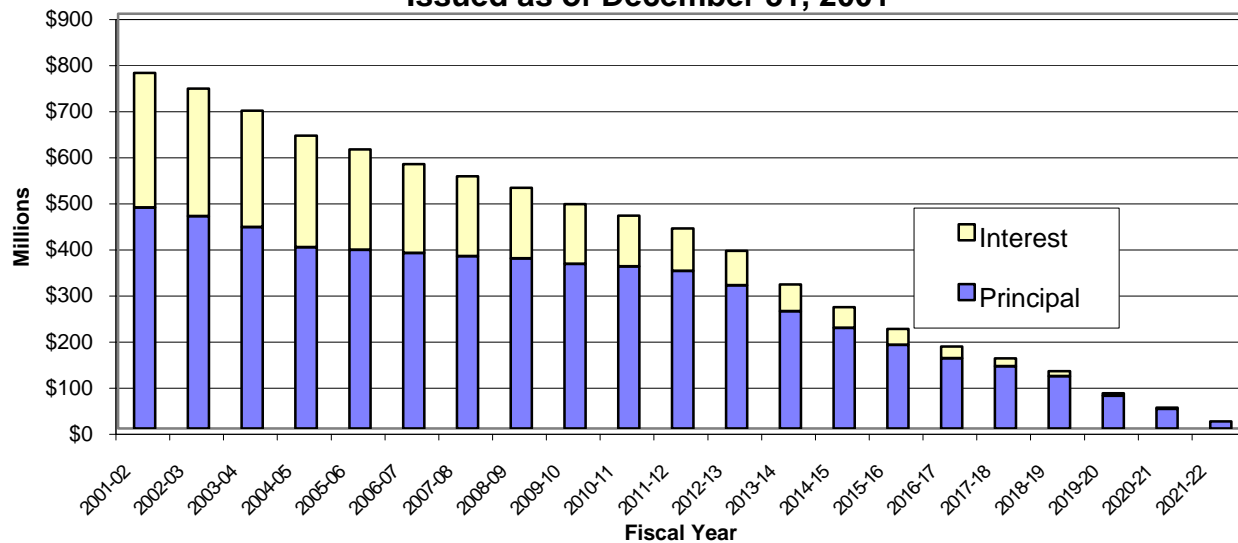
(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Estimated	2002-03 Budget	2003-04 Estimated	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated
General Fund							
Capital Budget Non-Highway.....	\$ 521,460	\$ 565,293	\$ 627,975	\$ 664,598	\$ 693,915	\$ 717,943	\$ 730,874
Voter Approved and Disaster.....	129,448	121,145	116,821	104,257	95,122	88,875	86,310
Subtotal.....	<u>\$ 650,908</u>	<u>\$ 686,438</u>	<u>\$ 744,796</u>	<u>\$ 768,855</u>	<u>\$ 789,037</u>	<u>\$ 806,818</u>	<u>\$ 817,184</u>
Motor License Fund							
Capital Budget -- Highways.....	\$ 81,309	\$ 59,113	\$ 40,965	\$ 30,704	\$ 13,012	\$ 12,683	\$ 12,077
Capital Budget.....	1,442	1,473	1,798	9,054	9,234	9,203	9,153
Subtotal.....	<u>\$ 82,751</u>	<u>\$ 60,586</u>	<u>\$ 42,763</u>	<u>\$ 39,758</u>	<u>\$ 22,246</u>	<u>\$ 21,886</u>	<u>\$ 21,230</u>
Motor License Fund Restricted Receipts							
Aviation -- Capital Budget.....	\$ 27	\$ 27	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Highway Bridge Improvement -- Capital Budget	26,340	24,220	23,874	23,426	24,000	24,347	19,712
Subtotal.....	<u>\$ 26,367</u>	<u>\$ 24,247</u>	<u>\$ 23,874</u>	<u>\$ 23,426</u>	<u>\$ 24,000</u>	<u>\$ 24,347</u>	<u>\$ 19,712</u>
TOTAL.....	<u>\$ 760,026</u>	<u>\$ 771,271</u>	<u>\$ 811,433</u>	<u>\$ 832,039</u>	<u>\$ 835,283</u>	<u>\$ 853,051</u>	<u>\$ 858,126</u>

ANNUAL DEBT SERVICE ON OUTSTANDING GENERAL OBLIGATION BONDS Bonds Issued as of December 31, 2001

Fiscal year principal and interest payments on general obligation bonds issued as of the end of calendar year 2001 are shown in the table below. Debt service on projected bond issues is excluded from this data.

Principal and Interest on Outstanding Bonds Issued as of December 31, 2001



General Obligation Bond Annual Debt Service

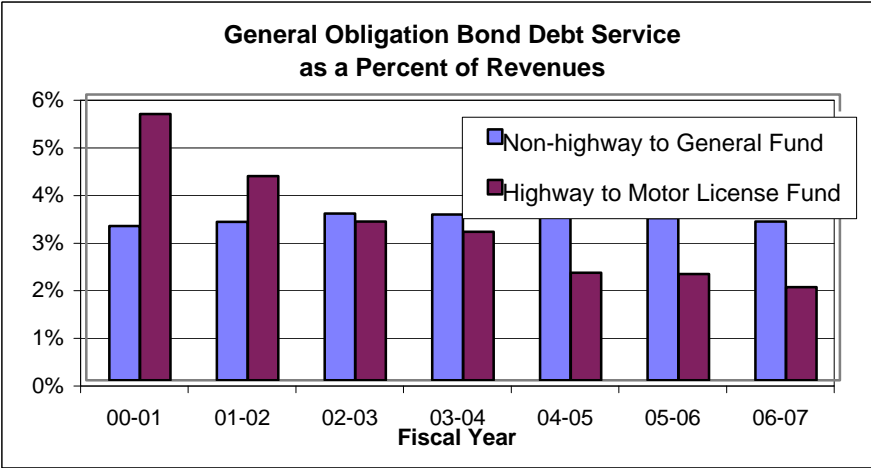
(Dollar Amounts in Thousands)

Fiscal Year	Capital Budget (Non-highway)			Capital Budget (Highway)			Voter Approved and Disaster			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2001-02	\$ 355,477	\$ 238,222	\$ 593,699	\$ 66,288	\$ 17,043	\$ 83,331	\$ 57,630	\$ 36,598	\$ 94,228	\$ 771,258
2002-03	358,513	229,260	587,773	51,018	13,819	64,837	51,140	33,807	84,947	737,557
2003-04	352,626	210,371	562,997	43,054	11,074	54,128	41,310	31,182	72,492	689,617
2004-05	324,807	202,078	526,885	25,474	11,536	37,010	42,455	28,969	71,424	635,319
2005-06	317,804	180,055	497,859	25,686	11,342	37,028	44,210	26,661	70,871	605,758
2006-07	311,222	160,624	471,846	23,516	8,271	31,787	46,040	24,221	70,261	573,894
2007-08	302,108	144,626	446,734	23,759	7,016	30,775	48,000	21,655	69,655	547,164
2008-09	297,765	128,735	426,500	20,829	5,752	26,581	50,060	18,972	69,032	522,113
2009-10	286,525	110,514	397,039	18,225	3,072	21,297	52,160	16,162	68,322	486,658
2010-11	279,189	95,325	374,514	17,341	2,083	19,424	54,550	13,224	67,774	461,712
2011-12	268,957	80,762	349,719	15,798	1,189	16,987	56,975	10,124	67,099	433,805
2012-13	242,300	67,195	309,495	8,875	513	9,388	59,565	6,881	66,446	385,329
2013-14	215,445	54,760	270,205	1,905	107	2,012	36,555	4,010	40,565	312,782
2014-15	197,080	43,392	240,472	0	0	0	20,630	2,288	22,918	263,390
2015-16	167,245	33,407	200,652	0	0	0	13,970	1,302	15,272	215,924
2016-17	146,205	24,842	171,047	0	0	0	6,095	636	6,731	177,778
2017-18	130,515	17,265	147,780	0	0	0	4,155	316	4,471	152,251
2018-19	111,015	10,673	121,688	0	0	0	2,155	131	2,286	123,974
2019-20	70,390	5,469	75,859	0	0	0	705	59	764	76,623
2020-21	42,170	2,236	44,406	0	0	0	505	24	529	44,935
2021-22	15,000	375	15,375	0	0	0	50	1	51	15,426

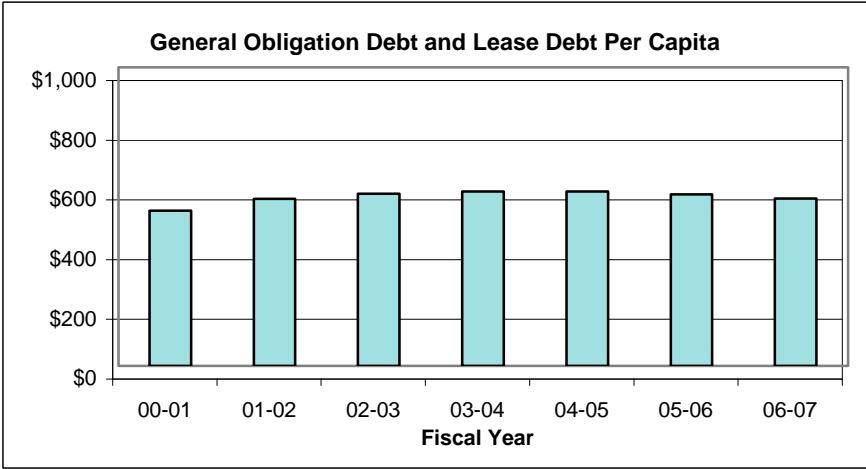
TRENDS IN DEBT SERVICE AND DEBT RATIOS 2000-01 Through 2006-07

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.

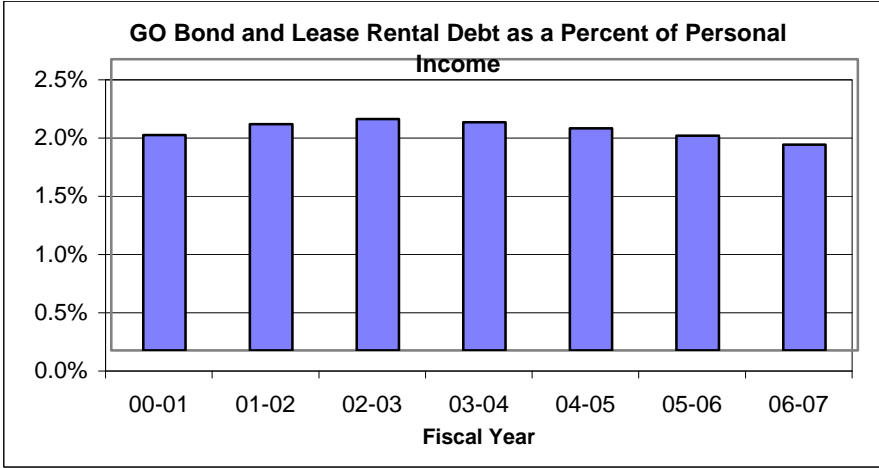
The Motor License Fund debt service ratio declines as debt is retired and not replaced.



Per capita debt is expected to rise and then hold steady as debt issuance declines.



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
06/30/01
(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.	\$ 48.5
<hr/>		
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.	1,278.6
<hr/>		
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.	1,272.0
<hr/>		
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.	68.2
<hr/>		
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.	2,248.9
<hr/>		
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.	3,760.1
<hr/>		
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.	2,925.9
<hr/>		
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.	328.2
<hr/>		
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.	183.3
<hr/>		
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.	1,703.3
<hr/>		
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.	56.2
<hr/>		
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.	438.4
<hr/>		
TOTAL.....		<u>\$ 14,311.6</u>



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 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 accrued and expenditures are reflected 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 are cash plus investments. Receipts include only those items actually received and credited to the funds by the Department of Revenue. Disbursements represent checks drawn 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, 2001.

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.

Bond Funds — Bond Funds are used to account for the receipt and disbursement of bond sale proceeds that normally finance the construction or acquisition of designated fixed assets.

Debt Service Funds — These funds account for the accumulation of resources, principally from transfers from other funds, for the payment of general long-term debt principal and interest.

Trust and Agency 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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 14,015	\$ 15,836	\$ 16,222
Receipts:			
Federal Funds.....	\$ 2,566	\$ 2,500	\$ 2,500
Interest.....	870	850	850
Total Receipts.....	<u>3,436</u>	<u>3,350</u>	<u>3,350</u>
Total Funds Available	<u>\$ 17,451</u>	<u>\$ 19,186</u>	<u>\$ 19,572</u>
Disbursements:			
Environmental Protection.....	\$ 1,615	\$ 2,964	\$ 2,964
Total Disbursements.....	<u>-1,615</u>	<u>-2,964</u>	<u>-2,964</u>
Cash Balance, Ending	<u>\$ 15,836</u>	<u>\$ 16,222</u>	<u>\$ 16,608</u>

Administration Fund

This fund was created for the administrative costs associated with the Unemployment Compensation Law and the State system of public employment offices (Office of Employment Security). While the fund can receive funds from any source, the majority of revenue results from moneys requisitioned from the Commonwealth's account in the Federal Unemployment Trust Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 762	\$ 124	\$ 109
Receipts:			
Federal Unemployment Trust Fund.....	\$ 187,770	\$ 195,300	\$ 194,750
Federal — Other Funds.....	3,490	4,200	4,200
Other.....	117	85	85
Total Receipts.....	<u>191,377</u>	<u>199,585</u>	<u>199,035</u>
Total Funds Available	<u>\$ 192,139</u>	<u>\$ 199,709</u>	<u>\$ 199,144</u>
Disbursements:			
Labor and Industry.....	\$ 192,015	\$ 199,600	\$ 199,100
Total Disbursements.....	<u>-192,015</u>	<u>-199,600</u>	<u>-199,100</u>
Cash Balance, Ending	<u>\$ 124</u>	<u>\$ 109</u>	<u>\$ 44</u>

Agricultural College Land Scrip Fund

This fund was established in 1862 with \$500,000 received from the sale of lands and scrip which was donated to the Commonwealth by an Act of Congress to establish a college for the benefit of Agriculture and the Mechanical Arts (The Pennsylvania State University). The income derived from the investment of the monies in the fund plus appropriations which may be made from time to time by the General Assembly serve as revenue to the fund. Monies in this fund can be disbursed only for use by the officially designated land grant college (The Pennsylvania State University) for the benefit of Agriculture and Mechanical Arts.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 634	\$ 634	\$ 634
Receipts:			
Interest on Securities.....	\$ 38	\$ 38	\$ 38
Total Receipts.....	<u>38</u>	<u>38</u>	<u>38</u>
Total Funds Available	<u>\$ 672</u>	<u>\$ 672</u>	<u>\$ 672</u>
Disbursements:			
Treasury.....	\$ 38	\$ 38	\$ 38
Total Disbursements.....	<u>-38</u>	<u>-38</u>	<u>-38</u>
Cash Balance, Ending	<u>\$ 634</u>	<u>\$ 634</u>	<u>\$ 634</u>

Agricultural Conservation Easement Purchase Fund

This fund was created by Act 64 of 1988 to implement the referendum approved by the electorate November 8, 1988. That referendum authorized the Commonwealth to incur indebtedness of \$100 million to be used for farmland preservation through the purchase of agricultural conservation easements. Act 23 of 1992 increased the annual ceiling on easement purchases from bond sales from \$20 to \$25 million. All bonds authorized have been issued.

Act 22 of 1991 provided that two thirty-firsts of the cigarette tax be transferred twice a year into the fund. 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, to fund the purchase of easements.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 31,323	\$ 55,244	\$ 37,521
Receipts:			
Interest on Securities.....	\$ 2,446	\$ 2,270	\$ 2,200
Transfer of Cigarette Tax.....	20,700	20,400	20,000
Transfer from the General Fund.....	24,835	0	0
Transfer from the Environmental Stewardship Fund.....	19,828	13,630	12,876
Other.....	1,035	600	600
Total Receipts.....	<u>68,844</u>	<u>36,900</u>	<u>35,676</u>
Total Funds Available	<u>\$ 100,167</u>	<u>\$ 92,144</u>	<u>\$ 73,197</u>
Disbursements:			
Agriculture.....	44,923	54,623	50,000
Total Disbursements.....	<u>-44,923</u>	<u>-54,623</u>	<u>-50,000</u>
Cash Balance, Ending	<u>\$ 55,244</u>	<u>\$ 37,521</u>	<u>\$ 23,197</u>

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 8,137	\$ 7,777	\$ 7,309
Accrued Interest on Bonds Sold.....	0	0	0
Total Receipts	8,137	7,777	7,309
Total Funds Available	\$ 8,137	\$ 7,777	\$ 7,309
Disbursements:			
Treasury.....	\$ 8,137	\$ 7,777	\$ 7,309
Total Disbursements	-8,137	-7,777	-7,309
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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 340	\$ 359	\$ 378
Receipts:			
Operator Payments.....	\$ 4	\$ 2	\$ 2
Production Fees.....	0	5	5
Interest	21	17	17
Total Receipts	25	24	24
Total Funds Available	\$ 365	\$ 383	\$ 402
Disbursements:			
Environmental Protection	\$ 6	\$ 5	\$ 5
Total Disbursements	-6	-5	-5
Cash Balance, Ending	\$ 359	\$ 378	\$ 397

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)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 2,410	\$ 2,797	\$ 1,815
Receipts:			
Assessments.....	\$ 5,359	\$ 5,250	\$ 5,250
Interest on Securities.....	235	185	205
Total Receipts	<u>5,594</u>	<u>5,435</u>	<u>5,455</u>
Total Funds Available	<u>\$ 8,004</u>	<u>\$ 8,232</u>	<u>\$ 7,270</u>
Disbursements:			
Automobile Theft Prevention Authority.....	\$ 5,207	\$ 6,417	\$ 6,397
Total Disbursements	<u>-5,207</u>	<u>-6,417</u>	<u>-6,397</u>
Cash Balance, Ending	<u>\$ 2,797</u>	<u>\$ 1,815</u>	<u>\$ 873</u>

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)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 5,095	\$ 6,739	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 39,100	\$ 0	\$ 0
Interest on Securities.....	569	121	0
Total Receipts	<u>39,669</u>	<u>121</u>	<u>0</u>
Total Funds Available	<u>\$ 44,764</u>	<u>\$ 6,860</u>	<u>\$ 0</u>
Disbursements:			
Community and Economic Development.....	\$ 38,025	\$ 0	\$ 0
Transfer to Ben Franklin Technology Development Authority Fund.....	0	6,860	0
Total Disbursements	<u>-38,025</u>	<u>-6,860</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 6,739</u>	<u>\$ 0</u>	<u>\$ 0</u>

Ben Franklin Technology Development Authority Fund

Act 38 of 2001 created the Ben Franklin Technology Development Authority Fund. This fund merges the activities of the Ben Franklin Partnership and the Pennsylvania Technology Development Authority (PTIA) under one authority. The Ben Franklin component assists small and medium sized technology, research and start-up companies to do applied research and development projects and to develop and introduce new products and processes. PTIA provides high-tech financing to small and medium-sized businesses; stimulates the adoption and expansion of electronic commerce; and coordinates and expands university-based research and development in high-tech fields. Revenue to the fund includes transfer of the ending balance of the Ben Franklin/IRC Fund as of June 30, 2001, annual transfers from the General Fund and interest earnings.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 7,510
Receipts:			
Transfer from General Fund.....	\$ 0	\$ 56,397	\$ 51,397
Transfer from Ben Franklin/IRC Fund.....	0	6,860	0
Loan Repayments.....	0	0	100
Interest on Securities.....	0	650	1,000
Total Receipts	0	63,907	52,497
Total Funds Available	\$ 0	\$ 63,907	\$ 60,007
Disbursements:			
Community and Economic Development.....	\$ 0	\$ 56,397	\$ 54,397
Total Disbursements	0	-56,397	-54,397
Cash Balance, Ending	\$ 0	\$ 7,510	\$ 5,610

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 383,067	\$ 128,779	\$ 670
Receipts:			
Transfer from Other Funds.....	\$ 391,284	\$ 544,896	\$ 724,863
Rentals - State-Aided and State-Related Institutions.....	1,544	1,827	1,827
Interest Subsidy - Higher Education Construction Projects.....	158	157	157
Sale of Bonds- Bond Anticipation Notes Payment.....	31,330	0	0
Refunding Bond Maturing Escrow Funds.....	163,294	351,960	0
Accrued Interest on Bonds Sold.....	1,495	1,100	0
Interest on Securities.....	9,437	1,200	100
Total Receipts	598,542	901,140	726,947
Total Funds Available	\$ 981,609	\$ 1,029,919	\$ 727,617
Disbursements:			
Treasury.....	\$ 852,830	\$ 1,029,249	\$ 726,947
Total Disbursements	-852,830	-1,029,249	-726,947
Cash Balance, Ending	\$ 128,779	\$ 670	\$ 670

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 370,628	\$ 255,912	\$ 280,036
Receipts:			
Sale of Bonds.....	\$ 627,862	\$ 942,480	\$ 698,940
Interest on Securities.....	20,322	15,200	12,170
Other	69,341	46,420	15,000
Total Receipts	<u>717,525</u>	<u>1,004,100</u>	<u>726,110</u>
Total Funds Available	\$ 1,088,153	\$ 1,260,012	\$ 1,006,146
Disbursements:			
Community and Economic Development.....	\$ 215,293	\$ 174,580	\$ 264,340
Environmental Protection.....	2,262	3,211	7,009
General Services.....	493,334	635,610	313,488
Transportation.....	119,451	166,011	150,750
Other.....	1,901	564	0
Total Disbursements	<u>-832,241</u>	<u>-979,976</u>	<u>-735,587</u>
Cash Balance, Ending	\$ 255,912	\$ 280,036	\$ 270,559

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 180	\$ 207	\$ 207
Receipts:			
Contributions and Sales.....	\$ 16	\$ 15	\$ 20
Other.....	11	0	0
Total Receipts	<u>27</u>	<u>15</u>	<u>20</u>
Total Funds Available	\$ 207	\$ 222	\$ 227
Disbursements:			
Capitol Preservation Committee.....	\$ 0	\$ 15	\$ 20
Total Disbursements	<u>0</u>	<u>-15</u>	<u>-20</u>
Cash Balance, Ending	\$ 207	\$ 207	\$ 207

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. Additional revenue is obtained from a surcharge on certain motor vehicle moving violations.

Act 72 of 1995 authorized the transfer of funds from this fund to a restricted receipt account for the purpose of paying settlements and court orders arising from legal action related to contracts with Envirotec, Inc. Act 72 prohibited the transfer of funds for Envirotec, Inc. settlements if such transfer would jeopardize timely payment and processing of catastrophic loss benefits. Accordingly, in fiscal year 1997-98 the fund borrowed \$52.5 million from the Workers' Compensation Security Fund in order to make the final payments on the Envirotec, Inc. settlement. Loan repayment has commenced and is scheduled to be completed in 2002-03.

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 42,768	\$ 61,813	\$ 80,749
Receipts:			
Moving Violation Surcharge.....	\$ 41,776	\$ 44,000	\$ 44,000
Interest	3,076	1,900	2,000
Miscellaneous.....	6	280	300
Total Receipts	<u>44,858</u>	<u>46,180</u>	<u>46,300</u>
Total Funds Available	\$ 87,626	\$ 107,993	\$ 127,049
Disbursements:			
Insurance.....	\$ 13,813	\$ 15,244	\$ 14,827
Loan Repayment.....	12,000	12,000	15,300
Total Disbursements	<u>-25,813</u>	<u>-27,244</u>	<u>-30,127</u>
Cash Balance, Ending	\$ <u>61,813</u>	\$ <u>80,749</u>	\$ <u>96,922</u>

Children's Trust Fund

Act 151 of 1988 created the Children's Trust Fund. Revenue is generated by a \$10 surcharge on marriage licenses and divorce applications. Expenditures are for community-based children's programs and services to prevent child abuse and neglect.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 3,305	\$ 3,220	\$ 2,750
Receipts:			
Marriage/Divorce Surcharge.....	\$ 1,256	\$ 1,260	\$ 1,260
Miscellaneous Revenue.....	182	120	120
Total Receipts	<u>1,438</u>	<u>1,380</u>	<u>1,380</u>
Total Funds Available	\$ 4,743	\$ 4,600	\$ 4,130
Disbursements:			
Public Welfare.....	\$ 1,523	\$ 1,850	\$ 1,850
Total Disbursements	<u>-1,523</u>	<u>-1,850</u>	<u>-1,850</u>
Cash Balance, Ending	\$ 3,220	\$ 2,750	\$ 2,280

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 40,051	\$ 41,615	\$ 38,909
Receipts:			
Fines and Penalties.....	\$ 2,290	\$ 1,879	\$ 1,900
Fees.....	17,128	20,150	19,500
Interest.....	3,042	1,900	1,800
Total Receipts	<u>22,460</u>	<u>23,929</u>	<u>23,200</u>
Total Funds Available	\$ 62,511	\$ 65,544	\$ 62,109
Disbursements:			
Environmental Protection	\$ 20,896	\$ 26,635	\$ 31,456
Total Disbursements	<u>-20,896</u>	<u>-26,635</u>	<u>-31,456</u>
Cash Balance, Ending	\$ 41,615	\$ 38,909	\$ 30,653

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.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 29,564	\$ 33,238	\$ 34,552
Receipts:			
Premiums Collected.....	\$ 4,419	\$ 4,500	\$ 4,550
Interest.....	1,892	1,550	1,850
Other.....	0	30	30
Total Receipts	<u>6,311</u>	<u>6,080</u>	<u>6,430</u>
Total Funds Available	<u>\$ 35,875</u>	<u>\$ 39,318</u>	<u>\$ 40,982</u>
Disbursements:			
Environmental Protection	\$ 2,637	\$ 4,766	\$ 4,941
Total Disbursements	<u>-2,637</u>	<u>-4,766</u>	<u>-4,941</u>
Cash Balance, Ending	<u>\$ 33,238</u>	<u>\$ 34,552</u>	<u>\$ 36,041</u>

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 1,772	\$ 1,893	\$ 1,943
Receipts:			
Sale of Land.....	\$ 0	\$ 0	\$ 0
Interest	121	50	50
Total Receipts	<u>121</u>	<u>50</u>	<u>50</u>
Total Funds Available	<u>\$ 1,893</u>	<u>\$ 1,943</u>	<u>\$ 1,993</u>
Disbursements:			
Environmental Protection	\$ 0	\$ 0	\$ 0
Total Disbursements	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 1,893</u>	<u>\$ 1,943</u>	<u>\$ 1,993</u>

Conrad Weiser Memorial Park Trust Fund

This fund was created to provide for control, management, supervision, restoration and improvement of the Conrad Weiser Memorial Park, Berks County. Source of revenue for the fund is interest from the \$20,000 perpetual endowment created by the estate of Colonel Conrad Weiser.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 60	\$ 64	\$ 68
Receipts:			
Interest on Securities	\$ 4	\$ 4	\$ 4
Total Receipts	4	4	4
Total Funds Available	\$ 64	\$ 68	\$ 72
Disbursements:			
Historical and Museum Commission	\$ 0	\$ 0	\$ 0
Total Disbursements	0	0	0
Cash Balance, Ending	\$ 64	\$ 68	\$ 72

Deferred Compensation Fund

Act 81 of 1987 established the Commonwealth Deferred Compensation Program. The program enables Commonwealth employees to defer a portion of their salaries into a retirement savings plan. The State Employees' Retirement System is responsible for administration of the act.

Contributions to the fund began in 1988. The disbursements shown under the Executive Offices are employee contribution funds transferred to one of the investment plan options. Those funds, together with the interest they earn, are available to employees upon retirement.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 5,004	\$ 16,145	\$ 17,325
Receipts:			
Employee Contributions	\$ 110,211	\$ 117,952	\$ 126,180
Premium on Sale of Securities.....	206	187	238
Interest	14,743 ^a	16,950 ^a	19,450 ^a
Total Receipts	125,160	135,089	145,868
Total Funds Available	\$ 130,164	\$ 151,234	\$ 163,193
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Executive Offices.....	113,809	133,679	144,699
State Employees' Retirement System	210	225	245
Total Disbursements	-114,019	-133,909	-144,949
Cash Balance, Ending	\$ 16,145	\$ 17,325	\$ 18,244

^a Includes interest earned on funds controlled by State Employees' Retirement System and Department of the Treasury.

Deferred Compensation Fund — Short-Term Portfolio

Act 81 of 1987 established the Commonwealth Deferred Compensation Program. The program enables Commonwealth employees to defer a portion of their salaries into a retirement savings plan. Available for the employees' investment selection is the Treasury Short-Term Money Market Account. In order to maintain the identity of the investments and deferred compensation contributions, the Deferred Compensation Fund - Short-Term Portfolio was established.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 21,891	\$ 29,419	\$ 37,345
Receipts:			
Transfers from Deferred Compensation Fund.....	\$ 7,049	\$ 7,597	\$ 7,612
Interest	1,501	1,486	1,538
Total Receipts	<u>8,550</u>	<u>9,083</u>	<u>9,150</u>
Total Funds Available	\$ 30,441	\$ 38,502	\$ 46,495
Disbursements:			
State Employees' Retirement System	\$ 1,022	\$ 1,157	\$ 1,194
Total Disbursements	<u>-1,022</u>	<u>-1,157</u>	<u>-1,194</u>
Cash Balance, Ending	\$ 29,419	\$ 37,345	\$ 45,301

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 357	\$ 1,405	\$ 1,635
Receipts:			
Sale of Bonds.....	\$ 2,607	\$ 2,000	\$ 1,000
Miscellaneous Revenue.....	51	20	20
Total Receipts	<u>2,658</u>	<u>2,020</u>	<u>1,020</u>
Total Funds Available	\$ 3,015	\$ 3,425	\$ 2,655
Disbursements:			
Treasury.....	\$ 11	\$ 0	\$ 0
Emergency Management Agency.....	1,599	1,790	1,790
Total Disbursements	<u>-1,610</u>	<u>-1,790</u>	<u>-1,790</u>
Cash Balance, Ending	\$ 1,405	\$ 1,635	\$ 865

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 5	\$ 1	\$ 0
Receipts:			
Sale of Bonds.....	\$ 1,000	\$ 0	\$ 0
Transfer from General Fund.....	9,498	9,762	9,827
Accrued Interest on Bonds Sold.....	7	0	0
Miscellaneous Revenue.....	1	0	1
Total Receipts	10,506	9,762	9,828
Total Funds Available	\$ 10,511	\$ 9,763	\$ 9,828
Disbursements:			
Treasury.....	\$ 10,510	\$ 9,763	\$ 9,828
Total Disbursements	-10,510	-9,763	-9,828
Cash Balance, Ending	\$ 1	\$ 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.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 114	\$ 152	\$ 88
Receipts:			
Assessments.....	\$ 117	\$ 120	\$ 124
Interest.....	<u>7</u>	<u>7</u>	<u>6</u>
Total Receipts	<u>124</u>	<u>127</u>	<u>130</u>
Total Funds Available	\$ <u>238</u>	\$ <u>279</u>	\$ <u>218</u>
Disbursements:			
State Police.....	\$ 86	\$ 191	\$ 155
Total Disbursements	<u>-86</u>	<u>-191</u>	<u>-155</u>
Cash Balance, Ending	\$ <u>152</u>	\$ <u>88</u>	\$ <u>63</u>

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. Act 121 of 1988 added a \$25 fee on persons admitted to programs for Accelerated Rehabilitation Disposition (ARD) related to driving under the influence of drugs and/or alcohol.

In addition to the fees imposed by Act 121, revenue is derived from a \$10 fine levied on all moving traffic violations. 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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 12,670	\$ 16,171	\$ 13,147
Receipts:			
Fines	\$ 12,943	\$ 12,943	\$ 12,943
Interest	843	1,076	859
Total Receipts	<u>13,786</u>	<u>14,019</u>	<u>13,802</u>
Total Funds Available	<u>\$ 26,456</u>	<u>\$ 30,190</u>	<u>\$ 26,949</u>
Disbursements:			
Health	\$ 10,285	\$ 16,648	\$ 13,457
Public Welfare	0	395	503
Total Disbursements	<u>-10,285</u>	<u>-17,043</u>	<u>-13,960</u>
Cash Balance, Ending	<u>\$ 16,171</u>	<u>\$ 13,147</u>	<u>\$ 12,989</u>

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 3,479	\$ 4,010	\$ 4,333
Receipts:			
Vending Stand Equipment Rentals	\$ 206	\$ 250	\$ 275
Vending Machine Receipts	380	320	330
Interest	223	178	178
Other	130	180	190
Total Receipts	<u>939</u>	<u>928</u>	<u>973</u>
Total Funds Available	\$ 4,418	\$ 4,938	\$ 5,306
Disbursements:			
Treasury	\$ 0	\$ 5	\$ 5
Labor and Industry.....	408	600	600
Total Disbursements	<u>-408</u>	<u>-605</u>	<u>-605</u>
Cash Balance, Ending	\$ 4,010	\$ 4,333	\$ 4,701

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)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 3,760	\$ 4,140	\$ 4,105
Receipts:			
Revenue Estimate.....	\$ 1,207	\$ 1,200	\$ 800
Other.....	272	542	300
Total Receipts	<u>1,479</u>	<u>1,742</u>	<u>1,100</u>
Total Funds Available	\$ 5,239	\$ 5,882	\$ 5,205
Disbursements:			
Environmental Protection.....	\$ 299	\$ 859	\$ 1,250
Public Welfare.....	800	918	3,800
Total Disbursements	<u>-1,099</u>	<u>-1,777</u>	<u>-5,050</u>
Cash Balance, Ending	\$ 4,140	\$ 4,105	\$ 155

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 was supported by an appropriation from the General Fund as well as from interest earnings. The fund will terminate when project activity is complete.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 337	\$ 298	\$ 188
Receipts:			
Interest	\$ 20	\$ 15	\$ 12
Total Receipts	<u>20</u>	<u>15</u>	<u>12</u>
Total Funds Available	\$ 357	\$ 313	\$ 200
Disbursements:			
Community and Economic Development.....	\$ 59	\$ 125	\$ 125
Total Disbursements	<u>-59</u>	<u>-125</u>	<u>-125</u>
Cash Balance, Ending	\$ 298	\$ 188	\$ 75

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 564	\$ 667	\$ 535
Receipts:			
Transfers from Other Funds.....	\$ 532	\$ 504 ^a	\$ 385
Interest.....	51	40	10
Total Receipts	<u>583</u>	<u>544</u>	<u>395</u>
Total Funds Available	<u>\$ 1,147</u>	<u>\$ 1,211</u>	<u>\$ 930</u>
Disbursements:			
Conservation and Natural Resources.....	\$ 98	\$ 104	\$ 184
Environmental Protection	382	572	551
Total Disbursements	<u>-480</u>	<u>-676</u>	<u>-735</u>
Cash Balance, Ending	<u>\$ 667</u>	<u>\$ 535</u>	<u>\$ 195</u>

^a Includes prior year lapse.

Financially Distressed Municipalities 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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 7,725	\$ 8,339	\$ 6,789
Receipts:			
Loan Repayments.....	\$ 503	\$ 750	\$ 750
Interest	520	500	475
Total Receipts	<u>1,023</u>	<u>1,250</u>	<u>1,225</u>
Total Funds Available	<u>\$ 8,748</u>	<u>\$ 9,589</u>	<u>\$ 8,014</u>
Disbursements:			
Community and Economic Development.....	\$ 409	\$ 2,800	\$ 2,800
Total Disbursements	<u>-409</u>	<u>-2,800</u>	<u>-2,800</u>
Cash Balance, Ending	<u>\$ 8,339</u>	<u>\$ 6,789</u>	<u>\$ 5,214</u>

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)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 54,295	\$ 56,684	\$ 56,679
Receipts:			
Tax Payable to Municipalities.....	\$ 56,587	\$ 56,589	\$ 60,000
Other.....	<u>2</u>	<u>5</u>	<u>5</u>
Total Receipts	<u>56,589</u>	<u>56,589</u>	<u>60,000</u>
Total Funds Available	\$ 110,884	\$ 113,273	\$ 116,679
Disbursements:			
Auditor General.....	\$ 54,200	\$ 56,589	\$ 60,000
Treasury.....	<u>0</u>	<u>5</u>	<u>5</u>
Total Disbursements	<u>-54,200</u>	<u>-56,594</u>	<u>-60,005</u>
Cash Balance, Ending	\$ 56,684	\$ 56,679	\$ 56,674

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 726	\$ 964	\$ 645
Receipts:			
Driver's License Applicants.....	\$ 260	\$ 260	\$ 260
State Income Tax Contribution.....	45	30	0
Vehicle Registration.....	294	294	294
Interest on Securities.....	45	45	45
Total Receipts	<u>644</u>	<u>629</u>	<u>599</u>
Total Funds Available	<u>\$ 1,370</u>	<u>\$ 1,593</u>	<u>\$ 1,244</u>
Disbursements:			
Education.....	\$ 94	\$ 219	\$ 150
Health.....	312	729	455
Total Disbursements	<u>-406</u>	<u>-948</u>	<u>-605</u>
Cash Balance, Ending	<u>\$ 964</u>	<u>\$ 645</u>	<u>\$ 639</u>

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)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 1,882	\$ 2,144	\$ 2,054
Receipts:			
Toxic Chemical Release Form Fee	\$ 953	\$ 800	\$ 800
Chemical Inventory Fee	267	260	260
Interest on Securities	122	75	50
Other.....	106	80	0
Total Receipts	<u>1,448</u>	<u>1,215</u>	<u>1,110</u>
Total Funds Available	\$ 3,330	\$ 3,359	\$ 3,164
Disbursements:			
Emergency Management Agency	\$ 1,093	\$ 1,175	\$ 1,175
Labor and Industry	93	130	138
Total Disbursements	<u>-1,186</u>	<u>-1,305</u>	<u>-1,313</u>
Cash Balance, Ending	\$ 2,144	\$ 2,054	\$ 1,851

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. Revenue is generated from a portion of the Capital Stock and Franchise Tax and a Hazardous Waste Fee as well as money received from parties determined responsible for site contamination. Expenditures are for cleaning up abandoned hazardous waste sites throughout the Commonwealth and restoring the land to productive use. Act 68 of 1999 authorized a transfer from the Hazardous Sites Cleanup and Recycling Funds of up to \$30 million annually for five years to the Environmental Stewardship Fund to provide funding for various environmental programs.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 146,865	\$ 140,590	\$ 108,449
Receipts:			
Capital Stock and Franchise Tax	\$ 29,357	\$ 29,500	\$ 30,400
Hazardous Waste Fee.....	2,494	2,400	2,400
Cost Recovery.....	2,552	3,000	2,000
Interest.....	8,608	5,000	4,500
Total Receipts	<u>43,011</u>	<u>39,900</u>	<u>39,300</u>
Total Funds Available	\$ 189,876	\$ 180,490	\$ 147,749
Disbursements:			
Environmental Protection.....	\$ 49,286	\$ 72,041	\$ 83,531
Total Disbursements	<u>-49,286</u>	<u>-72,041</u>	<u>-83,531</u>
Cash Balance, Ending	\$ 140,590	\$ 108,449	\$ 64,218

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)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 78,241 ^a	\$ 78,278	\$ 78,315
Receipts:			
Transfer from General Fund	\$ 365,981 ^b	\$ 403,075	\$ 407,738
Investment Earnings	12,520	10,979	11,010
Federal Revenue.....	84,724	90,467	85,131
Other.....	128,612	140,949	137,048
Total Receipts	591,837	645,470	640,927
Total Funds Available	\$ 670,078	\$ 723,748	\$ 719,242
Disbursements:			
Treasury.....	\$ 0	\$ 40	\$ 40
Higher Education Assistance Agency.....	591,800	645,393	638,283
Total Disbursements	-591,800	-645,433	-638,323
Cash Balance, Ending	\$ 78,278 ^a	\$ 78,315	\$ 80,919

^a Beginning and ending balances adjusted to reflect change in reporting of federal funds and other adjustments reported by PHEAA.

^b Includes \$20,000,000 refunded to the General Fund.

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)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 971	\$ 1,050	\$ 691
Receipts:			
Licenses and Fees.....	\$ 311	\$ 312	\$ 310
Other.....	112	50	45
Total Receipts	423	362	355
Total Funds Available	\$ 1,394	\$ 1,412	\$ 1,046
Disbursements:			
Treasury.....	\$ 0	\$ 6	\$ 6
Transportation.....	344	715	715
Total Disbursements	-344	-721	-721
Cash Balance, Ending	\$ 1,050	\$ 691	\$ 325

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 of 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.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 2,420	\$ 2,573	\$ 2,103
Receipts:			
Admission Fees.....	\$ 918	\$ 1,000	\$ 1,100
Interest	156	150	150
Other.....	2,979	3,000	3,200
Total Receipts	<u>4,053</u>	<u>4,150</u>	<u>4,450</u>
Total Funds Available	\$ 6,473	\$ 6,723	\$ 6,553
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Historical and Museum Commission.....	3,900	4,615	4,620
Total Disbursements	<u>-3,900</u>	<u>-4,620</u>	<u>-4,625</u>
Cash Balance, Ending	\$ 2,573	\$ 2,103	\$ 1,928

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)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 44	\$ 105	\$ 108
Receipts:			
Federal Revenue.....	\$ 776	\$ 1,065	\$ 1,065
Miscellaneous.....	2	3	3
Total Receipts	<u>778</u>	<u>1,068</u>	<u>1,068</u>
Total Funds Available	\$ 822	\$ 1,173	\$ 1,176
Disbursements:			
Community and Economic Development.....	\$ 717	\$ 1,065	\$ 1,125
Total Disbursements	<u>-717</u>	<u>-1,065</u>	<u>-1,125</u>
Cash Balance, Ending	\$ 105	\$ 108	\$ 51

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 6,898	\$ 198	\$ 203
Receipts:			
General Fund Transfer.....	\$ 13,000	\$ 4,000	\$ 0
Interest on Securities.....	387	10	100
Total Receipts	<u>13,387</u>	<u>4,010</u>	<u>100</u>
Total Funds Available	<u>\$ 20,285</u>	<u>\$ 4,208</u>	<u>\$ 303</u>
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Community and Economic Development.....	20,087	4,000	0
Total Disbursements	<u>-20,087</u>	<u>-4,005</u>	<u>-5</u>
Cash Balance, Ending	<u>\$ 198</u>	<u>\$ 203</u>	<u>\$ 298</u>

Industrial Sites Cleanup Fund

Act 2 of 1995 created the Industrial Sites Cleanup Fund to provide grants and loans to political subdivisions, local economic development agencies, and others who as part of an economic development strategy undertake voluntary cleanup of property contaminated by industrial activity. Act 6 of 2000 allows the Department of Community and Economic Development to provide performance-based loans, which may be forgiven if performance measures are met. Also, Act 6 expanded the program to include remediation of non-hazardous waste or debris. Revenue to the fund consists of transfers from the Hazardous Sites Cleanup Fund, any funds appropriated by the General Assembly, interest earnings, and loan repayments. Grants and loans are prioritized based on the benefit of the project to the public health and safety, the cost effectiveness of the project, the economic distress of the area, and the potential of the project to result in economic development.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 31,157	\$ 20,195	\$ 7,145
Receipts:			
Transfer from Hazardous Sites Cleanup Fund.....	\$ 0	\$ 0	\$ 8,000
Loan Principal and Interest.....	119	250	275
Interest on Securities.....	1,736	900	500
Total Receipts	<u>1,855</u>	<u>1,150</u>	<u>8,775</u>
Total Funds Available	<u>\$ 33,012</u>	<u>\$ 21,345</u>	<u>\$ 15,920</u>
Disbursements:			
Community and Economic Development.....	\$ 12,817	\$ 14,200	\$ 14,000
Total Disbursements	<u>-12,817</u>	<u>-14,200</u>	<u>-14,000</u>
Cash Balance, Ending	<u>\$ 20,195</u>	<u>\$ 7,145</u>	<u>\$ 1,920</u>

Insurance Fraud Prevention Trust Fund

The Insurance Fraud Prevention Trust Fund was created by Act 166 of 1994. The purpose of the fund is to finance activities in the Commonwealth to prevent, combat and reduce insurance fraud, 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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 1,948	\$ 3,915	\$ 2,149
Receipts:			
Assessments.....	\$ 9,901	\$ 9,500	\$ 9,500
Fines and Penalties Income.....	0	200	200
Interest on Securities.....	341	410	410
Total Receipts	<u>10,242</u>	<u>10,110</u>	<u>10,110</u>
Total Funds Available	\$ 12,190	\$ 14,025	\$ 12,259
Disbursements:			
Insurance Fraud Prevention Authority.....	\$ 8,275	\$ 11,876	\$ 11,901
Total Disbursements	<u>-8,275</u>	<u>-11,876</u>	<u>-11,901</u>
Cash Balance, Ending	\$ 3,915	\$ 2,149	\$ 358

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.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 114,645	\$ 109,032	\$ 64,932
Receipts:			
Carrier Assets.....	\$ 1,452	\$ 10,000	\$ 10,000
Other.....	143	0	0
Net Investment Adjustment.....	-3,493	0	0
Interest	9,919	5,900	5,900
Total Receipts	<u>8,021</u>	<u>15,900</u>	<u>15,900</u>
Total Funds Available	\$ 122,666	\$ 124,932	\$ 80,832
Disbursements:			
Insurance.....	\$ 13,634	\$ 60,000	\$ 60,000
Total Disbursements	<u>-13,634</u>	<u>-60,000</u>	<u>-60,000</u>
Cash Balance, Ending	\$ 109,032	\$ 64,932	\$ 20,832

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund	\$ 4,360	\$ 4,323	\$ 4,290
Total Receipts	<u>4,360</u>	<u>4,323</u>	<u>4,290</u>
Total Funds Available	<u>\$ 4,360</u>	<u>\$ 4,323</u>	<u>\$ 4,290</u>
Disbursements:			
Treasury.....	\$ 4,360	\$ 4,323	\$ 4,290
Total Disbursements	<u>-4,360</u>	<u>-4,323</u>	<u>-4,290</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Land and Water Development Fund

This fund was created in 1968 to finance projects to eliminate land and water scars, air pollution and subsidence due to past coal mining operations, to aid political subdivisions in constructing or improving sewage treatment plants, to develop public outdoor recreation lands and to aid local governments in acquiring land for recreation purposes. In addition, administrative expenses incurred in support of any of these activities may be paid with monies in this fund. Initially, revenue to the fund was derived from the sale of Land and Water Development Bonds up to the \$500 million approved by the electorate on May 16, 1967. All appropriated funds from the bonds have been expended.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 1,831	\$ 1,656	\$ 97
Receipts:			
Sale of Refuse Bank Materials.....	\$ 36	\$ 30	\$ 30
Total Receipts	<u>36</u>	<u>30</u>	<u>30</u>
Total Funds Available	<u>\$ 1,867</u>	<u>\$ 1,686</u>	<u>\$ 127</u>
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Environmental Protection	211	1,584	0
Total Disbursements	<u>-211</u>	<u>-1,589</u>	<u>-5</u>
Cash Balance, Ending	<u>\$ 1,656</u>	<u>\$ 97</u>	<u>\$ 122</u>

Land and Water Development Sinking Fund

Payment of interest and principal due on outstanding land and water development bonds is made from this fund. The annual appropriation from the General Fund for general obligation debt service and interest on invested balances in this fund and in the Land and Water Development Fund provide the revenues to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 21	\$ 17	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 13,316	\$ 7,649	\$ 4,454
Interest on Securities.....	245	260	100
Total Receipts	<u>13,561</u>	<u>7,909</u>	<u>4,554</u>
Total Funds Available	<u>\$ 13,582</u>	<u>\$ 7,926</u>	<u>\$ 4,554</u>
Disbursements:			
Treasury.....	\$ 13,565	\$ 7,926	\$ 4,554
Total Disbursements	<u>-13,565</u>	<u>-7,926</u>	<u>-4,554</u>
Cash Balance, Ending	<u>\$ 17</u>	<u>\$ 0</u>	<u>\$ 0</u>

Liquid Fuels Tax Fund

The Liquid Fuels Tax Fund was created in 1931 by an act of the General Assembly to assist in funding the local roads system. One-half cent per gallon of gasoline and diesel fuel taxes is deposited into the fund for semi-annual distribution to county governments and to pay registration fees for vehicles operated by mass transportation systems. After payment of fees, remaining funds are allocated to the counties on a three-year average refund to total refund formula and must be used for highway purposes. Since the majority of counties have direct jurisdiction over a limited number of roads, a large portion of these funds are further allocated by the counties to their political subdivisions. To streamline payments to counties the Department of Revenue delegated the authority for these payments and attendant expenses to the Department of Transportation effective in 1999-00.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 5,571	\$ 6,173	\$ 5,848
Receipts:			
Tax on Gasoline	\$ 24,829	\$ 24,992	\$ 25,117
Tax on Diesel Fuel	6,357	6,457	6,552
Total Receipts	<u>31,186</u>	<u>31,449</u>	<u>31,669</u>
Total Funds Available	<u>\$ 36,757</u>	<u>\$ 37,622</u>	<u>\$ 37,517</u>
Disbursements:			
Treasury.....	\$ 100	\$ 274	\$ 274
Transportation.....	30,484	31,500	31,500
Total Disbursements.....	<u>-30,584</u>	<u>-31,774</u>	<u>-31,774</u>
Cash Balance, Ending	<u>\$ 6,173</u>	<u>\$ 5,848</u>	<u>\$ 5,743</u>

Liquor License Fund

This fund serves as a pass-through account for fees for hotel, restaurant and club liquor and/or beer licenses. These fees are returned semi-annually to the municipalities in which the licenses are located. Interest earned on fund deposits is credited to the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 2,392	\$ 2,405	\$ 2,415
Receipts:			
Liquor License Fees.....	\$ 4,098	\$ 4,600	\$ 4,600
Beer License Fees.....	606	110	110
Other.....	2	5	5
Total Receipts	<u>4,706</u>	<u>4,715</u>	<u>4,715</u>
Total Funds Available	\$ 7,098	\$ 7,120	\$ 7,130
Disbursements:			
Treasury.....	\$ 4	\$ 5	\$ 5
Liquor Control Board.....	4,689	4,700	4,700
Total Disbursements	<u>-4,693</u>	<u>-4,705</u>	<u>-4,705</u>
Cash Balance, Ending	\$ 2,405	\$ 2,415	\$ 2,425

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 773	\$ 1,334	\$ 999
Receipts:			
Sale of Bonds.....	\$ 2,048	\$ 1,000	\$ 0
Interest.....	61	66	16
Total Receipts	<u>2,109</u>	<u>1,066</u>	<u>16</u>
Total Funds Available	\$ 2,882	\$ 2,400	\$ 1,015
Disbursements:			
Treasury.....	\$ 1	\$ 1	\$ 1
Corrections.....	1,547	1,400	1,014
Total Disbursements	<u>-1,548</u>	<u>-1,401</u>	<u>-1,015</u>
Cash Balance, Ending	\$ 1,334	\$ 999	\$ 0

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 1	\$ 1	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 15,966	\$ 16,149	\$ 16,209
Accrued Interest on Bonds Sold.....	5	4	0
Total Receipts	<u>15,971</u>	<u>16,153</u>	<u>16,209</u>
Total Funds Available	<u>\$ 15,972</u>	<u>\$ 16,154</u>	<u>\$ 16,209</u>
Disbursements:			
Treasury.....	\$ 15,971	\$ 16,154	\$ 16,209
Total Disbursements	<u>-15,971</u>	<u>-16,154</u>	<u>-16,209</u>
Cash Balance, Ending	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ 0</u>

Local Government Capital Project Loan Fund

This fund was created in 1990 to assist municipal governments in acquiring equipment and facilities by providing low-interest loans to those governments which find conventional loan costs to be prohibitive. Loans are provided at a rate of 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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 1,677	\$ 1,325	\$ 463
Receipts:			
Loan Repayments.....	\$ 552	\$ 578	\$ 600
Interest	98	60	25
Total Receipts	<u>650</u>	<u>638</u>	<u>625</u>
Total Funds Available	<u>\$ 2,327</u>	<u>\$ 1,963</u>	<u>\$ 1,088</u>
Disbursements:			
Community and Economic Development.....	\$ 1,002	\$ 1,500	\$ 1,000
Total Disbursements	<u>-1,002</u>	<u>-1,500</u>	<u>-1,000</u>
Cash Balance, Ending	<u>\$ 1,325</u>	<u>\$ 463</u>	<u>\$ 88</u>

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 3,755	\$ 3,545	\$ 2,446
Receipts:			
Fines and Penalties (a).....	\$ 0	\$ 0	\$ 0
Licenses and Fees (a).....	0	0	0
Surcharges (a).....	0	0	0
Interest.....	224	150	90
Total Receipts	224	150	90
Total Funds Available	\$ 3,979	\$ 3,695	\$ 2,536
Disbursements:			
Environmental Protection	\$ 434	\$ 1,249	\$ 657
Total Disbursements	-434	-1,249	-657
Cash Balance, Ending	\$ 3,545	\$ 2,446	\$ 1,879

(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. In 2001-02 revenue to the fund includes estimated income from securitization of existing loans thereby making the value of these assets available to finance an expansion of the loan program.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 19,624	\$ 19,313	\$ 18,213
Receipts:			
Transfer from General Fund.....	\$ 6,000	\$ 0	\$ 0
Loan Repayments.....	12,117	7,000	4,000
Securitization.....	0	20,000	0
Miscellaneous.....	0	100	100
Interest on Securities.....	1,434	2,000	1,200
Total Receipts	19,551	29,100	5,300
Total Funds Available	\$ 39,175	\$ 48,413	\$ 23,513
Disbursements:			
Community and Economic Development.....	\$ 19,862	\$ 30,200	\$ 17,200
Total Disbursements	-19,862	-30,200	-17,200
Cash Balance, Ending	\$ 19,313	\$ 18,213	\$ 6,313

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 10,510	\$ 17,594	\$ 14,289
Receipts:			
Sale of Products.....	\$ 43,060	\$ 41,000	\$ 39,800
Interest.....	821	550	500
Other.....	360	150	150
Total Receipts	<u>44,241</u>	<u>41,700</u>	<u>40,450</u>
Total Funds Available	\$ 54,751	\$ 59,294	\$ 54,739
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Corrections.....	37,157	45,000	42,988
Total Disbursements	<u>-37,157</u>	<u>-45,005</u>	<u>-42,993</u>
Cash Balance, Ending	\$ 17,594	\$ 14,289	\$ 11,746

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.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 167,563	\$ 135,933	\$ 161,694
Receipts:			
Surcharges	\$ 317,458	\$ 364,587	\$ 355,000
Income on Investments.....	10,967	6,982	7,519
Reinsurance Proceeds.....	28	66	0
Loan Proceeds.....	27,000	0	0
Other.....	270	226	12
Total Receipts	<u>355,723</u>	<u>371,861</u>	<u>362,531</u>
Total Funds Available	\$ 523,286	\$ 507,794	\$ 524,225
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Executive Offices.....	359,897	346,095	348,954
Loan Repayment.....	27,456	0	0
Total Disbursements	<u>-387,353</u>	<u>-346,100</u>	<u>-348,959</u>
Cash Balance, Ending	\$ 135,933	\$ 161,694	\$ 175,266

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 2,658	\$ 3,069	\$ 3,029
Receipts:			
Interest on Securities.....	\$ 174	\$ 185	\$ 185
Loan Principal and Interest Repayments.....	1,076	1,025	1,000
Other.....	8	0	0
Total Receipts	1,258	1,210	1,185
Total Funds Available	\$ 3,916	\$ 4,279	\$ 4,214
Disbursements:			
Community and Economic Development.....	\$ 847	\$ 1,250	\$ 1,250
Total Disbursements	-847	-1,250	-1,250
Cash Balance, Ending	\$ 3,069	\$ 3,029	\$ 2,964

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 1,115	\$ 1,092	\$ 1,009
Receipts:			
Dealer/Agent Assessment.....	\$ 60	\$ 75	\$ 77
Interest	68	50	52
Total Receipts	128	125	129
Total Funds Available	\$ 1,243	\$ 1,217	\$ 1,138
Disbursements:			
Transportation.....	\$ 151	\$ 208	\$ 212
Total Disbursements	-151	-208	-212
Cash Balance, Ending	\$ 1,092	\$ 1,009	\$ 926

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.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 130,221	\$ 131,715	\$ 130,605
Receipts:			
Foreign Casualty Insurance Premium Tax.....	\$ 134,929	\$ 123,525	\$ 125,000
Foreign Fire Insurance Premium Tax.....	4,455	11,262	12,500
Interest	4,110	4,108	4,000
Total Receipts	143,494	138,895	141,500
Total Funds Available	\$ 273,715	\$ 270,610	\$ 272,105
Disbursements:			
Auditor General.....	\$ 142,000	\$ 140,000	\$ 140,000
Treasury.....	0	5	5
Total Disbursements	-142,000^a	-140,005^b	-140,005^c
Cash Balance, Ending	\$ 131,715	\$ 130,605	\$ 132,100

^a Includes post-retirement payment of \$4,690,772 as authorized by Act 147 of 1988.

^b Includes post-retirement payment of \$4,455,450 as authorized by Act 147 of 1988.

^c Includes post-retirement payment of \$5,700,000 as authorized by Act 147 of 1988.

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 7,510	\$ 8,244	\$ 8,053
Receipts:			
Licenses and Fees.....	\$ 204	\$ 225	\$ 200
Penalties.....	55	33	52
Interest.....	476	320	450
Collateral.....	43	0	0
Payment in Lieu of Bonds.....	27	31	30
Forfeiture of Bond.....	0	0	0
Total Receipts	<u>805</u>	<u>609</u>	<u>732</u>
Total Funds Available	\$ 8,315	\$ 8,853	\$ 8,785
Disbursements:			
Environmental Protection	\$ 71	\$ 800	\$ 800
Total Disbursements	<u>-71</u>	<u>-800</u>	<u>-800</u>
Cash Balance, Ending	\$ 8,244	\$ 8,053	\$ 7,985

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 1	\$ 1	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 596	\$ 548	\$ 551
Total Receipts	<u>596</u>	<u>548</u>	<u>551</u>
Total Funds Available	\$ 597	\$ 549	\$ 551
Disbursements:			
Treasury.....	\$ 596	\$ 549	\$ 551
Total Disbursements	<u>-596</u>	<u>-549</u>	<u>-551</u>
Cash Balance, Ending	\$ 1	\$ 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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 7,260	\$ 9,654	\$ 4,922
Receipts:			
Transfer from General Fund.....	\$ 3,280	\$ 3,280	\$ 3,280
Interest.....	576	576	350
Fines	1	1	1
Total Receipts	<u>3,857</u>	<u>3,857</u>	<u>3,631</u>
Total Funds Available	\$ 11,117	\$ 13,511	\$ 8,553
Disbursements:			
Agriculture	\$ 573	\$ 7,249	\$ 5,005
Environmental Protection	890	1,340	1,600
Total Disbursements	<u>-1,463</u>	<u>-8,589</u>	<u>-6,605</u>
Cash Balance, Ending	\$ 9,654	\$ 4,922	\$ 1,948

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 3,981	\$ 5,167	\$ 2,867
Receipts:			
Rents and Royalties.....	\$ 3,388	\$ 3,300	\$ 3,000
Interest.....	269	275	275
Other.....	117	125	100
Total Receipts	<u>3,774</u>	<u>3,700</u>	<u>3,375</u>
Total Funds Available	\$ 7,755	\$ 8,867	\$ 6,242
Disbursements:			
Treasury.....	\$ 0	\$ 0	\$ 5
Conservation and Natural Resources.....	2,588	6,000	6,000
Total Disbursements	<u>-2,588</u>	<u>-6,000</u>	<u>-6,005</u>
Cash Balance, Ending	\$ 5,167	\$ 2,867	\$ 237

Pennsylvania Economic Revitalization Fund

The Pennsylvania Economic Revitalization Fund (PERF) was created by Act 104 of 1984 as a three-year \$190 million program financed through a bond issue authorized by the electorate. The fund was formally established in the 1988-89 budget as an economic development fund and authorization for the fund was eliminated in 1995-96. Activity continues because of the long-term nature of existing projects. Upon completion of project activity, the remaining balance in this fund will be transferred to the General Fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 1,007	\$ 586	\$ 0
Receipts:			
Interest on Securities.....	\$ 67	\$ 25	\$ 0
Other.....	-470 ^a	-36 ^a	0
Total Receipts	-403	-11	0
Total Funds Available	\$ 604	\$ 575	\$ 0
Disbursements:			
Agriculture.....	\$ 0	\$ 98	\$ 0
Conservation and Natural Resources.....	18	477	0
Total Disbursements	-18	-575	0
Cash Balance, Ending	\$ 586	\$ 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)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 70	\$ 68	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 6,253	\$ 5,308	\$ 2,395
Interest on Securities.....	68	18	0
Total Receipts	6,321	5,326	2,395
Total Funds Available	\$ 6,391	\$ 5,394	\$ 2,395
Disbursements:			
Treasury.....	\$ 6,323	\$ 5,394	\$ 2,395
Total Disbursements	-6,323	-5,394	-2,395
Cash Balance, Ending	\$ 68	\$ 0	\$ 0

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)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 141	\$ 150	\$ 76
Receipts:			
Interest	\$ 9	\$ 6	\$ 4
Total Receipts	9	6	4
Total Funds Available	\$ 150	\$ 156	\$ 80
Disbursements:			
Historical and Museum Commission.....	\$ 0	\$ 80	\$ 0
Total Disbursements	0	-80	0
Cash Balance, Ending	\$ 150	\$ 76	\$ 80

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)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 16,702	\$ 18,561	\$ 7,220
Receipts:			
Transfer from Motor License Fund	\$ 5,000	\$ 0	\$ 0
Federal Funds.....	102	0	0
Loan Repayments.....	1,195	2,831	4,964
Interest	905	828	573
Total Receipts	7,202	3,659	5,537
Total Funds Available	\$ 23,904	\$ 22,220	\$ 12,757
Disbursements:			
Transportation.....	\$ 5,343	\$ 15,000	\$ 10,000
Total Disbursements	-5,343	-15,000	-10,000
Cash Balance, Ending	\$ 18,561	\$ 7,220	\$ 2,757

Pennsylvania Municipal Retirement Fund

Act 15 of 1974 created the Pennsylvania Municipal Retirement System which replaced the Municipal Employees Retirement Law and the Municipal Police Retirement Law and combined all employees covered under both into a State-related municipal system. The fund established under Act 15 provides for payment of retirement allowances to officers, employees, firemen and police of political subdivisions (counties, cities, boroughs and townships of the first and second class). Any municipality may elect by ordinance to join the system. Revenues are generated from the contributions of the members of the system and investment earnings. The board established under Act 15 has control over the system's operation. The net investment adjustment shown below is to reflect carrying value of long-term investments as of June 30. A municipality may, upon meeting the requirements set forth in Act 15, elect to withdraw from participation in this fund. Withdrawals may substantially increase the level of disbursements reflected in this presentation.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 1,027,581	\$ 1,015,191	\$ 1,000,000
Receipts:			
Contributions.....	\$ 34,957	\$ 36,700	\$ 38,500
Interest on Securities	66,159	60,000	65,000
Net Investment Adjustment.....	-78,568	-76,866	35,025
Total Receipts	<u>22,548</u>	<u>19,834</u>	<u>138,525</u>
Total Funds Available	\$ 1,050,129	\$ 1,035,025	\$ 1,138,525
Disbursements:			
Treasury.....	\$ 0	\$ 25	\$ 25
Municipal Retirement Board.....	34,938	35,000	38,500
Total Disbursements	<u>-34,938</u>	<u>-35,025</u>	<u>-38,525</u>
Cash Balance, Ending	\$ 1,015,191	\$ 1,000,000	\$ 1,100,000

Pennsylvania Veterans Memorial Trust Fund

Act 60 of 1988 established this fund to be administered by the Pennsylvania Veterans Memorial Commission. Funds shall be expended to erect a monument to Pennsylvania Veterans who served in armed conflicts in which the United States was a participant.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 3,218	\$ 2,775	\$ 193
Receipts:			
Transfer from General Fund.....	\$ 2,000	\$ 500	\$ 0
Public/Private Donations.....	180	150	100
Interest	277	95	5
Total Receipts	<u>2,457</u>	<u>745</u>	<u>105</u>
Total Funds Available	\$ 5,675	\$ 3,520	\$ 298
Disbursements:			
Military and Veterans Affairs.....	\$ 2,900	\$ 3,327	\$ 200
Total Disbursements	<u>-2,900</u>	<u>-3,327</u>	<u>-200</u>
Cash Balance, Ending	\$ 2,775	\$ 193	\$ 98

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 13,709	\$ 20,313	\$ 18,913
Receipts:			
Referendum Bonds.....	\$ 6,187	\$ 1,000	\$ 2,000
Interest.....	2,296	1,000	2,000
Total Receipts	<u>8,483</u>	<u>2,000</u>	<u>4,000</u>
Total Funds Available	\$ 22,192	\$ 22,313	\$ 22,913
Disbursements:			
Treasury.....	\$ 3	\$ 0	\$ 0
Infrastructure Investment Authority:			
PENNVEST Fund	0	2,000	2,000
PENNVEST Drinking Water Revolving Fund.....	182	200	300
PENNVEST Water Pollution Control Revolving Fund.....	84	200	200
PENNVEST Revolving Fund.....	1,610	1,000	1,000
PENNVEST Non-Revolving Equity Fund.....	0	0	0
Total Disbursements	<u>-1,879</u>	<u>-3,400</u>	<u>-3,500</u>
Cash Balance, Ending	\$ 20,313	\$ 18,913	\$ 19,413

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.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 2,236	\$ 4,989	\$ 8,672
Receipts:			
Bond Authorization Fund.....	\$ 182	\$ 200	\$ 300
PENNVEST Fund.....	15,687	15,000	15,000
Water Pollution Control Revolving Fund.....	0	0	8,187
Federal Funds.....	28,655	38,283	39,900
Interest and Principal Payments.....	3,861	2,000	2,500
Investment Income.....	230	100	100
Total Receipts	<u>48,615</u>	<u>55,583</u>	<u>65,987</u>
Total Funds Available	\$ 50,851	\$ 60,572	\$ 74,659
Disbursements:			
Infrastructure Investment Authority.....	\$ 45,862	\$ 51,900	\$ 65,970
Total Disbursements	<u>-45,862</u>	<u>-51,900</u>	<u>-65,970</u>
Cash Balance, Ending	\$ 4,989	\$ 8,672	\$ 8,689

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)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 137,305	\$ 166,560	\$ 180,053
Receipts:			
Revolving Loan Payments.....	\$ 73,039	\$ 79,030	\$ 80,030
Bond Authorization Fund.....	-1,373 ^a	2,000	2,000
Interest.....	7,012	2,500	2,500
Other.....	0	0	0
Total Receipts	<u>78,678</u>	<u>83,530</u>	<u>84,530</u>
Total Funds Available	\$ 215,983	\$ 250,090	\$ 264,583
Disbursements:			
Infrastructure Investment Authority:			
Loans and Grants.....	\$ 1,195	\$ 2,125	\$ 1,500
Administration.....	1,795	2,402	2,438
Growing Greener Grants.....	3,788	20,000	20,000
Loans.....	42,645	45,510	48,010
Total Disbursements	<u>-49,423</u>	<u>-70,037</u>	<u>-71,948</u>
Cash Balance, Ending	\$ 166,560	\$ 180,053	\$ 192,635

^a Negative amount is a reversal of a previous transfer of interest earnings.

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 4	\$ 4	\$ 4
Receipts:			
Bond Authorization Fund.....	\$ 0	\$ 0	\$ 0
Total Receipts	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Available	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 4</u>
Disbursements:			
Infrastructure Investment Authority:			
Drinking Water Projects.....	\$ 0	\$ 0	\$ 0
Sewer Projects.....	0	0	0
Stormwater Projects.....	<u>0</u>	<u>0</u>	<u>0</u>
Total Disbursements	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 4</u>

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 0	\$ 1	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 24,590	\$ 24,539	\$ 23,435
Interest on Securities.....	7	7	7
Accrued Interest on Bonds Sold	14	0	0
Non-Revolving Loan Repayments.....	<u>2,232</u>	<u>2,212</u>	<u>2,192</u>
Total Receipts	<u>26,843</u>	<u>26,758</u>	<u>25,634</u>
Total Funds Available	<u>\$ 26,843</u>	<u>\$ 26,759</u>	<u>\$ 25,634</u>
Disbursements:			
Treasury.....	\$ 26,842	\$ 26,759	\$ 25,634
Total Disbursements	<u>-26,842</u>	<u>-26,759</u>	<u>-25,634</u>
Cash Balance, Ending	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ 0</u>

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 24	\$ 31	\$ 81
Receipts:			
PENNVEST Bond Authorization Fund.....	\$ 1,809	\$ 1,000	\$ 1,000
Interest.....	6	0	0
Total Receipts	1,815	1,000	1,000
Total Funds Available	\$ 1,839	\$ 1,031	\$ 1,081
Disbursements:			
Infrastructure Investment Authority:			
Drinking Water Projects.....	\$ 1,661	\$ 400	\$ 400
Sewer Projects.....	147	500	500
Storm Water Projects.....	0	50	50
Total Disbursements	-1,808	-950	-950
Cash Balance, Ending	\$ 31	\$ 81	\$ 131

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 128,603	\$ 164,434	\$ 180,498
Receipts:			
Bond Authorization Fund.....	\$ 84	\$ 200	\$ 200
PENNVEST Fund.....	9,342	13,000	14,000
Federal Funds.....	52,538	67,000	68,739
Interest and Principal Payments.....	31,516	32,000	32,000
Investment Income.....	8,667	5,000	6,000
Total Receipts	102,147	117,200	120,939
Total Funds Available	\$ 230,750	\$ 281,634	\$ 301,437
Disbursements:			
Infrastructure Investment Authority.....	\$ 66,316	\$ 101,136	\$ 116,062
Total Disbursements	-66,316	-101,136	-116,062
Cash Balance, Ending	\$ 164,434	\$ 180,498	\$ 185,375

Pharmaceutical Assistance Fund (Contract for the Elderly)

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 Chronic Renal Disease Program and the Special Pharmaceutical Benefits Program 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 and Public Welfare.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 58,623	\$ 45,334	\$ 62,897
Receipts:			
Transfer from Lottery Fund.....	\$ 290,000	\$ 359,000	\$ 395,000
Transfer from Tobacco Settlement Fund.....	0	27,601	33,166
Interest on Securities.....	1,916	1,000	1,000
Chronic Renal Disease.....	5,522	6,000	6,000
Special Pharmaceutical Services.....	19,627	32,584	38,304
Total Receipts	<u>317,065</u>	<u>426,185</u>	<u>473,470</u>
Total Funds Available	\$ 375,688	\$ 471,519	\$ 536,367
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Aging.....	302,210	370,033	436,267
Health.....	5,748 ^a	6,000 ^a	6,000 ^a
Public Welfare.....	22,396 ^a	32,584 ^a	38,304 ^a
Total Disbursements	<u>-330,354</u>	<u>-408,622</u>	<u>-480,576</u>
Cash Balance, Ending	\$ 45,334	\$ 62,897	\$ 55,791

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)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 878	\$ 710	\$ 741
Receipts:			
Transfer from Philadelphia Regional Port Authority.....	\$ 4,300	\$ 4,750	\$ 4,250
Interest on Securities.....	70	31	40
Total Receipts	<u>4,370</u>	<u>4,781</u>	<u>4,290</u>
Total Funds Available	\$ 5,248	\$ 5,491	\$ 5,031
Disbursements:			
Philadelphia Regional Port Operations.....	\$ 4,538	\$ 4,750	\$ 4,250
Total Disbursements	<u>-4,538</u>	<u>-4,750</u>	<u>-4,250</u>
Cash Balance, Ending	\$ 710	\$ 741	\$ 781

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 1,404	\$ 1,741	\$ 1,556
Receipts:			
Transfer from General Fund.....	\$ 900	\$ 600	\$ 600
Other.....	36	25	25
Interest	89	90	85
Total Receipts	<u>1,025</u>	<u>715</u>	<u>710</u>
Total Funds Available	<u>\$ 2,429</u>	<u>\$ 2,456</u>	<u>\$ 2,266</u>
Disbursements:			
Port of Pittsburgh Commission.....	\$ 688	\$ 900	\$ 900
Total Disbursements	<u>-688</u>	<u>-900</u>	<u>-900</u>
Cash Balance, Ending	<u>\$ 1,741</u>	<u>\$ 1,556</u>	<u>\$ 1,366</u>

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, a motor vehicle lease tax, a motor vehicle rental fee and an additional utility realty tax.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 17,192	\$ 8,608	\$ 5,676
Receipts:			
Utility Realty Tax / Gross Receipts Tax.....	\$ 22,478	\$ 19,900	\$ 32,500
Other Taxes and Fees.....	158,984	161,400	164,900
Interest	921	1,000	1,000
Total Receipts	<u>182,383</u>	<u>182,300</u>	<u>198,400</u>
Total Funds Available	<u>\$ 199,575</u>	<u>\$ 190,908</u>	<u>\$ 204,076</u>
Disbursements:			
Transportation:			
Administration.....	\$ 4,777	\$ 4,756	\$ 4,796
Grants.....	186,190	180,476	193,604
Total Disbursements	<u>-190,967</u>	<u>-185,232</u>	<u>-198,400</u>
Cash Balance, Ending	<u>\$ 8,608</u>	<u>\$ 5,676</u>	<u>\$ 5,676</u>

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 17,393	\$ 17,989	\$ 23,665
Receipts:			
Reimbursements to General Services.....	\$ 285,660	\$ 289,228	\$ 323,449
Reimbursements to Executive Offices.....	59,215	70,605	84,014
General Fund Loan.....	38,000	23,300	23,300
Other.....	1,217	1,426	1,495
Total Receipts	<u>384,092</u>	<u>384,559</u>	<u>432,258</u>
Total Funds Available	\$ 401,485	\$ 402,548	\$ 455,923
Disbursements:			
Executive Offices.....	\$ 85,241	\$ 47,557	\$ 85,503
Treasury.....	2	5	5
Loan Repayment.....	9,000	38,000	23,300
General Services.....	289,253	293,321	327,042
Total Disbursements	<u>-383,496</u>	<u>-378,883</u>	<u>-435,850</u>
Cash Balance, Ending	\$ 17,989	\$ 23,665	\$ 20,073

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 949	\$ 623	\$ 339
Receipts:			
Additional License Fees.....	\$ 67	\$ 68	\$ 70
Interest	47	48	49
Total Receipts	<u>114</u>	<u>116</u>	<u>119</u>
Total Funds Available	\$ 1,063	\$ 739	\$ 458
Disbursements:			
State.....	\$ 440	\$ 400	\$ 100
Total Disbursements	<u>-440</u>	<u>-400</u>	<u>-100</u>
Cash Balance, Ending	\$ 623	\$ 339	\$ 358

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 101, as amended by Act 125 of 1998, finances the cleanup of illegally deposited waste on State forest and State park lands. Act 68 of 1999 authorizes a transfer of up to \$30 million annually for five years to the Environmental Stewardship Fund to provide funding for various environmental programs.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 140,460	\$ 123,221	\$ 81,613
Receipts:			
Recycling Fees.....	\$ 48,880	\$ 48,000	\$ 48,000
Fines and Penalties.....	24	3	3
Interest	8,910	5,100	3,000
Environmental Technology Loan Repayments and Interest.....	828	774	775
Total Receipts	<u>58,642</u>	<u>53,877</u>	<u>51,778</u>
Total Funds Available	<u>\$ 199,102</u>	<u>\$ 177,098</u>	<u>\$ 133,391</u>
Disbursements:			
Environmental Protection	\$ 75,881	\$ 95,485	\$ 97,375
Total Disbursements	<u>-75,881</u>	<u>-95,485</u>	<u>-97,375</u>
Cash Balance, Ending	<u>\$ 123,221</u>	<u>\$ 81,613</u>	<u>\$ 36,016</u>

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 provided to vocational rehabilitation clients. The Department of Labor and Industry has diversified and privatized some of the services offered at the center. These changes included training enhancement for clients of the center and improved economic development opportunities for the Johnstown region.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 1,723	\$ 2,835	\$ 2,958
Receipts:			
Client Fees	\$ 15,868	\$ 17,005	\$ 17,205
Interest.....	133	102	102
Other.....	1,575	1,636	1,636
Total Receipts	<u>17,576</u>	<u>18,743</u>	<u>18,943</u>
Total Funds Available	<u>\$ 19,299</u>	<u>\$ 21,578</u>	<u>\$ 21,901</u>
Disbursements:			
Labor and Industry.....	\$ 16,464	\$ 18,620	\$ 19,000
Total Disbursements	<u>-16,464</u>	<u>-18,620</u>	<u>-19,000</u>
Cash Balance, Ending	<u>\$ 2,835</u>	<u>\$ 2,958</u>	<u>\$ 2,901</u>

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 116	\$ 145	\$ 165
Receipts:			
Transfers from Other Funds.....	\$ 150	\$ 1,000	\$ 1,000
Interest	10	20	20
Total Receipts	160	1,020	1,020
Total Funds Available	\$ 276	\$ 1,165	\$ 1,185
Disbursements:			
Environmental Protection	\$ 131	\$ 1,000	\$ 1,000
Total Disbursements	-131	-1,000	-1,000
Cash Balance, Ending	\$ 145	\$ 165	\$ 185

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 2,171	\$ 2,224	\$ 2,234
Receipts:			
Transfer from Land and Water Development Fund.....	\$ 136	\$ 0	\$ 0
Premium Payments.....	62	35	35
Total Receipts	198	35	35
Total Funds Available	\$ 2,369	\$ 2,259	\$ 2,269
Disbursements:			
Environmental Protection	\$ 145	\$ 25	\$ 25
Total Disbursements	-145	-25	-25
Cash Balance, Ending	\$ 2,224	\$ 2,234	\$ 2,244

School Employees' Retirement Fund

The Public School Employees' Retirement Fund provides for receipt and accounting of member and employer contributions, investment of those funds and payment of benefits to retired school employees.

According to the provisions of Act 29 of 1994, starting with the employer contribution payment for the third quarter of 1995 (school salaries paid from July 1, 1995 to September 30, 1995), employers defined as school entities (school districts, intermediate units, and area vocational technical schools) pay 100 percent of the employer share of contributions to the fund. The Commonwealth pays school entities a portion of these costs from appropriated funds based on a statutory formula. Commonwealth contributions of the employer share for non-school entities are also paid from appropriated funds. These contributions are paid directly to the fund.

Earnings from investments provide additional revenue and pay for the expenses of the Public School Employees' Retirement Board. The board is responsible for management of the fund and payment of benefits. The employer contribution rate is determined by the fund's actuary and adopted by the board.

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)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 53,013,799	\$ 47,897,072	\$ 51,989,746
Receipts:			
Transfer from General Fund —			
Employer Contribution (non-school entities).....	\$ 953	\$ 518	\$ 2,800
Transfers from State Retirement System.....	3,968	3,500	3,657
Contributions of School Employees.....	560,037	633,660	662,175
Returned Contributions of			
School Employees.....	12,218	38,891	40,641
Contributions of Employers.....	240,720	108,523	586,802
Interest on Securities.....	60,905	1,391,818	1,510,123
Net Investment Adjustment.....	-3,706,147	4,606,714	4,524,752
Directed Commissions.....	8,772	10,000	10,000
Other.....	5,559	0	0
Total Receipts	-2,813,015	6,793,624	7,340,950
Total Funds Available	\$ 50,200,784	\$ 54,690,696	\$ 59,330,696
Disbursements:			
Treasury	\$ 189	\$ 950	\$ 950
Public School Employees'			
Retirement Board	2,303,523	2,700,000	2,900,000
Total Disbursements	-2,303,712	-2,700,950	-2,900,950
Cash Balance, Ending	\$ 47,897,072	\$ 51,989,746	\$ 56,429,746

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 for injuries that occurred after Act 44 arising from defaulting members of self-insurance pooling arrangements and defaulting self-insurance employers under the Workers' Compensation Act. The fund is maintained by assessments on self-insurers and is administered by the Department of Labor and Industry. Act 53 of 2000 created a Prefund Account funded from transfers from the Workers' Compensation Administration Fund for claims from injuries that occurred prior to the creation of this fund in 1993. Act 49 of 2001 provided for the transfer of up to \$3.8 million annually from the Workers' Compensation Administration Fund to the Prefund Account.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 3,747	\$ 4,087	\$ 7,297
Receipts:			
Assessments.....	\$ 44	\$ 5,400	\$ 500
Self Insurers' Securities.....	1,600	0	0
Transfer from the Workmen's Compensation Fund.....	1,600	3,800	3,800
Miscellaneous.....	0	100	90
Interest.....	265	210	210
Total Receipts	3,509	9,510	4,600
Total Funds Available	\$ 7,256	\$ 13,597	\$ 11,897
Disbursements:			
Labor and Industry.....	\$ 3,169	\$ 6,300	\$ 6,300
Total Disbursements	-3,169	-6,300	-6,300
Cash Balance, Ending	\$ 4,087	\$ 7,297	\$ 5,597

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.

In 2001-02 revenue to the fund includes income from securitization of existing loans thereby making the value of these assets available to finance an expansion of the loan program.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 50,491	\$ 51,995	\$ 32,822
Receipts:			
Transfer from the General Fund.....	\$ 13,000	\$ 0	\$ 0
Federal Revenue: Defense Conversion.....	253	0	0
Securitization.....	0	20,000	0
Loan Repayments.....	16,079	6,000	6,000
Interest on Securities.....	3,489	4,127	2,800
Miscellaneous.....	395	700	700
Total Receipts	<u>33,216</u>	<u>30,827</u>	<u>9,500</u>
Total Funds Available	\$ 83,707	\$ 82,822	\$ 42,322
Disbursements:			
Community and Economic Development.....	\$ 31,712	\$ 50,000	\$ 28,500
Total Disbursements	<u>-31,712</u>	<u>-50,000</u>	<u>-28,500</u>
Cash Balance, Ending	\$ 51,995	\$ 32,822	\$ 13,822

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 943	\$ 942	\$ 502
Receipts:			
Interest.....	\$ 58	\$ 60	\$ 60
Total Receipts	<u>58</u>	<u>60</u>	<u>60</u>
Total Funds Available	\$ 1,001	\$ 1,002	\$ 562
Disbursements:			
Environmental Protection	\$ 59	\$ 500	\$ 500
Total Disbursements	<u>-59</u>	<u>-500</u>	<u>-500</u>
Cash Balance, Ending	\$ 942	\$ 502	\$ 62

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 966	\$ 200	\$ 200
Receipts:			
Interest and Penalties.....	\$ 6,335	\$ 6,400	\$ 6,400
Other.....	83	90	90
Total Receipts	<u>6,418</u>	<u>6,490</u>	<u>6,490</u>
Total Funds Available	\$ 7,384	\$ 6,690	\$ 6,690
Disbursements:			
Labor and Industry.....	\$ 7,184	\$ 6,490	\$ 6,490
Total Disbursements	<u>-7,184</u>	<u>-6,490</u>	<u>-6,490</u>
Cash Balance, Ending	\$ 200	\$ 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.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 25	\$ 25	\$ 25
Receipts:			
Miscellaneous.....	\$ 1	\$ 1	\$ 1
Total Receipts	<u>1</u>	<u>1</u>	<u>1</u>
Total Funds Available	\$ 26	\$ 26	\$ 26
Disbursements:			
Treasury.....	\$ 1	\$ 1	\$ 1
Total Disbursements	<u>-1</u>	<u>-1</u>	<u>-1</u>
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.

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.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 29,153,958	\$ 26,229,155	\$ 26,769,005
Receipts:			
Contributions of Employees.....	\$ 236,891	\$ 273,000	\$ 314,000
State Share Contribution.....	86,329	40,000	26,000
Income from Securities.....	46,994	481,000	705,000
Directed Commissions.....	812	1,000	1,000
Net Investment Adjustment.....	-2,105,515	1,071,000	1,569,000
Other.....	5,498	0	0
Total Receipts	-1,728,991	1,866,000	2,615,000
Total Funds Available	\$ 27,424,967	\$ 28,095,155	\$ 29,384,005
Disbursements:			
Treasury.....	\$ 24	\$ 150	\$ 150
State Employees' Retirement System.....	1,195,788	1,326,000	1,530,000
Total Disbursements	-1,195,812	-1,326,150	-1,530,150
Cash Balance, Ending	\$ 26,229,155	\$ 26,769,005	\$ 27,853,855

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 11,722	\$ 10,421	\$ 9,096
Receipts:			
Recovered Damages.....	\$ 0	\$ 300	\$ 0
Interest	1,923	1,701	1,485
Total Receipts	<u>1,923</u>	<u>2,001</u>	<u>1,485</u>
Total Funds Available	<u>\$ 13,645</u>	<u>\$ 12,422</u>	<u>\$ 10,581</u>
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
General Services.....	3,224	3,321	2,500
Total Disbursements	<u>-3,224</u>	<u>-3,326</u>	<u>-2,505</u>
Cash Balance, Ending	<u>\$ 10,421</u>	<u>\$ 9,096</u>	<u>\$ 8,076</u>

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 1,519	\$ 1,604	\$ 1,798
Receipts:			
Revenue from Operations.....	\$ 140	\$ 158	\$ 161
Other.....	95	86	90
Total Receipts	<u>235</u>	<u>244</u>	<u>251</u>
Total Funds Available	<u>\$ 1,754</u>	<u>\$ 1,848</u>	<u>\$ 2,049</u>
Disbursements:			
General Services.....	\$ 150	\$ 50	\$ 50
Total Disbursements	<u>-150</u>	<u>-50</u>	<u>-50</u>
Cash Balance, Ending	<u>\$ 1,604</u>	<u>\$ 1,798</u>	<u>\$ 1,999</u>

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 518	\$ 546	\$ 559
Receipts:			
Sinking Fund Interest.....	\$ 8	\$ 8	\$ 8
Treasury Interest.....	30	25	25
Total Receipts	<u>38</u>	<u>33</u>	<u>33</u>
Total Funds Available	\$ 556	\$ 579	\$ 592
Disbursements:			
Education.....	\$ 10	\$ 20	\$ 5
Total Disbursements	<u>-10</u>	<u>-20</u>	<u>-5</u>
Cash Balance, Ending	\$ 546	\$ 559	\$ 587

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 138,080	\$ 104,906	\$ 63,182
Receipts:			
Fees.....	\$ 9,750	\$ 9,360	\$ 9,360
Fines and Penalties.....	1,128	1,148	1,148
Sale of Goods.....	1,140,513	1,195,906	1,225,804
Recovered Losses and Damages.....	3,543	3,543	3,543
Other.....	7,640	5,009	2,592
Total Receipts	<u>1,162,574</u>	<u>1,214,966</u>	<u>1,242,447</u>
Total Funds Available	\$ 1,300,654	\$ 1,319,872	\$ 1,305,629
Disbursements:			
Treasury.....	\$ 5	\$ 30	\$ 30
Health.....	1,656	1,602	1,612
Liquor Control Board	1,177,299	1,236,687	1,250,094
State Police.....	16,788	18,371	18,738
Total Disbursements	<u>-1,195,748</u>	<u>-1,256,690</u>	<u>-1,270,474</u>
Cash Balance, Ending	\$ 104,906	\$ 63,182	\$ 35,155

State Treasury Armory Fund

Created in accordance with Act 92 of 1975 and Act 126 of 1979, 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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 845	\$ 713	\$ 645
Receipts:			
Armory Rentals.....	\$ 268	\$ 360	\$ 370
Sale of Armories and Land.....	32	190	210
Interest.....	57	32	28
Total Receipts	<u>357</u>	<u>582</u>	<u>608</u>
Total Funds Available	\$ 1,202	\$ 1,295	\$ 1,253
Disbursements:			
Military and Veterans Affairs.....	\$ 489	\$ 650	\$ 650
Total Disbursements	<u>-489</u>	<u>-650</u>	<u>-650</u>
Cash Balance, Ending	\$ 713	\$ 645	\$ 603

State Workers' Insurance Fund

The State Workers' Insurance Fund (SWIF) was created by Act 338 of 1915, and operates within the Department of Labor and Industry. It is a self-sustaining fund providing workers' compensation insurance to employers, including those refused policies by private insurance firms. SWIF is subject to underwriting rules, classification and rates promulgated by rating bureaus authorized by the State Insurance Commissioner. Premium rates are established by them based on the history of accidents by industry. Administrative costs are paid from the fund including expenses related to Insurance Department and Auditor General examinations.

Act 68 of 1990 provides for the transfer of money from SWIF. Annual payments are made to the General Fund equal to the amount which would have been paid in taxes had SWIF been subject to taxes. The act also established an Advisory Council to recommend the amount of surplus in SWIF, if any, that could be distributed without jeopardizing its legal obligations to policy holders. If such a surplus exists, the SWIF Board may then recommend distribution of the surplus to the Tax Stabilization Reserve Fund and/or as refunds to current or former policyholders. The funds recommended by the board to be transferred to the reserve funds and 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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 1,312,932	\$ 1,285,268	\$ 1,226,168
Receipts:			
Premiums.....	\$ 91,306	\$ 70,000	\$ 75,000
Interest.....	75,080	74,960	72,995
Other.....	7,711	7,165	6,964
Net Investment Adjustment.....	10,697	0	0
Total Receipts	<u>184,794</u>	<u>152,125</u>	<u>154,959</u>
Total Funds Available	\$ 1,497,726	\$ 1,437,393	\$ 1,381,127
Disbursements:			
Treasury.....	\$ 13	\$ 75	\$ 75
Labor and Industry.....	210,850	209,750	199,600
Premium Tax Payment to the General Fund.....	1,595	1,400	1,260
Total Disbursements	<u>-212,458</u>	<u>-211,225</u>	<u>-200,935</u>
Cash Balance, Ending	\$ 1,285,268	\$ 1,226,168	\$ 1,180,192

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)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 21,293	\$ 20,529	\$ 17,841
Receipts:			
Registration Fees.....	\$ 3,942	\$ 3,616	\$ 3,600
Federal Funds - EPA.....	2,295	2,751	2,751
Fines and Penalties.....	707	288	299
Interest.....	1,275	1,270	1,100
Other.....	23	880	670
Total Receipts	8,242	8,805	8,420
Total Funds Available	\$ 29,535	\$ 29,334	\$ 26,261
Disbursements:			
Environmental Protection.....	\$ 9,006	\$ 11,493	\$ 11,665
Total Disbursements	-9,006	-11,493	-11,665
Cash Balance, Ending	\$ 20,529	\$ 17,841	\$ 14,596

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 Employee Retirement Commission (PERC). Since 1989-90, revenues for the Supplemental State Assistance Fund have been provided entirely by General Fund appropriations which cannot exceed \$35 million annually. This program and fund shall terminate in 2003 or in the first year in which there are no municipalities entitled to receive Supplemental State Assistance, whichever occurs earlier.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 48	\$ 51	\$ 54
Receipts:			
General Fund Appropriation.....	\$ 424	\$ 479	\$ 331
Interest	3	3	0
Total Receipts	427	482	331
Total Funds Available	\$ 475	\$ 533	\$ 385
Disbursements:			
Auditor General.....	\$ 424	\$ 479	\$ 331
Total Disbursements	-424	-479	-331
Cash Balance, Ending	\$ 51	\$ 54	\$ 54

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 28,080	\$ 31,273	\$ 30,843
Receipts:			
Licenses and Fees.....	\$ 139	\$ 150	\$ 150
Fines and Penalties.....	179	190	170
Interest.....	1,762	1,940	1,800
Forfeiture of Bonds.....	2,839	0	0
Trust Account Collateral.....	148	0	0
Miscellaneous.....	786	0	0
Total Receipts	<u>5,853</u>	<u>2,280</u>	<u>2,120</u>
Total Funds Available	\$ 33,933	\$ 33,553	\$ 32,963
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Environmental Protection.....	2,660	2,705	2,705
Total Disbursements	<u>-2,660</u>	<u>-2,710</u>	<u>-2,710</u>
Cash Balance, Ending	\$ 31,273	\$ 30,843	\$ 30,253

Tax Note Sinking Fund

Monies in this fund are used solely for the payment of principal and interest on tax anticipation notes issued for the General Fund or the Motor License Fund. Repayment of tax anticipation notes must be accomplished before the end of the fiscal year in which the notes were issued. Interest earned in the fund is periodically transferred to the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 16	\$ 0	\$ 0
Receipts:			
Interest on Securities.....	\$ 1	\$ 1	\$ 0
Total Receipts	<u>1</u>	<u>1</u>	<u>0</u>
Total Funds Available	\$ 17	\$ 1	\$ 0
Disbursements:			
Treasury.....	\$ 17	\$ 1	\$ 0
Total Disbursements	<u>-17</u>	<u>-1</u>	<u>0</u>
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Tax Stabilization Reserve Fund

Created by Act 32 of 1985, 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 74 of 2001 provides revenue through an annual transfer of ten percent of the General Fund's fiscal year ending surplus, effective July 1, 2001, transfers of surplus funds from the State Workmen's Insurance Fund and from appropriations by the General Assembly. Appropriations out of the fund require approval by two-thirds of the members of the General Assembly.

Act 68 of 1990 provides for the transfer of money from the State Workmen's Insurance Fund (SWIF) to this fund. 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 surplus exists, the SWIF Board, based on recommendations of an advisory council, may recommend distribution of any surplus to the Tax Stabilization Reserve Fund and/or as refunds to current or former policyholders. The funds recommended by the board to be transferred to this fund and those refunded to policyholders must be approved and appropriated by the General Assembly.

This statement is shown on a budgetary basis rather than on a cash basis.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 989,665	\$ 1,126,702	\$ 569,202
Receipts:			
Transfer from General Fund.....	\$ 107,742	\$ 0	\$ 0
Interest	53,204	38,200	31,100
Realized Gain or Loss on Sale of Investment - L/T.....	-23,909	-45,700	0
Total Receipts	<u>137,037</u>	<u>-7,500</u>	<u>31,100</u>
Total Funds Available	\$ 1,126,702	\$ 1,119,202	\$ 600,302
Disbursements:			
Transfer to General Fund	\$ 0	\$ 550,000	\$ 0
Total Disbursements	<u>\$ 0</u>	<u>\$ -550,000</u>	<u>\$ 0</u>
Cash Balance, Ending	\$ 1,126,702	\$ 569,202	\$ 600,302

Tuition Payment Fund

This fund, created by Act 11 of 1992 and amended by Act 58 of 2000, provides for the establishment of two programs for postsecondary educational savings. The current Tuition Assistance Program offers a guaranteed rate of return tied to tuition inflation. The second program should be available to the public in 2002 and will offer market-based investment returns. The programs are administered by the Tuition Account Programs Bureau within the Treasury Department with oversight by the Tuition Account Programs Advisory Board. Revenue is derived primarily from application fees, Tuition Account Program Contracts and investment income. Fund expenditures consist mainly of payments to participating institutions for tuition and administrative costs.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 <u>Actual</u>	2001-02 <u>Available</u>	2002-03 <u>Estimated</u>
Cash Balance, Beginning	\$ 181,149	\$ 233,679	\$ 312,116
Receipts:			
Application Fees	\$ 266	\$ 165	\$ 180
Tuition Purchases.....	57,413	85,000	85,000
Investment Earnings.....	6,378	10,000	12,000
Other.....	365	400	400
Total Receipts	<u>64,422</u>	<u>95,565</u>	<u>97,580</u>
Total Funds Available	\$ 245,571	\$ 329,244	\$ 409,696
Disbursements:			
Treasury.....	\$ 11,892	\$ 17,128	\$ 20,000
Total Disbursements	<u>-11,892</u>	<u>-17,128</u>	<u>-20,000</u>
Cash Balance, Ending	\$ 233,679	\$ 312,116	\$ 389,696

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 a fee to be paid by underground storage tank owners and operators to fund the program. Tank owners currently pay a gallon fee of .0005 cents per gallon. Owners of diesel fuel and heating oil tanks pay a capacity fee of one cent in lieu of the gallon fee. A pending regulation would increase these fees to \$.0010 per gallon for tank owners and \$.02 per gallon for the capacity fee. This increase is 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.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 347,845	\$ 302,923	\$ 241,373
Receipts:			
Gallon Fee	\$ 2,446	\$ 2,500	\$ 3,000
Tank Capacity Fee	793	500	500
Investment Income	15,984	18,000	18,000
Net Investment Adjustment.....	-13,187	0	0
Miscellaneous	939	10	10
Total Receipts	<u>6,975</u>	<u>21,010</u>	<u>21,510</u>
Total Funds Available	\$ 354,820	\$ 323,933	\$ 262,883
Disbursements:			
Treasury.....	\$ 0	\$ 15	\$ 15
Community and Economic Development.....	2,173	10,450	10,440
Environmental Protection.....	3,535	6,500	6,500
Insurance.....	46,189	65,595	65,488
Total Disbursements	<u>-51,897</u>	<u>-82,560</u>	<u>-82,443</u>
Cash Balance, Ending	\$ 302,923	\$ 241,373	\$ 180,440

Unemployment Compensation Benefit Payment Fund

Employers' and employees' contributions under the Unemployment Compensation Law are credited to the Commonwealth's account in the Federal Unemployment Trust Fund. Requisitions of money from the Trust Fund for the payment of unemployment compensation benefits to eligible individuals are the revenue for the Unemployment Compensation Benefit Payment Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Regular Unemployment Compensation			
Program.....	\$ 1,563,224	\$ 1,578,720	\$ 1,707,520
Federal Receipts in Transit ^a	20,962	14,600	15,800
Other.....	78,975	80,000	83,000
Total Receipts	<u>1,663,161</u>	<u>1,673,320</u>	<u>1,806,320</u>
Total Funds Available	\$ 1,663,161	\$ 1,673,320	\$ 1,806,320
Disbursements:			
Labor and Industry.....	\$ 1,663,161	\$ 1,673,320	\$ 1,806,320
Total Disbursements	<u>-1,663,161</u>	<u>-1,673,320</u>	<u>-1,806,320</u>
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)

	2000-01 Actual	2001-02 Available	2002-03 Budget
Cash Balance, Beginning	\$ 6	\$ 745	\$ 0
Receipts:			
Contributions of Employers			
and Employees.....	\$ 1,514,421	\$ 1,542,000	\$ 1,555,000
Other.....	851	870	870
Total Receipts	<u>1,515,272</u>	<u>1,542,870</u>	<u>1,555,870</u>
Total Funds Available	\$ 1,515,278	\$ 1,543,615	\$ 1,555,870
Disbursements:			
Labor and Industry.....	\$ 1,514,533	\$ 1,543,615	\$ 1,555,870
Total Disbursements	<u>-1,514,533</u>	<u>-1,543,615</u>	<u>-1,555,870</u>
Cash Balance, Ending	\$ 745	\$ 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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 478	\$ 482	\$ 487
Total Receipts	<u>478</u>	<u>482</u>	<u>487</u>
Total Funds Available	<u>\$ 478</u>	<u>\$ 482</u>	<u>\$ 487</u>
Disbursements:			
Treasury.....	\$ 478	\$ 482	\$ 487
Total Disbursements	<u>-478</u>	<u>-482</u>	<u>-487</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Vocational Rehabilitation Fund

This fund, administered by the State Board of Vocational Rehabilitation in the Department of Labor and Industry, was created to provide vocational rehabilitation services to any person who has a disability, mental or physical, which constitutes a handicap to employment or to achievement of 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, General Fund appropriation of matching funds and interest earned.

This presentation reflects the transfer of services for the blind or visually impaired from the Department of Public Welfare to the Office of Vocational Rehabilitation within the Department of Labor and Industry effective July 1, 1999.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 6,106	\$ 7,943	\$ 10,052
Receipts:			
Transfer from General Fund.....	\$ 36,205	\$ 37,357	\$ 38,238
Federal Vocational Rehabilitation Funds.....	108,824	126,530	130,569
Other.....	<u>615</u>	<u>425</u>	<u>400</u>
Total Receipts.....	<u>145,644</u>	<u>164,312</u>	<u>169,207</u>
Total Funds Available	<u>\$ 151,750</u>	<u>\$ 172,255</u>	<u>\$ 179,259</u>
Disbursements:			
Labor and Industry.....	\$ 143,807	162,203	170,207
Total Disbursements	<u>- 143,807</u>	<u>-162,203</u>	<u>-170,207</u>
Cash Balance, Ending	<u>\$ 7,943</u>	<u>\$ 10,052</u>	<u>\$ 9,052</u>

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)

	2000-01 Actual	2001-01 Available	2002-02 Estimated
Cash Balance, Beginning	\$ 13,898	\$ 10,262	\$ 7,066
Receipts:			
Loan Principal Repayments.....	\$ 12,825	\$ 11,850	\$ 11,400
Loan Interest.....	1,967	1,854	1,852
Interest on Securities.....	832	500	500
Total Receipts	<u>15,624</u>	<u>14,204</u>	<u>13,752</u>
Total Funds Available	\$ 29,522	\$ 24,466	\$ 20,818
Disbursements:			
Emergency Management Agency.....	\$ 19,260	\$ 17,400	\$ 17,400
Total Disbursements	<u>-19,260</u>	<u>-17,400</u>	<u>-17,400</u>
Cash Balance, Ending	\$ 10,262	\$ 7,066	\$ 3,418

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 1	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 2,987	\$ 2,907	\$ 2,521
Total Receipts	<u>2,987</u>	<u>2,907</u>	<u>2,521</u>
Total Funds Available	\$ 2,988	\$ 2,907	\$ 2,521
Disbursements:			
Treasury.....	\$ 2,988	\$ 2,907	\$ 2,521
Total Disbursements	<u>-2,988</u>	<u>-2,907</u>	<u>-2,521</u>
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.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Sale of Bonds.....	\$ 0	\$ 1,500	\$ 0
Total Receipts	0	1,500	0
Total Funds Available	\$ 0	\$ 1,500	\$ 0
Disbursements:			
Infrastructure Investment Authority.....	\$ 0	\$ 1,500	\$ 0
Total Disbursements	0	-1,500	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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 1	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 12,629	\$ 12,201	\$ 11,408
Total Receipts	12,629	12,201	11,408
Total Funds Available	\$ 12,630	\$ 12,201	\$ 11,408
Disbursements:			
Treasury.....	\$ 12,630	\$ 12,201	\$ 11,408
Total Disbursements	-12,630	-12,201	-11,408
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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 740	\$ 591	\$ 271
Receipts:			
Tax Check-Offs.....	\$ 140	\$ 200	\$ 200
Interest on Securities.....	45	50	50
Voluntary Donations.....	51	60	60
License Plate Sales.....	318	300	200
Other.....	23	20	20
Total Receipts	577	630	530
Total Funds Available	\$ 1,317	\$ 1,221	\$ 801
Disbursements:			
Conservation and Natural Resources.....	\$ 726	\$ 950	\$ 570
Total Disbursements	-726	-950	-570
Cash Balance, Ending	\$ 591	\$ 271	\$ 231

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.

Act 70 of 1990 authorized the Catastrophic Loss Benefits Continuation Fund to borrow funds from the Workers' Compensation Security Fund. The first loan was fully repaid in 1994-95. A \$52.5 million loan was made in 1997-98 and is scheduled to be fully repaid in 2002-03

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 Law.

Act 49 of 2000 changed the 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. Based on the 2001-02 experience, contributions will be necessary and will be established by regulation. These regulations are currently under review and are anticipated to be promulgated for the 2002-03 assessment.

As of June 30, 2001, the indemnity reserves were \$176.3million, the medical reserves were \$42.0 million, and the legal reserves were \$942,000. The June 30, 2000 fund balance less reserves was \$370.1 million, while five percent of the outstanding worker's compensation carrier reserves were \$290.9 million. An assessment was not made 2001-02 but is anticipated in 2002-03.

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 519,686	\$ 529,721	\$ 566,181
Receipts:			
Premium Contributions	\$ 22,629	\$ 33,000	\$ 30,000
Interest on Securities	33,481	30,000	35,000
Loan Repayment	12,000	12,000	15,300
Net Investment Adjustment.....	-31,695	465	300
Total Receipts	<u>36,415</u>	<u>75,465</u>	<u>80,600</u>
Total Funds Available	\$ 556,101	\$ 605,186	\$ 646,781
Disbursements:			
Treasury	\$ 0	\$ 5	\$ 5
Insurance	26,380	39,000	34,585
Total Disbursements	<u>-26,380</u>	<u>-39,005</u>	<u>-34,590</u>
Cash Balance, Ending	\$ 529,721	\$ 566,181	\$ 612,191

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. 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. Act 49 of 2001 provided for the transfer of up to \$3.8 million annually from the Workers' Compensation Administration Fund to the Prefund Account in the Self-Insurance Guaranty Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 41,817	\$ 41,064	\$ 39,485
Receipts:			
Assessments.....	\$ 44,203	\$ 51,635	\$ 51,635
Other.....	846	2,400	2,400
Total Receipts	45,049	54,035	54,035
Total Funds Available	\$ 86,866	\$ 95,099	\$ 93,520
Disbursements:			
Community and Economic Development.....	\$ 124	\$ 179	\$ 175
Labor and Industry.....	45,678	55,435	55,435
Total Disbursements	-45,802	-55,614	-55,610
Cash Balance, Ending	\$ 41,064	\$ 39,485	\$ 37,910

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)

	2000-01 Actual	2001-02 Available	2002-03 Estimated
Cash Balance, Beginning	\$ 339	\$ 219	\$ 169
Receipts:			
Assessments.....	\$ 38,330	\$ 46,000	\$ 46,000
Other.....	1,467	750	750
Total Receipts	39,797	46,750	46,750
Total Funds Available	\$ 40,136	\$ 46,969	\$ 46,919
Disbursements:			
Labor and Industry.....	\$ 39,917	\$ 46,800	\$ 46,800
Total Disbursements	-39,917	-46,800	-46,800
Cash Balance, Ending	\$ 219	\$ 169	\$ 119



COMPLEMENT

This section 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.

**SALARIED COMPLEMENT BY AGENCY
FULL-TIME EQUIVALENT (FTE)**

The following is a summary, by department, of the 2000-01 actual, 2001-02 available and 2002-03 recommended salaried complement levels on a full-time equivalent (FTE) basis.

<i>Department</i>	<i>2000-01 Actual</i>	<i>2001-02 Available</i>	<i>2002-03 Budget</i>	<i>Difference Budget vs. Available</i>
Governor's Office	91	91	91	
Executive Offices	2,337	2,382	2,448	66
Lieutenant Governor's Office	17	15	15	
Aging	109	113	114	1
Agriculture	638	649	648	-1
Banking	121	121	123	2
Civil Service Commission	180	180	180	
Community and Economic Development	342	344	344	
Conservation and Natural Resources	1,339	1,385	1,390	5
Corrections	14,814	15,067	15,067	
Education	847	854	854	
Emergency Management Agency	142	150	165	15
Environmental Hearing Board	22	22	22	
Environmental Protection	3,172	3,206	3,211	5
Fish & Boat Commission	441	441	437	-4
Game Commission	731	732	732	
General Services	1,343	1,336	1,448	112
Health	1,424	1,466	1,510	44
Historical and Museum Commission	350	357	359	2
Infrastructure Investment Authority	23	25	25	
Insurance	309	324	325	1
Labor and Industry	6,412	6,412	5,951	-461
Liquor Control Board	2,969	3,037	3,037	
Military and Veterans Affairs	2,147	2,481	2,481	
Milk Marketing Board	36	36	36	
Municipal Employees' Retirement	26	27	27	
Probation and Parole Board	987	1,039	1,046	7
Public Television Network	20	20	20	
Public Utility Commission	538	533	533	
Public Welfare	22,292	21,879	21,439	-440
Revenue	2,279	2,279	2,279	
School Employees' Retirement System	290	290	290	
Securities Commission	84	93	93	
State	407	415	419	4
State Employees' Retirement System	192	192	192	
State Police	5,702	5,792	5,892	100
Tax Equalization Board	22	22	22	
Transportation	12,351	12,351	12,356	5
TOTAL ALL DEPARTMENTS	85,546	86,158	85,621	-537

Summary of 2002-03 Complement Changes

The following is a detailed listing, by department, of the recommended salaried complement changes (on a full-time equivalent basis) for 2002-03. 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:		
Commission on Crime and Delinquency.....	5	NEW: To improve grant management and auditing activities (2). TRANSFERRED: From Crime Victims Compensation Services (1) and from Crime Victims Reimbursements (2).
Integrated Criminal Justice System.....	4	NEW: For J-Net application development and implementation (4).
Commonwealth Technology Services.....	8	NEW: Operating the Statewide Public Safety Radio System (2). TRANSFERRED: From Electronic Government (7) and to Communications Management (-1).
Electronic Government.....	-12	TRANSFERRED: To Commonwealth Technology Services (-7). ELIMINATED: Vacancies abolished (-5).
Communications Management.....	1	TRANSFERRED: From Commonwealth Technology Services (1).
Integrated Management Systems.....	63	NEW: For the realization/implementation phase of the integrated management system (Imagine PA) (63).
Office of the Budget.....	-1	ELIMINATED: Program consolidation (-1).
Crime Victims Reimbursements.....	-2	TRANSFERRED: To Commission on Crime and Delinquency (-2).
General Fund Total	<u>66</u>	
Federal Funds:		
Crime Victims Compensation Services (F).....	-1	TRANSFERRED: To Commission on Crime & Delinquency (-1).
Medical Professional Liability Catastrophe Loss Fund:		
General Operations.....	1	NEW: To enhance information technology capabilities (1).
DEPARTMENT TOTAL	<u>66</u>	
AGING		
General Fund:		
General Government Operations - Lottery Programs.....	1	NEW: Quality assurance (1).
AGRICULTURE		
Federal Funds:		
Poultry Grading Service (F).....	-1	ELIMINATED: Unfunded vacancy (-1).
BANKING		
Banking Department Fund:		
General Government Operations.....	2	NEW: To enhance financial institution oversight (2).
COMMUNITY AND ECONOMIC DEVELOPMENT		
General Fund:		
International Trade.....	1	TRANSFERRED: From Team Pennsylvania (1).
Team Pennsylvania.....	-4	TRANSFERRED: To International Trade (-1) and to General Government Operations (-3).
General Government Operations.....	3	TRANSFERRED: From Team Pennsylvania (3).
DEPARTMENT TOTAL	<u>0</u>	
CONSERVATION AND NATURAL RESOURCES		
General Fund:		
State Parks Operations.....	2	NEW: Benjamin Rush State Park (2).
General Government Operations.....	3	NEW: Biodiversity conservation (2) and Pennsylvania Greenways Plan support (1).
DEPARTMENT TOTAL	<u>5</u>	

Summary of 2002-03 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
EMERGENCY MANAGEMENT AGENCY		
General Fund:		
General Government Operations.....	-1	ELIMINATED: Operational efficiency (-1).
Security.....	16	NEW: Emergency preparedness and response coordination (9), Urban Search and Rescue expansion (1), and training and planning assistance to counties (6).
DEPARTMENT TOTAL	<u>15</u>	
ENVIRONMENTAL PROTECTION		
General Fund:		
Office of Pollution Prevention and Compliance		
Assistance	2	NEW: Environmental health surveillance (2).
Environmental Program Management.....	3	NEW: Comprehensive Water Resources Program (3).
DEPARTMENT TOTAL	<u>5</u>	
FISH AND BOAT COMMISSION		
Fish Fund:		
General Operations.....	<u>-4</u>	ELIMINATED: Phased reduction at Big Spring Hatchery (-4).
GENERAL SERVICES		
General Fund:		
Capitol Police Operations.....	114	NEW: Capitol Police expansion for security in Commonwealth buildings (114).
General Government Operations.....	-2	TRANSFERRED: To Historical and Museum Commission for Commonwealth Bookstore operations (-2).
DEPARTMENT TOTAL	<u>112</u>	
HEALTH		
General Fund:		
Quality Assurance.....	16	NEW: To enhance health facility oversight and quality assurance surveys (16).
General Government Operations.....	5	NEW: To support information technology improvements (2), to enhance environmental health management (1), and non-physician professional program (1).
		TRANSFERRED: From MCHSBG - Administration and Operation (1).
General Fund Total	<u>21</u>	
Federal Funds:		
MCHSBG - Administration and Operations (F).....	-1	TRANSFERRED: To General Government Operations (-1).
SABG - Administration and Operations (F).....	7	NEW: Web-based management (4) and quality assurance reviews (3).
Homeland Security (F).....	15	NEW: For improved health-related security support (15).
Environmental Biomonitoring (F).....	2	NEW: Environmental health testing (2).
Federal Funds Total	<u>23</u>	
DEPARTMENT TOTAL	<u>44</u>	
HISTORICAL AND MUSEUM COMMISSION		
General Fund:		
General Government Operations.....	<u>2</u>	TRANSFERRED: From the Department of General Services for Commonwealth Bookstore operations (2).
INSURANCE		
General Fund:		
General Government Operations.....	<u>1</u>	NEW: Database administration (1).

Summary of 2002-03 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
LABOR AND INDUSTRY		
Vocational Rehabilitation Fund:		
General Operations.....	-29	ELIMINATED: Unfunded vacancies (-29).
Administration Fund:		
General Operations.....	-411	ELIMINATED: Unfunded vacancies (-411).
State Workmen's Insurance Fund:		
General Operations.....	-21	ELIMINATED: Operational efficiencies (-21).
Special Funds Total	-461	
DEPARTMENT TOTAL	-461	
MILITARY AND VETERANS AFFAIRS		
Federal Funds:		
Employee Support (F).....	-185	TRANSFERRED: To Facilities Maintenance (-185).
Facilities Maintenance (F).....	289	TRANSFERRED: From Ft. Indiantown Gap Base Realignment (185) and from Employee Support (104).
Ft. Indiantown Gap Base Realignment (F).....	-104	TRANSFERRED: To Facilities Maintenance (-104).
DEPARTMENT TOTAL	0	
PROBATION AND PAROLE		
General Fund:		
General Government Operations.....	4	NEW: Enhancement of district unit supervision (4).
Sexual Offenders Assessment Board.....	3	NEW: Case investigations (3).
DEPARTMENT TOTAL	7	
PUBLIC WELFARE		
General Fund:		
Mental Health Services (Hospitals).....	-264	ELIMINATED: Institutional downsizing (-264).
State Centers for Mentally Retarded.....	-183	ELIMINATED: Institutional downsizing (-183).
General Fund Total	-447	
Federal Funds:		
Refugees and Persons Seeking Asylum -		
Administration (F).....	2	NEW: Oversight of refugee resettlement program (2).
CCDFBG - Administration (F).....	4	NEW: Child care information system support (4).
Ryan White - Statewide (F).....	1	NEW: Client eligibility review and outreach (1).
Federal Funds Total	7	
DEPARTMENT TOTAL	-440	
STATE		
General Fund:		
Professional and Occupational Affairs (R).....	4	NEW: Licensing and certification (4).
Voter Registration.....	-4	TRANSFERRED: To General Government Operations (-4).
General Government Operations.....	4	TRANSFERRED: From Voter Registration (4).
DEPARTMENT TOTAL	4	
STATE POLICE		
General Fund:		
General Government Operations.....	100	NEW: To provide additional State Police Troopers (100).
TRANSPORTATION		
Motor License Fund:		
Welcome Centers.....	4	NEW: Operation of new Welcome Centers (4).
Transit and Rail Freight Operations.....	1	NEW: PRR-Expanding Home and Community-Based Services: Rural Transportation Services (1).
DEPARTMENT TOTAL	5	
GRAND TOTAL	-537	

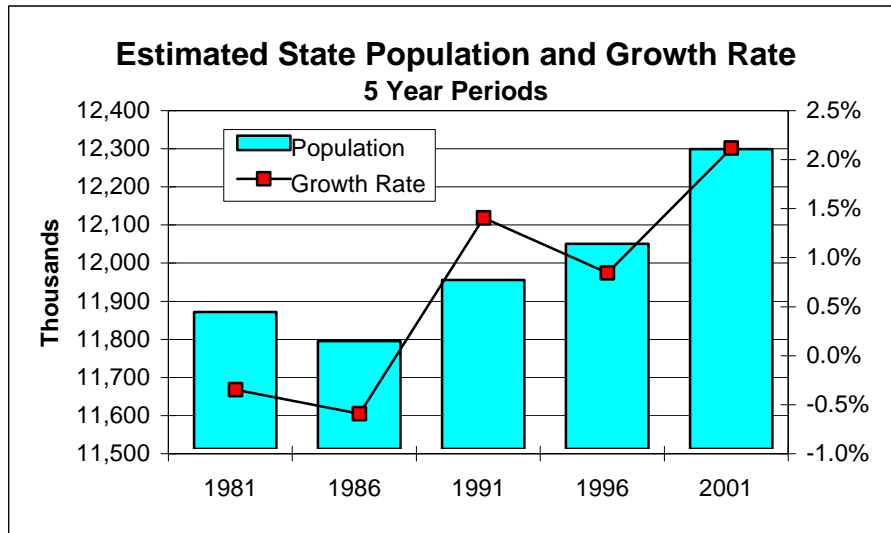


STATISTICAL DATA

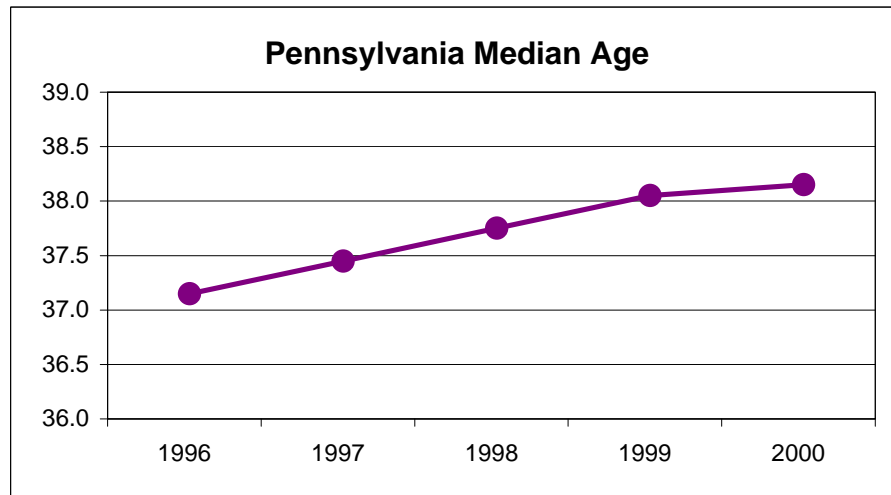
This section contains historical data for various Pennsylvania economic indicators. Data is obtained from published sources noted on each page. Additional data is available from the Penn State Data Center through the Commonwealth's World Wide Web home page by selecting "About PA" on that page. (www.state.pa.us/PAPower/).

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 1981 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 1996. Data are from the U.S. Census Bureau. Population data are from intercensal estimates.



Calendar Year	Population Estimate (thousands)	5 Year Growth Rate
1981	11,859	-0.4%
1986	11,783	-0.6%
1991	11,943	1.4%
1996	12,038	0.8%
2001	12,287	2.1%

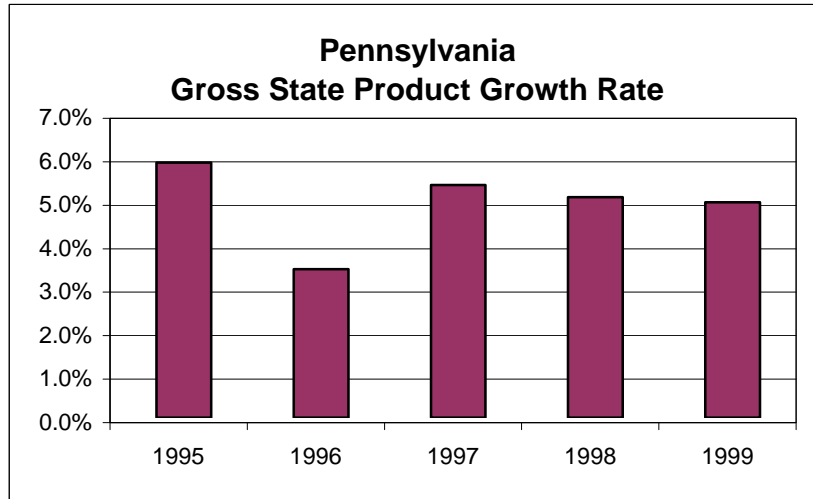


Calendar Year	Median Age
1996	37.0
1997	37.3
1998	37.6
1999	37.9
2000	38.0
2001	N/A

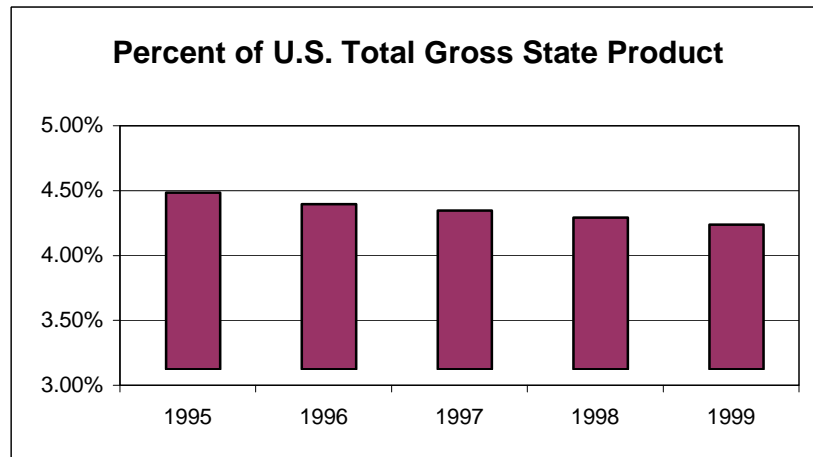
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Gross State Product Trends

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 1999. 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
1995	\$318,765	5.9%
1996	329,660	3.4%
1997	347,306	5.4%
1998	364,914	5.1%
1999	382,980	5.0%
2000	N/A	N/A

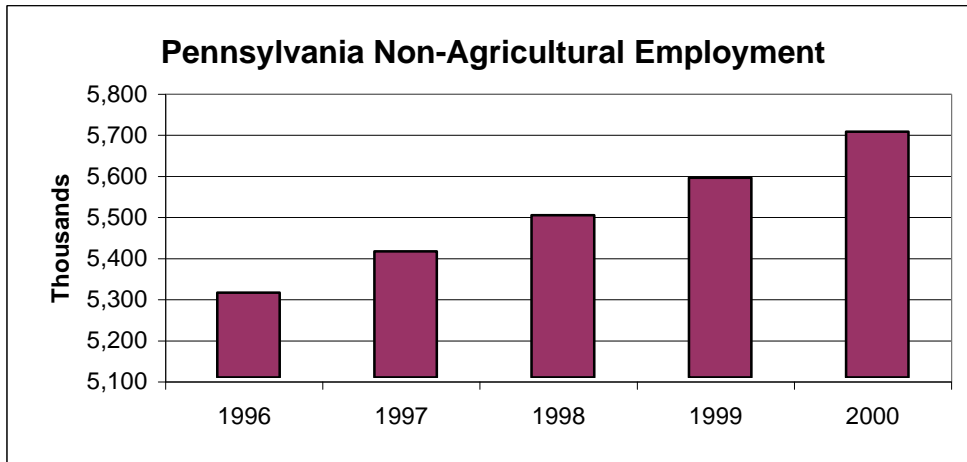


Calendar Year	Percent of U.S. Total
1995	4.36%
1996	4.27%
1997	4.22%
1998	4.17%
1999	4.11%
2000	N/A

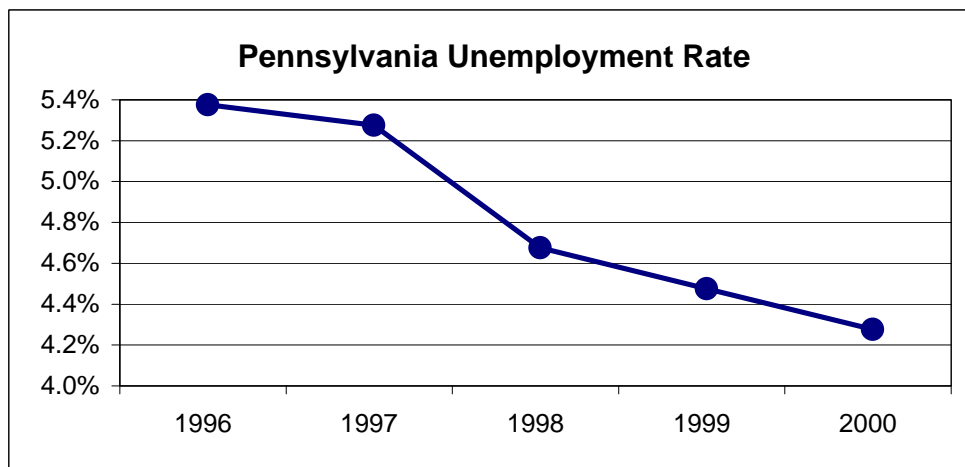
N/A - Not Available

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.



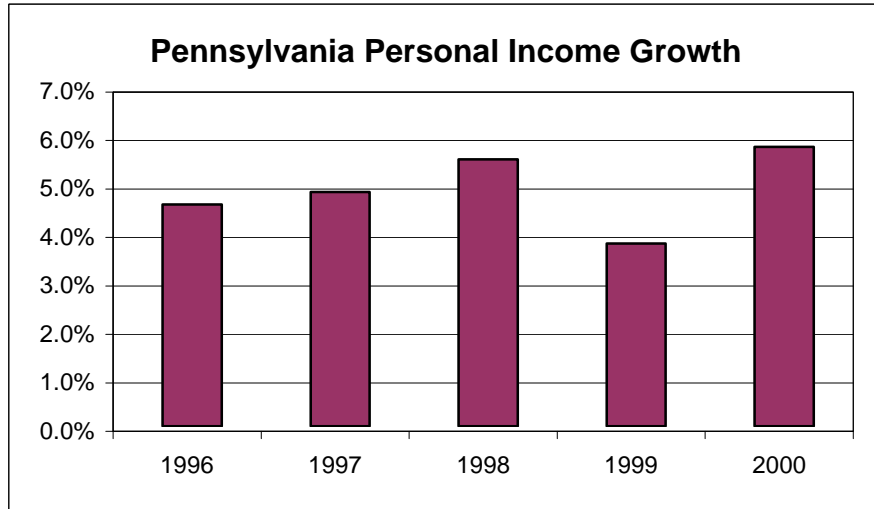
Calendar Year	Non-Agricultural Employment (thousands)	Growth Rate
1996	5,306	1.0%
1997	5,407	1.9%
1998	5,495	1.6%
1999	5,586	1.7%
2000	5,698	2.0%



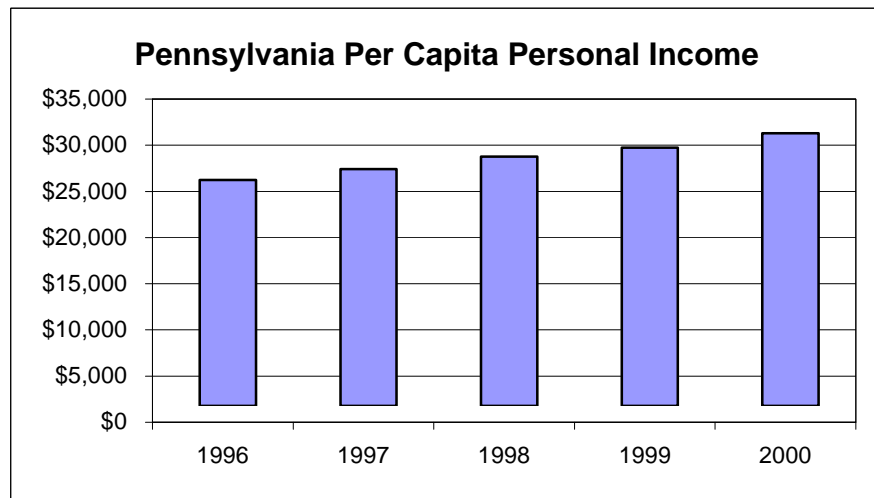
Calendar Year	Unemployment Rate
1996	5.3%
1997	5.2%
1998	4.6%
1999	4.4%
2000	4.2%

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
1996	\$299,001	4.6%
1997	313,457	4.8%
1998	330,731	5.5%
1999	343,197	3.8%
2000	362,989	5.8%



Calendar Year	Per Capita Personal Income
1996	\$24,465
1997	25,630
1998	27,005
1999	27,971
2000	29,533